

2024

*Sustainability
information*



NW*K*

HOLDINGS LIMITED

Your
dynamic partner



NWK

achieves set strategies – now geared for the future

After a strong El Niño effect in the NWK region during the year under review, the record results of 2023 could not be repeated. However, the sustainable results delivered for the year ending 30 April 2024 confirm that the strategies followed over the past six years have been successfully implemented – with a new phase now being entered.

Producers' conservative purchasing patterns amidst below-average rainfall and poor rain distribution throughout the season, particularly contributed to the Trade and Mechanisation segments' significantly lower performance. The Grain segment performed excellently due to the record harvest received the previous year, while the Logistics division delivered a steady contribution to profit.

The sunflower oil press performed adequately amidst the effect of challenging municipal conditions, and the other segments performed satisfactorily to well. The new AgTech@NWK business's focus on technology, drone equipment and services are exciting and confirms the group's commitment to technology and innovation.

The group's lasting presence and progressive approach in agriculture is unmistakable and offers our stakeholders a promising future in partnership and innovation. Exactly what you can expect from NWK – your dynamic partner.

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Risk management

for the year ended 30 April 2024

For the year under review, agricultural companies and farmers experienced a unique production year in the sense that below-average and delayed rainfall was experienced during the planting season as a result of the El Niño weather pattern. According to the Council for Scientific and Industrial Research (CSIR), it was the fourth-strongest El Niño on record. The total rainfall for the season was 35,58% less than in the previous crop production year in North West.

The effect of the El Niño was especially felt during February and March, as less rainfall was accompanied by an intense heatwave causing poor crop growth. As a result, below-average harvests are anticipated. The latest (third) National Agricultural Marketing Council (NAMC) prediction shows a decrease in harvests in the RSA as a whole.

North West has suffered more from droughts in the current season than other provinces. The prediction is a decline in the maize harvest of 49,87%, sunflower of 14,35% and soybeans of 52,4%. This is compared to the previous season's bumper harvest. Farmers and analysts continue to assess the impact of the heatwave damage. This decrease in crop production has a negative impact on agricultural companies and their customers. This risk can only be mitigated by good communication with all the stakeholders in the value chain to ensure sustainable agriculture and to overcome this drought season with minimal losses.

For the coming production season, a neutral and possible La Niña weather pattern is predicted that will bring some relief for producers.

The ongoing load-shedding and failing infrastructure crises also contribute to higher costs for both agricultural companies and their customers. These risks have to be mitigated by ongoing community involvement, where agricultural companies participate in projects to keep the necessary infrastructure in place for their customers and the communities where they operate. Alternative energy sources have to be put in place to minimise losses and downtime in the case of production plants.

The spillover effect of rising Brent crude oil prices is higher fuel prices, especially diesel, which is a large component of input costs for agricultural producers. The electricity crisis added substantial costs across food value chains as producers were forced to rely on fuel for generators to keep the power on. This results in higher food prices and causes inflation to rise. When inflation increases, the interest rates also tend to increase. This is one of the measures from the Monetary Policy Committee (MPC) of the South African Reserve Bank (SARB) to get the inflation rate under control.

For the period after the COVID-19 pandemic, until November 2021, the repo rate in South Africa was lowered to give relief to RSA citizens. In November 2021 the MPC started to increase the repo rate. For the financial year under review, the repo rate increased once by 50 basis points.

The lending rate at the beginning of the financial year was 11,25%, and as of 26 May 2023, the lending rate was 11,75%. However, experts expect the lending rate to remain unchanged in the first half of 2024 and expect a possible decrease in the second half of 2024.

No company can operate in a risk-free environment. As such, NWK aims to be ahead of the curve and to actively manage its risks via the Enterprise Risk Management (ERM) Framework. The framework serves as a platform for management to proactively manage the uncertainty experienced in the agricultural environment. In addition, the ERM Framework enables management to exploit opportunities that arise from associated risks.

The role of risk management

Risk management is not intended to impede business, but to assist management in the pursuit of their achievement of strategic goals. Therefore, the company strives to embed supporting and viable solutions into its culture to remain effective at risk management.

Risk management involves achieving an appropriate balance between identifying opportunities while minimising the adverse impacts of risks and, in turn, realising an acceptable level of value.

The risk management process of the company is inextricably linked to strategy formulation and execution to optimise the risk-return profile of the business, decrease earnings volatility, reinforce management's confidence in business operations and risk monitoring, improve the transparency of decision-making, and maximise profitability. Achievement of the above will lead to an improvement of market and brand reputation, a reduced risk premium, and lower cost of capital when approaching debt and capital markets.

As for the shareholders, a lowered risk premium translates into potentially higher distributable earnings, thus enhancing shareholders' value.

Risk management philosophy

The risk management process is overseen by the board as an element of good corporate governance (King IV, Principle 11). The board determines the strategy of the company and controls its implementation, therefore the board – even though certain functions are delegated to management – is liable and responsible for risk management. The board is actively involved in identifying and checking key risks, determines the company's risk appetite, identifies the appropriate risk management policy, and approves the risk management plan.

NWK recognises that risk management is not just the responsibility of the board, but rather the responsibility of everyone in NWK. Instead of being an independent, stand-alone process, risk management is integrated into business processes, including but not limited to strategy development, business planning, capital allocation, investment decisions, internal control, and day-to-day operations.

Risk management framework



Management is responsible for the day-to-day management of the company. The group chief executive officer (group CEO) is responsible and accountable for the operational activities and achievements of the company, and therefore the responsibility for risk management is delegated to the group CEO and his management team. The board expects management to develop an appropriate risk management plan and submit it to the board for approval, document, implement

and maintain the risk management plan and assess its effectiveness annually. They should develop systems for monitoring adherence to acts and regulations, and appraise the effectiveness of these systems annually, perform a formal risk analysis annually, manage risks within the allowable parameters, continually communicate the risk management policy and plan to employees so that risk management becomes an integral part of every employee's work practices. They should report regularly and with appropriate intervals on the risks and management of the company.

The risk management process



Risk identification

The significant risks to which the company is exposed due to the nature and scope of its business have been identified, documented, and, for management purposes, classified into appropriate risk categories. A risk weighting is performed on identified risks, based on the probability that the risk will realise, the possible influence of the risk, and the established control measures to limit the risk. The risk framework of the company encompasses four distinct categories:

STRATEGIC RISK

A strategic risk is an event that could inhibit the ability of an organisation to achieve its strategic objectives. The way the board and management choose to approach such strategic risks establishes the risk management philosophy and culture of the organisation. The risk philosophy and culture adopted are also influenced by the vision, mission, objectives, and values of the company, which likewise define the risk appetite and risk tolerance of the company.

OPERATIONAL RISK

Operational risks are identified in the same manner as strategic risks – in other words, the same methodology applies. However, due to the nature of the operational risks, they are managed more intensively. The key operational risks identified are assessed by their probability and their potential impact on the organisation. Strategies are pinpointed to mitigate the impact of the risks, if and when they arise. Risk management strategies focus on one of four approaches: control, transfer, tolerate, or terminate.

REPORTING RISK

Reporting risk is the risk that financial information is inadvertently altered or intentionally manipulated. Management has established systems of internal control to provide reasonable assurance of the validity, accuracy, comprehensiveness and timely accumulation of financial data. Such internal controls are subject to an independent assessment by an internal audit when performing regular business process reviews. Furthermore, a measure of reliance is placed on the external auditor to confirm the fair presentation of the financial information at a statutory reporting level.

COMPLIANCE RISK

Compliance risk is the primary legislation affecting the group. These risks are identified and documented by the company's compliance officer with the assistance of legal counsel where necessary. The purpose is to determine responsibility within management for compliance with the legislation that impacts the group.




