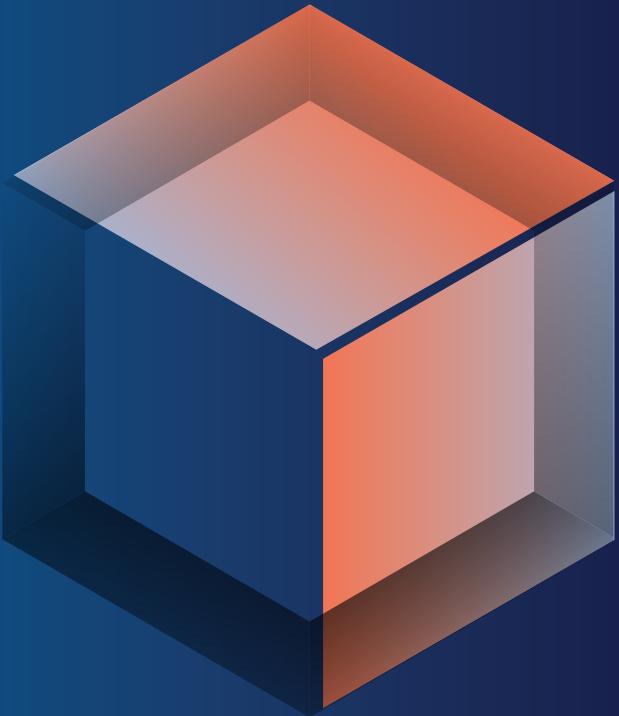


# INTEGRATED ANNUAL REPORT **2022**

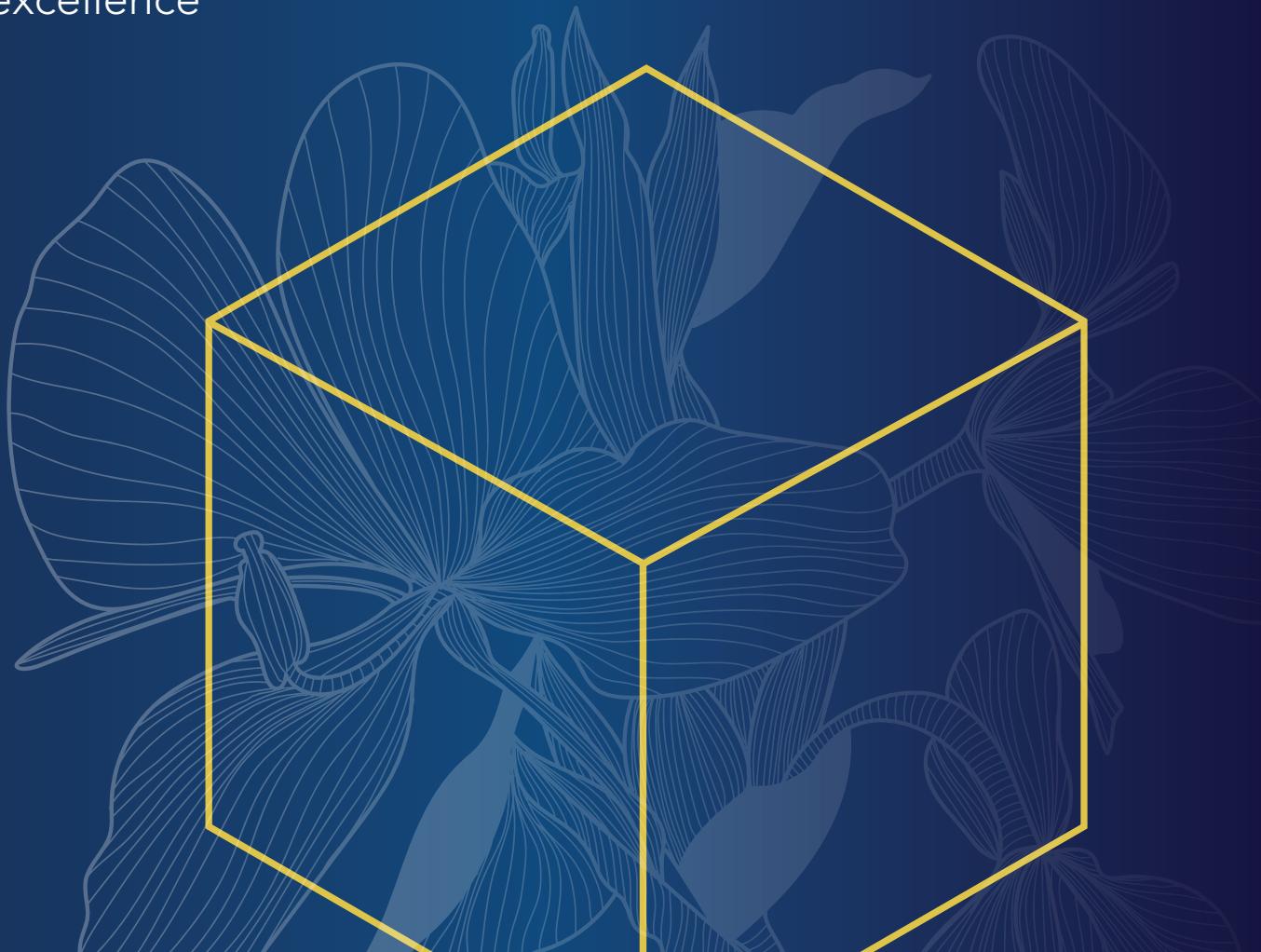


***Remgro***  
**Limited**



## OUR LEADERSHIP PHILOSOPHY

- I create a more inclusive and diverse culture
- I am a credible and inspiring leader
- I build capacity for collaboration and partnering
- I create process, innovation and entrepreneurial excellence



# THE STORY of our DESIGN

In 2020, Remgro employees embarked on a future fit change management programme to discuss, develop and embrace the road ahead as a team.

**"Aimed at ensuring readiness for a world where the pace of change is constantly accelerating."**

We remain committed to managing our business in a sustainable way and upholding the highest standards of ethics and corporate governance practice.

We are proud of who we were and what we are and excited about who we can be.

The design elements used in the 2022 Integrated Annual Report build on those of 2021 as a maturing and evolving depiction of the Remgro Story. It portrays meaningful messaging to our employees.  
Welcome to the 2022 Integrated Annual Report.

Our  
ROOTS

Trusted  
partnership

Do the  
right thing

Innovative and  
entrepreneurial  
spirit

Strength  
through  
**inclusivity**  
and  
**diversity**

Excellence in  
all we do

Remgro's employees are blooming with their unique attitudes and behaviours, supported by appropriate:



Individual conversations



Personal development



Performance monitoring



Reward tools

**The next chapter to come.  
The story continues to unfold.**

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Remgro's **purpose** is to **shape the future** and **partner** for South Africa's prosperity.

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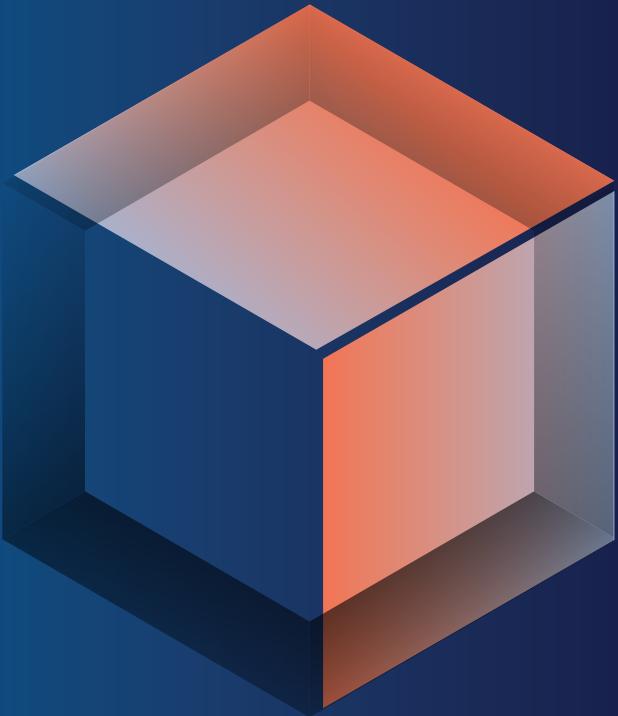
Cross-reference to relevant sections within this report



Download from our website:  
[www.remgro.com](http://www.remgro.com)



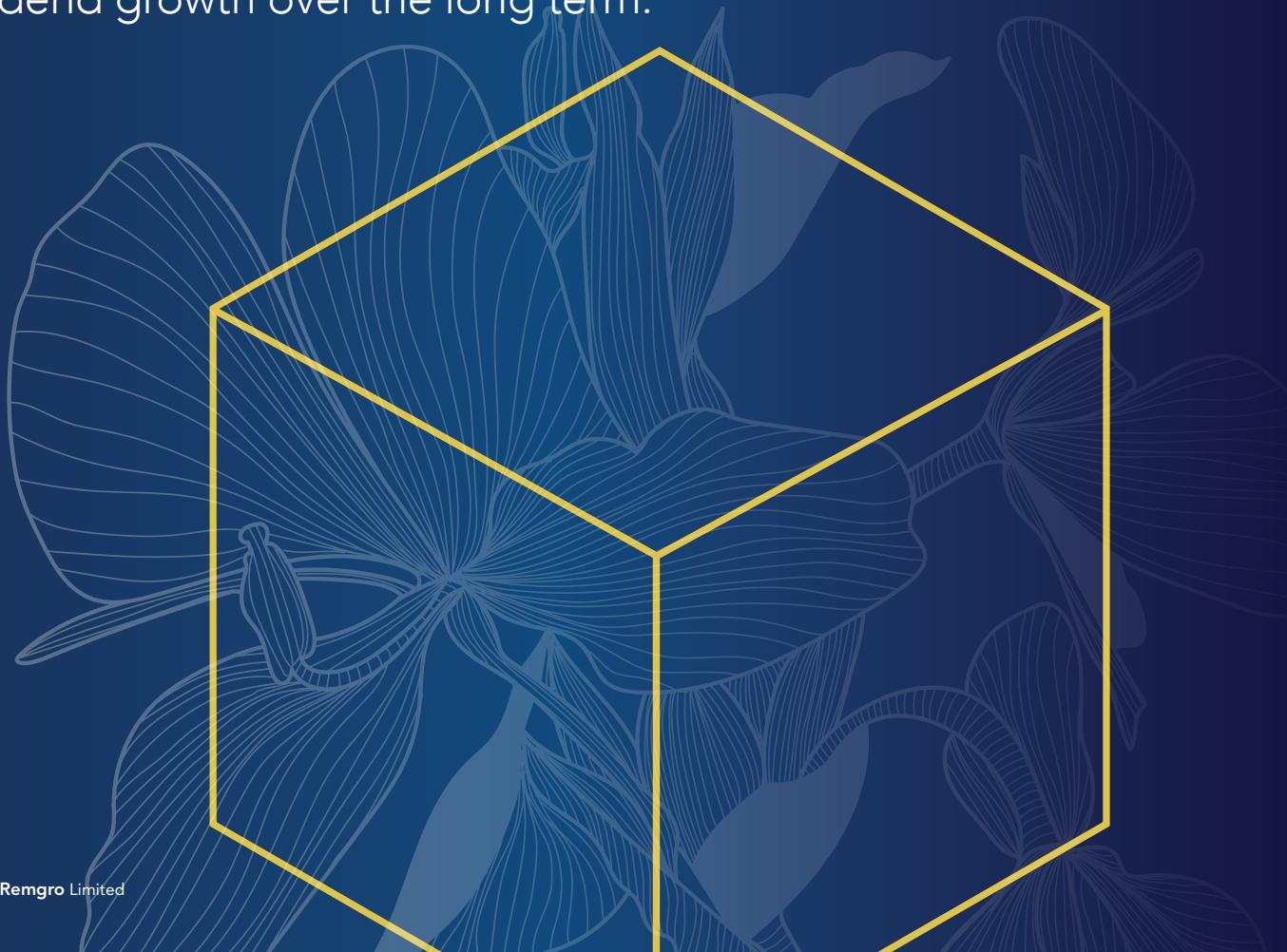
View more information on our website: [www.remgro.com](http://www.remgro.com)



## OVERVIEW OF **BUSINESS**

**Remgro invests in reputable businesses**

that are aligned with its values and purpose, with sound management teams that have the potential to deliver superior earnings, sustainable cash flow generation and dividend growth over the long term.



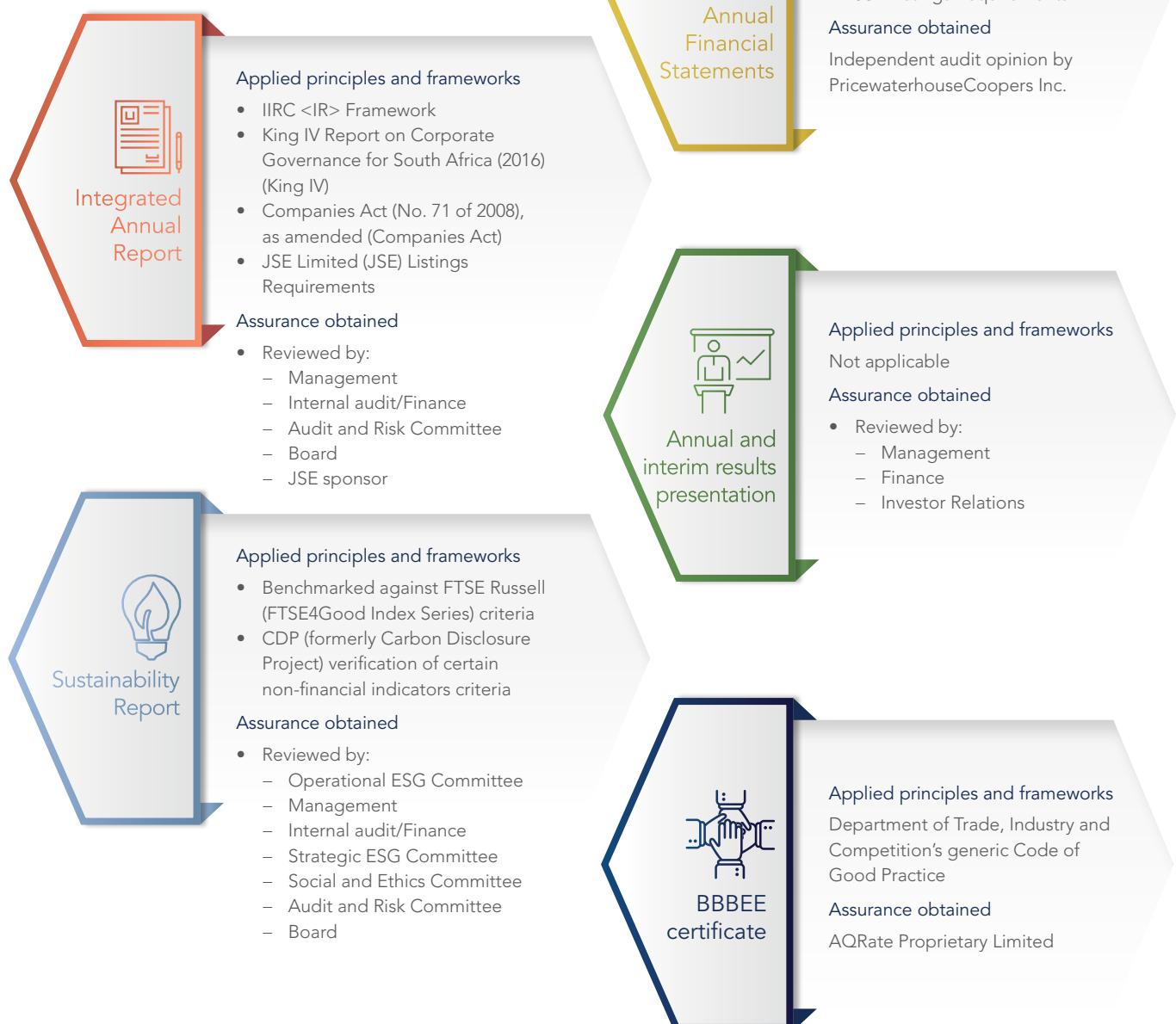
# REMGRO'S approach to REPORTING

The 2022 Integrated Annual Report provides a holistic view of Remgro's business model, how the Company is managed, its approach to Environmental, Social and Governance (ESG) matters and the stewardship of its investments. In this regard our main focus is to provide a complete analysis of our business to satisfy the information needs of key stakeholders that use the Integrated Annual Report.

The information presented thus aims to provide our stakeholders with a good understanding of the financial, social, environmental and economic impacts of the Group to enable them to evaluate our ability to create sustainable value for our stakeholders. This includes Remgro's drive to ensure that ESG and sustainability considerations are integral to how we manage the Company and its investee companies' business.

## Reporting suite

Remgro's reporting suite information is set out below, detailing the assurances obtained and frameworks applied to each report.



In order to ensure that we address all the material issues that matter to us, our shareholders and other stakeholders, we report on matters such as:

- Our business model;
- Our ESG and sustainability strategy;
- Our most significant business risks and opportunities, as identified through our integrated risk management process; and
- Governance processes.

**Remgro is an investment holding company** and accordingly all references to “the Group” in this context denote the Company and its subsidiaries.



The King IV Report on Corporate Governance for South Africa (King IV), which was published on 1 November 2016, contains a set of principles that are fundamental to good governance, as well as related leading recommended practices. The JSE Limited has incorporated certain of King IV's recommended practices in the JSE Listings Requirements, with the effect that some of King IV's recommended practices are in fact mandatory in respect of companies listed on the JSE (such as Remgro). The Board is satisfied that the Company has applied the principles contained in King IV during the year under review. The Corporate Governance Report on page 78 explains how Remgro has applied the principles enumerated in King IV with reference to Remgro's own practices.

## Reporting boundaries



## Scope and boundaries of our report

Remgro is an investment holding company and accordingly all references to "the Group" in this context denote the Company and its subsidiaries. Disclosure is therefore limited to those entities where Remgro exercises control over the financial and operating policies of such entities, save where those entities disclose the relevant information in their own publicised annual reports.

Remgro has four main operating subsidiaries, i.e. Distell Group Holdings Limited (Distell), RCL Foods Limited (RCL Foods), Siqalo Foods Proprietary Limited (Siqalo Foods) and Wispeco Holdings Proprietary Limited (Wispeco). As Distell and RCL Foods are listed on the JSE, detailed information regarding their financial and non-financial performance is available on their websites at [www.distell.co.za](http://www.distell.co.za) and [www.rclfoods.com](http://www.rclfoods.com) respectively.

Siqalo Foods and Wispeco are unlisted wholly owned subsidiaries which are operated and managed on a decentralised basis as independent entities with autonomous boards of directors. Based on the above, as well as the fact that Siqalo Foods and Wispeco represent only 5.3% and 1.2% of Remgro's intrinsic net asset value, respectively, only summarised "non-financial" disclosure relating to social and environmental performance will be provided for Siqalo Foods and Wispeco. This is in line with Remgro's reporting on the financial performance of its investee companies.

## ESG and sustainability reporting

In its last Integrated Annual Report, Remgro announced its goal to be a leader in the development of ESG and corporate sustainability in a South African context.

A key component of Remgro's ESG and sustainability strategy is to provide transparent and accurate disclosures on its metrics and the improvements made against internationally recognised standards.

Over recent months, Remgro has implemented an ESG charter and governance structure that provides strategic direction and oversight in support of Remgro's commitment and that of its investee companies to ESG. Remgro's ESG performance will therefore be monitored by the Strategic ESG Committee of the Board.

Remgro's commitment to stewardship of ESG best practice includes the development of a schedule to measure ESG progress, reporting against defined targets and metrics.

## Significant events during and after the end of the reporting period

On 4 August 2022 Remgro announced that an agreement has been reached on the terms of a recommended cash offer by Manta Bidco Limited (a newly formed company, which is jointly owned by Remgro and MSC Mediterranean Shipping Company SA (MSC)) to acquire the entire issued ordinary share capital of Mediclinic International plc (Mediclinic), other than the 44.6% interest in Mediclinic Remgro already owns, for 504 pence per Mediclinic share. Remgro will contribute its existing interest in Mediclinic and cash of approximately £201 million, which represents an additional interest in Mediclinic of 5.4%. MSC will contribute cash, representing the other 50.0% interest in Mediclinic. The proposed transaction is still subject to various conditions precedent.

During April 2022, Rand Merchant Investment Holdings Limited (RMI) unbundled its two life insurance-focused assets, Discovery Limited (Discovery) and Momentum Metropolitan Holdings Limited (Momentum Metropolitan), and Remgro received direct stakes in Discovery (7.7%) and Momentum Metropolitan (8.6%).

On 15 November 2021, Distell Group Holdings Limited (Distell) and Heineken International B.V. (Heineken) announced their intention to combine the Heineken Southern African business, including an interest in Namibia Breweries Limited, with the bulk of the Distell business (consisting of its cider, other RTDs and spirits and wine business) in a new unlisted entity controlled by Heineken and referred to as Newco. The proposed transaction will also include an offer by Newco to Distell shareholders to acquire their Distell shares for R165 per share and/or unlisted shares in Newco, or a combination thereof. Remgro intends to elect to receive Newco shares for its Distell shares. The proposed transaction is still subject to conditions precedent.

Refer to the report of the Chief Executive Officer on page 25 for a brief summary of these transactions. Besides the transactions above, no other significant events occurred during the reporting period or after the end of the reporting period, which may have a material impact on the size, structure or ownership of the Group.



## Board approval statement

The Board, supported by the Audit and Risk Committee, acknowledges its responsibility to ensure the integrity and completeness of the report. The Board applied its collective mind to the preparation and presentation of the report. We believe that the report has been prepared in accordance with the <IR> Framework and it provides a balanced and appropriate representation of the Company.

The Board approved the 2022 Integrated Annual Report on 26 September 2022.

**A key component** of Remgro's  
ESG and sustainability strategy is to  
**provide transparent** and  
**accurate** disclosures on its metrics.

# SALIENT FEATURES

Headline earnings  
per share

**1 150.6 CENTS**  
**(UP BY 125.3%)**

Ordinary dividend  
per share

**150 CENTS**  
**(UP BY 66.7%)**

Intrinsic net asset  
value per share

**R213.10**  
**(UP BY 20.2%)**

## Financial

	<b>30 June 2022</b>	30 June 2021	% change
<b>Headline earnings (R million)</b>	<b>6 494</b>	2 885	125.1
– per share (cents)	<b>1 150.6</b>	510.6	125.3
<b>Dividends per share</b>			
Ordinary (cents)	<b>150.00</b>	90.00	66.7
– Interim (cents)	<b>50.00</b>	30.00	66.7
– Final (cents)	<b>100.00</b>	60.00	66.7
<b>Intrinsic net asset value per share (R)</b>	<b>213.10</b>	177.33	20.2
<b>Remgro share price at 30 June (R)</b>	<b>129.91</b>	114.60	13.4
<b>Percentage discount to intrinsic net asset value (%)</b>	<b>39.0</b>	35.4	(360 bps)

## Other information

	<b>30 June 2022</b>	30 June 2021
<b>Spent on corporate social investment (CSI) at the centre (R million)</b>	<b>26</b>	22
<b>BBBEE scorecard contributor level</b>	<b>4</b>	5
<b>Continued participation in CDP (formerly Carbon Disclosure Project)</b>	<b>Yes</b>	Yes
<b>Inclusion in FTSE/JSE Responsible Investment Index</b>	<b>Yes</b>	Yes

Scan to view our 2022 results presentation



# Our BUSINESS MODEL

## How the investments are managed

Remgro has a few operating subsidiaries of which the material companies are Distell (listed), RCL Foods (listed), Siqalo Foods (unlisted) and Wispeco (unlisted). Remgro's other investments comprise both listed and unlisted companies that are not controlled by Remgro and which are mostly associates and joint ventures due to the significant influence or joint control exercised by Remgro through board representation in those investee companies.