RISK RATING – TOP TEN RISKS





The likelihood and impact values are multiplied to display the inherent risk (**impact x likelihood = inherent risk**). Specific control measures are then applied to each risk to determine the actual residual risk level to which the group is exposed.

RISK MOVEMENTS

■ Unchanged
 ▲ Risk higher
 ▼ Risk lower
 ● New risk

No.	Risk	Risk description	Mitigating measures	Risk movement from 2023
1	Weather and climate risk	Risk of adverse climate conditions (drought).	<p>South Africa is facing an El Niño event affecting the total crop yield in the current production season. The current yield prediction for maize in North West is 49,87% lower than the previous season, and for sunflower 14,35% and soybeans 52,94%. This led to a loss of handling and storage income. NWK Silo Services must accept and manage the risk within the existing business model.</p> <p>Drought is seldom a sudden occurrence, therefore the impact of an anticipated drought can be dampened/minimalised with proper crop estimates, forecasting and planning.</p>	▲
2	Operational risk	Epko Oil Seed Crushing (Pty) Ltd: The risk of experiencing downtime arising from poor service delivery in the form of electricity disruptions, which can adversely affect our operations.	We have implemented alternative power-generation measures to address this risk to ensure uninterrupted operation during electricity outages. These measures include diesel-run backup generators that can provide electricity during periods of service interruption.	▼
3	Market risk	Epko Oil Seed Crushing (Pty) Ltd: The risk of not realising expected crush margins arises from market price movements and currency fluctuations.	This risk is mitigated by a commercial committee, which has oversight of the trading function as well as having to determine if the trading strategy is appropriate in the changing market conditions. Reconciliations of actual crush margins against agreements are also performed. A trader was also appointed to do the necessary hedging function within the mandate as set by management.	▲

4	Legal risk	<p>Reputational damage, possible jail time and fines.</p> <p>A compliance officer, in collaboration with departmental compliance officers, monitors and mitigates the risks associated with laws and regulations in collaboration with the group company secretary.</p> <p>Compliance is closely monitored and reported to management, the social and ethics committee and the board, including reporting on relevant legislative amendments, outstanding compliance actions, risks of non-compliance and notices received from relevant regulators or state departments and associated corrective measures, including the drafting, updating, and implementation of compliance process documentation under the guidance of the compliance officer.</p> <p>The compliance function has drafted and is in the process of implementing a compliance function maturity model, compliance policy, and compliance framework. The compliance committee charter has been updated in line with the generally accepted compliance practice and King IV™ reports.</p> <p>The compliance officer drafts and implements an annual compliance training plan and the status of such training and awareness is reported to the compliance committee, management and the social and ethics committee.</p>	
5	Weather and climate risk	<p>Unfavourable climate conditions may have a negative impact on the risk profile of the debtor's book (yield and price volatility).</p> <p>Continuous communication with our customers and follow-up on payments due and the close monitoring of weather and climate conditions are being used to mitigate this risk.</p>	
6	Legal risk	<p>Non-compliance with and non-adherence to legislation, with specific reference to information technology.</p> <p>Legal issues such as licensing as well as operational functions can cause a possible shutdown of the business for several days.</p> <p>There is also ICASA legislation that has to be adhered to, where non-compliance can result in significant fines per offence, depending on the impact assessment done by ICASA.</p> <p>These risks are mitigated by the regular reviewing of licence policies and legislation by the legal team and the compliance division. There are also compliance responsibilities regarding the safety of the IT technicians that have to be adhered to. Therefore, IT technologists have an annual health check and safety training.</p>	

			<p>There is also an annual safety and compliance assessment for the technologists.</p> <p>Access controls (site-specific) are also in place to help mitigate this risk. Network: A firewall is in place to regulate accessible websites and domains. There is up-to-date malware and anti-virus protection and live monitoring of network traffic in place.</p> <p>Email backups are being done with a 60-month archive. There are also regular reviews to ensure compliance with the IT framework (COBit) and the ISO 27001 standards.</p>	
7	Operational risk	Epko Oil Seed Crushing (Pty) Ltd production loss due to the breakdown of non-critical machinery in the process.	Preventative maintenance and critical spares on hand to enable immediate repairs are the main mitigation measures in place. There is also business interruption insurance in place as in the case of the risk above.	
8	Operational risk	Epko Oil Seed Crushing (Pty) Ltd: Limited finished goods storage capacity resulting in additional inventory carry cost or production shutdown.	<p>Trader driving sales strategy to ensure the timing differences between processing periods and sale periods are minimised, to keep external storage costs as low as possible.</p> <p>The logistics team manages the physical inventory levels to ensure that internal and external inventory levels are utilised optimally to avoid unnecessary storage costs.</p>	
9	Market risk	Epko Oil Seed Crushing (Pty) Ltd: Meal under current hedging strategy is unhedged before customer sale.	Trader driving sales strategy to ensure open meal risk is within the approved risk tolerance quantity as per the approved trading mandate.	
10	Market risk	<p>Unfavourable climate conditions (yield and price volatility) may have a negative impact on profitability.</p> <p>The quantity of grain procurable might be lower at a higher price.</p>	<p>NWK Silo Services must accept and manage the risk within the existing business model.</p> <p>Drought is seldom a sudden occurrence, therefore the impact of an anticipated drought can ~with proper crop estimates, forecasting and planning.</p> <p>Actions may include but are not limited to the marketing of NWK's services in non-historical NWK areas, deferral of capital expenditure, fixed-cost management and unlocking value from grain of lower grade.</p>	



Pieter Kleingeld
Group Chief Financial Officer (NWK Limited)

18 July 2024

Report by the human capital committee

for the year ended 30 April 2024

Preamble

On behalf of the human capital committee, I am pleased to present the report of the human capital committee for the 2024 financial year. Challenges were experienced on a number of fronts by all our stakeholders and we had to be responsive in motivating, rewarding and retaining high-performing employees.

The remuneration philosophy and reward principles have remained consistent and we continue to focus on maintaining the long-term sustainability of the group and achieving a balance for all stakeholders by setting appropriate performance targets that are aligned with the NWK group's strategy and business objectives.

Governance

The human capital committee is a committee of NWK Holdings Limited, attends to the mandated affairs of the NWK group and, as such, reports to the boards within the group. Committee members are appointed by the board of NWK Holdings Limited and the human capital committee has the powers, duties and responsibilities as stated in the King IV™ report on corporate governance for South Africa. Please refer to the corporate governance report contained in this annual report for other governance-specific matters relating to the human capital committee.

The committee is tasked, among other things, with assisting the boards of the subsidiaries of NWK Holdings Limited to ensure that the group remunerates fairly in accordance with principle 14 of King IV™. The committee further assists the board in ensuring that the remuneration policy of the group aligns with the business strategy, complies with all relevant legal requirements and meets best practice standards.

Background statement

The NWK group's approach to remuneration is to promote the achievement of the strategic objectives, while considering the management of risk of the company and encouraging individual performance through the setting and administration of a group policy and to give effect to fair, responsible and transparent remuneration.

The Remuneration Report for the 2024 financial year provides our shareholders with a comprehensive and transparent account of the remuneration policies and practices of the group. It details the structure and design of how our board and the executive teams of its subsidiaries are remunerated and outlines the link between remuneration, performance, and the group's strategic objectives.

Remuneration philosophy for employees

The group's remuneration philosophy is to attract the best suitable people who can associate themselves with the group's goals and fit in with the organisation's culture, values and philosophies, to compensate at market-related rates and recognise contributions to the organisation's goals in order to retain critical talent. The group strives to inspire ownership and leadership by providing a working environment that stimulates excellent performance. Continuous developmental opportunities are provided to create a culture of lifetime learning.