Notwithstanding the level of influence or control, Remgro has adopted a philosophy of decentralised management, which means that its investee companies have autonomous boards of directors and management structures, while Remgro exerts its influence through non-executive representation on the boards of these companies. Remgro's involvement is thus mainly focused on the provision of support and oversight rather than on being involved in the day-to-day management of its investee companies.

The Remgro Limited Board considers it in the best interest of all the parties concerned to respect the decentralised business model and the fact that these businesses are conducted in separate legal entities. The support derived by investee companies from Remgro as a shareholder includes strategic direction, patient financial capital, managerial support through access to Remgro's broad and diverse network of human capital, and the creation of an environment conducive for corporate transactions. The support provided by Remgro serves to enable investee companies to achieve their relevant growth strategies and targets.

Shareholder agreements are in place for Remgro's associates and joint ventures where there are also other major shareholders involved. These agreements serve as a mechanism to protect Remgro's rights as a shareholder and manage any associated risks. In terms of these agreements Remgro has decision-making involvement for a defined list of material matters of the businesses of these entities, such as the appointment or removal of directors, capital structure, business strategy, large capital expenditure and mergers, acquisitions and disposals.

Where Remgro does not have the right to board representation, such investments are classified as portfolio investments (investments at fair value through other comprehensive income).

As a responsible steward of its investee companies, Remgro also exercises its influence to ensure, as far as possible, that the entities concerned adhere to its requirements in respect of matters such as governance, internal controls, financial management, risk management, legal compliance, social responsibility, safety, health and environmental management, internal audit, ethics management, information management, stakeholder relationships, succession planning and sustainability. To further advance our sustainability agenda, Remgro aims to partner with all its investee companies across their value chains to encourage and influence sustainable behaviour through Environment, Social and Governance (ESG) principles that seek to achieve common and collective sustainability goals.

## Ownership structure

Remgro's issued share capital consists of two classes of shares, as follows:

### ORDINARY SHARES OF NO PAR VALUE Listed on the JSE

529 217 007 ordinary shares of no par value

Each ordinary share has one vote

### B ORDINARY SHARES OF NO PAR VALUE Unlisted

39 056 987 B ordinary shares of no par value

Each B ordinary share has 10 votes

All of the unlisted B ordinary shares are held by Rupert Beleggings Proprietary Limited, a company incorporated in South Africa which is the holding vehicle for the Rupert family interests in Remgro. As at 30 June 2022, the unlisted B ordinary shares were entitled to 42.66% (2021: 42.62%) of the total votes of shareholders of the Company.



An analysis of major shareholders appears on pages 163 and 164.

## Investment philosophy

Remgro invests in reputable businesses that are aligned with its values and purpose, with sound management teams that have the potential to deliver superior earnings, sustainable cash flow generation and dividend growth over the long term. Remgro forges strategic alliances on a partnership basis and adds value through its extensive network of human capital.

As a key part of its purpose, Remgro has increased its focus on how it manages its assets and pursues investments in businesses with the aim to contribute to measurable positive social and/or environmental impact, alongside financial returns. To this end, Remgro's investment framework now provides clear guidelines for investment decisions in line with its ESG ambitions.

ESG considerations have been purposefully integrated throughout the investment lifecycle and where sustainable value can be generated over the long term. This ensures that the businesses in which Remgro's capital is invested commit to continuous improvements of ESG and work to apply relevant global best practice with appropriate targets and timelines to achieve them.

Remgro has committed to hold itself to account by benchmarking progress and transparently using data to disclose where it has moved forward and achieved results and where it has more work to do on its ESG journey.

## Investment criteria (*inter alia*)

- Prevailing culture and ethics of the Board and management team
- Expected return on investment in excess of Remgro's internal hurdle rate
- ESG strategy and impact of the enterprise, and an ESG profile in accordance with Remgro's requirements and standards
- Viability of products and services and their life cycles
- Barriers to entry

## Remgro's investment strategy

- Investments that align with Remgro's values and purpose to create sustainable stakeholder value
- Emphasis on investments that deliver superior financial returns and contribute to measurable positive social and/or environmental impact
- Significant influence and board representation are integral
- Preference for unlisted investments
- Investments in entities where Remgro can identify sustainable value over the long term
- Focus on South African investments and other African countries through investee companies
- Will consider investments in other countries on an opportunistic basis
- Primary sector focus:
  - Healthcare
  - Consumer products
  - Financial services
  - Infrastructure

# Group profile

## Group structure at 30 June 2022

Remgro Limited principal investments – equity interest held

Our interests consist mainly of investments in the following industries:



**MEDICLINIC**  
INTERNATIONAL

44.6%



**DISTELL**<sup>1</sup>

31.7%



**RCL FOODS**

80.3%



**SIQALO FOODS**

100.0%



Originally established in the 1940s by the late Dr Anton Rupert, Remgro's investment portfolio has evolved substantially and currently includes investee companies across nine platforms. The Company is listed on the Johannesburg Securities Exchange (JSE), operated by the JSE Limited in South Africa under the "Financials – Financial Services – Investment Banking and Brokerage Services – Diversified Financial Services" sector, with the share code "REM". From 3 January 2022, the Company also has a secondary listing on the A2X. Our interests consist mainly of investments in the healthcare, consumer products, financial services, infrastructure, industrial and media industries.



**RMI** OPTIMISE DIVERSIFY MODERNISE

30.6%



**BUSINESS PARTNERS**

44.1%



Community  
Investment  
Ventures  
Holdings

57.0%



**GRINDROD**

25.9%



**SEACOM**

30.0%



**energy  
exchange  
of SOUTHERN AFRICA**

79.7%



**AIR PRODUCTS**

50.0%



**TotalEnergies**

24.9%



**WISPECO  
Aluminium**

100.0%



**PGSI**  
PGSI Limited

37.7%



- Equity accounted investment
  - Subsidiary
  - Investment at fair value through other comprehensive income
  - ▲ Listed entity
  - Number of Remgro nominated director(s); alternates excluded
- (1) Voting rights in Distell equal 56.4%.  
(2) Voting rights in Blue Bulls equal 36.7%.

### Diversified investment vehicles



43.5%



45.0%

28.1%

100.0%



16.2%



6.5%

### Media



32.3%



### Portfolio investments



2.5%

7.7%

8.6%

0.1%



### Social impact investments



50.0%



100.0%



100.0%



### Treasury and management services



100.0%

100.0%

100.0%

100.0%

100.0%

# Understanding the business of Remgro

## UNDERSTANDING REMGRO'S STATUTORY REPORTING ON NET PROFIT

In order to understand Remgro's cash generation process, one first needs to understand its reported results.

Remgro's statutory reported net profit consists primarily of the following:

- Consolidated results of its operating subsidiaries, i.e. Distell, RCL Foods, Wispeco and Siqalo Foods;
- Equity accounted results of its investments in associates and joint ventures, e.g. Mediclinic, RMI, CIVH, Air Products and TotalEnergies;
- Profit/loss on the realisation of investments;
- Net impairment of investments;
- Dividends received from investee companies not classified as subsidiaries, associates and joint ventures, e.g. FirstRand, Discovery and Momentum Metropolitan (both investments unbundled by RMI), the Milestone China Funds and the Pembani Remgro Infrastructure Fund;
- Interest received;
- Interest paid;
- Net corporate costs, including remuneration and other benefits paid to employees; and
- Taxation.



**Capital allocation – Remgro's most critical function**

Capital is expensive and not infinite. As we deal with an uncertain future, exacerbated by current global economic and geopolitical pressures, and inevitably base capital allocation decisions on certain assumptions about the future, we need to be prudent and have a margin of safety built into these investment decisions.

We need to be disciplined in our allocation of capital and, if we are wrong, we should act quickly and decisively. A large part of Remgro's successful track record of value creation is attributable to being able to maintain a good balance of young growth companies, network assets and more established cash-generating companies to ensure superior returns to shareholders by way of sustainable dividends and capital growth.

As a key part of its purpose, Remgro has increased its focus on how it manages its assets and pursues investments in businesses with the aim to contribute to measurable positive social and environmental impact, alongside financial returns. To this end, Remgro's investment framework now provides clear guidelines for capital allocation decisions in line with its Environmental, Social and Governance (ESG) ambitions.

## INVESTMENT HOLDING COMPANY

**Remgro strives to enable investee companies to achieve their growth strategies and targets. The support we provide, irrespective of our level of influence, includes:**

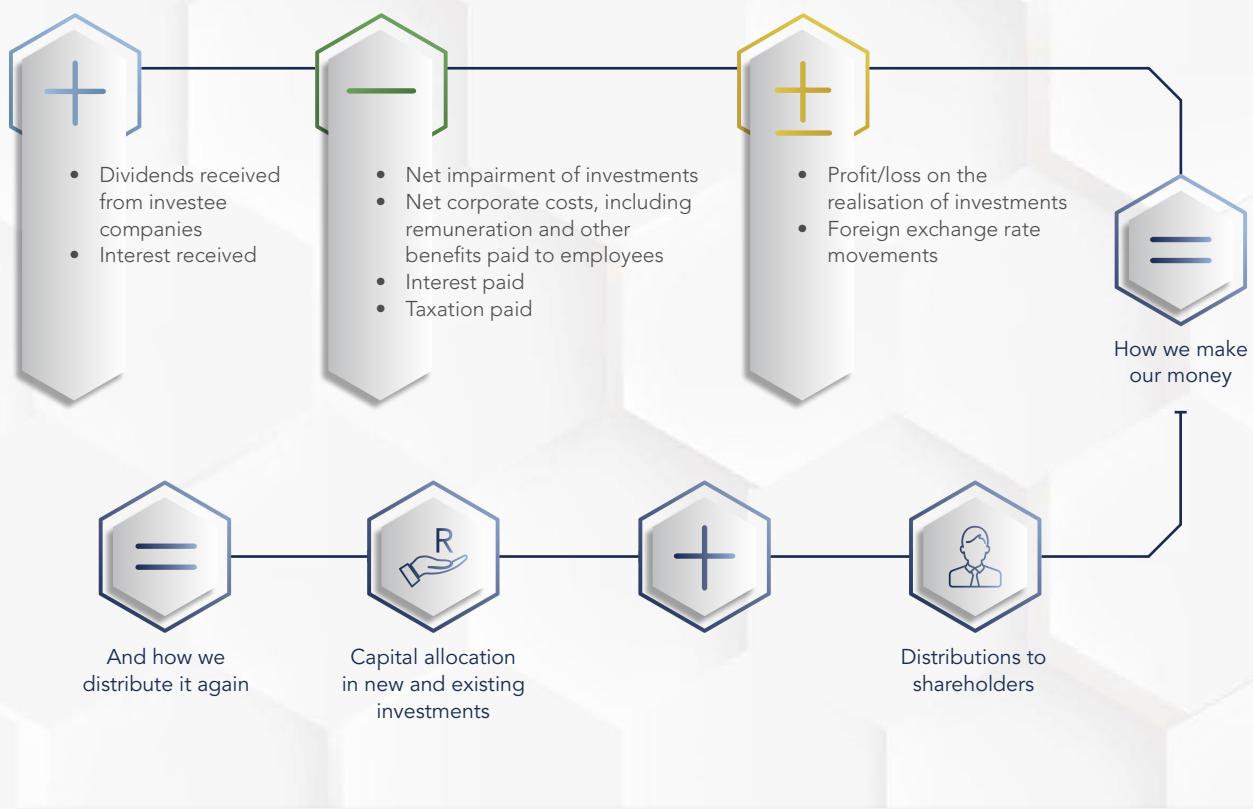
- Strategic input
- Capital allocation
  - Patient financial capital to support growth strategies
  - Manufactured capital
  - Human capital in management support
  - Relationship capital in identification of opportunities
  - Intellectual capital
  - ESG risks, considerations and opportunities
- Dealmaking ability (environment for corporate transactions)
- Decentralised management approach
- Treasury services (as required)
- Internal audit and risk services (as required)
- Formal and informal associations, providing our investee companies with opportunities to benefit from a wider network



**Investments**

The value and performance of the underlying investments, rather than the activities at holding company level, will determine to a large extent the value created for an investment holding company's shareholders, although dealmaking at holding company level can also add significant value.

## The best approximation of Remgro's profit at holding company level (at the centre) comprises:



Given its nature as an investment holding company and the substantial amount of cash held and managed, the control of treasury risks is regarded as very important, which is covered in the Chief Financial Officer's (CFO) Report on page 32.



Cash distributions are funded from dividend income and interest received at the centre. Our normal dividend objective is to provide shareholders with a consistent annual dividend flow that at least protects them against inflationary pressures. As in the past, Remgro consistently evaluates the appropriateness of other distributions in the form of special dividends, share buy-backs or the unbundling of investments to shareholders.

## MEASURING SUCCESS THROUGH INTRINSIC VALUE

Remgro further measures its performance in terms of the increase in its intrinsic net asset value. This measures the growth in the value of the various underlying investee companies, measured by listed market value or, in the case of unlisted investments, applying the principles of IFRS 13: *Fair Value Measurement*. Refer to the Chief Executive Officer's Report on page 25 for a detailed analysis of Remgro's intrinsic net asset value, briefly citing the differences between an IFRS 13 valuation and a transactional valuation.



# Company history

## Creating shareholder value since 1948

In 1972, the overseas tobacco interests of Rembrandt were consolidated in Rothmans International, which was listed on the London Stock Exchange.

Since the 1970s Rembrandt expanded its interests outside tobacco, wine and spirits with investments in various other economic sectors in South Africa, amongst which were banking and financial services, mining, printing and packaging, medical services, engineering and food interests.

During 1993, Rembrandt co-founded South Africa's first cellular telephony company, Vodacom, which was eventually disposed of in 2006 by VenFin Limited (VenFin). In 1995, Rembrandt and Richemont consolidated their respective tobacco interests in Rothmans International, at the time the world's fourth largest cigarette manufacturer, which was then delisted, and then in 1999 merged these interests with those of British American Tobacco plc (BAT), the world's second largest cigarette producer. Since then the investment in BAT has been held through a joint holding company in which Rembrandt (Remgro's predecessor) and Richemont held 33½% and 66½% respectively. Following the above restructuring, Rembrandt became a pure investment holding company.

In January 2001, Remgro exchanged its 8.2% interest in Billiton plc and its 11.3% interest in Gold Fields Limited for a 9.3% interest in FirstRand Limited and a 23.1% interest in Rand Merchant Bank Holdings Limited.



Remgro's founding history goes back to the forties of the previous century when the founder of the Group, Dr Anton Rupert, established the tobacco company Voorbrand, forerunner of Rembrandt Group Limited (Rembrandt), in Johannesburg, South Africa. Rembrandt was incorporated in 1948.

Rembrandt entered the South African cigarette and tobacco industry in 1948 and in the fifties expanded overseas through international partnerships.

Rembrandt's interests in the wine and spirits industry also date back to the 1940s when Dr Rupert and Mr D W R Hertzog founded Distillers Corporation.

Rembrandt was listed on the Johannesburg Stock Exchange in 1956.

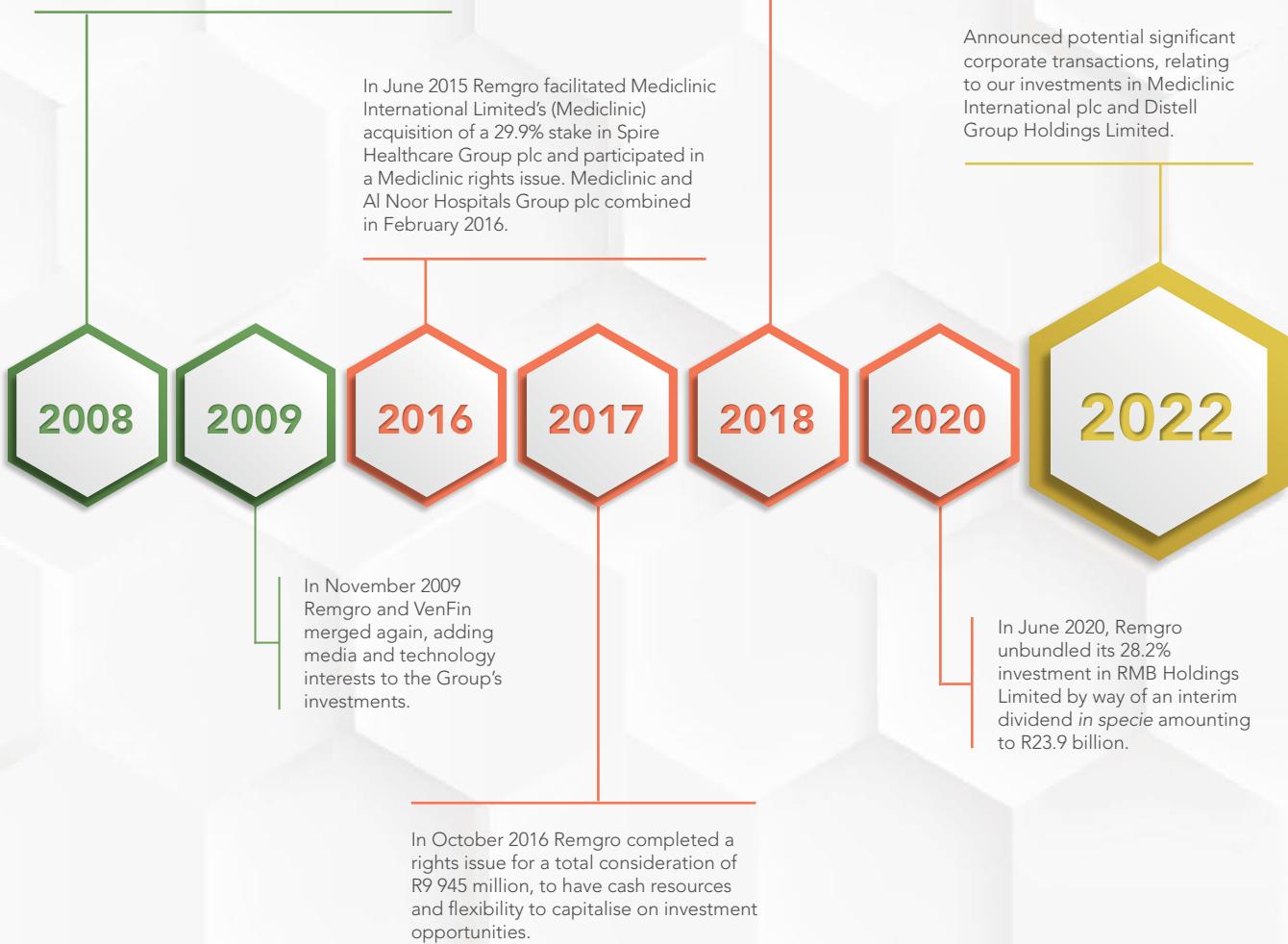
In 1988 the separation of local and overseas interests was affected by the founding of Compagnie Financière Richemont AG (Richemont) – a Swiss-listed luxury goods group that included brands such as Cartier, Dunhill and Mont Blanc which then acquired a share in Rothmans International.

In September 2000, the restructuring of Rembrandt was advanced when the South African holding structure, consisting of four listed companies, was collapsed into two listed companies, namely Remgro and VenFin. Following this, Remgro represented Rembrandt's established tobacco, financial services, mining and industrial interests. The telecommunication and technology interests were housed in VenFin.

In November 2008, Remgro unbundled its investment in BAT by way of an interim dividend *in specie* amounting to R55.2 billion. Following the BAT unbundling, the Group's remaining interests consisted mainly of investments in banking and financial services, printing and packaging, motor components, glass products, medical services, mining, petroleum products, food, wine and spirits and various other trade mark products.

At 30 June 2022, the value of the unbundled BAT shares has increased to R143.7 billion.

In July 2018, Remgro disposed of its 25.75% shareholding in Unilever South Africa Proprietary Limited (Unilever) in exchange for Unilever's Spreads business in Southern Africa, now Siqalo Foods, for R7 000 million, and a cash consideration of R4 900 million.



Over the **74 years of our rich history**, we pride ourselves in our **proven track record** to deliver superior returns to shareholders by timely **identifying opportunities** presented by newly established, maturing and/or pivoting industries and business models. History also shows that we take our fundamental responsibility to be a **good corporate citizen** seriously and strive to ensure this remains part of our core value system. As the future unfolds, **we are committed** to playing a **leading role** in driving the **sustainability agenda**.

# KEY OBJECTIVES and principal INTEGRATED RISKS

## REMGRO'S KEY OBJECTIVES

Managing with a view to **maximise shared value creation** and **sustainable growth for all stakeholders**.

1

Remgro is an investment holding company committed to shaping its future and partner for South Africa's prosperity.

2

Our vision is to be the trusted investment company of choice that consistently creates sustainable stakeholder value.

3

Our critical role of stewardship of our investee companies and track record of prudent management and maintaining a strong financial position enables us to invest in a diverse portfolio of businesses that can deliver superior earnings and dividend growth over the long term for the benefit of all our credible stakeholders.

4

Our goal is to be a leader in the development of ESG and corporate sustainability and making it integral to our business.

The following aspects are considered fundamental to the **sustainability of growth** and **wealth creation**.

## DOING BUSINESS ETHICALLY

**1**

By always considering the impact of the Company's strategy on its commercial sustainability, the impact on the society in which it operates, as well as the environment, results in Remgro being a responsible corporate citizen and investor.

**2**

Leadership based on ethical foundations results in a culture of ethical and moral behaviour and compliance with laws, rules, codes and standards. Consistent achievement of objectives creates trust, whilst ethical environments also foster high staff morale.

**3**

By always striving to "do the right thing" Remgro positions itself as the trusted investment partner of choice.

## PRINCIPAL INTEGRATED SUSTAINABILITY DRIVERS

**1**

Remgro's size and influence enables it to acquire significant stakes in entities that are big enough to have a material effect on Remgro's earnings and net asset value. Remgro's standing as a trusted investment company of choice that adheres to ESG and sustainability principles facilitates the building of strategic partnerships and its access to investment opportunities. In addition the distribution of mature investments to shareholders enables Remgro to unlock value and make the entity more agile in seeking suitable unlisted investment opportunities.

**2**

A strong low-geared statement of financial position enables Remgro to make new investments or to increase its stake in well-performing investments, or fund growth opportunities by means of shareholder loans. It furthermore enhances the business resilience of the Group in unstable global environments.

**3**

Remgro's stewardship of its investee companies through skilled and experienced executives is critical value-add and will furthermore advance its sustainability agenda to drive sustainable behaviour through ESG principles to achieve common and collective sustainability goals.

**4**

Remgro's focus on ESG principles, innovation and future developments serves as inputs in its Investment Framework and Mandate.