Key elements of the remuneration package

TGP (TOTAL GUARANTEED PACKAGE)

The group mainly compensates employees on a total cost to company principle. The total guaranteed package (TGP) includes basic salary (cash), employer pension/provident fund contributions and a guaranteed bonus of 8,33%.

PGV (PENSIONABLE REMUNERATION)

The PGV (pensionable remuneration) includes basic salary (cash), pension and provident fund employer contributions and a travel allowance for employees in job grades 13 and higher.

NWK'S POSITIONING IN THE MARKET

The group participates annually in remuneration surveys and does benchmarking on positions and remuneration practices with 21st Century and Emergence Growth, based on the preceding six month's information regarding the levels of remuneration and benefits of competitors in the agricultural sector and at national level.

Although affordability is important, greater flexibility is built in to pay market-related remuneration to attract and retain critical employees without whom the employer cannot successfully continue.

DETERMINATION OF REMUNERATION AND PAY SCALES

The group uses market-related pay scales per job grade, and remuneration for appointments and promotions are determined based on qualifications, experience and predetermined criteria to ensure that remuneration stays market-related.

REMUNERATION ADJUSTMENTS

The recommendations for possible remuneration adjustments are based on economic trends (inflation and labour trends), market surveys and affordability for the group.

The group operates within the sphere of the bargaining councils for the grain industry and the motor industry and annual remuneration adjustments for employees in Job Grade 1 to 11 are determined through collective negotiations.

The board of directors, with the assistance of the human capital committee, annually grants a mandate for negotiations and also approves the group employees' remuneration adjustments.

PERFORMANCE REMUNERATION

The group is committed to being a performance-driven organisation. The performance management process that has been implemented provides that goals are contracted with management annually.

The NWK group promotes the use of a balanced mix of financial and non-financial key performance indicators to assess performance.

- ◆ Financial key performance indicators include metrics such as revenue, operating profit and return on capital employed.
- ◆ Non-financial key performance indicators focus on strategic objectives such as customer experience, talent development and environmental sustainability.

PERFORMANCE BONUS (SHORT-TERM INCENTIVE AND LONG-TERM INCENTIVES)

Various incentive structures exist within the NWK group. The short- and long-term incentive schemes are currently used as incentive and performance remuneration if the group's goals are reached in accordance with the approved policy. The payment of these incentives is based on performance of the business and the individual.

The incentive structure for executive directors and senior executives varies across the group and is designed to balance short-term operational performance and long-term sustainable shareholder wealth.

COMMISSION

Commission is paid to categories of employees in the NWK group where this is customary and the trend in the market.

Benefits for employees

PROVISION FOR RETIREMENT BENEFITS

The group provides retirement benefits in the form of participation in a private pension fund or a central bargained provident fund. All permanent employees on appointment have the choice to participate in one of these funds.

PROVISION FOR MEDICAL DISABILITY BENEFITS

Disability benefits are provided in the form of income continuation policies for members of the pension and provident funds. The schemes provide a monthly income if the member becomes medically disabled for his/her job.

GROUP INSURANCE SCHEMES

The NWK group pension and provident funds offer retirement and death benefits for members. Members of the pension fund can participate in a voluntary group insurance scheme that offers flexible insurance options.

MEDICAL SCHEMES AND MEDICAL INSURANCE

Employees of the NWK group are offered a range of medical scheme options under the five top-rated medical schemes in South Africa. An annual health day is held to ensure employees receive appropriate advice and information to make an informed decision.

The NWK group also implemented two medical insurance products that provide employees with basic healthcare where a medical scheme is unaffordable.

RETIREMENT SEMINARS

Retirement seminars are annually presented by expert consultants to assist employees with planning for their retirement in advance and making the necessary provision for retirement. Employees are also provided with 'Fresh from the Press' information to manage their retirement portfolios.

Remuneration philosophy for non-executive directors

The remuneration for the board of directors and non-executive board committee members of the group is reviewed at least once per year on the basis of the remuneration philosophy and market-related research. The remuneration of non-executive board members is subject to shareholder approval at the annual general meeting.

Annual remuneration report for 2024/2025

A remuneration mandate for the annual increase effective 2024-05-01 was recommended by the human capital committee to the relevant board(s) for approval and was so approved, resulting in an average increase mandate of 5,8% for the 2024 financial year.

Salary scales are normally presented to the human capital committee annually for recommendation to the board, and the salary scales for 2024/2025 were approved by the board(s) for implementation.

Focus areas for the 2024/2025 financial year

The human capital committee is committed to ensuring that the group's remuneration policy, practices and decisions support the group in achieving its strategic business objectives and that a fair and balanced remuneration mix is achieved. The committee will continue to focus on ensuring that top talent and critical skills specialists and key employees are retained and attracted. The committee will also focus on enhanced reporting in relation to the remuneration aspect. The committee is closely monitoring the draft amendments to the Companies Act No. 71 of 2008 and will align itself accordingly.



Christo van Niekerk
Chairman: Human capital committee

Social and ethics committee report

for the year ended 30 April 2024

Introduction

The board recognises the responsibility of the company to conduct its affairs with prudence, transparency, accountability and fairness and in a socially and environmentally responsible manner. It is in this context that the social and ethics committee assists the board with monitoring and reporting on social, ethical and transformational practices that are consistent with good and responsible corporate citizenship. The social and ethics committee is also responsible for overseeing compliance with the relevant legislation applicable to the NWK group.

The social and ethics committee operates under terms of reference that ensure its statutory responsibilities are aligned with the requirements of the Companies Act and King IV™ Report. The terms of reference were reviewed and updated during the reporting period and approved by the board, ensuring that the terms of reference comply with all regulatory and legislative guidelines and that the social and ethics committee performs its duties.

The mandate of the committee is to:

- ◆ Monitor compliance of the NWK group with relevant social, ethical and legal requirements (economic, social and governance – ESG).
- ◆ Bring any relevant matters within the scope of its mandate to the attention of the board.
- ◆ Report to shareholders on matters that fall within the scope of its mandate.

The NWK group subscribes to the following areas of social responsibility and relevant standards:

- ◆ Social and economic development (relevant standards: United Nations Global Compact, Organisation for Economic Co-operation and Development (OECD) recommendations on corruption, Employment Equity Act and the Broad-based Black Economic Empowerment Act).
- ◆ Good corporate citizenship (including promotion of equality, prevention of unfair discrimination, reduction of corruption, contribution to community development, sponsorships, donations and charitable giving, environment, health and public safety).
- ◆ Impact of the activities, products or services of the NWK group on communities.
- ◆ Consumer relationships (including advertising, public relations and compliance with consumer protection laws).
- ◆ Labour and employment (including employment relationships and contributions towards the educational development of employees. Relevant standards: International Labour Organisation Protocol on decent work and working conditions).

CODE OF ETHICS

The King IV™ Report recommends that the board govern the ethics of the company and the group in a way that supports the establishment of an ethical culture.

The NWK group subscribes to the highest ethical standards and behaviour in conducting its business and related activities. The NWK group has a zero-tolerance policy with respect to employees, contractors or suppliers committing or concealing fraudulent acts. NWK continues to make use of a Whistle-blower Hotline (number: 0800 20 26 06) as a means of reporting possible fraudulent activities.

All employees are encouraged to report fraudulent activities in good faith and are made aware of the Protected Disclosures Amendment Act and the Witness Protection Act in the induction programme to encourage employees to report suspected fraudulent activities.