## Principal integrated risks

Remgro's principal risks and opportunities are summarised below. A more comprehensive analysis of our risk management process is provided in the Risk and Opportunities Management Report, while our main financial risks, including those relating to the global economy and currencies, are disclosed in the CFO's Report. The impact of the Russia-Ukraine conflict and consequences of the Covid-19 pandemic and social stability, economic and political decline on external risk and opportunity along with the implications for Remgro's Six Capitals and risk appetite is also specifically addressed in the Risk and Opportunities Management Report on page 124.

### KEY OBJECTIVE AND CONTEXT

### INTEGRATED RISKS/OPPORTUNITIES

Partnering for South Africa's prosperity. This includes the successful and sustainable performance of enterprise to enhance economic growth, create jobs, pay taxes, and collaborate for a successfully governed country to the benefit of its people.

To be a trusted investment company of choice that consistently creates sustainable value.

Events such as Covid-19 pandemic, increasing global geo-political instability and adverse weather events and declining economies underlined and increased the inequalities in South Africa and globally.

#### **Operational environment**

South African country risk due to political instability, sustained social unrest, low economic growth, the increasing current account, increasing inflation and interest rates and budget deficits.

During the year under review these were further exacerbated by the Russia-Ukraine conflict and consequences of the global Covid-19 pandemic. In particular, regulatory response and socio-economic impacts, net of fiscal relief measures, impeded growth scenarios.

#### **Trust**

Globally investor trust is often lost due to a break-down in governance, poor ethics, corporate fraud and inconsistent experience in delivery against stated objectives.

#### **Structure and performance**

Investors require sustainable returns and the unlocking of value in Investment holding companies, commensurate with the risk profile of the investment made.

#### **Investee company performance**

Inability of boards of investee companies to identify and respond to disruptive technology risks timeously and opportunities or similar political, environmental, social, regulatory or economic developments in their markets.

Inadequate capacity to innovate can impede competitive ability.

To be a leader in the development of ESG and corporate sustainability in a South African context.

Over decades and at a global scale, poor or ill-informed governance coupled with population growth, industrialisation and increased consumption of natural resources, culminated in global warming, disruption of weather patterns, increased migration of people, massive pollution of the natural environment and other adverse impacts on our planet's ability to sustain this over time.

In response thereto governments, society, stakeholders, and investors are via regulation, improved technology, calls for increased transparency and reporting and expected behaviour changes as custodians for future generations endeavouring to slow down and, in time, reverse the trends to ensure a sustainable future.

## RISK MITIGATION STRATEGIES

Remgro's values are based on doing the right thing and being a responsible corporate citizen.

ESG is intentionally incorporated into the business strategy to ensure that societal and environmental stakeholders are duly considered in the strategies, investment mandates and business models of the Group. Responsible behaviour by suppliers and service providers is incorporated into terms of engagement.

Focused stakeholder communication and engagement processes.

CSI and community initiatives.

The Board, as well as the boards of investee companies, are increasingly directing focus to addressing pressing issues such as foreign currency risk, social instability, power supply risk, water scarcity, legislation and regulatory aspects and increased crime, by means of strategic and/or control processes.

Increased emphasis on relationship capital and stakeholder interaction.

Remgro maintains its proud record of solid governance by means of visible ethical leadership, transparent and clear stakeholder communications, ensuring a sound risk and control environment and treating stakeholders with respect and consideration.

We strive for excellence in all we do and maintain a culture of accountability.

Remuneration principles are aligned with those of shareholders.

Investment strategies include focusing on optimising the investment portfolio and unlocking value for stakeholders.

The Board maintains a sound risk appetite and ensures that the Group is adequately structured and capitalised to ensure sustainability during adverse cycles and positioned for growth through prudent capital allocation and financial support of growing and performing investee companies.

Investment in human capital and the effective deployment of relationship capital and intellectual capital further supports growth in investee companies.

The Future Fit process overseen by the management board ensures an innovative and entrepreneurial spirit of high-performance and strength through inclusivity and diversity.

Representation on investee company boards ensures effective oversight and the support of high-performance, motivated, and ethical management teams.

The sustainability of the Company, including that of investee companies is dependent upon their ability to identify and respond to market trends and other disruptive impacts in the markets or their business model, which can materially impact their businesses.

Optimising the utilisation of human, intellectual, manufactured and relationship capital through Group collaboration.

Please refer to the ESG and Sustainability Strategy Overview and Abridged Sustainability Report which can be found on pages 64 and 68 of the Integrated Annual Report.

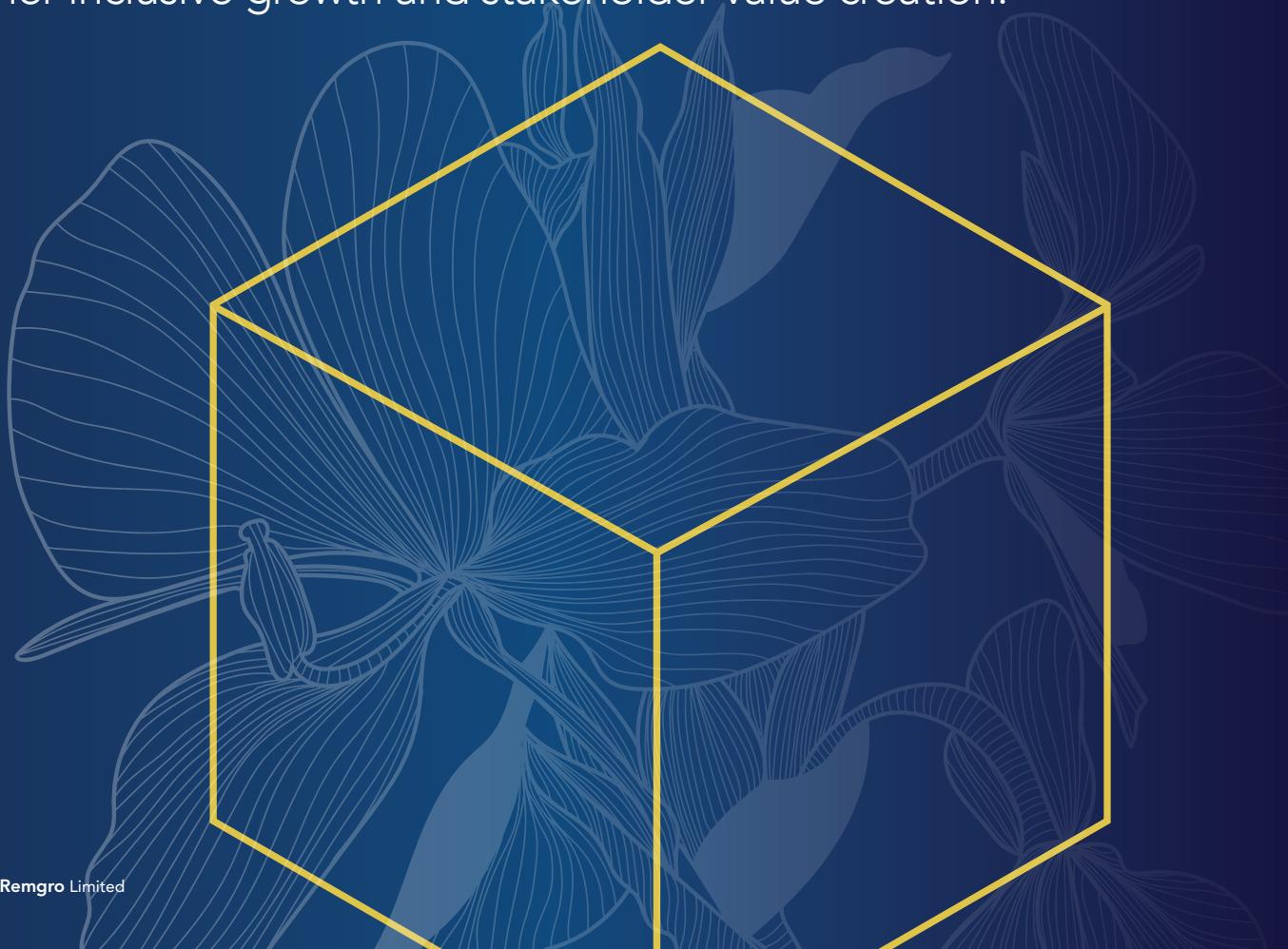


Remgro has further emphasised the need to respond effectively and timely to ESG by intentionally incorporating ESG into its business model, strategies and operational activities of the Company and through shareholder rights and influence of investee companies embarked on a process to motivate the adoption of international best practice, benchmarking and monitoring enhanced governance, risk and opportunities management and related processes to give effect to its goal to be a leader in ESG by example and collaboration in areas outside its control.



## REPORTS TO **SHAREHOLDERS**

Remgro's investment thesis remains intact, underpinned by an **attractive and resilient portfolio** of assets, the ability to **adapt to a changing environment** and **meaningful capacity** for further inclusive growth and stakeholder value creation.



# CHAIRMAN'S report



*Johann Rupert*  
Chairman

## Introduction

As I reflect on the past year, I am still reminded of the devastation of the Covid-19 pandemic, the dire consequences for a country that was already facing many challenges with weak economic fundamentals before the onslaught of the crisis. I am equally proud of the resilience our business showed in the face of that severe hardship and our ability to adapt to operating within a Covid-19 context, including embracing hybrid working models and implementing a successful vaccination programme. It was against that backdrop that we started the 2022 financial year optimistic and encouraged to build on those gains, with the aim of restoring our performance to pre-pandemic levels. Whilst the first half of the year had its fair share of difficulties, notably the July social unrest, most of our businesses outperformed pre-pandemic levels. The South African economy also showed signs of recovery on the back of relaxed restrictions.

No doubt we could not have predicted that in the latter half, we would be contending with almost unprecedented economic and geopolitical uncertainty, with looming threats of a potential global recession. Whilst many warning bells continued to be sounded on the state of global capital markets and its impact on the South African economy, we remained cautiously optimistic and focused on the factors within our control; ensuring that our investments have robust balance sheets to support business continuity whilst driving efficiencies.

With this backdrop and a deteriorating outlook, I am proud of the progress Remgro has made, as evidenced by the earnings

recovery to pre-pandemic levels. I believe that this yet again is testament to our prudent management, resilient businesses and a strong balance sheet.

In line with our long-standing principles of ethical behaviour and Remgro's stated purpose "to shape the future and partner for South Africa's prosperity", it is important to restate here that I am determined that Remgro's aim must be to manage its assets and pursue investments in businesses that contribute to measurable positive social and environmental impact, alongside financial returns.

Remgro remains engaged with its corporate citizen mandate and values driven ethos and this is reflected in our stated plans to place increased emphasis on Environmental, Social and Governance (ESG) practices across the Company and its investee companies as noted in my last report. I am therefore pleased that this year, Remgro has further committed to developing an approach to ESG issues, placing renewed impetus on doing business sustainably to ensure it is aligned with and embedded into our business strategy. Recognising the complexities and shifting sands involved, we are taking an ambitious but measured and holistic approach towards the sustainability journey. We believe this will enable us to better respond to the opportunities and challenges that we face as our strategy develops. We aim to lead by example in our own operations, but will also work closely with our investee companies to help their stewardship of these areas across their own value chains. Together, our approach to sustainability will create more collaborative and sustainable value



throughout all the communities where Remgro and its investee companies have a footprint. More details of this can be found in the ESG and Sustainability section of the Integrated Annual Report and in our Sustainability Report which is available on Remgro's website.

Whilst we continue to operate in an environment riddled with external shocks on a global scale, I believe the resilience of a business lies in its ability to not only traverse adverse conditions but to adapt and succeed. I am confident in Remgro's ability to continue adapting to the changing markets, as it has successfully done over its 74 years of rich history and deliver sustainable stakeholder value in line with our purpose and vision.

## Financial performance

For the year under review, headline earnings increased by 125.1% from R2 885 million to R6 494 million, while headline earnings per share (HEPS) increased by 125.3% from 510.6 cents to 1 150.6 cents. The headline earnings for the comparative year to 30 June 2021 was significantly impacted by the Covid-19 pandemic and the resultant lockdown measures. From this low base, the increase in headline earnings is mainly due to the recovery of the earnings of most of Remgro's underlying investee companies, most notably Mediclinic International plc (Mediclinic), TotalEnergies Marketing South Africa Proprietary Limited (TotalEnergies), Kagiso Tiso Holdings Proprietary Limited, Grindrod Limited, Grindrod Shipping Holdings Limited, FirstRand Limited and Distell Group Holdings Limited. Mediclinic's contribution for the comparative year includes the full impact of the Covid-19-related lockdown measures during the first and second waves of the pandemic, on its results for the year ended 31 March 2021. However, during the financial year ended 31 March 2022, Mediclinic delivered a strong operational and financial performance, driven by increased patient activity, thereby substantially increasing its contribution to Remgro's headline earnings. The results for the year under review were also positively impacted by TotalEnergies' favourable stock revaluations, Community Investment Ventures Holdings Proprietary Limited turning profitable and lower finance costs, due to the redemption of the exchangeable bonds during March 2021.

## Dividend

The Board has approved a final dividend of 100 cents (2021: 60 cents) per share. The total ordinary dividends per share in respect of the year to 30 June 2022 thus amounted to 150 cents (2021: 90 cents).

## Corporate governance and sustainability

As noted above, Remgro is fully committed to managing its business in a sustainable way and upholding the highest standards of ethics and corporate governance practices. The Board of Directors is ultimately accountable for the performance of the Company, appreciating that strategy, risk, performance and sustainability are inseparable.

Our governance framework is based on the principles contained in the King IV Report on Corporate Governance for South Africa (2016) and we are satisfied that the Company has applied those principles during the year under review. We further believe that the Board's current members possess the requisite collective skills, experience and diversity to carry out its responsibilities to achieve the Group's objectives and create sustainable stakeholder value over the long term.

## Changes to the directorate

There were no changes to the directorate in the year under review. Mr F Robertson was appointed as a member of the Investment Committee effective 21 September 2021. Mr P J Neethling was appointed as an alternate member to myself on the Investment Committee effective 23 March 2022.

## In closing

The future remains uncertain as the negative impact of the Covid-19 pandemic still remains, albeit that the lifting of the state of disaster and relaxation of all restrictions gives us hope that the virus has indeed evolved into an endemic disease. The uncertainty is further compounded by the prevailing global economic pressures, notably increasing risks of stagflation. The Ukraine crisis places additional volatility as we continue to see more disruptions in global supply chains. Locally, the electricity supply shortages pose a binding constraint to our economic growth prospects. If combined with high inflation and levels of unemployment, it is a real cause for concern.

Nevertheless, I am encouraged by Remgro's solid performance and recovery to pre-pandemic levels. This affirms the resilience of our portfolio and demonstrates that our cautious capital allocation strategies, sound balance sheet management and stable cash generation continue to put us in good stead to weather what feels like a series of never ending economic shocks.

Whilst the global and local economic outlook is a cause for greater concern, I remain cautiously optimistic about the prospects for growth in our economy. I take comfort in the unwavering commitment of South African businesses, social partners and society at large to see us through these challenging times. At Remgro, we remain committed to play our part in shaping a better future for our country and our people.

We continue to thank our shareholders for their confidence amidst all the economic and geopolitical uncertainties, and thank all our employees and colleagues at our investee companies that have enabled another successful year.

Our people have shown incredible commitment and dedication during these tumultuous times and have made many sacrifices, for which we are truly grateful.

**Johann Rupert**

Chairman

Stellenbosch  
26 September 2022

# CHIEF EXECUTIVE OFFICER'S report



We are encouraged by Remgro's positive operational momentum, as well as the **expected benefits** from the various transformative corporate actions currently being pursued and implemented. We remain optimistic about Remgro's future prospects as it **stays committed** to shape the future and partner for South Africa's prosperity.

*Jannie Durand*  
Chief Executive Officer

## Introduction

It is with a mix of pride and humility that we report another year of positive financial performance, for which we thank all our staff, investee companies and numerous other stakeholders without which it would not be possible. We continue to offer our investors strong returns and ensure our business is sustainable for the future.

The financial year under review had many headwinds that can be regarded as extreme events, which disrupted the global and local economy. Whilst dealing with the peak of the Covid-19 pandemic, the country was stunned by the civil unrest in KwaZulu-Natal and Gauteng during July 2021, which was followed by the ongoing Russia-Ukraine conflict, continuous power supply constraints and high inflation in the US and elsewhere. Despite these challenges, we have managed to deliver a robust recovery, with most financial metrics ahead of pre-pandemic levels, and made good progress in our journey to optimise our portfolio and unlock value for our stakeholders, as evidenced by the various corporate actions initiated during this financial year.

Despite the evident challenges and negative outlook on a global scale, I believe that our track record of prudent management and strong financial position stand us in good stead to weather the current storms and deliver on our vision to be the trusted investment company of choice that consistently creates sustainable stakeholder value. As we continue to create

value and aim to contribute towards South Africa's prosperity, the various challenges aforementioned have again highlighted the increasing need for collective action to create a sustainable future.

From an environmental perspective, droughts and floods in South Africa remind us that we need to apply greater urgency to address climate change and drive towards net zero emissions. We need to better manage the environmental risks already threatening our communities and society, and more broadly enhance our resilience against them.

Covid-19 has also underlined and increased the inequalities in South Africa and globally. It has emphasised that we need a more equitable society, where everyone has the opportunity to create and sustain a healthy and prosperous livelihood, in safe and supportive communities.

At Remgro, we have long believed that we have a fundamental responsibility to be a good corporate citizen, have clear principles of behaviour and have always strived to make this part of our core value system. We are a values-led business and acknowledge our social and environmental responsibility on the same terms. Remgro's long-standing principles for responsible and ethical business and our track record in community initiatives, give us a solid foundation for our sustainability strategy. We are ready to take this a step further, and have increased our focus on Environmental, Social and Governance (ESG) practices over the past year.



Last year, we announced our goal to be a leader in the development of ESG and corporate sustainability in a South African context, intentionally making it integral to our business. Since then, we have placed renewed impetus on doing business sustainably. Guided by local and international best practice, Remgro has made a commitment to enhance our sustainability strategy and approach to ESG and to fully integrate it into Remgro's business strategy.

Remgro recognises the critical role of stewardship of its investments and believes it can achieve the greatest progress in advancing its sustainability agenda by partnering with our investee companies across their ecosystems, in order to create more collaborative and sustainable value throughout all the communities where Remgro and its investee companies have a footprint.

This journey is long and ongoing, but one which also requires immediate action from everyone. We hope all our investors and other stakeholders will join us on this journey so that we can collectively bring about the positive and enduring changes to the economy and society that will benefit us all, in line with Remgro's purpose.

While Remgro's intrinsic net asset value remains the most appropriate indicator of the value added for our shareholders, the rest of this report aims to provide (i) insight into Remgro's valuation methodology and the integrity thereof; (ii) a summary of our investment activities and commitments for the year; (iii) commentary on the prevailing economic climate; and (iv) an overview of the relative performance of Remgro's INAV per share and internal rate of return measured against selected JSE indices.

## Intrinsic net asset value

Remgro's intrinsic net asset value per share increased by 20.2% from R177.33 at 30 June 2021 to R213.10 at 30 June 2022. The closing share price at 30 June 2022 was R129.91 (30 June 2021: R114.60), representing a discount of 39.0% (30 June 2021: 35.4%) to the intrinsic net asset value. As at 30 June 2022, 33% of Remgro's underlying investee companies were represented by unlisted

investments (2021: 37%). In this regard, it is worth noting that prior to the unbundling of Remgro's interest in RMB Holdings Limited (RMH) on 8 June 2020, 23% of Remgro's underlying investee companies were represented by unlisted investments, with the share price trading at a discount to intrinsic net asset value of less than 30%. While the subsequent widening of the discount was not anticipated at the time, it does highlight the importance of demonstrating the veracity of the intrinsic net asset valuations in a portfolio that will increasingly consist of more unlisted investments going forward.

The intrinsic net asset value of the Group includes valuations of all investments, incorporating subsidiaries, associates and joint ventures, either at listed market value, or in the case of unlisted investments, other inputs for the assets that are not based on observable market data.

Guidance in completing the valuations is obtained from IFRS 13: *Fair Value Measurement*, where *Fair Value* is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that a hypothetical transaction to sell an asset takes place in the principal market, or in its absence, the most advantageous market for the asset.

The values derived from the valuation exercise performed at measurement date fall within the IFRS 13 framework, which requires that, in the context of discounted cash flow valuations, the equity beta, capital structure and cost of debt be determined based on information obtained for similar assets or market participants, after certain adjustments are made. This impacts on the weighted average cost of capital (WACC) used when discounting the cash flows for purposes of the IFRS 13 valuation and is expected to be different from those applied in a transactional valuation approach as the target or actual inputs are replaced with inputs derived from considering the position of hypothetical market participants. Consequently, a valuation derived by applying the IFRS 13 framework is expected to differ from a transactional valuation.

During the prior year, and as a step towards ensuring the veracity of Remgro's intrinsic net asset valuations, the Audit and Risk Committee established a Valuation Subcommittee to assist the Audit and Risk Committee to –

- determine the valuations of Remgro's unlisted investments and the internal valuations of Remgro's material listed investments; and
- recommend the valuations of Remgro's unlisted investments and the internal valuations of Remgro's material listed investments to the Remgro Board.

The Valuation Subcommittee is chaired by Mr Fred Robertson and consists of five non-executive directors (being two directors who serve on the Audit and Risk Committee and three directors who serve on the Investment Committee), the Chief Executive Officer and the Chief Financial Officer. As noted above, this function will become increasingly important as Remgro's portfolio trends towards more unlisted investments.

## Significant investment activities

On 4 August 2022 the boards of Manta Bidco Limited (Bidco), MSC Mediterranean Shipping Company SA (MSC), Remgro and Mediclinic International plc (Mediclinic) announced that they have reached agreement on the terms of a recommended cash offer by Bidco to acquire the entire issued and to be issued ordinary share capital of Mediclinic, other than the Mediclinic shares Remgro already owns (the Acquisition). Remgro currently holds 328 497 888 Mediclinic ordinary shares (representing an interest of approximately 44.6%). Bidco is a newly formed company, which is jointly owned by Remgro and MSC. In terms of the Acquisition, Mediclinic shareholders will receive 504 pence per Mediclinic share (the offer price). The offer price represents a premium of 35% to the Mediclinic share price on 25 May 2022 of 373 pence, the day prior to the initial offer. Bidco reserves the right to reduce the offer price by future Mediclinic dividends (including the 3 pence per Mediclinic share declared by Mediclinic on 25 May 2022, paid on 26 August 2022), distributions or other returns of value in instances where current Mediclinic shareholders retain the right to such dividends, distributions or other returns of value declared, made or paid. Remgro, MSC and Bidco have also agreed that Remgro will sell its existing Mediclinic shares to Bidco in exchange for shares in Bidco and subscribe for further shares in Bidco for approximately £201 million (representing an additional indirect interest in Mediclinic of approximately 5.4%). MSC will also subscribe for shares in Bidco (representing an indirect interest in Mediclinic of 50.0%). The share subscription in Bidco will enable the Acquisition. Bidco's issued share capital will be held equally by Remgro and MSC. The Acquisition is still subject to various conditions precedent.

During April 2022, Rand Merchant Investment Holdings Limited (RMI) unbundled its two life insurance-focused assets, Discovery Limited (Discovery) and Momentum Metropolitan Holdings Limited (Momentum Metropolitan), and Remgro received 51 254 365 Discovery shares (7.7% interest), in the ratio of 10.91799 Discovery shares for every 100 RMI shares held, and 122 908 061 Momentum Metropolitan shares (8.6% interest), in the ratio of 26.18136 Momentum Metropolitan shares for every 100 RMI shares held.

On 15 November 2021, Distell Group Holdings Limited (Distell) and Heineken International B.V. (Heineken) announced their

intention to combine the Heineken Southern African business, including an interest in Namibia Breweries Limited, with the bulk of the Distell business (consisting of its cider, other RTDs and spirits and wine business) in a new unlisted entity controlled by Heineken and referred to as Newco. The proposed transaction will include the unbundling by Distell of the unlisted shares in Distell's subsidiary, Capevin Holdings Proprietary Limited (Capevin), which holds Distell's remaining assets, including its Scotch whisky business. The proposed transaction will also include an offer by Newco to Distell shareholders to acquire their Distell shares for R165 per share and/or unlisted shares in Newco, or a combination thereof and an offer by Heineken to Distell shareholders to acquire their Capevin shares for R15 per share. The proposed transaction was approved by the Distell shareholders on 15 February 2022. During September 2022, the Namibian Competition Commission approved the transaction with conditions and the Competition Commission of South Africa recommended it to the Competition Tribunal with various conditions attached. Once all the regulatory approvals have been obtained, shareholders will still be required to make an election. Remgro intends to elect to receive Newco shares for its Distell shares and is accordingly expected to be a significant shareholder in Newco. Furthermore, Remgro does not intend to accept the cash offer to be made by Heineken for the Capevin shares that it will receive and is therefore expected to retain a controlling shareholding in Capevin.

During July 2021, Remgro subscribed for 67 364 shares in Community Investment Ventures Holdings Proprietary Limited (CIVH) for a total amount of R2 124 million in terms of a rights issue. The proceeds of the rights issue was used to reduce the CIVH group's debt and to facilitate further growth.

On 10 November 2021, Remgro advised its shareholders that CIVH and Vodacom Proprietary Limited (Vodacom) reached an agreement in terms of which Vodacom will, through a combination of assets of approximately R4.2 billion and cash of at least R6.0 billion, acquire up to 40% of the ordinary shares of a newly created wholly owned subsidiary of CIVH (namely Infraco), which will hold *inter alia* CIVH's current interests in Vumatel and DFA. As a result of the proposed transaction, Remgro's indirect interest in DFA and Vumatel will dilute with the entrance of Vodacom as a shareholder, but Remgro will also obtain an indirect interest in the assets contributed by Vodacom. The proposed transaction is still subject to various conditions precedent, *inter alia* regulatory approvals.

During June and July 2020, Remgro entered a series of options (zero cost collars) to hedge the value of 60 000 000 of its FirstRand Limited (FirstRand) shares. The 60 000 000 FirstRand shares were hedged on a 1:1 basis. The zero cost collars became exercisable during June and July 2022 and Remgro decided to sell the 60 000 000 FirstRand hedged shares to net settle the option liabilities. The net effect of the disposal of the 60 000 000 FirstRand hedged shares amounted to proceeds on disposal of R2 997 million (being R49.945 per FirstRand share). Remgro effectively sold 40 800 000 FirstRand shares for R2 038 million during June 2022 and 19 200 000 FirstRand shares for R959 million during July 2022.

During January 2022, Remgro sold its 4 329 580 Grindrod Shipping Holdings Limited (Grindrod Shipping) shares for a gross consideration of R1 191 million.

The following tables represent the cash effects of Remgro's investment activities for the year to 30 June 2022. These activities exclude the investing activities of Remgro's operating subsidiaries, i.e. Distell Group Holdings Limited, RCL Foods Limited, Siqalo Foods Proprietary Limited and Wispeco Holdings Proprietary Limited.

<b>Investments made and loans granted</b>	<b>R million</b>	<b>Investments sold and loans repaid</b>	<b>R million</b>
CIVH	<b>2 124</b>	FirstRand	<b>1 798</b>
Asia Partners (offshore)	<b>128</b>	Grindrod Shipping	<b>1 180</b>
Pembani Remgro Infrastructure Fund (PRIF)	<b>91</b>	Ad Dynamo	<b>196</b>
Invenfin Proprietary Limited	<b>54</b>	Bolt	<b>179</b>
Other	<b>47</b>	Milestone Capital Funds (offshore)	<b>71</b>
	<b>2 444</b>	Other	<b>5</b>
			<b>3 429</b>

## Investment commitments

The table below summarises the investment commitments of Remgro as at 30 June 2022.

<b>Investment commitments</b>	<b>R million</b>
Asia Partners (offshore)	<b>918</b>
PRIF	<b>1 377</b>
Other	<b>34</b>
	<b>2 329</b>

## Relative performance of intrinsic net asset value and Remgro internal rate of return (IRR)

The table below compares the Remgro intrinsic net asset value per share with certain selected JSE indices at 30 June during the last five years. The material decrease in the Remgro share price and intrinsic net asset value on 30 June 2020 reflects the unbundling of Remgro's interest in RMH on 8 June 2020, as well as the negative impact of the Covid-19 pandemic.

	<b>30 June 2022</b>	30 June 2021	30 June 2020	30 June 2019	30 June 2018
Intrinsic net asset value – Rand per share	<b>213.10</b>	177.33	154.47	233.03	256.97
JSE – All Share Index	<b>66 223</b>	66 249	54 362	58 204	57 611
– Capped Swix All Share Index	<b>19 371</b>	18 865	15 184	17 685	18 162
– Fin & Ind 30 Index	<b>81 092</b>	83 912	70 975	77 459	78 391
– Financial 15 Index	<b>14 686</b>	13 103	10 034	16 993	16 139
– Healthcare <sup>1</sup>	<b>5 362</b>	4 981	4 344	5 225	7 373
Remgro share price (Rand)	<b>129.91</b>	114.60	99.90	187.90	204.29

The following table compares Remgro's IRR with that of certain selected JSE indices. For this purpose it has been assumed that dividends, which include the unbundling of Remgro's interest in RMH, have been reinvested in either Remgro shares or in the particular index, depending on the specific calculation.

	<b>One year</b>	<b>Five years</b>	<b>Ten years</b>
	<b>30 June 2022</b>	<b>30 June 2022</b>	<b>30 June 2022</b>
	<b>(% year on year)</b>	<b>(% compounded per annum)</b>	<b>(% compounded per annum)</b>
JSE – All Share Index	<b>4.7</b>	<b>8.7</b>	<b>10.4</b>
– Capped Swix All Share Index	<b>6.9</b>	<b>5.9</b>	<b>9.1</b>
– Fin & Ind 30 Index	<b>(0.8)</b>	<b>4.7</b>	<b>11.4</b>
– Financial 15 Index	<b>16.9</b>	<b>4.9</b>	<b>8.9</b>
– Healthcare <sup>1,2</sup>	<b>9.1</b>	<b>n/a</b>	<b>n/a</b>
Remgro share	<b>14.6</b>	<b>(1.6)</b>	<b>5.3</b>

<sup>1</sup> Restated from JS40 Healthcare to JS2011 Healthcare Providers to better reflect the industry Mediclinic operates.

<sup>2</sup> Restated comparatives not available.

## Economic commentary and outlook

Following a solid start to 2022 when South Africa's real GDP growth outpaced even the most optimistic expectations in the first quarter, the economy was hit by multiple headwinds in the second quarter. The multiplicity of shocks resulted in a quarterly real GDP contraction in the three months to June. Looking forward, a full reopening of the economy and expected further (modest) momentum in employment growth should provide some growth lift in the second half of the year. Especially in the hospitality sector, a return of foreign tourists should support the employment numbers. Working against an improved performance in the second half of the year is less supportive global growth, fast-rising domestic and international inflation, higher short- and long-term borrowing costs, as well as sustained power rationing. Covid-19 also continues to pose downside risks, albeit less so than before amidst elevated levels of natural immunity in South Africa.

While South Africa's economy continues to face various headwinds, it is encouraging to see progress being made with Transnet's plans to upgrade its railway network infrastructure and its port and terminal facilities. Successful partnerships between the private sector and Transnet on these initiatives, which we are supportive of, will be extremely positive for South Africa's long-term economic growth.

On the global front, real GDP growth prospects have worsened materially. Exacerbated by adverse energy and food supply impacts from Russia's unprovoked invasion of Ukraine, an unrelenting rise in inflation has had multiple negative impacts. These include a cost-of-living crisis in many parts of the globe. As a result, consumer confidence in developed countries has plunged, while poorer regions face heightened food security and hunger concerns. The multi-decade high inflation in developed countries also forced the hand of central banks, especially in the US, to aggressively raise policy interest rates. In June, for the first time since 1994, the US central bank (Fed) increased its policy rate by 75bps. This was followed up by further hikes of 75bps in July and September. On top of these constraints, the Chinese government's damaging zero-Covid-19 policy severely suppressed economic activity in China and was yet another blow to global supply chains during the second quarter. The reopening boost in China since June could be short-lived if Covid-19 infections flare up again.

Despite strong labour markets in advanced countries, economic activity has shifted to a lower gear, with the prospects for world growth downgraded sharply. Also, more forecasters are flagging recession risks in the US, the Eurozone and the UK. In Europe and the UK, authorities have announced large fiscal support packages to cushion the blow of higher energy bills on consumers. This somewhat mitigates against the risk of deep recessions.

Against this backdrop of high inflation and downside growth risks, global bond yields remain at multi-year highs. The growth concerns have seen widespread declines in major commodity prices, including oil and wheat, from elevated levels reached in the wake of the Russian invasion. Along with a fall in global shipping rates, this may signal a peak for input cost pressures. Beyond the very short term, this augurs well for future global inflation.

The constrained global environment should contribute to cap South Africa's real GDP growth at around 2% in the near term. On the upside, President Cyril Ramaphosa announced major energy market reforms in late July. If implemented, these steps should, over time, remove the loadshedding straitjacket on the South African economy. In the interim, the energy reforms have the potential to significantly lift private sector fixed investment. The unleashing of major investments in green energy and, as noted above, railway and ports infrastructure is set to be one of the key drivers of real GDP growth over the next several years.

Although domestic input costs have been rising sharply for a while, it is only recently that consumer inflation (CPI) in South Africa has started to catch up with the global trend of rapid increases. For now, this is largely a headline CPI story, with underlying (core) CPI remaining well contained in South Africa. Still, there is now a clear build-up of consumer price pressures, with both the May and June headline CPI figures exceeding expectations. Although headline CPI inflation likely peaked at 7.8% year-on-year in July, inflation could remain around 7% year-on-year for the rest of 2022.

With the oil price expected to decline on a 12-month view and the rate of increase for food prices likely to slow, there should be some relief from the key drivers of the current rising inflation cycle. The boost from a lower oil price was already evident in August and September when the domestic petrol price declined by a cumulative R3.36/litre. However, as goods inflation eases, services inflation is set to move higher. Therefore, some persistence in retail price pressure is likely. A firmer rand exchange rate would support an easing of domestic inflationary pressures. Assuming US real GDP growth slows materially in 2023, the US central bank should cease rate hikes and potentially move to a policy easing bias. This implies that the US dollar rally could run out of steam, providing support to the rand on a 12-month view.

Cognisant of the risks to inflation, the SA Reserve Bank started raising the policy interest rate relatively early in November 2021. So far, the cost of borrowing has been raised by 275 basis points. The prime rate is expected to increase by roughly a further 50bps during the next six months. This will take the repo rate to 6.75%, i.e., back to just above the pre-Covid-19 level in late-2019. The still fragile state of the domestic economy should cap the overall quantum of domestic interest rate increases.

## Conclusion

I wish to thank my colleagues at Remgro and our underlying investee companies for the passion, discipline and resilience they have shown to enable us to deliver on our strong financial performance. I am also grateful to our Board, whose continued trust in us is a prerequisite to our future success.

While considerable uncertainty still remains with much of the global economic outlook being negative amidst continued geopolitical volatility, we are encouraged by Remgro's positive operational momentum, as well as the expected benefits from the various transformative corporate actions currently being pursued and implemented. We remain optimistic about Remgro's future prospects as it stays committed to shape the future and partner for South Africa's prosperity. Key to our ongoing commitment to our country is to ensure that we put our ethical approach to business that we have long pursued into a practical, modern form and address the most pressing social and environmental issues we face. We remain committed to do that, understanding not only that they present challenges, but also opportunities to change for the better, for all.

### Remgro's unlisted investments were valued as follows:

INVESTMENT	VALUATION METHODOLOGY
CIVH	Discounted cash flow method
Siqalo Foods	Discounted cash flow method
Air Products	Discounted cash flow method
TotalEnergies	Discounted cash flow method
Kagiso Tiso Holdings (KTH)	Sum-of-the-parts (external valuation)
Wispeco	Discounted cash flow method
Business Partners	Net asset value
Prescient China Equity Fund	Sum-of-the-parts
Milestone China Opportunities Fund III (Milestone III)	Sum-of-the-parts
SEACOM	Discounted cash flow method
eMedia Investments	Comparable market price
PRIF	Sum-of-the-parts
PGSI	Discounted cash flow method

As an organisation, much of our focus remains on the execution of our strategic priorities to deliver on our vision of creating sustainable stakeholder value, despite the challenging macro environment.

As I conclude I want to reiterate our commitment to continue to play our role in seeing South Africa come through these challenging times stronger as a nation in line with our purpose to shape the future and partner for South Africa's prosperity.

**Jannie Durand**  
Chief Executive Officer

Stellenbosch  
26 September 2022

## Intrinsic net asset value

R million	30 June 2022		30 June 2021	
	Book value	Intrinsic value <sup>(1)</sup>	Book value	Intrinsic value <sup>(1)</sup>
<b>Healthcare</b>				
Mediclinic	<b>26 681</b>	<b>29 568</b>	24 581	19 358
<b>Consumer products</b>				
Distell	<b>8 386</b>	<b>11 969</b>	7 578	11 665
RCL Foods <sup>(2)</sup>	<b>8 816</b>	<b>7 355</b>	8 262	6 926
Siqalo Foods	<b>6 261</b>	<b>6 345</b>	6 226	7 277
<b>Financial services</b>				
RMI	<b>5 307</b>	<b>13 069</b>	10 174	14 713
Business Partners	<b>1 193</b>	<b>1 193</b>	1 273	1 273
<b>Infrastructure</b>				
CIVH	<b>6 905</b>	<b>13 756</b>	4 981	12 054
Grindrod	<b>1 559</b>	<b>1 559</b>	842	842
SEACOM	<b>40</b>	<b>776</b>	23	799
Other infrastructure investments	<b>67</b>	<b>67</b>	701	701
<b>Industrial</b>				
Air Products	<b>1 162</b>	<b>4 690</b>	1 063	4 523
TotalEnergies	<b>3 158</b>	<b>3 274</b>	2 242	2 539
Wispeco <sup>(2)</sup>	<b>1 448</b>	<b>1 402</b>	1 229	1 188
Other industrial investments	<b>189</b>	<b>379</b>	198	415
<b>Diversified investment vehicles</b>				
KTH	<b>1 497</b>	<b>2 145</b>	1 456	2 044
Prescient China Equity Fund	<b>1 189</b>	<b>1 189</b>	1 211	1 211
Milestone III	<b>792</b>	<b>792</b>	1 234	1 234
Other diversified investment vehicles	<b>1 876</b>	<b>2 122</b>	1 449	1 567
<b>Media</b>				
eMedia Investments <sup>(2)</sup>	<b>856</b>	<b>738</b>	815	616
Other media investments	<b>111</b>	<b>150</b>	3	137
<b>Portfolio investments</b>				
FirstRand <sup>(3)</sup>	<b>7 141</b>	<b>7 141</b>	7 659	7 659
Discovery	<b>5 410</b>	<b>5 410</b>	–	–
Momentum Metropolitan	<b>1 439</b>	<b>1 439</b>	–	–
Other portfolio investments	<b>809</b>	<b>809</b>	661	661
<b>Social impact investments</b>				
	<b>132</b>	<b>132</b>	135	135
<b>Central treasury</b>				
Cash at the centre <sup>(4)</sup>	<b>12 280</b>	<b>12 280</b>	9 706	9 706
Debt at the centre	<b>(7 838)</b>	<b>(7 838)</b>	(7 821)	(7 821)
<b>Other net corporate assets</b>				
<b>Intrinsic net asset value (INAV)</b>	<b>98 443</b>	<b>124 132</b>	88 059	104 341
<b>Potential CGT liability<sup>(5)</sup></b>		<b>(3 930)</b>		(4 150)
<b>INAV after tax</b>	<b>98 443</b>	<b>120 202</b>	88 059	100 191
Issued shares after deduction of shares repurchased (million)	<b>564.1</b>	<b>564.1</b>	565.0	565.0
<b>INAV after tax per share (Rand)</b>	<b>174.52</b>	<b>213.10</b>	155.86	177.33
<b>Remgro share price (Rand)</b>		<b>129.91</b>		114.60
<b>Percentage discount to INAV</b>		<b>39.0</b>		35.4

<sup>(1)</sup> For purposes of determining the intrinsic net asset value, the unlisted investments are shown at IFRS 13: Fair Value Measurement valuations and the listed investments are shown at closing stock exchange prices.

<sup>(2)</sup> Remgro determined the recoverable amounts for RCL Foods, Wispeco and eMedia Investments which are in excess of the investments' carrying values.

<sup>(3)</sup> The intrinsic value for FirstRand includes the investment at market value less deferred capital gains tax (CGT) on the investment, as well as the after tax zero cost collar hedge on 19 200 000 FirstRand shares amounting to a liability of R187 million (2021: a liability of R384 million).

<sup>(4)</sup> Cash at the centre excludes cash held by subsidiaries that are separately valued above (mainly Distell, RCL Foods, Siqalo Foods and Wispeco).

<sup>(5)</sup> The potential CGT liability is calculated on the specific identification method using the most favourable calculation for investments acquired before 1 October 2001 and also taking into account the corporate relief provisions. However, provision for CGT has been made for the proposed Distell/Heineken transaction. In addition to FirstRand, the deferred CGT on other investments at fair value through other comprehensive income is included in the investee line item above.

# CHIEF FINANCIAL OFFICER'S report



Earnings of most of Remgro's **underlying investee companies** recovered to pre-pandemic levels.

*Neville Williams*  
Chief Financial Officer

## Introduction

Due to Remgro being an investment holding company, traditional measurements of performance, such as sales or gross profit, are not meaningful criteria for evaluating the Group's performance. However, management uses "headline earnings", "intrinsic net asset value" and "cash at the centre" to evaluate the performance of the Group on a continuous basis and hence these concepts are used throughout the Integrated Annual Report to provide shareholders with a better understanding of our results.

## Results

### Results in context

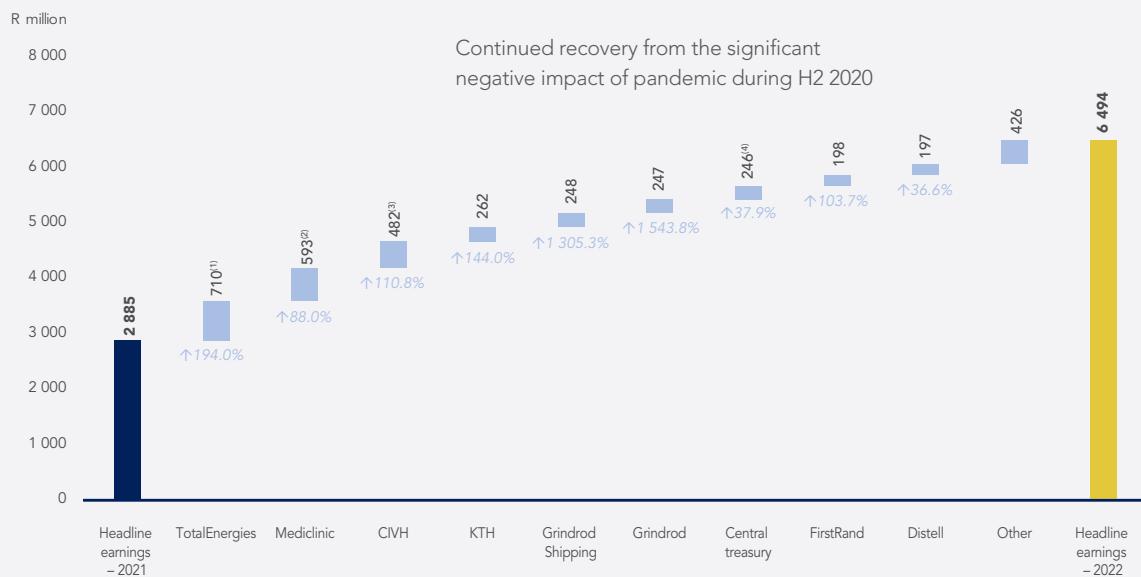
The headline earnings for the comparative year to 30 June 2021 was significantly impacted by the Covid-19 pandemic and the resultant lockdown measures. From this low base, the increase in headline earnings for the year under review of 125.1% is mainly due to the recovery of the earnings of most of Remgro's

underlying investee companies, most notably Mediclinic International plc (Mediclinic), TotalEnergies Marketing South Africa Proprietary Limited (TotalEnergies), Kagiso Tiso Holdings Proprietary Limited (KTH), Grindrod Limited (Grindrod), Grindrod Shipping Holdings Limited (Grindrod Shipping), FirstRand Limited (FirstRand) and Distell Group Holdings Limited (Distell). Mediclinic's contribution for the comparative year includes the full impact of the Covid-19-related lockdown measures during the first and second waves of the pandemic, on its results for the year ended 31 March 2021. However, during the financial year ended 31 March 2022, Mediclinic delivered a strong operational and financial performance, driven by increased patient activity, thereby substantially increasing its contribution to Remgro's headline earnings. The results for the year under review were also positively impacted by TotalEnergies' favourable stock revaluations, Community Investment Ventures Holdings Proprietary Limited (CIVH) turning profitable and lower finance costs, due to the redemption of the exchangeable bonds during March 2021.

## Salient features

	Year ended 30 June 2022	Year ended 30 June 2021	% change
<b>Headline earnings (R million)</b>	<b>6 494</b>	2 885	125.1
– per share (cents)	<b>1 150.6</b>	510.6	125.3
<b>Earnings (R million)</b>	<b>13 139</b>	3 550	270.1
– per share (cents)	<b>2 327.9</b>	628.3	270.5
<b>Dividends per share (cents)</b>	<b>150.00</b>	90.00	66.7
Ordinary	<b>50.00</b>	30.00	66.7
– Interim	<b>100.00</b>	60.00	66.7
<b>Intrinsic net asset value per share (Rand)</b>	<b>213.10</b>	177.33	20.2

### Financial year ended 30 June 2022: Results in context



<sup>(1)</sup> Included in TotalEnergies' contribution are favourable stock valuations of R642 million (2021: R186 million).

<sup>(2)</sup> Recovering from the full negative impact of Covid-19 pandemic on Mediclinic's results during its previous financial year ended 31 March 2021.

<sup>(3)</sup> CIVH turned profitable in its financial year ended 31 March 2022. Their increase in earnings included lower finance costs relating to the settlement of head office debt.

<sup>(4)</sup> Lower finance costs due to the redemption of the exchangeable bonds on 22 March 2021.