During the reporting period, calls were received on the Whistle-blower Hotline. These calls were investigated and were addressed appropriately. No significant theft or fraudulent activities were reported.

The NWK group Assurance Services reports fraud incidents to the audit and risk committee, and should significant issues arise, will also report to the social and ethics committee. Stakeholders are advised that the Code of Ethics Policy is available on the NWK group's website at <https://www.nwk.co.za/uploads/2023/05/2-NWK-CODE-OF-BUSINESS-CONDUCTS-AND-ETHICS-version-5-2023.pdf>.

FOSTERING TRANSPARENT, TRUSTED RELATIONSHIPS WITH STAKEHOLDERS

Fostering transparent, trusted relationships with our stakeholders remains crucial to the long-term success of the NWK group. By integrating the needs and expectations of these groups into the core strategy of the NWK group, we not only seize opportunities for making a positive impact but also effectively manage enterprise risk. This approach ensures that the business of the NWK group is resilient and capable of thriving in a rapidly changing environment.

A good starting point is for the NWK group to determine what it looks like so that it can do its part in supporting system resilience. This involves recognising the interconnections between business operations of the NWK group and the broader environmental and social systems in which we operate. By understanding these interconnections, we can make informed decisions that contribute to the sustainability and resilience of these systems.

The board and executives recognise the importance of understanding systemic environmental, social and governance (ESG) issues. These issues present both constraints and opportunities for the business of the NWK group. The board and executive will focus on being a systems thinker and identify the boundaries of the system that need to be managed. These boundaries include environmental and social factors that need to be part of our strategic thinking.

To keep pace with these evolving challenges and opportunities, it is essential to ground our learning and efforts in the specific ecosystems and social systems in which we operate. Building this understanding is an inclusive and iterative process. Our comprehension can – and should – evolve as new knowledge becomes available and as our operating context changes. This includes considering the expectations, risk tolerances, values and priorities of the communities in which we operate and on which we depend.

In conclusion, by fostering transparent and trusted relationships with our stakeholders and broadening our understanding of systemic ESG issues, the board wants to position the NWK group for sustained success. This approach not only benefits NWK's business, but also contributes positively to the resilience of the broader systems we are a part of.

Composition and functioning of the social and ethics committee

Best practices suggest that a majority of members of the social and ethics committee should be non-executive members. Having considered the size of the NWK group and the operational expertise required from its executive directors for the operational execution of the social and ethics committee's mandate, the committee consists of two executive and four non-executive directors. For the year under review, the committee was chaired by a non-executive director.

The current members of the social and ethics committee are as follows:

- ◆ AS Badenhorst, non-executive director
- ◆ JJ du Preez, non-executive director
- ◆ DPG Kleingeld, group CFO
- ◆ J Mahne, non-executive director
- ◆ TE Rabe, group CEO
- ◆ MW Schoeman, independent non-executive director

The following employees attend the social and ethics committee by invitation:

- ◆ A Marais, Assistant manager of Audit and Advisory
- ◆ TB Modise, Director of Economic Development
- ◆ J Mathews, Group manager of Assurance Services
- ◆ JJ Bezuidenhout, Group manager of Corporate Marketing and Communication
- ◆ DJ Coetzee, Group manager of Human Capital

The NWK group secretary is tasked with the responsibility of acting as secretary to the social and ethics committee. The committee brings any relevant matters within the scope of its mandate to the attention of the board. After every meeting, the chairperson submits a formal report on all matters regarding the duties and responsibilities of the committee to the board. The social and ethics committee makes recommendations to the board on any area within its mandate that members deem appropriate and where action or improvement is required.

During the period under review, the social and ethics committee executed its duties in accordance with the terms of reference.

Meetings

The social and ethics committee met twice during the year under review, on 25 May 2023 and 28 September 2023. Members attended these meetings and contributed effectively to the deliberations, and the committee discharged its responsibilities within its mandate.

KEY ACTIVITIES DURING THE REPORTING PERIOD

The following activities during the reporting period should be noted:

The NWK group:

- ◆ Investigated the electricity crisis in Lichtenburg, and a mandate was granted to management to pursue legal action against the Ditsobotla Local Municipality should sufficient legal grounds be established.
- ◆ Reviewed and approved the amended the Communication Policy, a newly proposed Trademark Policy, the Compliance Policy, the FICA Risk Management and Compliance Programme and the NWK Group Supplier Code of Business and Conduct and Ethics.
- ◆ Reviewed and approved the NWK Fraud Risk Management Policy, Fraud Response Plan and Fraud Risk Management Implementation Plan.
- ◆ Revised the B-BBEE Improvement Plan and the Employment Equity Plan.
- ◆ Approved the establishment of the NWK Development Trust.
- ◆ Received and considered reports on the land claim that was served on NWK with respect to the Schuinsdrift silo complex.
- ◆ Received and considered reports on legal action pertaining to a purported land claim with respect to the Lusthof and Blaauwbank silo complexes.
- ◆ Implemented a repurchase of shares whereby retiring shareholders were afforded an opportunity to divest themselves of their NWK Holdings Limited shares.
- ◆ Reviewed the statement of interests report regarding private work and the gift register.
- ◆ Investigated dealings in NWK Holdings Limited shares by a director during a closed period, without prior clearance.

The social and ethics committee:

- ◆ Compiled an Annual Plan (2023/2024) for the committee based on the areas to be monitored by the committee in terms of the revised charter and statutory obligations.
- ◆ Reviewed and approved the Employment Equity Management Plan.
- ◆ Reviewed and recommended the updated NWK Group Communication Policy, which provides for crisis communication.
- ◆ Reviewed the statement of interests report regarding private work and the gift register.
- ◆ Reviewed and recommended the newly formulated Group Supplier Code of Business Conduct and Ethics.
- ◆ Reviewed and recommended the B-BBEE Improvement Plan.
- ◆ Reviewed and recommended the new Compliance Policy, which establishes NWK's philosophy and approach to the management of compliance risk and highlights the importance of the compliance function in assisting NWK to meet its compliance obligations.
- ◆ Reviewed and approved the newly established compliance framework.
- ◆ Reviewed and approved the compliance committee charter.
- ◆ Reviewed and approved the newly formulated compliance function maturity model, which will be consolidated into the compliance framework.
- ◆ Reviewed compliance reports.
- ◆ Reviewed and recommended the Anti-Money Laundering and Combatting Financing of Terrorism Risk Management and Compliance Programme (RMCP) in terms of the Financial Intelligence Centre Act, No. 38 of 2001 (FICA).
- ◆ Reviewed the corporate sustainability reports detailing the various initiatives that the NWK group supports.
- ◆ Reviewed a Customers Report, with a view to improving products and services to customers in order to improve the customer experience and to build stronger customer relationships.

- ◆ Reviewed the NWK Workplace Inclusivity Audit and Focus Report.
- ◆ Reviewed the Workplace Skills Plan and the Annual Training Report.
- ◆ Reviewed and approved the revised PAIA Manual in terms of the Promotion of Access to Information Act, No. 2 of 2000.
- ◆ Reviewed the corporate social responsibility reports detailing the various initiatives that the NWK group supports.
- ◆ Reviewed the charter of the social and ethics committee.

The social and ethics committee is satisfied with the NWK group's progress in the areas of its ESG mandate, and in particular with the continued efforts to engage actively with the local and provincial government, including the North West Department of Public Works, Roads and Transport, with the objective of providing assistance to the provincial government to make the province's dirt roads more accessible.

The committee determined that, during the financial year under review, it had discharged its statutory duty and other responsibilities as outlined in the South African Companies Act and in terms of its board-assigned mandate. The social and ethics committee will continue to strive to contribute to the overall sustainability of the NWK group, including improved compliance risk mitigation, ethics management, stronger stakeholder relations and ensuring continued trust from the communities we serve.

FUTURE FOCUS

The social and ethics committee is aware that its function will continue to evolve as it addresses the responsibilities within its mandate and that management's responses will also adapt to relevant changes in the environmental, social and governance agenda. The following key activities are planned for the 2025 reporting period:

- ◆ Reporting of suspicious and unusual transactions as required by the FIC Act has been identified as an area for improvement and is receiving attention.
- ◆ Placing continued focus on enhancing compliance where applicable across the NWK group with data protection legislation (Protection of Personal Information Act ('POPI Act')).
- ◆ Performing an internal self-evaluation of the social and ethics committee.
- ◆ Establishing a FICA implementation report that captures how the NWK group RMCP is being implemented throughout the company.
- ◆ Revising the policy regarding the declaration of interests and the acceptance of gifts.
- ◆ Reviewing the charter of the social and ethics committee to overcome potential overlapping of issues between the social and ethics and audit and risk committees.
- ◆ Establishing ESG reporting and measurement metrics in consultation with stakeholders over the course of the 2023/2024 calendar year, focusing on appropriate and relevant (limited and focused) measurement and refraining from theoretical measurements.
- ◆ Providing ongoing training to committee members.

I would like to acknowledge the commitment of and contribution by all committee members and express my appreciation for their support and guidance during the year. I also want to thank the Exco team, and especially the group CEO and group company secretary and head legal counsel, for their valued contributions, long hours and support to enable the social and ethics committee to function effectively. My prayer is that our Heavenly Father will provide us with wisdom and insight to ensure that NWK conducts its affairs with prudence, transparency, accountability and fairness, and in a socially and environmentally responsible manner.



Marius Schoeman
Chairman: Social and Ethics Committee

18 July 2024

Corporate social responsibility

for the year ended 30 April 2024

Corporate social investment (CSI)

The past

year has been characterised by an increasing plea for help and assistance from the communities within which NWK functions. Socio-economic problems are increasing and can largely be attributed to the high levels of unemployment in North West, as well as increasing living costs. Despite this, NWK was able to lend a strong helping hand to these communities.

The youth is at the core of the CSI projects of the company, as we know that they are the future employees and leaders of our company.

NWK has been collaborating with the North-West University to host the Ikateleng (to empower yourself) Project since 2011/2012, whereby Grade 10 to 12 learners receive additional classes on Saturdays in subjects like Mathematics, Physical Sciences, Accounting, Life Sciences and English.

The additional tutoring better enables these learners to pass matric with exemption and enrol for tertiary education. A total of 104 learners of the Lichtenburg centre completed these additional classes in the past year, and 80% of them passed matric with exemption.

Teachers with a proven track record are recruited by the district offices of the North West Department of Education, as well as by school principals, to present these additional classes.

NWK has also been handing out brand-new laptops, loaded with the latest software, to the top-performing matriculants of the 21 schools in the Ditsobotla subdistrict since 2013/2014. The value of the past year's donation, which took place on 24 January 2024, was about R327 000.

Benedict Modise, director of Economic Development at NWK, said the following at the event:

'We applaud the role played by parents, teachers, administrative staff, school governing bodies and the business community to ensure that we foster a climate that is conducive to learning.'

The top matriculant of 2023 in the Ditsobotla subdistrict, Mea Colyn of Hoërskool Lichtenburg, expressed her gratitude towards NWK for receiving a laptop. 'I would not have been able to afford a laptop and it will assist me greatly in furthering my studies.' Another deserving receiver of a brand-new laptop was Kegomoditswe Keromecwe of Gaetsho Secondary School. Also a learner from the Ikateleng Project, she is now studying Chartered Accounting at the North-West University's Mahikeng Campus.

Learners from disadvantaged primary schools in the Ditsobotla area are given brand-new school shoes, polish, brushes, socks, beanies and string bags annually. This donation enables them to attend school with dignity, especially in winter.

The company handed out 497 parcels to learners of the Makgwe, Molekane, Opadiatla and Reitumetse Primary School in June 2023. NWK was also involved in the printing of workbooks for school learners.

Other community projects that NWK participated in, include:

On 17 May 2023, the manager of Developing Agriculture at NWK – Leonard Thaphathi – took 23 of NWK's developing farmers to the annual Nampo show near Bothaville. NWK's sponsorship covered travel, tickets to the event, shirts and refreshments. These developing farmers were afforded the opportunity to experience the largest agricultural expo in the southern hemisphere, exposing them to leading trends and products in the industry.

Various soccer teams in our operating area received kit that consisted of uniforms, balls, nets, shin guards, sports bags and other gear needed to participate in the sport. The coaches testify that soccer is a helpful tool in keeping the youth off the streets and it encourages them to improve in other areas of their lives.

NWK was involved with the Stanley Olifant Foundation in Boikhutso. This organisation focuses on the empowerment and development of the youth, encouraging them to strive towards good values and life ethics.

The foundation awards medals to the top five achievers in grades 8 to 12 of Gaetsho Secondary School, as well as from JM Lekgetha Commercial High School. The top achievers in each grade receive a trophy.

NWK assisted Community Provision and Social Services (Compass) in Edenvale with groceries and other necessities in August 2023. These were handed out to 15 people, including children, who stay in their safe house.

The Tshwaraganang Disabled Day Care Centre in Madibogo also received groceries in November 2023 that were to the benefit of 36 children residing here.

Members of Delareyville VLU have been teaching disadvantaged women of the Atamelang, Geysdorp and Frisgewaagd communities sewing skills since 2016, enabling them to make articles from fabric to sell for an additional income. Thanks to funding by NWK, six second-hand sewing machines could be purchased and serviced in December 2023 to enable more women to participate in this project.

In March 2024, NWK assisted Thusanang Trauma Centre with the licensing of software for two laptops that are being used for daily administration and for compiling reports. NWK's relationship with Thusanang stretches back many years.

One of the most important events on NWK's marketing calendar is the annual Grip4Charity Golf Day. It was first hosted in 2006, and since then about R2,8 million has been raised to the benefit of 33 organisations. An old age home in Swartuggens (SAVF Rodeonhof Ouetehuis en Behuisingskema) and a youth centre in Kroonstad (Presidentia Kinder- en Jeugsorgsentrum) were the beneficiaries in 2023 and received R165 000 each – the largest amount raised to date. The success of the project would not be possible without the generous hearts of NWK's suppliers.



One of the most important events on NWK's marketing calendar is the annual Grip4Charity Golf Day.

NWK assists Lichtenburg Dierewelsyn on a monthly basis to provide a safe haven for unwanted cats and dogs. Like the rest of Lichtenburg, this organisation was also subjected to continuous interrupted water supply. The organisation needs up to 1 000 litres of water per day, and NWK heeded a plea in the local newspaper to assist. The company donated a 5 250-litre water tank that was erected at the shelter, enabling caretakers to perform their daily duties like cleaning cages, bathing the animals and supplying them with fresh drinking water.

For the third time, the company was also one of the main sponsors of the Toyota Night Race, with the aim of raising funds for the shelter. An amount of R70 000 and 1,73 tons of animal food were handed over to Lichtenburg Dierewelsyn – a project for the community by the community.

The monthly cleaning action of the town by Lichies Omgee is supported by NWK by supplying NWK Retail shopping vouchers to each volunteer, with which they can buy groceries. The organisation hopes to get more businesses involved and make it a weekly action.