Compared to the reported headline earnings from continuing operations for the 2019 financial year of R5 551 million, which represents a reasonable comparison to a pre-pandemic period, headline earnings increased by 17.0%, which indicates that the earnings of most of Remgro's underlying investee companies, which have been affected by the Covid-19 pandemic, have substantially recovered to pre-pandemic levels. It should also be noted that the headline earnings from continuing operations for the 2019 financial year still included the equity accounted earnings of FirstRand of R1 093 million as opposed to dividend income of R625 million, as this investment was subsequently reclassified from an equity accounted investment to an investment at fair value through other comprehensive income.

## Headline earnings

### Overview

For the year under review, headline earnings increased by 125.1% from R2 885 million to R6 494 million, while headline earnings per share (HEPS) increased by 125.3% from 510.6 cents to 1 150.6 cents. The increase in headline earnings is mainly due to higher contributions from TotalEnergies, Mediclinic, CIVH (turning profitable), KTH, Grindrod, Grindrod Shipping, FirstRand and Distell, as well as lower finance costs due to the redemption of the exchangeable bonds. The increase is partly offset by a lower contribution from Rand Merchant Investment Holdings Limited (RMI), due to the unbundling of its investments in Discovery Limited (Discovery) and Momentum Metropolitan Holdings Limited (Momentum Metropolitan), as well as the disposal of its investment in Hastings Group Holdings plc (Hastings) during the year under review.

## Contribution to headline earnings by reporting platform

R million	Year ended 30 June 2022	% change	Year ended 30 June 2021
Healthcare	<b>1 267</b>	88.0	674
Consumer products	<b>1 906</b>	20.9	1 576
Financial services	<b>866</b>	(6.0)	921
Infrastructure	<b>613</b>	263.0	(376)
Industrial	<b>1 800</b>	77.5	1 014
Diversified investment vehicles	<b>95</b>	136.5	(260)
Media	<b>178</b>	235.8	53
Portfolio investments	<b>444</b>	79.8	247
Social impact investments	<b>(20)</b>	69.7	(66)
Central treasury			
– finance income	<b>224</b>	5.7	212
– finance costs	<b>(627)</b>	27.2	(861)
Other net corporate costs	<b>(252)</b>	(1.2)	(249)
<b>Headline earnings</b>	<b>6 494</b>	125.1	2 885



Refer to the composition of headline earnings on page 39 for further information.

## Commentary on reporting platforms' performance

### Healthcare

Mediclinic's contribution to Remgro's headline earnings amounted to R1 267 million (2021: R674 million), representing an increase of 88.0%. Mediclinic uses adjusted earnings, which removes volatility associated with certain types of exceptional income and charges, in evaluating performance and as a method to provide its shareholders with clear and consistent reporting. The main difference between adjusted earnings and headline earnings related to an accelerated depreciation charge of £19 million (2021: £10 million) at Hirslanden's Klinik St. Anna. Furthermore, the year under review also included past service costs of £11 million relating to Swiss and Middle East retirement plan changes, whereas the comparative year included a remeasurement of a redemption liability of £23 million relating to Clinique des Grangettes. Remgro's portion of Mediclinic's adjusted earnings amounted to R1 508 million (2021: R959 million), representing an increase of 57.2%. In British pound terms, Mediclinic reported an increase in adjusted earnings of 65%. Compared to the Mediclinic's pre-pandemic 2020 year, Mediclinic reported a decrease of 6% in adjusted earnings (however, up in constant currency terms).

Mediclinic delivered a strong operational and financial performance compared to the prior year, driven by increased client activity. Revenue for the year under review increased by 8% (up 10% in constant currency terms). Compared with the pre-pandemic 2020 year, revenue was up by 5% (up 9% in constant currency terms). Revenue increased in all three divisions when compared with both the prior year and the pre-pandemic 2020 year.

Mediclinic's adjusted EBITDA for the year under review increased by 22% (up 24% in constant currency terms). Incremental Covid-19-related expenses totalled around £27 million (2021: £32 million), reflecting the ongoing treatment of Covid-19 inpatients during various pandemic waves. Compared to the pre-pandemic 2020 year, adjusted EBITDA was down 3% (however, up 1% in constant currency terms). The adjusted EBITDA margin materially increased to 16.1% (2021: 14.2%), driven by the revenue

performance, and is approaching the pre-pandemic levels of 17.5%. Compared to the prior year, adjusted depreciation and amortisation is flat and finance costs is down, which further explains the increase in adjusted earnings.

### Consumer products

Distell's contribution to headline earnings amounted to R735 million (2021: R538 million), representing an increase of 36.6%. Distell discloses normalised earnings, adjusted for abnormal transactions and currency movements, to indicate its businesses' performance. These abnormal transactions included legal disputes, costs associated with significant corporate transactions and major restructurings, as well as net losses due to the civil unrest in South Africa. Distell reported an increase in normalised headline earnings of 34.8%, mainly due to an increase of 20.8% in revenue on 17.6% higher volumes. This was achieved against a backdrop of rising commodity cost pressures, global supply chain disruptions, an increase in the cost of imported goods and glass shortages in the domestic market caused by rampant demand for Savanna and core spirits brands. Distell still faced challenges associated with Covid-19 in the first half of the financial year. Domestic revenue and volumes increased by 24.4% and 18.7%, respectively, with all three categories (ciders and ready-to-drink beverages (RTDs), spirits and wine) growing revenues by double digits. The growth momentum continued in the premium cider and RTDs segment, led by Savanna, Hunter's and Bernini. Revenue and volumes in the African markets, outside South Africa, increased by 14.4% and 16.3%, respectively, driven by Mozambique, Zambia, Tanzania and Nigeria as a result of ongoing route-to-market investments, which increased the customer footprint by 48%. In the international markets, outside Africa, revenue and volumes increased by 7.9% and 9.4%, respectively, primarily driven by single malts and Amarula. In addition to Distell's contribution, Remgro also accounted for amortisation and depreciation charges of R11 million (2021: R47 million) relating to the additional assets identified when Remgro obtained control over Distell on 11 May 2018. This decrease is mainly due to a positive deferred tax rate adjustment resulting from the reduction in the corporate income tax rate from 28% to 27%.

RCL Foods' contribution to Remgro's headline earnings amounted to R846 million (2021: R759 million), representing an increase of 11.5%. RCL Foods discloses underlying headline earnings, adjusted for Covid-19 direct costs incurred, impairments of cash-generating units due to a lower forecast of growth and losses incurred in respect of the fire at the Sugar warehouse in Komatipoort. Underlying headline earnings provides users of RCL Foods' results with relevant information and measures used by itself to assess performance. RCL Foods reported a decrease in underlying headline earnings of 1.8%, which demonstrated resilience in a challenging operating environment resulting from the impact of continued commodity input cost increases, the economic and social fallout of the Covid-19 lockdowns, the unrest in KwaZulu-Natal and Gauteng in July 2021 and the floods in KwaZulu-Natal and parts of the Eastern Cape in April 2022. RCL Foods' performance was driven by continued momentum in Sugar following an exceptional 2021 performance, a return to profitability in the Chicken business (Rainbow) and a solid performance in Vector Logistics. The Sugar business made its second highest profit since inception. Rainbow has made good progress with its turnaround strategy, despite the headwinds of commodity input cost increases, avian influenza (AI), and unrest and flooding impacts. The realigned focus in poultry farming has yielded significantly improved agricultural results with the current breed, and the full benefit arising from the introduction of the new breed is expected to flow through in the next 12 months. Vector Logistics' results were aided by higher revenue, efficiency enhancements and a recovery in the food service industry, with volumes returning to almost pre-Covid-19 levels.

The headline earnings contribution from Siqalo Foods amounted to R401 million (2021: R405 million), representing a decrease of 1.0%. During a challenging, turbulent year impacted by a surge in commodity prices, supply chain challenges and the war in Ukraine (resulting in two price increases taken during the year), Siqalo Foods managed to achieve a 14.8% increase in revenue. Volumes were in line with the prior year. Profitability was negatively impacted by high commodity prices, the full impact of which the business was unable to pass on to the consumer, resulting in a decrease of 5.5% in operational EBITDA, which excludes IFRS 9 fair value adjustments on commodity and foreign exchange contracts entered into as part of the raw material procurement strategy. In addition to Siqalo Foods' contribution, Remgro also accounted for amortisation and depreciation charges of R65 million (2021: R79 million) relating to the additional assets identified when Remgro obtained control over Siqalo Foods on 2 July 2018. This decrease is mainly due to a positive deferred tax rate adjustment resulting from the reduction in the corporate income tax rate from 28% to 27%.

### Financial services

RMI's contribution to Remgro's headline earnings decreased by 11.4% to R796 million (2021: R898 million). During the year under review RMI unbundled its investments in Discovery and Momentum Metropolitan (the RMI Unbundling), as well as disposed of its investment in Hastings. As a result, these investments were only equity accounted until 8 December 2021, the date on which the investment in Hastings was disposed of and the RMI Unbundling became highly probable. The results for the year under review are therefore not comparable with the prior year.

On a normalised basis, which excludes certain anomalies, RMI reported a decrease of 3.7% in earnings from continuing operations, which excludes the contributions of Discovery,

Momentum Metropolitan and Hastings. This decrease is mainly due to lower earnings from OUTsurance Holdings Limited (OUTsurance), the most significant remaining asset in RMI, offset by lower fundings costs as the Hastings proceeds were utilised to settle RMI's debt. OUTsurance's earnings (excluding its share in Hastings) decreased by 11.3% mainly due to increased claims ratios despite annualised new premiums and gross written premium increasing by 23% and 14%, respectively. The claims ratio in OUTsurance's South African operations was impacted by wetter weather conditions, increased non-motor claims costs, the further normalisation of motor claims frequencies and claims related to the extensive damage caused by the flooding in KwaZulu-Natal. At Youi, the claims ratio increased due to the extent of natural catastrophe events experienced, which included the Melbourne earthquake and various hail and flood events.

Discovery and Momentum Metropolitan reported increases in normalised earnings for their year ended 30 June 2022 of 70.8% and 335.3%, respectively. Discovery's earnings were positively impacted by an increase in core new business annualised premium income, with particular strong growth from the SA and UK Composites, as well as mark-to-market foreign currency gains. Momentum Metropolitan's earnings increased mainly due to improved mortality results due to the less severe impacts of the Covid-19 pandemic.

Business Partners Limited's (Business Partners) contribution to Remgro's headline earnings increased to R70 million (2021: R23 million). This increase is mainly due to lower net credit losses and an increase in investment income. An improvement in credit risk resulted in lower net credit losses.

### Infrastructure

CIVH's contribution to Remgro's headline earnings amounted to R47 million (2021: a loss of R435 million). The increase in earnings is mainly due to the settlement of head office debt, resulting from two rights issues, and improved performances by the underlying businesses. The performance of the underlying businesses improved due to a 14.8% increase in revenue despite greater market competition. CIVH also experienced some macro-economic pressure in terms of customer relocations, customer defaults and an increased collection risk. Dark Fibre Africa Proprietary Limited's (DFA) revenue increased marginally by 4.1% to R2 485 million (2021: R2 388 million) mainly due to annuity income increasing to R198 million per month at 31 March 2022 (31 March 2021: R192 million per month). Vumatel Proprietary Limited's (Vumatel) revenue increased by 26.3% to R2 981 million, driven by its subscriber uptake growth.

Grindrod and SEACOM Capital Limited's (SEACOM) contributions to Remgro's headline earnings amounted to R263 million and R37 million (2021: R16 million and R26 million), respectively. Grindrod delivered good earnings growth in its core businesses underpinned by strong mineral commodity world markets. Port and Terminals achieved earnings growth due to an increase in volumes handled, whereas the coastal shipping and container depot businesses performed well under the challenging operational environment caused by the severe floods in April 2022. Other infrastructure investments mainly include Grindrod Shipping's contribution, which amounted to R267 million (2021: R19 million). Grindrod Shipping was equity accounted until 25 November 2021, the date on which Remgro agreed to dispose of its investment. The increased profit from Grindrod Shipping for this period is mainly due to improved market conditions (higher freight rates) in the drybulk sector.

## Industrial

Air Products' contribution to Remgro's headline earnings increased by 31.1% to R422 million (2021: R322 million). This increase is mainly due to improved trading conditions, largely due to operations returning to pre-Covid-19 levels in most sectors of the business.

TotalEnergies' contribution to Remgro's headline earnings amounted to R1 076 million (2021: R366 million), an increase of 194.0%. Included in the contribution to headline earnings for the year under review are favourable stock revaluations amounting to R642 million (2021: R186 million). These revaluations are the result of the volatility in the Brent Crude price and the rand exchange rate. Excluding these revaluations, the contribution increased by 141.1% from R180 million to R434 million. This increase is mainly due to increased sales volumes and Natref's improved refining margins.

Wispeco Holdings Proprietary Limited's (Wispeco) contribution to Remgro's headline earnings increased by 6.4% to R281 million (2021: R264 million). Turnover increased by 23% mainly due to higher selling prices that were driven upwards by increasing raw material costs on the back of the strong commodity cycle for most of the year. Selling prices of aluminium extrusions were adjusted in line with these movements albeit always lagging with a few weeks, causing average gross margin to be lower than the prior year.

Other industrial investments consist of PGSI Limited's (PGSI) contribution to Remgro's headline earnings, which amounted to R21 million (2021: R62 million).

## Diversified investment vehicles

KTH's contribution to headline earnings amounted to R80 million (2021: a loss of R182 million). The increase in earnings is mainly due to the recovery of the operating businesses of Kagiso Media Proprietary Limited from the Covid-19 impact in the comparative year, higher earnings from its investment in Momentum Metropolitan, lower losses from its investment in Servest Group Proprietary Limited and lower negative fair value adjustments of R144 million (2021: negative fair value adjustments of R374 million). The year under review includes a negative fair value adjustment on KTH's investment in Momentum Metropolitan preference shares of R152 million (2021: positive adjustment of R60 million), whereas the prior year includes a negative fair value adjustment on KTH's investment in Actom Investment Holdings Proprietary Limited of R434 million.

The contribution from other diversified investment vehicles to headline earnings amounted to R15 million (2021: a loss of R78 million). Other diversified investment vehicles include the contribution from Invenfin Proprietary Limited (Invenfin), which amounted to R6 million (2021: a loss of R128 million). Invenfin's losses in the comparative year are mainly related to losses from its investment in Bos Brands Proprietary Limited. The losses of the prior year were partly offset by dividends received from Remgro's investment in Pembani Remgro Infrastructure Fund (PRIF) amounting to R55 million.

## Media

eMedia Investments Proprietary Limited's (eMedia Investments) contribution to Remgro's headline earnings increased to R145 million (2021: R43 million). This increase is mainly due to an increase in television advertising revenue (being the major source of revenue for eMedia Investments) and the concentrated effort to improve its market share and thereby its audience. Year-on-year, eMedia Investments' television advertising revenue increased by 39% (approximately 15% better than the market) and this can be attributed to a 15.2% increase in audience prime time market share from 29.6% in March 2021 to 34.1% in March 2022. The set-top box activations for Openview increased from an average of 35 000 per month to 40 000 per month and totalled 2.9 million boxes at the end of June 2022.

## Portfolio investments

The contribution from portfolio investments to headline earnings amounted to R444 million (2021: R247 million). This increase is mainly due to dividends of R389 million (2021: R191 million) received from FirstRand. As a result of the Covid-19 pandemic, FirstRand did not pay a final dividend in the comparative year. Other portfolio investments include the dividends received from British American Tobacco plc and Reinet Investments SCA amounting to R55 million (2021: R56 million).

As a result of the RMI Unbundling, Remgro received 51 254 365 Discovery shares (7.7% interest) and 122 908 061 Momentum Metropolitan shares (8.6% interest). Both investments were classified as financial instruments at fair value through other comprehensive income and, in future, dividend income will be accounted for under portfolio investments.

## Social impact investments

Social impact investments primarily consist of interests in the Blue Bulls rugby franchise and Stellenbosch Academy of Sport Proprietary Limited (SAS).

## Central treasury and other net corporate costs

Finance income amounted to R224 million (2021: R212 million). This increase is mainly due to the increase in the South African repo rate. Finance costs is lower at R627 million (2021: R861 million) due to the redemption of the exchangeable bonds in cash on 22 March 2021. Other net corporate costs amounted to R252 million (2021: R249 million).

## Earnings

Total earnings increased by 270.1% to R13 139 million (2021: R3 550 million) mainly due to Remgro's portion of the profits realised by RMI on the unbundling of its investments in Discovery and Momentum Metropolitan (totalling R4 667 million) and the disposal of its investment in Hastings (R1 465 million), as well as the increase in headline earnings of R3 609 million discussed above.

## Cash at the centre and foreign exchange rates

On 30 June 2022 Remgro's cash at the centre amounted to R12 280 million (2021: R9 706 million), of which 20% was invested offshore (2021: 23%). The cash is held in different currencies of which approximately 80% was held in SA rand and 20% in USA dollar.

Foreign exchange profits amounting to R299 million (2021: losses of R867 million) were accounted for during the year under review, mainly due to the weakening of the SA rand against the USA dollar from R14.28 = \$1.00 at 30 June 2021, to R16.30 = \$1.00 at 30 June 2022. For accounting purposes these exchange movements are accounted for directly in equity.

Remgro's offshore cash is earmarked for potential new investments and the expansion of existing offshore investments (USA dollar).

### Cash at the centre

	30 June 2022		
Currency	value million	Exchange rate	30 June 2021 R million
SA rand			9 850 7 511
USA dollar	146.8	16.2958	2 392 2 157
British pound	1.4	19.6301	27 29
Swiss franc	0.7	16.9603	11 9
			12 280 9 706

### Cash movement at the holding company (cash at the centre)



### Closing exchange rates

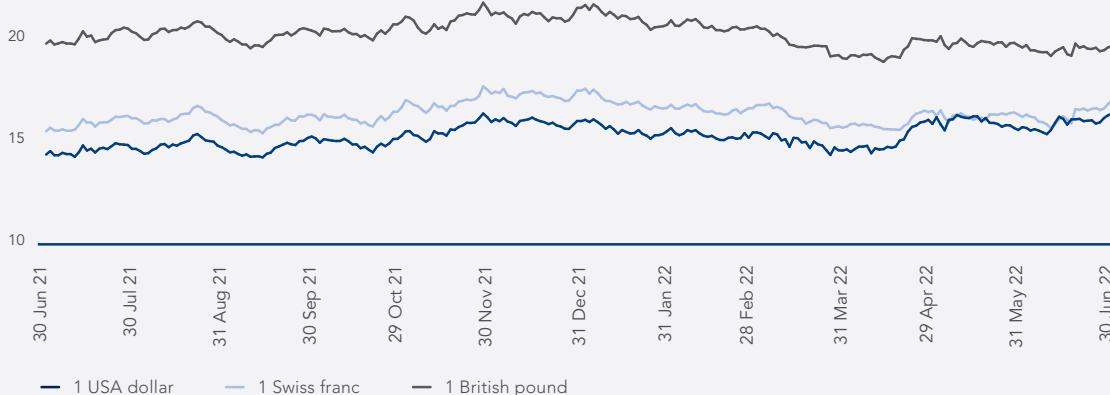
	30 June 2022	30 June 2021	Movement %
USD/ZAR	16.2958	14.2832	(14.1)
GBP/ZAR	19.6301	19.7408	0.6
CHF/ZAR	16.9603	15.4302	(9.9)

### Average exchange rates

	Year ended 30 June 2022	Year ended 30 June 2021	Movement %
USD/ZAR	15.2046	15.4003	1.3
GBP/ZAR	20.2207	20.7035	2.3
CHF/ZAR	16.3062	16.9174	3.6

### ZAR vs foreign currencies Remgro holds

ZAR  
25



## External funding

During the 2016 financial year Remgro (through its wholly owned subsidiary Remgro Healthcare Holdings Proprietary Limited (RHH)) issued Class A preference shares of R3.5 billion (four-year tenure and a fixed dividend rate of 7.7%) and Class B preference shares of R4.4 billion (five-year tenure and a fixed dividend rate of 8.3%). During March 2019 the maturity date of the Class A preference shares was extended to 15 January 2024 (at a fixed dividend rate of 7.5% effective from 17 June 2019) and the Class B preference shares was extended to 17 March 2025 (at a fixed dividend rate of 7.8% effective from 16 March 2021).

## Dividends

The final dividend per share was determined at 100 cents (2021: 60 cents). Total ordinary dividends per share in respect of the year to 30 June 2022 therefore amounted to 150 cents (2021: 90 cents), representing an increase of 66.7%.

## Intrinsic net asset value

Remgro's intrinsic net asset value per share at 30 June 2022 was R213.10 compared to R177.33 on 30 June 2021. Refer to the Chief Executive Officer's Report on page 25 for a detailed discussion regarding Remgro's intrinsic net asset value and its relative performance with certain selected JSE indices.

## Accounting policies

The Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The accounting policies have been consistently applied to both years presented. During the year under review various other interpretations and amendments became effective, but their implementation had no impact on the results of either the current or prior years.

## Risk and opportunities management

The Company has implemented a comprehensive Risk and Opportunities Management Policy that is based on the principles of the international COSO (Committee of Sponsoring Organisations of the Treadway Commission) Enterprise Risk Management – Integrated Framework and complies with the recommendations of the King IV Report on Corporate Governance for South Africa (2016). An extensive risk and opportunities management structure furthermore ensures the effective and efficient management of risk and opportunities within the Group.

Remgro's risk and opportunities management process is summarised in the Risk and Opportunities Management Report on page 124, as well as in note 13 to the comprehensive Annual Financial Statements that is published on the Company's website at [www.remgro.com](http://www.remgro.com).