Emrike Leersentrum is a private education centre for learners with learning difficulties, as well as learners with any special need. The centre was established in 2009 and as the only establishment in the Ditsobotla area that caters for learners with special needs, it is expanding fast. NWK has been supporting the classroom project of the centre by providing building material.

In July 2023, NWK took hands with Lichtenburg DLU (district agricultural union) to supply diesel for the On-Trac-Tor project undertaken by Paediatric Care Africa. This organisation was established by Dr André Hattingh of White River in Mpumalanga and aims to assist children with surgeries and medical care their parents could otherwise not afford. André travelled 2 500 km on a tractor through five provinces to raise funds for this initiative. Since the organisation's inception in 2017, 6 797 people have been provided with free medical care and 1 327 children could obtain the help of a private physician or specialist.

In collaboration with the Hart en Hande Projek of Hoërskool Lichtenburg, NWK reached out to Zeerust Pleegsorg Huis in October 2023 and donated groceries, stationery and toiletries.

In the same month, NWK reached out to Dash Rose Foundation in Krugersdorp through its retail outlet in Randfontein. The foundation looks after homeless women and children and was supported with donations of cleaning supplies and diapers.

In October 2023, NWK was involved in the Agri Securitas Trust Golf Day hosted by Agri SA and made a financial contribution of R100 000 towards the trust. The trust fund focuses on making financial assistance available to farming communities to improve their safety.

In November 2023, NWK supported Mev Lichtenburg Elegant's 'Blokiesboom van Liefde' (it entailed a tower of 12 metres built out of crocheted blocks that were later used to make 290 blankets). The company donated an NWK Retail shopping voucher to an individual who correctly calculated the number of blocks in the tower.

NWK reached out to the community of Bakerville in December 2023 by supporting 50 families with groceries that were handed over during a Christmas function.



Theo Rabe

Group Chief Executive Officer (NWK Limited)

18 July 2024



Communication with stakeholders

for the year ended 30 April 2024

Communication within the workplace and with stakeholders is crucial. It aims to inform, influence, express and meet social expectations.

For communication to be effective, it must be clear, correct, complete, concise and compassionate. NWK has performed extremely well in this regard, as can be seen in comments on social media as well as in statistics reflecting the readership of *NWK Arena's* electronic format.

Two media statements were issued in the year – one on 31 July 2023 about the company's financial results, and a second on 14 August 2023 about the large-scale electricity interruption in Lichtenburg and its effect on Epko.

Not only were these media releases published on *NWK Arena's* website, but also on *landbou.com* and *agriorbit.com*.

Media monitoring is an integral function of Corporate Marketing and Communication. It is a vital tool to manage any negative reports about NWK in the news media and on social media. Complaints, enquiries and suggestions received via social media are addressed and referred to the relevant departments to follow up.

For the first time since 2019, NWK invited the media on a tour of NWK and its facilities on 21 June 2023. Representatives from various media houses were briefed about NWK's state-of-the-art grain bunkers, the solar power solutions at our silo complexes, the innovative NWK Online app, as well as projects it undertakes to uplift the community, such as the grading of dirt roads.

This media tour generated various positive articles about NWK and strengthened an already good working relationship between the company and agricultural journalists.

NWK's in-house magazine, *NWK Arena*, launched a website in 2021 that is being used with great success. It enables the company to not only share each edition of the magazine digitally, but also to share articles about its projects, activities and developments instantaneously.

It offers a very cost-effective platform to communicate with our stakeholders worldwide as we do not have to pay thousands of rands for advertising space in magazines or newspapers or other media platforms.

A recent example of where the website was utilised very effectively was the recent gala evening of Agri NW (19 April 2024), where Kobus Beyers was named the Young Farmer of 2024. Just two hours later, a comprehensive article about Kobus, including comments from him about his win, was published on the website. It was the top article within days after having been published.

It is evident from the website's statistics that NWK's clients like to read about the trials and successes of their fellow farmers.

The printed version of the magazine is still produced six times per year, with a print order of 4 800. The magazines are made available at NWK Retail's outlets and at silo complexes.

NWK has two Facebook pages, namely NWK Limited (14 310 followers on 22 April 2024) and NWK Retail (11 845 followers on 22 April 2024). This reflects a 15% and a 12,8% increase respectively in followers since 2023.

NWK Limited's page is used to share links to articles on *NWK Arena's* website, as well as other agriculture-related articles. Here we also share photos of NWK events and vacancies. Promotions are shared on NWK Retail's page, including those of NWK Retail, NWK Mechanisation, NWK Fertiliser and Midchem.

NWK's profile on X (formerly known as Twitter) had 4 283 followers on 22 April 2024. Photos of NWK events and graphics about public holidays are shared on this platform. NWK also launched an Instagram profile in May 2023. The number of followers is increasing slowly but surely, with 166 on 22 April 2024. As this social media platform is mainly photo- and video-orientated, the aim is to share content relevant to NWK events that is as visually appealing as possible.

NWK's profile on LinkedIn has 4 208 followers. This social media platform is used to share NWK's vacancies. Articles about personal growth and performance in the workplace – compiled by Dennis Coetzee (group executive of Human Capital at NWK) – are also a popular read among followers.

What'sUp!, the company's staff newspaper, has a print order of 1 700 and appears four times per year. It contains a motivational message by the group CEO, events held for staff, and newsworthy trials and achievements of employees.

OFM is our main radio partner. NWK's agreement with the radio station consists of the following: sponsorships of the daily devotional during the Agri Uur, agricultural news, digital marketing on their website and business interviews.

The following business interviews were conducted during the year in question:

- ◆ Service delivery problems plaguing the agricultural sector and local community (interview with Theo Rabe – group CEO of NWK): 11 December 2023.
- ◆ Unleash the technological advances offered by drones (interview with Jacobus Claassens and Roneldi van der Westhuizen of AgTech@NWK): 14 December 2023.
- ◆ Insert during Agri Uur about an estimate for the year ahead: 11 January 2024.
- ◆ NWK's involvement in the annual Toyota Night Race (interview with Johan Bezuidenhout – group manager of Corporate Marketing and Communication): 7 February 2024.
- ◆ NWK speaks about technological advances employed by the company during TLU SA's Young Farmer congress (interview with Johan Bezuidenhout): 25 March 2024.

Over the years, NWK managed to establish a healthy relationship with local community radio stations. We would like to give special thanks to Benedict Modise, who engages on a regular basis with listeners in Setswana, bringing them the latest industry news, market indicators and technical information relating to agriculture in their home language.

He participates in weekly talk shows on the following radio stations:

- (1) Mmabatho FM every Monday
- (2) Mafikeng FM every Tuesday
- (3) Ratlou FM every Thursday
- (4) Vaaltar FM only half of the year
- (5) Modiri FM only half of the year

The number of listeners is currently more than 400 000 and is growing speedily. The areas being covered include NWK's operating area, broader parts of North West and parts of Botswana – enabling NWK to reach clientele in the neighbouring country. The fact that most of these radio stations can be streamed online means distance is no longer a barrier to reaching more listeners. Many of the listeners are dependent on livestock for an income and give positive feedback on the agricultural content offered on these radio stations. Among other things they play an important role in fighting stock theft and raising awareness about veld fires. Engagement with new radio stations is underway.



Theo Rabe
Group Chief Executive Officer (NWK Limited)

18 July 2024

Miscellaneous matters

for the year ended 30 April 2024

Human Capital strategy

Customer focus and service delivery are still considered as main priorities to support the overall strategy of NWK. The focus is on the complete employee value proposition and adding value to the employment life cycle, from recruitment to retirement.

To achieve this goal, a new in-house human capital (HC) management system is in the process of being developed. This system will not only cater for the unique needs of the group, but will also improve efficiency through the automation of all processes and the integration of the various stages in the employment life cycle. The system is being developed to ensure flexibility according to legal reporting and ensure compliance with regulations.

The recruitment process has also been optimised via the inclusion of video interviewing techniques for screening purposes. This method is more time efficient and has proven to shorten the hiring process. NWK's focus is on limiting employee turnover by providing employees with flexible options towards structuring benefits to their own specific needs/requirements.

A strategy roll-out to source scarce/critical positions throughout NWK has been investigated and will be addressed in the future through bursary programmes, workplace skills learning programmes and learnerships.

In order to ensure we select the right talent, psychometric assessments are administered for Task Grade 9 and up in order to provide a holistic view of the candidate (in addition to technical skills and power skills identified during the interview).

In-depth recommendations are written by the Human Capital Department for non-designated candidates. These recommendations include competency frameworks and demographic details of applications.

Various initiatives were launched during the year to enhance NWK's brand awareness. Representatives took part in career days and presented information to the Ikateleng group, among others, on how to compile a professional CV and on how candidates should prepare for and conduct themselves during interviews. We also visited the North-West University at Potchefstroom to present the same to students.

NWK has designed a leadership development programme that was rolled out during the 2023/2024 financial year. The purpose of this initiative is to empower leaders in the organisation. Modules developed and the roll-out include, among other things, emotional intelligence development, how to be the best leader you can be and leadership skills for high impact.

We are constantly looking at more effective and streamlined organisational structures and in a few departments we have managed to flatten the reporting lines.

Our Betrokka strategy roll-out also continued with enhancing the understanding of some key behaviours and actions in relation to our vision.

Leadership development

NWK's own Grow Leadership programme is continuously evolving and being reshaped to stay current and relevant. It was repositioned to provide progressive development by working through the three main themes, each with their own subthemes. The first main theme is 'unlocking your potential', which mainly focuses on self-development, followed by 'unlocking your team', which has a strong coaching component, and finally 'unlocking your organisation', which also focuses on creativity and innovation – both critical for future business success and sustainability. The programme was run successfully this year by means of a virtual platform.

Innovation and creativity techniques were developed and redesigned internally to position this community as a focus group, getting together on a regular basis, to brainstorm solutions for company-specific issues at hand. A design thinking workshop was presented to all the Innovation Champions during the year.

NWK has trained and qualified coaches and mentors who handle areas like dilemma coaching, career development and planning, leadership development, problem areas in the workplace, executive coaching, team coaching, etc.

Various internal leaders were facilitated by way of our executive and leadership coaching programme, which was designed in-house. This forms part of succession planning, but also brings to life our involved-strategy theme for the year – building good-quality connections – in order to build better relationships with the customers, employees and other shareholders of NWK. NWK's leaders were empowered further through articles and 'how to' guides in support of the leadership model and involved strategy.

Training and development

In the past financial year, the group spent 3,92% of the total remuneration costs on employee training. Spending in the previous year amounted to 2,23% of the total remuneration costs.

Grants

- ◆ Actual grants received for this financial year – R780 128.
- ◆ Training costs for the group – R15 738 681.

NWK continued using the e-learning platform introduced in 2021. These platforms will become more dominant in the learning sphere and give employees freedom to choose from a wide variety of skill-enhancing courses. It has been noticed that trainees also prefer e-learning platforms rather than in-class facilitation.

Over the past financial year, the NWK group again offered several learnerships to section 18(2) learners. (Section 18(2) learners are unemployed persons who are appointed temporarily and then trained in specific learnerships. They are also exposed to practical experience in the workplace to complete the relevant learnerships successfully.)

The following learnerships were offered and completed by the end of April 2024:

- ◆ National Certificate: Generic Management NQF 4 (15 learners)
- ◆ National Certificate: Business Administration Services NQF 4 (15 learners)

Six out of 30 section 18(2) learners were absorbed into the NWK employee profile during the year.

Africa Skills facilitated our disabled learners remotely and the following programme was presented:

- ◆ National Certificate: New Venture Creations NQF2 (15 learners)

A total of 45 section 18(2) learners took part in the training in 2023/2024, of whom 15 were learners with disabilities.

The new learnership programmes are more aligned regarding the provision of online classes and assessments and offer a further paperless experience to learners. Costs will also be reduced, as the pricing of the new service provider is much more competitive, with much fewer logistical arrangements with the sending and receiving of learning materials.

NWK is committed to developing in-house talent for the future, and NWK's staff members are therefore offered the opportunity via study aid to participate in various postgraduate diplomas, first degrees, honours, master's and MBA degrees.

Over the past financial year, the NWK group also offered several learnerships to section 18(1) learners. (Section 18(1) learners are employed persons in service of NWK and then trained in specific learnerships. The purpose of these learnerships is to assist in succession planning and career growth.)

- ◆ National Certificate: Grain Handling Processes NQF 3 (11 learners)
- ◆ National Diploma: Grain Handling Management NQF 5 (10 learners)
- ◆ National Certificate: Agri Sales and Services NQF 4 (12 learners)

A total of 33 section 18(1) learners took part in training in 2023/2024.

Opportunities are created for graduated individuals to gain internal experience in the applicable working environment. During the first year, the graduates have been absorbed into the NWK employee profile.

Remuneration practices and benefits 2023/2024

During the 2023/2024 financial year, Human Capital participated in a remuneration survey at 21st Century and Emergence Growth. The conclusion was that NWK is still remunerating on a market-related basis.

Employees were continuously encouraged to make better provision for retirement through flexible contributions to their retirement funds.

The Remuneration Division also launched an external audit project to evaluate if payroll is compliant with the SARS regulations. This entailed that, from selected samples provided on IRP5 codes on various earnings, the fringe benefits, deductions and company contributions that were allocated to certain wage types were reviewed and the PAYE recalculated by an external company specialising in all aspects of PAYE and tax consulting by applying NWK policies and practices.

The wellness committee has rolled out initiatives to better the employee's body, mind and soul.

Some of these initiatives were:

- ◆ Coaching and mentoring
- ◆ Health-related information
- ◆ Health days from medical scheme providers
- ◆ Lifestyle Expo day to expose employees to various available products in the market

The following policies were reviewed and approved by the board:

- ◆ Anti-Harassment Policy
- ◆ Wellness Policy
- ◆ Retirement Gratuity Policy

Statistics for the financial year:

Information (metrics) for the annual report 1 May 2023 – 30 April 2024

- ◆ **Total active permanent employees as at 30 April 2024**
 - ◇ 1 679
- ◆ **Total remuneration cost for the group**
 - ◇ R401 041 939

OCCUPATIONAL LEVEL PER RACE PER GENDER AS ON 30 APRIL 2024

	African		Coloured		Indian		White		Total
	M	F	M	F	M	F	M	F	
Top management							2		2
Senior management	1						4	1	6
Professionally qualified and experienced specialists and mid management	2						36	8	46
Skilled technical and academically qualified workers	26	1	6	3			187	98	321
Semi-skilled and discretionary decision making	382	76	23	23			88	160	752
Unskilled and defined decision making	438	88	12	4			9	1	552
Total permanent	849	165	41	30	-	-	326	268	1 679

YEAR-ON-YEAR MOVEMENT IN OCCUPATIONAL LEVEL PER RACE PER GENDER AS IN 2023 VS 2024

	African		Coloured		Indian		White		Total
	M	F	M	F	M	F	M	F	
Top management	-	-	-	-	-	-	-	-	-
Senior management	-	-	-	-	-	-	-	-	-
Professionally qualified and experienced specialists and mid management	-	-	-	-	-	-	-	2	2
Skilled technical and academically qualified workers	5	-	1	-	-	-	6	5	5
Semi-skilled and discretionary decision making	20	1	1	4	-	-	15	26	65
Unskilled and defined decision making	16	1	4	1	-	-	3	-	15
Total permanent	31	2	4	3	-	-	18	29	83

The optimal functional voluntary employee turnover rate for organisations in South Africa was calculated to be between 14 and 19%.