  
Neville Williams

Chief Financial Officer

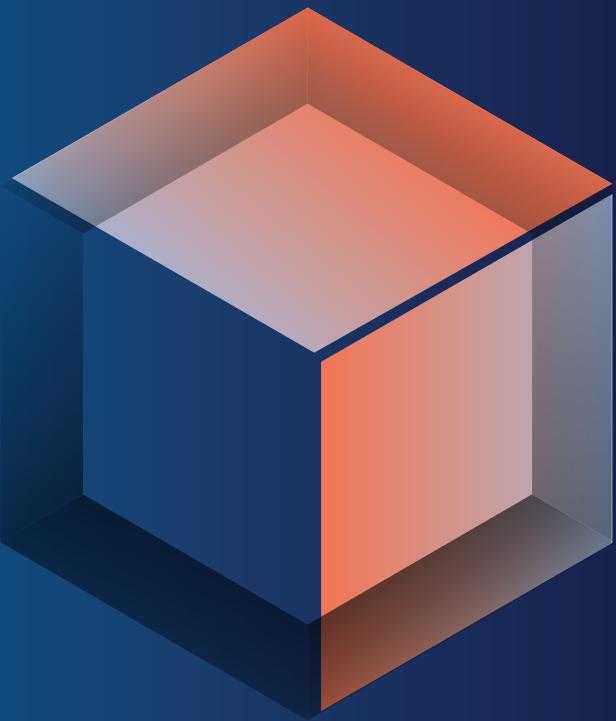
Stellenbosch  
26 September 2022



## Composition of headline earnings

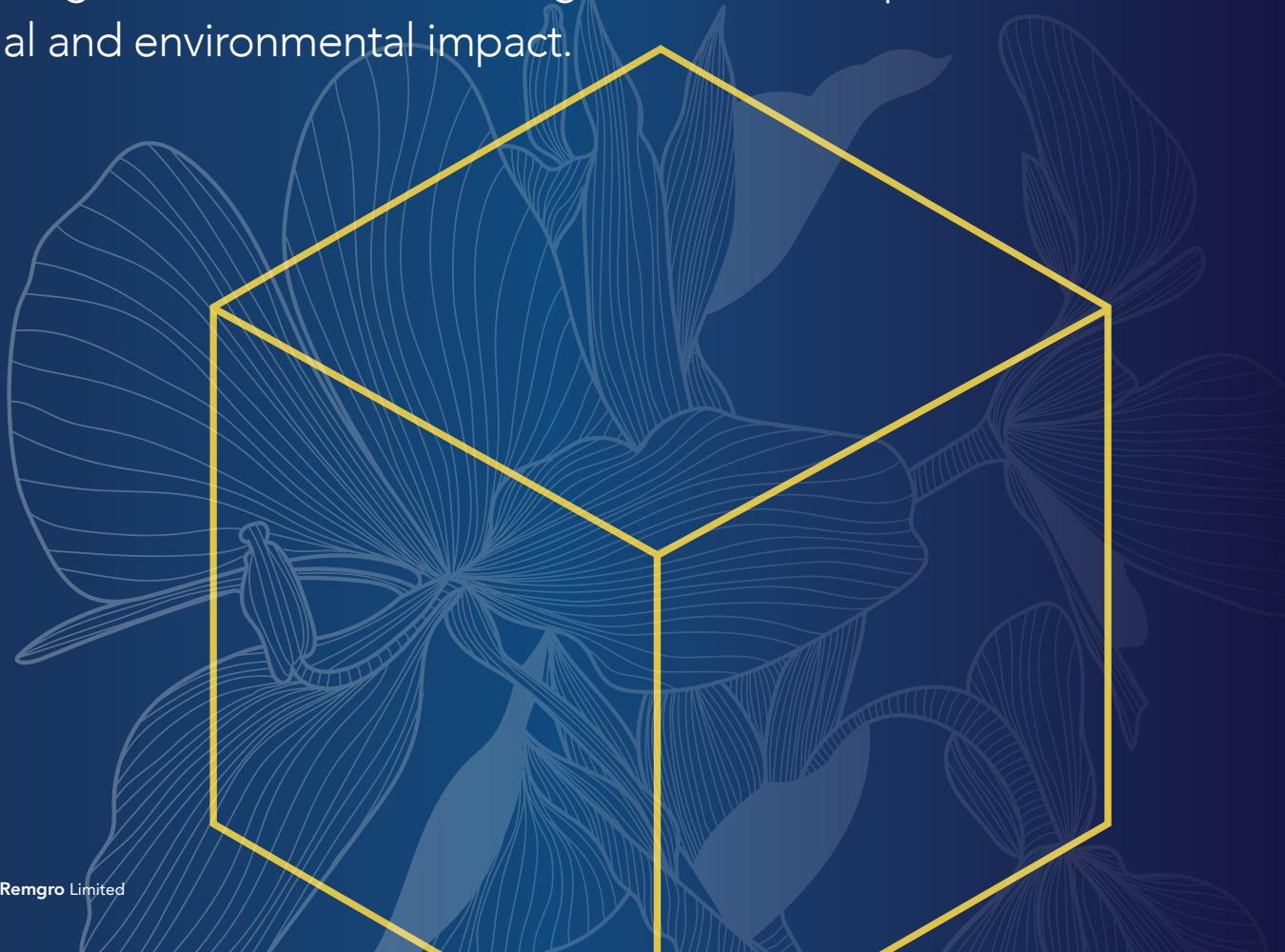
R million	Year ended 30 June 2022	% change	Year ended 30 June 2021
<b>Healthcare</b>			
Mediclinic	<b>1 267</b>	88.0	674
<b>Consumer products</b>			
Distell – entity contribution	<b>735</b>	36.6	538
– IFRS 3 charge <sup>(1)</sup>	<b>(11)</b>	76.6	(47)
RCL Foods	<b>846</b>	11.5	759
Siqalo Foods – entity contribution	<b>401</b>	(1.0)	405
– IFRS 3 charge <sup>(1)</sup>	<b>(65)</b>	17.7	(79)
<b>Financial services</b>			
RMI	<b>796</b>	(11.4)	898
Business Partners	<b>70</b>	204.3	23
<b>Infrastructure</b>			
CIVH	<b>47</b>	110.8	(435)
Grindrod	<b>263</b>	1 543.8	16
SEACOM	<b>37</b>	42.3	26
Other infrastructure investments	<b>266</b>	1 464.7	17
<b>Industrial</b>			
Air Products	<b>422</b>	31.1	322
TotalEnergies	<b>1 076</b>	194.0	366
Wispeco	<b>281</b>	6.4	264
Other industrial investments	<b>21</b>	(66.1)	62
<b>Diversified investment vehicles</b>			
KTH	<b>80</b>	144.0	(182)
Other diversified investment vehicles	<b>15</b>	119.2	(78)
<b>Media</b>			
eMedia Investments	<b>145</b>	237.2	43
Other media investments	<b>33</b>	230.0	10
<b>Portfolio investments</b>			
FirstRand	<b>389</b>	103.7	191
Other portfolio investments	<b>55</b>	(1.8)	56
<b>Social impact investments</b>			
	<b>(20)</b>	69.7	(66)
<b>Central treasury</b>			
Finance income	<b>224</b>	5.7	212
Finance costs	<b>(627)</b>	27.2	(861)
<b>Other net corporate costs</b>			
	<b>(252)</b>	(1.2)	(249)
<b>Headline earnings</b>			
Weighted number of shares (million)	<b>564.4</b>	(0.1)	565.0
<b>Headline earnings per share (cents)</b>	<b>1 150.6</b>	125.3	510.6

<sup>(1)</sup> IFRS 3 charge represents the amortisation and depreciation expenses, net of tax, relating to the additional assets identified when Remgro obtained control over these entities.



## INVESTMENT REVIEWS

As a responsible steward, Remgro aims to create **sustainable stakeholder value** by investing in a portfolio of businesses that can **deliver superior earnings, dividend and capital growth** over the long term, whilst contributing to measurable positive social and environmental impact.



# INVESTING in sectors

## that have a solid track record



Healthcare



Consumer products



Financial services



Infrastructure



Industrial

Diversified  
investment  
vehicles

Media

Portfolio  
investmentsSocial impact  
investments

# Healthcare

	30 June 2022	30 June 2021
	R million	R million
<b>Contribution to headline earnings</b>		
Mediclinic	<b>1 267</b>	674



Effective interest

**44.6%**

## Profile:

Mediclinic's business consists of the provision of comprehensive, high-quality hospital services on a cost effective basis in Southern Africa, the United Arab Emirates, Switzerland and the United Kingdom.

## CORPORATE INFORMATION

**Market cap at 30 June 2022** £3 375 million

**Primary listing:** London Stock Exchange

**Secondary listing:** JSE Limited

**Chief Executive Officer** R van der Merwe

**Remgro nominated directors**

J J Durand, P J Uys (alternate)

**Website** [www.mediclinic.com](http://www.mediclinic.com)

## Mediclinic International plc (Mediclinic)

Mediclinic has a March year-end and the results for the 12 months to 31 March 2022 have been equity accounted in Remgro's results for the year under review. Mediclinic's contribution to Remgro's headline earnings for the year under review amounted to R1 267 million (2021: R674 million).

Mediclinic uses adjusted income statement reporting as non-IFRS measures in evaluating performance and as a method to provide clear and consistent reporting.

The group delivered a strong financial performance compared to the prior year, driven by increased client activity. Compared with pre-pandemic levels, the volumes in Switzerland and the Middle East increased, while Southern Africa gradually recovered after a more severe impact from the pandemic. The improvement in current financial year was despite the disruption of further Covid-19 waves – with the Omicron wave proving particularly challenging from a staffing and patient scheduling perspective due to its high transmissibility and regulated self-isolation.

The group revenue was up 8.0% to £3 233 million (2021: £2 995 million) driven by the recovery in client activity and reduced restrictions on elective and non-urgent care. Compared with pre-pandemic financial year ending March 2020, group revenue was up 5% (2020: £3 083 million). Revenue increased in all three divisions compared with both the prior year and the pre-pandemic March 2020 financial year.

Adjusted EBITDA was up 22% to £522 million (2021: £426 million). Across the group, incremental Covid-19-related expenses totalled around £27 million (2021: £32 million), reflecting the ongoing treatment of Covid-19 inpatients during various pandemic waves. The group's adjusted EBITDA margin increased materially to 16.1% (2021: 14.2%), driven by the revenue performance.

## FINANCIAL HIGHLIGHTS

**Year ended 31 March 2022**

	£ million	%
Revenue	<b>3 233</b>	<b>7.9</b>
Operating profit	<b>280</b>	<b>34.0</b>
Adjusted earnings	<b>167</b>	<b>65.3</b>

## SUSTAINABILITY MEASURES

**CSI/Training spend** R160 million

**Number of employees** 34 278

**BBBEE status** Level 4

**Environmental aspect**

Scope 1 and 2 emissions of 211 969 tonnes CO<sub>2</sub>e

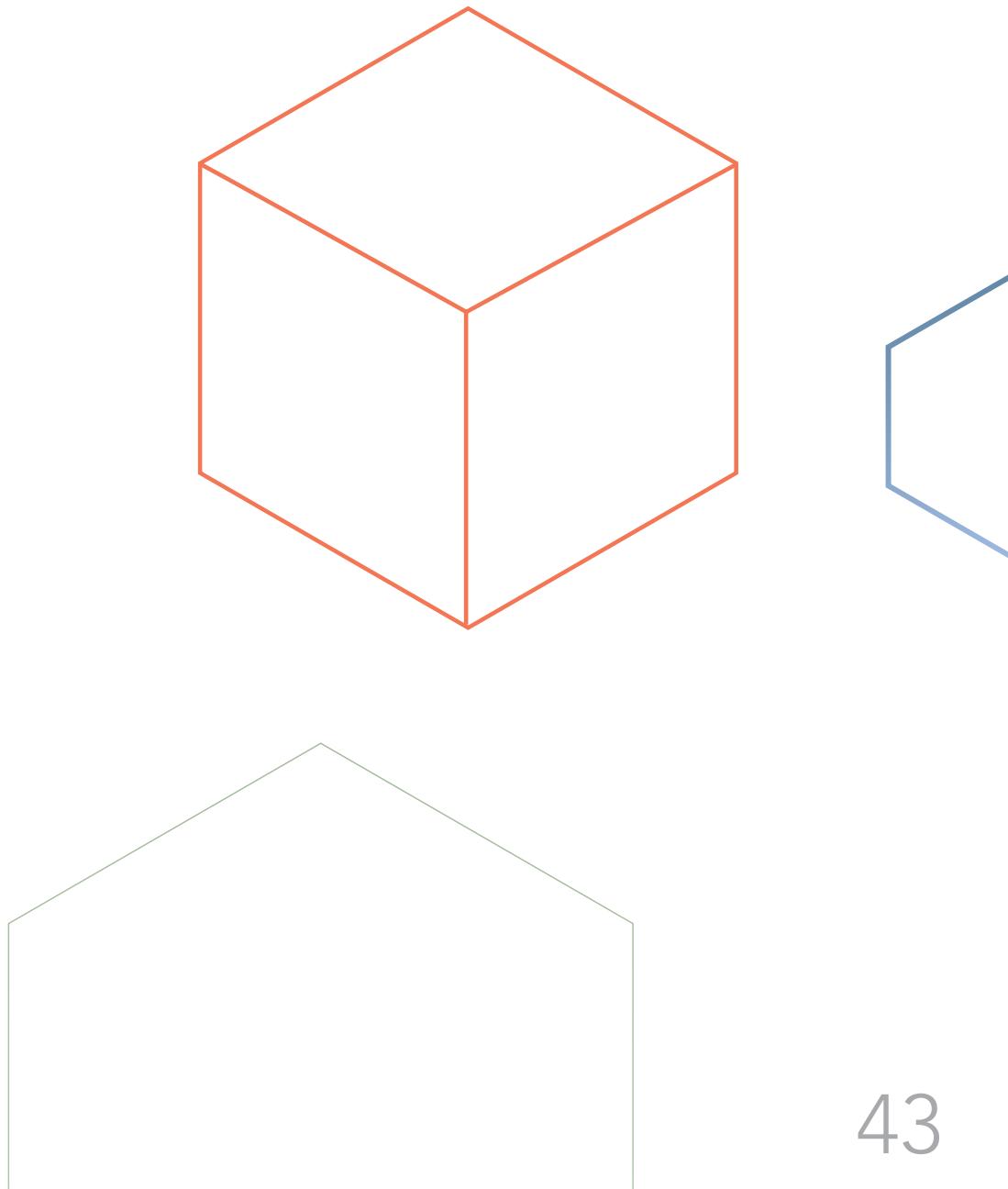
Compared with the pre-pandemic March 2020 year-end, adjusted EBITDA was down 3%. The adjusted EBITDA margin is approaching pre-pandemic levels (2020: 17.5%) while still reflecting increases in employee costs and in consumable and supply costs driven by Covid-19-related expenses and input costs associated with higher acuity revenue, the impact of which is expected to reduce over time.

A robust performance in Switzerland was underpinned by the recovery in client activity, exceeding pre-pandemic levels. Revenue for the period increased by 6% to CHF1 885 million (2021: CHF1 784 million; 2020: CHF1 804 million), exceeding pre-pandemic revenue by 4%. This was due to a good recovery in inpatient activity, up 2.1% compared with the prior year, and 2.0% compared with the pre-pandemic March 2020. Average length of stay increased by 0.4%, which in combination with the increase in inpatient activity delivered an occupancy rate of 62.6% (2021: 61.1%).

Despite the significant demands and disruption caused by the pandemic, the Southern African division delivered an exceptional performance compared with the prior year. The

division continued to adapt and effectively navigate multiple pandemic waves during the year, treating 18% more non-Covid-19 admissions compared with the prior year. Revenue increased by 18% to R18 416 million (2021: R15 573 million; 2020: R17 031 million), reflecting the recovery in client activity. Revenue was ahead of pre-pandemic levels by 8%. Compared with the prior year, paid patient days (PPDs) increased by 14% and remained marginally below pre-pandemic levels, down 3%. Occupancy improved with the growth in PPDs to average 64.3% (2021: 56.3%), approaching pre-pandemic levels (2020: 67.9%). Encouragingly, February and March 2022 had the strongest occupancy levels experienced since the start of the pandemic at 69%.

In the Middle East, the group delivered a strong performance driven by inpatient and outpatient volume growth. Volumes reached new highs exceeding the pre-pandemic period, underpinned by investment over recent years to expand and enhance facilities and services in the region. Revenue for the period increased by 9% to AED4 111 million (2021: AED3 760 million; 2020: AED3 445 million) reflecting a move towards pre-pandemic acuity levels and revenue mix.



# Consumer products

Contribution to headline earnings	30 June 2022 R million	30 June 2021 R million
Distell – entity contribution – IFRS 3 charge	735 (11)	538 (47)
RCL Foods	846	759
Siqalo Foods – entity contribution – IFRS 3 charge	401 (65)	405 (79)
	<b>1 906</b>	<b>1 576</b>



Effective interest

**31.7%**

## Profile:

Distell produces and markets fine wines, spirits and flavoured alcoholic beverages in South Africa and internationally.

## CORPORATE INFORMATION

**Market cap at 30 June 2022** R37 715 million

**Listed on the JSE Limited**

**Chief Executive Officer** R M Rushton

**Remgro nominated directors**

J J Durand, P R Louw (alternate)

**Website** [www.distell.co.za](http://www.distell.co.za)

## Distell Group Holdings Limited (Distell)

Distell's contribution to Remgro's headline earnings for the year under review amounted to R735 million (2021: R538 million). Including an additional IFRS 3 charge accounted for at Remgro level, Distell contributed R724 million (2021: R491 million).

Distell's reported headline earnings for its year ended 30 June 2022 increased by 36.8% to R2 315 million (2021: R1 692 million). Distell revenue increased by 20.8% to R34.1 billion on 17.6% higher volumes. Revenue excluding excise duty increased by 18.3%.

Domestic revenues increased by 24.4% and volumes by 18.7%. This was during a period with 47 more trading days compared to the comparable period in the prior year. All three categories grew revenues by double digits. The growth momentum continued in the premium cider and ready-to-drink segment led by Savanna, Hunter's and Bernini. Various spirits brands grew impressively with stand-out performances recorded by key gin, vodka, liqueur and whisky brands. The resilient growth in the wine category was driven by Drostdy-Hof, J.C. Le Roux sparkling wine and 4th Street.

In African markets, outside South Africa, revenue increased by 14.4% on 16.3% higher sales volumes. Volumes in Botswana, Lesotho, Namibia and Eswatini (BLNE) countries recovered in the second six months of the financial year to grow by 11.9% for the financial year compared to a 1.4% volume decline in the first half of the year. Outside the BLNE countries, revenue grew by 16%, largely driven by Mozambique, Zambia, Tanzania and Nigeria. The African region contributed 64.9% to foreign revenue, with its contribution to group revenue comprising 16.3% in the current period.

## FINANCIAL HIGHLIGHTS

**Year ended 30 June 2022**

	<b>R million</b>	<b>%</b>
Revenue	<b>34 134</b>	<b>20.8</b>
Operating profit	<b>3 419</b>	<b>20.3</b>
Headline earnings	<b>2 315</b>	<b>36.8</b>

## SUSTAINABILITY MEASURES

**CSI/Training spend** R81 million

**Number of employees** 4 607

**BBBEE status** Level 3

**Environmental aspect**

Scope 1 and 2 emissions of 168 820 tonnes CO<sub>2</sub>e

Revenue in international markets outside Africa increased by 7.9% alongside volume growth of 9.4%, primarily driven by single malts and Amarula. This growth was achieved despite one of its largest revenue-contributing regions, Taiwan, experiencing Covid-19-related on-consumption channel closures for

extended periods during the trading period. However, volumes recovered and continue on a positive trajectory. South African port disruptions also had an adverse effect on wine exports that affected performance in the period. Global travel retail delivered a resilient performance despite ongoing travel disruptions.



## Profile:

RCL Foods is a holding company with diversified interests that focuses on three divisions: Food (Groceries, Baking and Sugar), Rainbow (chicken, including Epol Animal Feed) and Vector Logistics.

Effective interest

**80.3%**

## CORPORATE INFORMATION

**Market cap at 30 June 2022** R9 162 million

**Listed on the JSE Limited**

**Chief Executive Officer** P D Cruickshank

**Remgro nominated directors**

J J Durand, P R Louw, H J Carse, P J Neethling (alternate)

**Website** [www.rclfoods.com](http://www.rclfoods.com)

## FINANCIAL HIGHLIGHTS

**Year ended 30 June 2022**

	<b>R million</b>	<b>%</b>
Revenue	<b>34 907</b>	<b>10.2</b>
Operating profit	<b>1 606</b>	<b>8.7</b>
Headline earnings	<b>1 054</b>	<b>10.0</b>

## SUSTAINABILITY MEASURES

**CSI/Training spend** R64 million

**Number of employees** 20 793

**BBBEE status** Level 4

**Environmental aspect**

Scope 1 and 2 emissions of 1 045 842 tonnes CO<sub>2</sub>e

## RCL Foods Limited (RCL Foods)

For the year ended 30 June 2022, RCL Foods' headline earnings increased by 10.0% to R1 054 million (2021: R958 million). Remgro's share of the headline earnings of RCL Foods amounted to R846 million (2021: R759 million) for the year under review.

RCL Foods' revenue for the year ended 30 June 2022 increased by 10.2% to R34.9 billion (2021: R31.7 billion). The increase was attributable to all business units, with the highest increases coming from Vector Logistics and Rainbow.

RCL Foods Value-added Business' (Groceries, Baking, Sugar) EBITDA declined from the prior year, with the business having encountered a number of challenges in the current financial year. The inclusion of an additional trading week in the prior year also contributed to the decline. Sugar reported its second highest profit ever and the Groceries operating unit delivered another resilient result, driven mainly by the Pet Food category. Revenue growth was underpinned by steady volumes and responsible price increases that largely managed to recover higher input costs. The tiered portfolio, which provides both premium and value brands in the same category, has proven essential in maintaining sales volumes as more consumers trade down in tough conditions.

The Groceries business unit's underlying EBITDA declined 1.9% to R551.7 million (2021: R562.4 million), with a strong Groceries result being offset by service level challenges and margin pressure in Pies and Beverages.

Whilst the Baking business unit delivered revenue growth, margins came under pressure in the second half of the year, driven by elevated wheat and fuel costs.

Sugar produced another excellent EBITDA performance. Local demand remained stable, with the sugar industry limiting price inflation to Consumer Price Index (CPI) levels in line with the Sugar Industry Master Plan. The heavy rainfall and flooding in parts of KwaZulu-Natal resulted in an uptake in the industrial channel for RCL Sugar business as competitors struggled with crystal availability and experienced operational issues.

# Consumer products (continued)

## RCL Foods (continued)

Good progress has been made in Rainbow's (Rainbow and grain-based animal feed) turnaround strategy. Underlying EBITDA improved 214.0% to R348.6 million (2021: R111.0 million), driven by improvements in pricing, agricultural results and procurement gains which partially countered commodity cost increases.

Vector Logistics has continued its turnaround with a pleasing improvement in revenue and EBITDA performance in the current financial year, driven by the completion of the ICL

network integration and a recovery in the food service industry, with volumes returning to almost pre-Covid-19 levels. This performance has been achieved despite the impacts of the civil unrest in KwaZulu-Natal and Gauteng in the first quarter, which impacted Vector directly in lost revenue due to store closures and the looting of our Cornubia depot in KwaZulu-Natal; the flooding in KwaZulu-Natal in the fourth quarter; foreign exchange impacts in Zambia and higher fuel costs.



### Profile:

Siqalo Foods manufactures spreads which it sells under market-leading trade marks.

Effective interest

**100%**

### CORPORATE INFORMATION

**Equity valuation at 30 June 2022** R6 345 million

**Unlisted**

**Managing Director** A Mahoney

**Remgro nominated directors**

J J du Toit, L Zingitwa

**Website** [www.siqalofoods.com](http://www.siqalofoods.com)

### FINANCIAL HIGHLIGHTS

**Year ended 30 June 2022**

	<b>R million</b>	<b>%</b>
Revenue	<b>3 546</b>	<b>14.8</b>
Operating profit	<b>476</b>	<b>(4.4)</b>
Headline earnings	<b>401</b>	<b>(1.0)</b>

### SUSTAINABILITY MEASURES

**CSI/Training spend** R8.2 million

**Number of employees** 274

**BBBEE status** Level 3

**Environmental aspect**

Scope 1 and 2 emissions of 41 280 tonnes CO<sub>2</sub>e

### Siqalo Foods Proprietary Limited (Siqalo Foods)

Siqalo Foods manufactures spreads, which are sold under market-leading trade marks such as Rama, Flora, Stork and Rondo within the Southern African customs union territories.

Siqalo Foods' contribution to Remgro's headline earnings for the year under review amounted to R401 million (2021: R405 million), excluding additional IFRS 3 amortisation of R65 million (2021: R79 million). During a challenging, turbulent year impacted by a surge in commodity prices, supply chain challenges, the war in Ukraine (resulting in two price increases taken during the year), Siqalo Foods managed to achieve volumes in line with the prior year. Profitability was negatively impacted by high commodity prices, the full impact of which the business was unable to pass to the consumer, resulting in a decrease of 5.5% in its operational EBITDA. Whilst its profitability was negatively impacted, the business, by leveraging its market leading brands, delivered results ahead of the category. On 30 June 2022, Siqalo Foods had a combined twelve-month moving average value market share of 71.8%. Notwithstanding subdued economic conditions and a negative global economic outlook, Siqalo Foods remains committed to retaining its market share and growing its brands, while recovering its profit margins.

Two contracts are in place with RCL Foods. Vector Logistics provides the distribution, sales and merchandising, while a management services contract governs certain services that RCL Foods Shared Services platform provides to Siqalo Foods on an arm's length basis. The result is an innovative, alternative business model, leveraging the capabilities within the wider Remgro Group of companies.

# Financial services

Contribution to headline earnings	30 June 2022 R million	30 June 2021 R million
RMI	<b>796</b>	898
Business Partners	<b>70</b>	23
	<b>866</b>	921



Effective interest

**30.6%**

## Profile:

RMI used to take stakes in emerging and established financial services businesses, becoming long-term partners who allow management teams the individuality to operate their businesses as owners. Over the last two years, RMI has been evaluating the creation of a portfolio of unlisted, non-competing and collaborative businesses in the short-term insurance industry. As there were no actionable investment opportunities which meet RMI's expectations around asset quality, price and availability, RMI will embark on an orderly and managed transition to a structure that represents an effective listing of OUTsurance.

## CORPORATE INFORMATION

**Market cap at 30 June 2022** R42 646 million

**Listed on the JSE Limited**

**Chief Executive Officer** H L Bosman

**Remgro nominated directors**

J J Durand, F Knoetze (alternate)

**Website** [www.rmih.co.za](http://www.rmih.co.za)

## Rand Merchant Investment Holdings Limited (RMI)

RMI's contribution to Remgro's headline earnings decreased by 11.4% to R796 million (2021: R898 million).

The underlying investments of RMI comprise of OUTsurance (89.0%), RMI Investment Managers (100%) and AlphaCode (100%). Discovery and Momentum Metropolitan were unbundled on 8 December 2021. Hastings was sold on the effective date of 8 December 2021. All three of these investments were treated as discontinued operations as at 8 December 2021.

RMI regards normalised earnings as the appropriate basis to evaluate business performance as it eliminates the impact of non-recurring items and accounting anomalies.

Normalised earnings from OUTsurance, excluding its stake in Hastings, decreased by 11% for the year ended 30 June 2022 to R2 039 million.

Normalised earnings from OUTsurance's South African operations were negatively impacted by an increased claims ratio because of wetter weather conditions, increased non-motor claims costs, the further normalisation of motor claims frequencies and claims related to the extensive damage caused by the flooding in KwaZulu-Natal.

At Youi, the claims ratio increased significantly due to the extent of natural catastrophe events experienced which included the Melbourne earthquake and various hail and flood events. Although the claims related to the flooding experienced during the second half of this financial year were mostly covered by the reinsurers, each separate event resulted in a retained loss of AUS\$2 million.

## FINANCIAL HIGHLIGHTS

**Year ended 30 June 2022**

	<b>R million</b>	<b>%</b>
Income	<b>21 429</b>	<b>12.7</b>
Headline earnings	<b>2 591</b>	<b>(11.5)</b>
Normalised headline earnings	<b>2 947</b>	<b>(16.9)</b>

## SUSTAINABILITY MEASURES

RMI is an investment holding company. For more information on its major underlying investment, refer to the website of OUTsurance:

[www.outsurance.co.za](http://www.outsurance.co.za)

# Financial services (continued)

## RMI (continued)

The operating loss of new ventures increased from R485 million in 2021 to R631 million in 2022.

The operational loss relating to new ventures represented 19% (2021: 13%) of the operating profit generated by profitable segments. The group's target over time for this measure is set at 10%.

Normalised earnings generated in the prior year by RMI Investment Managers included a significant amount for

performance fees earned. Although the investment performance and growth in assets under management during the year under review were pleasing, the same level of performance fees was not repeated. RMI Investment Managers is largely in the consolidation phase of its business model evolution and has, therefore, focused its efforts on optimising the existing portfolio.

The AlphaCode portfolio continues to perform in line with expectations.



Business Partners

### Profile:

Business Partners is principally engaged in investing capital, knowledge and skill in viable small and medium-sized enterprises (SMEs). The company invests in SMEs by providing funding, support and mentoring to entrepreneurs.

Effective interest

**44.1%**

## CORPORATE INFORMATION

**Equity valuation at 30 June 2022** R2 706 million

**Unlisted**

**Chief Executive Officer** B Bierman

**Remgro nominated directors**

C W Ceasar, M Lubbe, N J Williams

**Website** [www.businesspartners.co.za](http://www.businesspartners.co.za)

## Business Partners Limited (Business Partners)

Business Partners has a March year-end and therefore its results for the 12 months to 31 March 2022 have been equity accounted in Remgro's results for the year under review. Headline earnings attributable to Remgro for the year under review amounted to R70 million (2021: R23 million).

Business Partners' headline earnings for the 12 months ended 31 March 2022 amounted to R158 million (2021: R52 million), while profit attributable to shareholders increased by 174.5% from R94 million to R258 million. The increase in profit is mainly due to an improvement in credit risk and expected credit losses as well as an increase in investment income and realisation gains.

The turnaround in credit losses recorded was a significant contributor to the exceptional financial results. The improvement in credit risk and expected credit losses were the consequence of three primary factors. Firstly, the patient approach adopted in supporting the recovery of clients provided them with the breathing space to reposition their businesses. Secondly, technical assistance, mentorship and other support facilitated and provided improved the recovery efforts of a number of clients. And lastly, the resilience and adaptability of entrepreneurs in the face of the many challenges they encountered and thus far exceeded the credit loss expectations and views that were prevalent at the onset of the pandemic.

A second contributor to the exceptional financial results was the investment gains recorded this past year when compared to two years of below-par performance.

The management of the investment property portfolio tracked expectations with a strong recovery in placing tenants and revenue collections.

## FINANCIAL HIGHLIGHTS

**Year ended 31 March 2022**

	R million	%
Revenue	<b>601</b>	<b>27.6</b>
Operating profit	<b>352</b>	<b>156.9</b>
Headline earnings	<b>158</b>	<b>203.8</b>

## SUSTAINABILITY MEASURES

**CSI/Training spend** R6 million

**Number of employees** 269

**BBBEE status** Level 2

# Infrastructure

Contribution to headline earnings	30 June 2022 R million	30 June 2021 R million
CIVH	<b>47</b>	(435)
Grindrod	<b>263</b>	16
SEACOM	<b>37</b>	26
Other	<b>266</b>	17
	<b>613</b>	(376)



Effective interest

**57.0%**

## Profile:

CIVH is active in the telecommunications and information technology sectors. The key operating companies of the group are Dark Fibre Africa Proprietary Limited (DFA) and Vumatel Proprietary Limited (Vumatel), which construct and own fibre-optic networks.

## CORPORATE INFORMATION

**Equity valuation at 30 June 2022** R24 126 million

**Chief Executive Officer of CIVH** R S M Ndlovu

**Remgro nominated directors**

C W Ceasar, P J Uys

**Website** [www.dfafrica.co.za](http://www.dfafrica.co.za), [www.vumatel.co.za](http://www.vumatel.co.za)

## Community Investment Ventures Holdings Proprietary Limited (CIVH)

CIVH is active in the telecommunications and information technology sectors and is the holding company of a group of companies of which DFA and Vumatel are the largest operating subsidiaries.

DFA is the premier open-access fibre infrastructure and connectivity provider in South Africa. It builds, installs, manages and maintains a fibre network to transmit metro and long-haul telecommunications traffic, which is leased to its customers (telecommunication companies and internet service providers (ISPs)) using an open access wholesale commercial model. DFA has in excess of 13 400 km of fibre assets in the ground and owns fibre networks in Johannesburg, Cape Town, Durban, Midrand, Centurion and Pretoria, as well as in 24 smaller metros, such as East London, Polokwane, Tlokwe, Emalahleni and George, to name a few.

Vumatel is an open-access fibre provider at the last mile level and provides fibre-to-the-home (FTTH) products and services to ISPs. Vumatel installs FTTH in residential suburbs and has in excess of 33 000 km of fibre assets. After the fibre has been installed, Vumatel leases its infrastructure to ISPs, which in turn provide broadband retail internet services to the end customers.

## FINANCIAL HIGHLIGHTS

**Year ended 31 March 2022**

FINANCIAL HIGHLIGHTS	R million	%
Revenue	<b>5 324</b>	<b>14.8</b>
Operating profit	<b>1 470</b>	<b>53.9</b>
Headline earnings	<b>81</b>	<b>110.2</b>

## SUSTAINABILITY MEASURES

**CSI/Training spend** R26 million

**Number of employees** 1 702

**BBBEE status** CIVH: Level 2

# Infrastructure (continued)

## CIVH (continued)

CIVH has a March financial year-end and therefore its results for the 12 months ended 31 March 2022 have been included in Remgro's results for the year under review. The contribution of CIVH's continuing operations to Remgro's headline earnings for the year under review amounted to a profit of R47 million compared to a headline loss incurred of R435 million in the prior year. The 2022 financial year was characterised by greater market competition across both DFA and Vumatel. This was evident in higher churn rates and more pricing pressure than originally anticipated. The group has also seen some macro-economic pressure in terms of customer relocations, customer defaults and increased collection risk. This macro-economic pressure is further felt in business forum and security activity where new network builds are executed. In DFA security costs have increased almost three-fold over the 2022 financial year. These trends are being monitored carefully while the businesses look to continuously adjust their products to compete effectively.

The group generates healthy cash flows from operations, as R2 178 million was reinvested into the business to expand its operations and network footprint during the year.

CIVH issued share capital of R3.7 billion in July 2021 and August 2021 in terms of a rights issue. During September 2021 the company completed a share repurchase for a total consideration of R709 million. The equity capital injection has strengthened CIVH's capital structure and enables it to retain flexibility to capitalise on future opportunities.

Vumatel retained its position as the FTTH South African market leader in homes past and active subscribers, achieving approximately 37% market share in both verticals. The business continues to successfully commercialise fibre into the lower Living Standards Measurement (LSM) areas under the Reach product offering, including a Reach pre-paid platform which has exceeded expectations on uptake. In addition to driving uptake on the current deployed infrastructure, key focus areas in the year continued to be the extension of its Active Ethernet and Gigabit Passive Optic Network (GPON) in Ekurhuleni and Cape Town while creating expansion capability into Reach areas such as Mitchells Plain, Vosloorus and Soweto.

Vumatel group revenue for the period increased by 26% to R2 981 million compared to the prior year of R2 360 million, driven by subscriber uptake growth for the year.

DFA's current book value of the fibre optic network is in excess of R9.5 billion. The network uptime for the year under review was maintained at 99.98%, and mean time to repair was less than 2.5 hours, well above industry standards. The DFA revenue model adapts to the customers' needs, and DFA offers flexible payment profiles, with a mix of an upfront amount and a monthly annuity, or solely annuity based with multi-year contracts of mostly up to 15 years. The future value of the current annuity contracts (excluding orders) is in excess of R11.7 billion.

DFA group revenue for the financial year ended 31 March 2022 increased marginally year-on-year to R2 485 million (2021: R2 388 million). The annuity base at 31 March 2021 was R192 million per month and the company ended on a base of R198 million per month at 31 March 2022.

Vumatel continued to support its independent CSI Foundation, which has the objective of creating sustainable eco-systems in the communities in which the business operates. The goal is to contribute meaningfully and sustainably to these communities leading to strong ties that talk to the essence of the Vuma brand, a distinction that will set Vuma apart from the competition. Focus areas include education, safety, environment and healthcare. The business remains committed to the Vuma schools project, where 550 schools have been connected to date in areas where fibre has been deployed – providing every school that Vumatel passes with a free 1 Gbps service offering.

DFA achieved a level 1 BBBEE rating for the year. Critical gaps in infrastructure development, e.g. rural school connectivity remain DFA's ongoing key focus of CSI, enabling it to bridge the digital divide in high poverty areas. The positive impact is on providing student access to e-learning and ultimately, new job creation and access to the economy.



Effective  
interest

**25.9%**

## Profile:

Grindrod is an integrated freight logistics provider, moving cargo by road, rail, sea and air, providing integrated logistical and specialised services en route, using specialised assets and infrastructure, including vehicles, locomotives, ports, terminals, warehouses and depots.

## CORPORATE INFORMATION

**Market cap at 30 June 2022** R6 022 million

**Listed on the JSE Limited**

**Chief Executive Officer** A G Waller

**Remgro nominated directors**

P J Uys, W O van Wyk (alternate)

**Website** [www.grindrod.co.za](http://www.grindrod.co.za)

## FINANCIAL HIGHLIGHTS

**Year ended  
31 December 2021**

	<b>R million</b>	<b>%</b>
Revenue	<b>3 905</b>	<b>4.1</b>
Operating profit	<b>574</b>	<b>397.4</b>
Headline earnings	<b>618</b>	<b>467.9</b>

## SUSTAINABILITY MEASURES

**CSI/Training spend** R18 million

**Number of employees** 3 916

**BBBEE status** Level 2

**Environmental aspect**

Scope 1, 2 and 3 emissions of 127 737 tonnes CO<sub>2</sub>e

## Grindrod Limited (Grindrod)

Grindrod has a December year-end and therefore its results for the 12 months to 30 June 2022 have been included in Remgro's results for the year under review. The company's contribution to Remgro's headline earnings for the year under review amounted to a profit of R263 million (2021: R16 million).

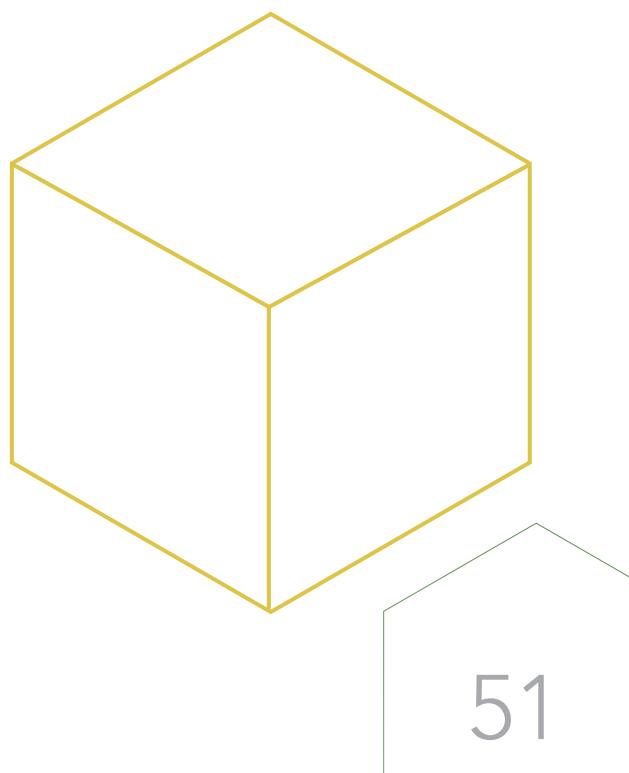
Grindrod delivered good earnings growth in its core businesses for the six months ended 30 June 2022 underpinned by strong mineral commodity markets.

Grindrod Bank continued to perform well on the back of favourable net interest margins, reporting healthy growth of 63% in its earnings from the prior period underpinned by the higher interest rate environment. The disposal of Grindrod Bank to African Bank for R1.5 billion was approved by Grindrod shareholders, subject to the customary regulatory approvals.

Port and Terminals achieved earnings growth of 164% on the prior six months ended 30 June 2021 due to an increase in volumes handled.

Grindrod's coastal shipping and container depot businesses performed well under the challenging operational environment with earnings growth of 88%.

In early April 2022 the fuel carrier fleet in Botswana was disposed of, marking the completion of Grindrod's exit from the fuel and automotive carrier road transportation businesses.



# Infrastructure (continued)



Effective interest

30.0%

## Profile:

SEACOM's heritage stems from creating a connected Africa. SEACOM was instrumental in bringing Africa into the digital world as the telecommunications provider to deliver the first independent fibre connection to the continent. With a future-focused mindset and continuous investments in digital platforms, systems, and people, the company has transformed into a converged telecommunications provider and continues to serve the wholesale and enterprise markets in Southern and East Africa through its provision of high-capacity local and international fibre-optic connectivity, internet and cloud services.

## CORPORATE INFORMATION

**Equity valuation at 30 June 2022** R2 586 million

**Unlisted**

**Chief Executive Officer** O Fortuin

**Remgro nominated directors**

H J Carse, P J Uys

**Website** [www.seacom.com](http://www.seacom.com)

## FINANCIAL HIGHLIGHTS

SEACOM is a private company and its detailed financial information is not disclosed due to restrictions on disclosure as agreed among its shareholders.

## SUSTAINABILITY MEASURES

**CSI/Training spend** \$0.4 million

**Number of employees** 303

## SEACOM Capital Limited (SEACOM)

Remgro has an effective economic interest of 30% in SEACOM, a converged telecommunications provider which operates subsea and terrestrial fibre-optic connectivity, internet services, voice, cloud and security solutions to the Wholesale and Enterprise markets in Southern and East Africa.

SEACOM has a December year-end. Its results for the 12 months to 30 June 2022 have been included in Remgro's results for the year under review. SEACOM's contribution to Remgro's headline earnings for the year under review amounted to a profit of R37 million (2021: R26 million profit). The increase in profitability for this period is due to a number of once-off expense items in the prior year.

The business has serviced continued demand for connectivity and cloud services in the Enterprise sector as Corporates emerge out of the Covid-19 pandemic, as well as ongoing growth in the Wholesale sector as Africa's digital infrastructure maturity deepens.

SEACOM's ability to adapt to the rapidly evolving data market and invest in its submarine, terrestrial network and cloud infrastructure allows it to respond to an ever-increasing demand for faster and more reliable data services and is critical to maintain its ongoing competitive positioning. Key highlights during the period include the acquisition of a metro fibre business in Kenya in the second half of 2021 and Infrastructure assets in Uganda during the first quarter of 2022.

SEACOM continues to invest in bolt-on growth initiatives such as its acquisition of EOH's Network Solutions business as well as organic strategic enhancements to its network such as the recent acquisition of capacity on Google's Equiano cable, which will be ready for service later in 2022.

Seacom has been a regular payer of dividends as a consequence of its cash profits.

## Other infrastructure investments



Effective interest

79.7%

## Energy Exchange of Southern Africa

### Profile:

The Energy Exchange of Southern Africa facilitates the transfer of energy between those who produce it and those who consume it.

**Website** [www.energyexchangesa.com](http://www.energyexchangesa.com)

# Industrial

Contribution to headline earnings	30 June 2022 R million	30 June 2021 R million
Air Products	<b>422</b>	322
TotalEnergies	<b>1 076</b>	366
Wispeco	<b>281</b>	264
PGSI	<b>21</b>	62
	<b>1 800</b>	1 014



Effective interest

**50.0%**

## Profile:

Air Products produces oxygen, nitrogen, argon, hydrogen and carbon dioxide for sale in gaseous form by pipeline under long-term contracts to major industrial users. Air Products also distributes industrial gases, together with ancillary equipment, to the merchant market. The other 50% of the ordinary shares are held by Air Products and Chemicals Incorporated, a USA company.

## CORPORATE INFORMATION

**Equity valuation at 30 June 2022** R9 380 million

**Unlisted**

**Chief Executive Officer** R Richardson

**Remgro nominated directors**

H J Carse, N J Williams

**Website** [www.airproductsafrica.co.za](http://www.airproductsafrica.co.za)

## Air Products South Africa Proprietary Limited (Air Products)

Air Products has a September year-end, but its results for the 12 months ended 31 March 2022 have been included in Remgro's results for the year under review. Air Products' contribution to Remgro's headline earnings for the period under review increased by 31.1% to R422 million (2021: R322 million).

Turnover for Air Products' 12 months ended 31 March 2022 increased by 23.8% to R3 990 million (2021: R3 222 million), while the company's operating profit for the same period increased by 32.0% to R1 185 million (2021: R898 million).

Air Products is the largest manufacturer of industrial gases in Southern Africa and also imports and distributes a variety of specialty gases that are supplied to a wide range of industries including steel, chemicals, oil refining, resource minerals, glass, pulp and paper, food packaging as well as general manufacturing, fabrication and welding.

Trading conditions improved substantially during the period under review, as the effect of Covid-19-related business shutdowns receded. The demand for most of Air Products' gases and supplies has returned to pre-Covid-19 levels. Rising fuel and electricity prices pose cost containment challenges.

## FINANCIAL HIGHLIGHTS

**Year ended  
30 September 2021**

	R million	%
Revenue	<b>3 695</b>	<b>17.8</b>
Operating profit	<b>1 075</b>	<b>21.3</b>
Headline earnings	<b>765</b>	<b>20.7</b>

## SUSTAINABILITY MEASURES

**CSI/Training spend** R9.9 million

**Number of employees** 685

**BBBEE status** Level 4

# Industrial (continued)



Effective interest

**24.9%**

## Profile:

Subsidiary of TotalEnergies SE (France). TotalEnergies' business is the refining and marketing of petroleum and petroleum products in South Africa, as well as distribution to neighbouring countries. The company holds a 36.36% equity interest in National Petroleum Refiners of South Africa Proprietary Limited (Natref).

## CORPORATE INFORMATION

**Equity valuation at 30 June 2022** R13 150 million

**Unlisted**

**Chief Executive Officer** M Kane-Garcia

**Remgro nominated directors**

M Morobe, N J Williams

**Website** [www.totalenergies.co.za](http://www.totalenergies.co.za)

<b>FINANCIAL HIGHLIGHTS</b>	<b>Year ended 31 December 2021</b>	
	<b>R million</b>	<b>%</b>
Revenue	<b>72 166</b>	<b>33.6</b>
Operating profit	<b>3 134</b>	<b>708.5</b>
Headline earnings	<b>2 283</b>	<b>744.9</b>

## SUSTAINABILITY MEASURES

**CSI/Training spend** R48 million

**Number of employees** 706

**BBBEE status** Level 1

**Environmental aspect**

Scope 1 emissions of 603 tonnes CO<sub>2</sub>e

## TotalEnergies Marketing South Africa Proprietary Limited (TotalEnergies)

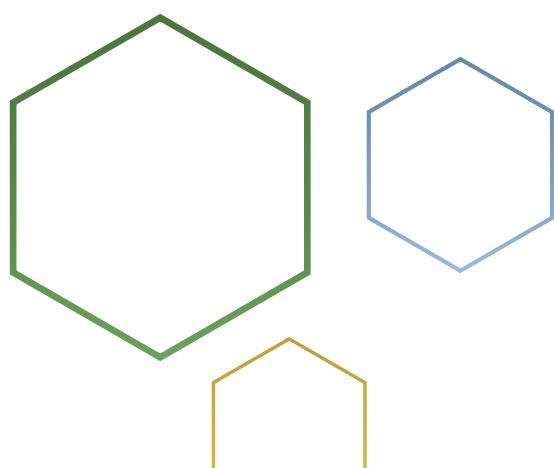
TotalEnergies has a December year-end and its results for the 12 months to 30 June 2022 were included in Remgro's results for the year under review. TotalEnergies' contribution to Remgro's headline earnings for the year under review amounted to a profit of R1 076 million (2021: R366 million).