- ◆ New employee turnover
 - ◇ 289 new employees during the year
 - ◇ 21 exited service within the first year
 - 20 resigned
 - 1 was discharged
 - ◇ Therefore: 7,3% (turnover in the first year of service)
- ◆ Total employee turnover
 - ◇ 11,15% in 2023, reduced to 8,8% in 2024
- ◆ Voluntary terminations breakdown
 - ◇ Pensioned – 30 in 2023, reduced to 24
 - ◇ Early retirement – 10
 - ◇ Discharged/absconded – 41 in 2023, increased to 48 in 2024
 - ◇ Health – 3 in 2023, reduced to 1 in 2024
 - ◇ Unknown – 122 in 2023, increased to 146
- ◆ Employees trained within the group
 - ◇ 970 employees in 2023 vs 869 employees in 2024

Marketing: NWK Loyalty Programme, NWK Online and customer service

NWK LOYALTY PROGRAMME

To date there have been 3 163 registrations for the NWK Loyalty Programme, with 4 855 NWK accounts linked to the registrations. For the period 1 May 2023 to 30 April 2024 there were 619 new registrations, compared to the 507 new registrations in the previous year.

The NWK Loyalty Programme Trust is currently purchasing shares to the value of the 2023/2024 season. The shares purchased for the 2022/2023 season were allocated to the benefiting customers in April 2024.

Since the inception of the programme, customers have earned R70 009 142 in value. A total of 14 323 457 shares have been purchased and distributed and a total value of R4 598 102 has been credited to NWK customer accounts.

Planning for 2024/2025

- ◆ Targeting of the remaining top unregistered customers to assist them in completing their registration.
- ◆ Using the NWK Loyalty Programme as an additional vehicle to identify non-account holders.
- ◆ Marketing the expanded ways in which suppliers can participate and contribute to the programme in order to get more suppliers on board to add value to the programme.
- ◆ Revisiting the definition of a bona fide commercial agricultural producer as defined in the MOI in order to determine if testing is still relevant and if changes need to be made to the testing model.
- ◆ Updating the terms and conditions as contained on the NWK Loyalty Programme website so that they are in line with the amended rules and internal policy.

CUSTOMER RELATIONSHIP MANAGEMENT

The customer service portal is currently being marketed to customers through all available mediums.

The customer profiling portal has been developed and implemented.

Planning for 2024/2025

- ◆ Training of users with respect to the customer profiling portal.
- ◆ Expansion of the customer profiling portal.

DYNAMIC PARTNER PROJECT

This involved the identification and visiting of customers who show a large gap between the potential and actual business they do with NWK. This analysis was done by the Business Intelligence Department (BI). GIS information and the customer's trade and grain business with NWK were used as basis to generate possible additional business with NWK and reinforce customer relationships.

A new methodology for identification of new customers for the project and conducting customer-focused visits was employed. Customers were segmented into three major groupings. Planning of customer visitations was streamlined to increase effectiveness.

Planning for 2024/2025

- ◆ The Business Intelligence Department (BI) will conduct an analysis after the planting season to determine to what extent the project produced results.
- ◆ Allocated representatives in the CRM customer visits portal will be trained and briefed on the use of customer analyses to prepare for and capture visits.

IDENTIFICATION OF A SIGNIFICANT NUMBER OF UNKNOWN CUSTOMERS

The NWK Loyalty Programme benefits will be expanded to attract unknown customers to join so that they can be identified.

Planning for 2024/2025

- ◆ Analysing the percentage of business share of purchases made by unknown customers and the average value per transaction per product group compared to known customers.
- ◆ Exploring the possibility of a cash rewards card or system.

NWK ONLINE

The NWK Online application and web service was completely rewritten with additional functionalities, seamless system integration, user customisation and ease of use.

The NWK Online logo and look and feel were subsequently revamped. Management decided that the marketing of NWK Online should be more focused and dedicated and therefore the marketing manager has been assigned with this task.

Planning for 2024/2025

- ◆ Making changes to the navigation architecture of NWK Online to increase ease of use.
- ◆ Revamping the look and feel of the application to increase ease of use.
- ◆ Marketing the new grain management function added to NWK Online.
- ◆ Marketing the new livestock management function added to NWK Online.
- ◆ Launching a marketing campaign to introduce, explain and inform users about the new navigation architecture and the look and feel.
- ◆ Launching a marketing campaign to increase customer uptake.

Occupational safety 2023 - 2024

By implementing and maintaining an effective health and safety management system, NWK is committed to providing a working environment that is safe for and without risk to the health and safety of its employees, visitors and contractors as far as is reasonably practicable.

This year, some big contractor projects were started and completed, Liquid Fertiliser completed the asbestos removal and recladding, a new retail branch opened in Randfontein, to name only a few. Fortunately, no contractor accidents happened during these construction phases.

Phase 2 of the Ergonomic Regulations was completed, reports were delivered for action by departments, a summary of reports was supplied to the compliance and the ethical committees. Phase 3 will start in the new financial year.

Site visits were conducted during this year to help premises with safety systems and standards management in the light of changes to management and personnel at many of the premises. The Department of Labour (DOL) also visited 19 of our premises, and no contravention notices were issued.

During the past year a lot of effort was put in by all to minimise accidents at our premises. Specialised training was done at departments on work procedures, risk assessments and accident investigation. In total 143 employees and managers were trained.

The above culminated in a reduction of 54% in work-related injuries, bringing the total disabling injury incident rate (DIIR) down to 1,79%, well below the national average of 3%.

ENVIRONMENTAL MANAGEMENT 2023/2024

NWK Limited continues to make improvements with regard to environmental management measures. Our environmental committee comprises key role-players from our relevant departments and is chaired by our environmental officer. This committee had successful quarterly meetings in the past year to discuss risks and opportunities relating to environmental management.

Within the past year, NWK Liquid Fertiliser maintained full compliance with all environmental authorisation and water use licence conditions, as was determined by the findings of their annual internal and external environmental compliance audits. It was also determined in the past year that the plant remains well under the related legal air emission limits as per their annual external isokinetic air emissions report. The plant has also continued to submit quarterly water monitoring reports to the Department of Water and Sanitation and continues to operate under the guidance of an external water monitoring specialist.

Midchem is another site that maintained full compliance with their environmental authorisation conditions as per the annual internal environmental audit findings. Midchem's newly appointed site manager has also undergone on-site environmental awareness training as facilitated by our environmental officer. Boschpoort Silo continues to do well in their annual internal environmental compliance audit as per their environmental authorisation requirements.

Operating points that have contributed to recycling efforts in the past year include NWK Total Lichtenburg, Econo Build Lichtenburg, Buhrmannsdrif Retail, Mareetsane Retail, NWK Liquid Fertilizer and Midchem.

NWK's environmental officer has conducted various site visits in the past year to assist in the proactive identification of environmental risks and opportunities for improvement. Employees from various branches were also provided with the opportunity to undergo an online environmental awareness induction, as was facilitated by the environmental officer.

No contravention notices were served by the Department of Economic Development, Environment, Conservation and Tourism: North West in the past year.



Theo Rabe
Group Chief Executive Officer (NWK Limited)

18 July 2024