The results were positively impacted by favourable stock revaluations of R3 581 million (2021: R1 039 million), mainly due to the Russian invasion of Ukraine which led to international oil price to increase from \$73.0 per barrel, as of 30 June 2021, to \$122.71 per barrel as of 30 June 2022.

TotalEnergies' turnover for the 12 months ended 30 June 2022 increased by 43% to R87 383 million (2021: R61 280 million). The increase in turnover is mainly due to increase in price and sales volumes.

The company has continued with its investments regarding health, safety and environment to comply with increased stringent legislation and developing company requirements. The key focus areas are environmental compliance, as well as health and safety compliance by staff, transporters and construction contractors.

Natref's results improved for the period under review, mainly due to the favourable refining margins, coming from the increase in crude prices and pressure on demand of refined products.





Effective interest

**100%**

## Profile:

Wispeco's main business is the manufacturing and distribution of extruded aluminium profiles used mainly in the building, engineering and durable goods sectors.

## CORPORATE INFORMATION

**Equity valuation at 30 June 2022** R1 402 million

**Unlisted**

**Chief Executive Officer** H Rolfs

**Remgro nominated directors**

N R Boonzaier, S J de Villiers

**Website** [www.wispeco.co.za](http://www.wispeco.co.za)

## FINANCIAL HIGHLIGHTS

**Year ended  
30 June 2022**

	<b>R million</b>	<b>%</b>
Revenue	<b>3 598</b>	<b>23.0</b>
Operating profit	<b>408</b>	<b>1.2</b>
Headline earnings	<b>281</b>	<b>6.4</b>

## SUSTAINABILITY MEASURES

**CSI/Training spend** R11.4 million

**Number of employees** 1 320

**BBBEE status** Level 4

**Environmental aspect**

Scope 1 and 2 emissions of 41 802 tonnes CO<sub>2</sub>e

## Wispeco Holdings Proprietary Limited (Wispeco)

Wispeco's turnover for the year ended 30 June 2022 increased by 23% to R3 598 million (2021: R2 925 million). The increase is mainly due to higher selling prices that were driven upwards by increasing raw material costs on the back of the strong commodity cycle for most of the year. Selling prices of aluminium extrusions were adjusted in line with these movements albeit always lagging with a few weeks, causing average gross margin to be lower than the prior year. Exports of brass sprinkler frames yielded commendable profits due to improved margin realised on the back of a weaker exchange rate as well as higher export volumes. Headline earnings for the year ended 30 June 2022 increased by 6.4% to R281 million (2021: R264 million).

Wispeco is installing its second vertical powder coating plant with the aim of resolving the bottleneck in servicing the local market for coated extrusions. Further investment into brass casting and machining capacity continues, aimed at meeting the growing export demand for pressure die cast products.

The company's range of Crealco architectural products remains the benchmark for quality and reliability and carries the reputation of being the preferred choice in the building industry. The range is widely supported and distributed by a network of owned and independent distributors across Southern Africa. Additions to Wispeco's distribution footprint remain an ongoing initiative with a new branch recently opening in Johannesburg South and a further one imminent in Thohoyandou.

The new Starlite Mobi App for handheld smart devices has taken the South African aluminium fabrication market by storm. This App allows fabricators of aluminium windows and doors to record measurements, perform compliant design and enable speedy estimation from a handheld device whilst at the building site.

After a prolonged hiatus during the Covid-19 pandemic, Wispeco revived its externally focused training initiatives to upskill disabled and previously disadvantaged youths with the aim of finding employment in the aluminium industry. Internal training programmes target productivity improvement and development of skills to support future growth.

## Other industrial investments



Effective interest

**37.7%**

## PGSI Limited (PGSI)

### Profile:

PGSI holds an interest of 80% in PG Group Holdings. The PG Group is South Africa's leading integrated flat glass business that manufactures, distributes and installs high-performance automotive and building glass products.

**Website** [www.pgggroup.co.za](http://www.pgggroup.co.za)

# Diversified investment vehicles

Contribution to headline earnings	30 June 2022 R million	30 June 2021 R million
KTH	80	(182)
Other	15	(78)
	95	(260)



Effective interest

43.5%

## Profile:

KTH is an established black economic controlled company with a focus on investment banking services, media and strategic investments. Its major investments include Kagiso Media Limited, Momentum Metropolitan Holdings Limited and Servest Group Proprietary Limited.

## CORPORATE INFORMATION

**Equity valuation at 30 June 2022** R4 927 million

**Unlisted**

**Chief Executive Officer** P J Makosholo

**Remgro nominated directors**

S Crouse, P J Uys

**Website** [www.kagiso.com](http://www.kagiso.com)

FINANCIAL HIGHLIGHTS	Year ended 30 June 2022	
	R million	%
Revenue	1 609	22.7
Operating profit	168	170.6
Headline earnings	183	143.5

## SUSTAINABILITY MEASURES

**CSI/Training spend** R17.8 million

**Number of employees** 1 436

## Kagiso Tiso Holdings Proprietary Limited (KTH)

KTH is a leading black-owned investment holding company with a strong and diversified asset portfolio comprising a mix of listed and private investments in the media, financial services, industrial, services and healthcare sectors.

KTH's contribution to Remgro's headline earnings for the year amounted to a profit of R80 million (2021: a loss of R182 million). The increase in KTH's headline earning for the year was driven

by a recovery of the Kagiso Media business units from the prior years impact of Covid-19 and improved share of results from associates, largely driven by Momentum Metropolitan experiencing strong growth and less severe impact of Covid-19 on earnings, and equity accounting that was caught up as a result of the reclassification of the investment in Aurora Wind Power Proprietary Limited back to investments in associates from IFRS 5 due to the disposal not being approved by the regulators. This was offset by negative fair value adjustment on the preference shares held in Momentum Metropolitan driven by the decrease in share price over the financial year.

Net finance costs for the period were R106 million (2021: R102 million).

KTH's attributable earnings for the year amounted to a profit of R47 million (2021: a loss of R426 million) due to the following:

- Revenue performance for the group improved compared to the prior year, driven by the Kagiso Media operating businesses showing recovery from Covid-19. This resulted in revenue being up 23% and Lupo Bakery Proprietary Limited achieving revenue growth of 18%.
- Share of results from equity accounted investments increased to R240 million profit (2021: a loss of R111 million) as a result of improved results from associates, largely driven by Momentum Metropolitan, and a recovery seen in Kagiso Media radio associates.
- Significant impairments were recognised at Servest due to a decline in the valuation as a result of changes made to the peer set and increase in the WACC driven by an increase in the risk free rate.
- The negative fair value adjustment on investments relates to the preference shares held in Momentum Metropolitan, whose share price has decreased.

In November 2021, KTH concluded the disposal of its majority interest in Kagiso Asset Management. At 30 June 2021 this investment was classified as non-current assets held for sale and discontinued operations.

At 30 June 2021, the investment in Aurora was classified as non-current assets held for sale and discontinued operations. In December 2021, regulatory approval was not met, and the transactions did not proceed. This investment was reclassified as an associate.

At 30 June 2022, the investment in Imvelo Concession Company Proprietary Limited and Actom Investment Holdings Proprietary Limited were classified as non-current assets held for sale and discontinued operations.

## Other diversified investment vehicles

### PRESCIENT

Effective interest

**45.0%**

### Prescient China Equity Fund (Prescient)

#### Profile:

Prescient, which uses a systematic, quantitative approach to seek long-term capital growth, invests in listed stocks in the Chinese market and is benchmarked to the Shanghai Shenzhen CSI 300 index.

**Website** [www.prescient.co.za](http://www.prescient.co.za)



MILESTONE CAPITAL  
麦顿投资

Effective interest

**28.1%**

### Milestone Capital III

#### Profile:

Milestone Capital III, based in mainland Hong Kong, is a China-focused private equity investment firm.

**Website** [www.mcmchina.com](http://www.mcmchina.com)

### invenfin

Effective interest

**100%**

### Invenfin Proprietary Limited (Invenfin)

#### Profile:

Invenfin focuses on smaller early-stage investments.

**Website** [www.invenfin.com](http://www.invenfin.com)

### PEMBANI • REMGRO INFRASTRUCTURE FUND

Effective interest

**16.2%**

### Pembani Remgro Infrastructure Fund (PRIF)

#### Profile:

PRIF is a fund focusing on private sector investment in infrastructure across the African continent.

**Website** [www.pembani-remgro.com](http://www.pembani-remgro.com)



ASIA PARTNERS

Effective interest

**6.5%**

### Asia Partners I LP (Asia Partners)

#### Profile:

Asia Partners makes private equity and private equity-related investments in technology or technology-enabled companies focused primarily on the Southeast Asia region.

**Website** [www.asiapartners.com](http://www.asiapartners.com)

# Media

Contribution to headline earnings	30 June 2022 R million	30 June 2021 R million
eMedia Investments	<b>145</b>	43
Other	<b>33</b>	10
	<b>178</b>	53



Effective interest

**32.3%**

## Profile:

eMedia Investments has a range of media interests, of which e.tv is the most significant. eMedia Investments is the only independent free-to-air television broadcaster in South Africa.

## CORPORATE INFORMATION

**Equity valuation at 30 June 2022** R2 284 million

**Unlisted**

**Chief Executive Officer** M K I Sherrif

**Remgro nominated directors**

H J Carse, N J Williams

**Website** [www.etv.co.za](http://www.etv.co.za)

## eMedia Investments Proprietary Limited (eMedia Investments)

Remgro has an effective interest of 32.3% in eMedia Investments that has a range of media interests, which include South Africa's only private free-to-air television channels (e.tv, eMovies, eMovies Extra, eExtra, eToonz and eReality), eNews Channel Africa (eNCA), free-to-air satellite platform Openview, Gauteng-based radio station, Yfm, and various studio facilities and production businesses.

eMedia Investments has a March year-end and, therefore, its results for the year to 31 March 2022 were included in Remgro's results for the year under review. eMedia Investments' contribution to Remgro's headline earnings for the period under review amounted to R145 million (2021: R43 million).

eMedia Investments' share of television audience grew to 34.1% (March 2021: 29.6%), while e.tv's share of prime time has increased from 20.3% to 23.4%. Further analysis of the group market share reveals an increase in both prime and non-prime time. The share ended at 31.8% and 34.1% respectively, making the group the biggest broadcaster in audience share in both categories in South Africa. This was driven by the performances of all the channel's daily shows, i.e. Imbewu, Scandal, House of Zwide and Durban General, as well as the launch of The Black Door. E.tv may well be affected by the analogue switch-off (ASO) facing the country but the group is confident that the audience share will be carefully managed. This position has been further buoyed by the fact that e.tv has succeeded in The Constitutional Court against the Minister of Communication, thereby effectively extending the ASO cut-off date to beyond 30 June 2022. eMedia acknowledges the importance of migrating from the analogue spectrum and will now engage the Minister to do this in a responsible and rational manner that will not deprive millions of household's access to television and will ensure e.tv's market share for the foreseeable future.

## FINANCIAL HIGHLIGHTS

**Year ended  
31 March 2022**

	R million	%
Revenue	<b>3 191</b>	<b>31.4</b>
Operating profit	<b>571</b>	<b>169.3</b>
Headline earnings	<b>451</b>	<b>241.7</b>

## SUSTAINABILITY MEASURES

**CSI/Training spend** R69 million

**Number of employees** 961

**BBBEE status** Level 2

**Environmental aspect**

Scope 1 and 2 emissions of 7 087 tonnes CO<sub>2</sub>e

There has also been an improvement in the ratings of the other six channels. eExtra, eMovies Extra and eReality rank in the top 15 of all satellite channels available in South Africa. This has been threatened by the fact that MultiChoice has not renewed the contract to carry four of the entertainment channels (eExtra, eMovies, eMovies Extra and eToonz) on certain of the Multichoice bouquets. This was taken to the Competition Commission, who ruled against the interim relief sought by the group. On appeal, the court overturned this decision with costs, ordering MultiChoice to reinstate the channels for a limited period of six months pending further investigation by the Competition Commission.

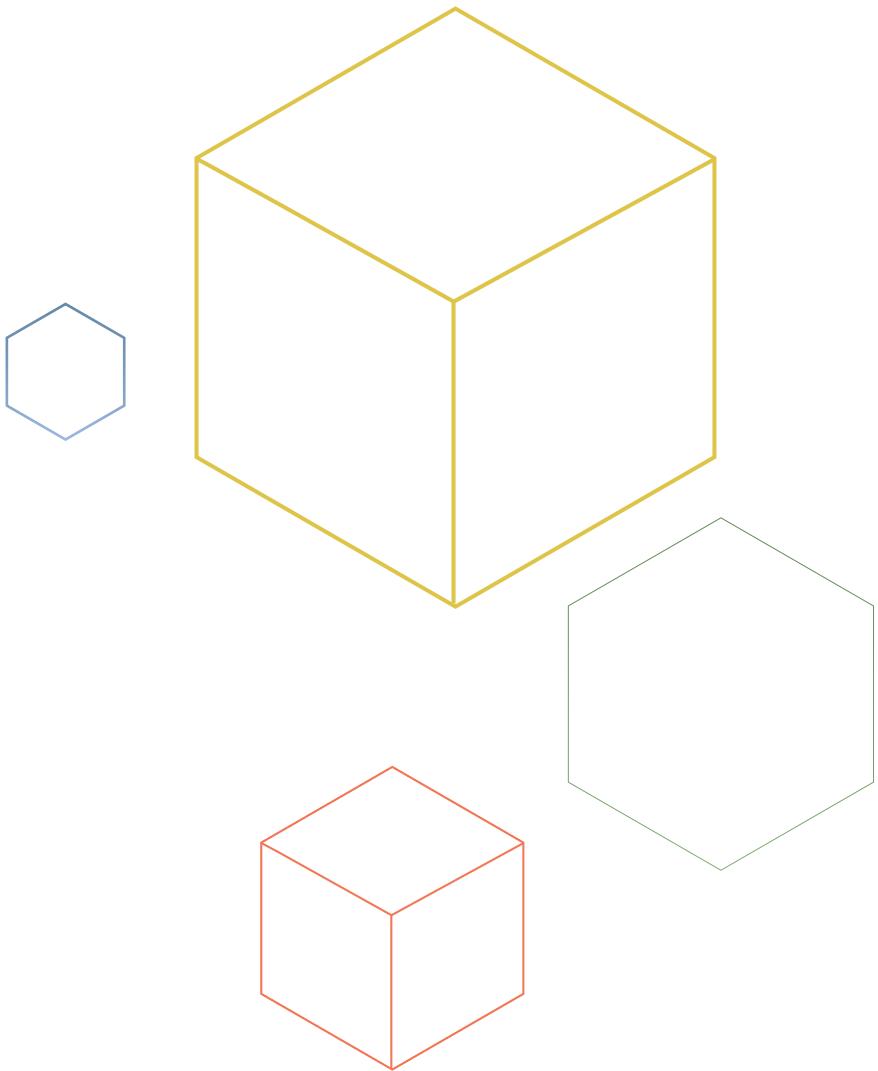
The Openview platform has increased the number of activated set-top boxes to 2 774 454 on 31 March 2022 (31 March 2021: 2 361 443), with approximately 1 200 daily activations. 60 000 units were activated in May 2022, with total activations approaching nearly three million households. Advertising revenue on the platform increased from R270 million in 2021 to R468 million in 2022.

eNCA continues to be the most watched 24-hour news channel in the country despite only being on the premium bouquets,

while the competitors are on all DStv bouquets. Through the pandemic eNCA has achieved its advertising revenue targets while its costs were well maintained. The group has secured a further five-year exclusive agreement with MultiChoice for the carriage of eNCA.

In August 2021 eMedia launched an over-the-top (OTT) service, eVOD which has been well accepted in its target market. The number of registered viewers to date has been very encouraging with the average daily minutes viewed in excess of 1 500 000. The eOriginals offering on eVOD is the leading audience generator on eVOD making the group bullish about investing a further R100 million in local original content.

The 2023 financial year will see the launch of a new "smart" set-top box with built in Wi-Fi allowing the group to be innovative with advertisement revenue. The group will also start construction of the state-of-the-art VFX studio in Hyde Park to produce premium local content to compete with international players. The group is also planning to enter the pay television market.



# Portfolio investments

Contribution to headline earnings	30 June 2022 R million	30 June 2021 R million
FirstRand	389	191
Other portfolio investments	55	56
	<b>444</b>	247



## FirstRand Limited (FirstRand)

### Profile:

FirstRand, through its portfolio of integrated financial services businesses comprising FNB, RMB, Wesbank, DirectAxis, Aldermore, MotoNovo, Ashburton Investments, and Motovantage, operates in South Africa, certain markets in sub-Saharan Africa, the United Kingdom, and India.

**Website** [www.firstrand.co.za](http://www.firstrand.co.za)

Effective interest

**2.5%**



## Discovery Limited (Discovery)

### Profile:

Discovery is a global, integrated financial services organisation that uses a pioneering Shared-value Insurance model across businesses to achieve the core purpose of making people healthier and enhancing and protecting their lives.

It's products range from health insurance, administration and managed care of medical schemes, life insurance, short-term personal and commercial insurance, long-term savings and investments, banking and behaviour-change programmes.

**Website** [www.discovery.co.za](http://www.discovery.co.za)

Effective interest

**7.7%**



## Momentum Metropolitan Holdings Limited (Momentum Metropolitan)

### Profile:

Momentum Metropolitan is one of South Africa's largest diversified financial services companies with listings on the JSE, A2X Financial Markets and Namibia Stock Exchange. Their business is about protection (life and non-life), investments and long-term savings and conducts the business through Momentum, Metropolitan, Guardrisk and Eris Properties brands.

**Website** [www.momentummetropolitan.co.za](http://www.momentummetropolitan.co.za)

Effective interest

**8.6%**

## Other portfolio investments



## British American Tobacco plc

### Profile:

Leading, multi-category consumer goods business, with the purpose to build a better tomorrow by reducing the health impact of the business through offering a greater choice of enjoyable and less risky products for the consumers.

**Website** [www.bat.com](http://www.bat.com)

Effective interest

**0.1%**

## Social impact investments

Contribution to headline earnings	30 June 2022 R million	30 June 2021 R million
Social impact investments	(20)	(66)



Effective interest

**50.0%**

### The Blue Bulls Company Proprietary Limited (Blue Bulls)

#### Profile:

Blue Bulls manages the Blue Bulls professional Rugby Union, Loftus Versfeld and certain amateur and management actions and activities of the Blue Bulls Rugby Union.

**Website** [www.bullsrugby.co.za](http://www.bullsrugby.co.za)



Effective interest

**100%**

### Stellenbosch Academy of Sport Proprietary Limited

#### Profile:

Stellenbosch Academy of Sport provides local and international sport teams and athletes with a world-class training and preparation environment.

**Website** [www.sastraining.co.za](http://www.sastraining.co.za)



Effective interest

**100%**

### Stellenbosch Football Club Proprietary Limited

#### Profile:

The Stellenbosch Football Club participates in the South African Premier Soccer League. The investment in the club enhances Remgro and Stellenbosch Academy of Sport's local community engagement.

**Website** [www.stellenboschfc.com](http://www.stellenboschfc.com)

## Treasury and management services

Contribution to headline earnings	30 June 2022 R million	30 June 2021 R million
Central treasury		
– Finance income	<b>224</b>	212
– Finance costs	(627)	(861)
Net corporate costs	(252)	(249)
	<b>(655)</b>	(898)

Remgro Finance Corporation Proprietary Limited

Remgro Healthcare Holdings Proprietary Limited

Remgro International Limited – Jersey

Remgro Management Services Limited

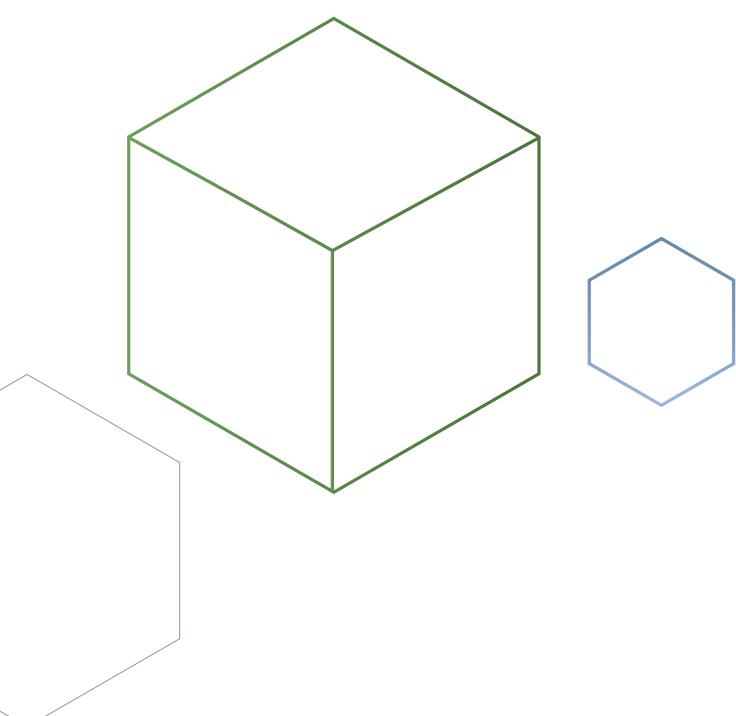
V&R Management Services AG – Switzerland

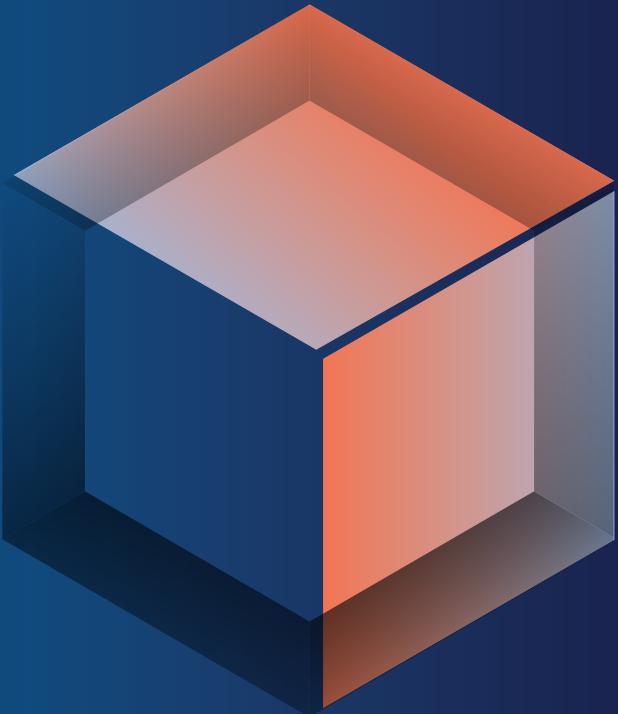
### Profile:

Responsible for Remgro's central treasury function as well as management and support services.

### Unlisted companies

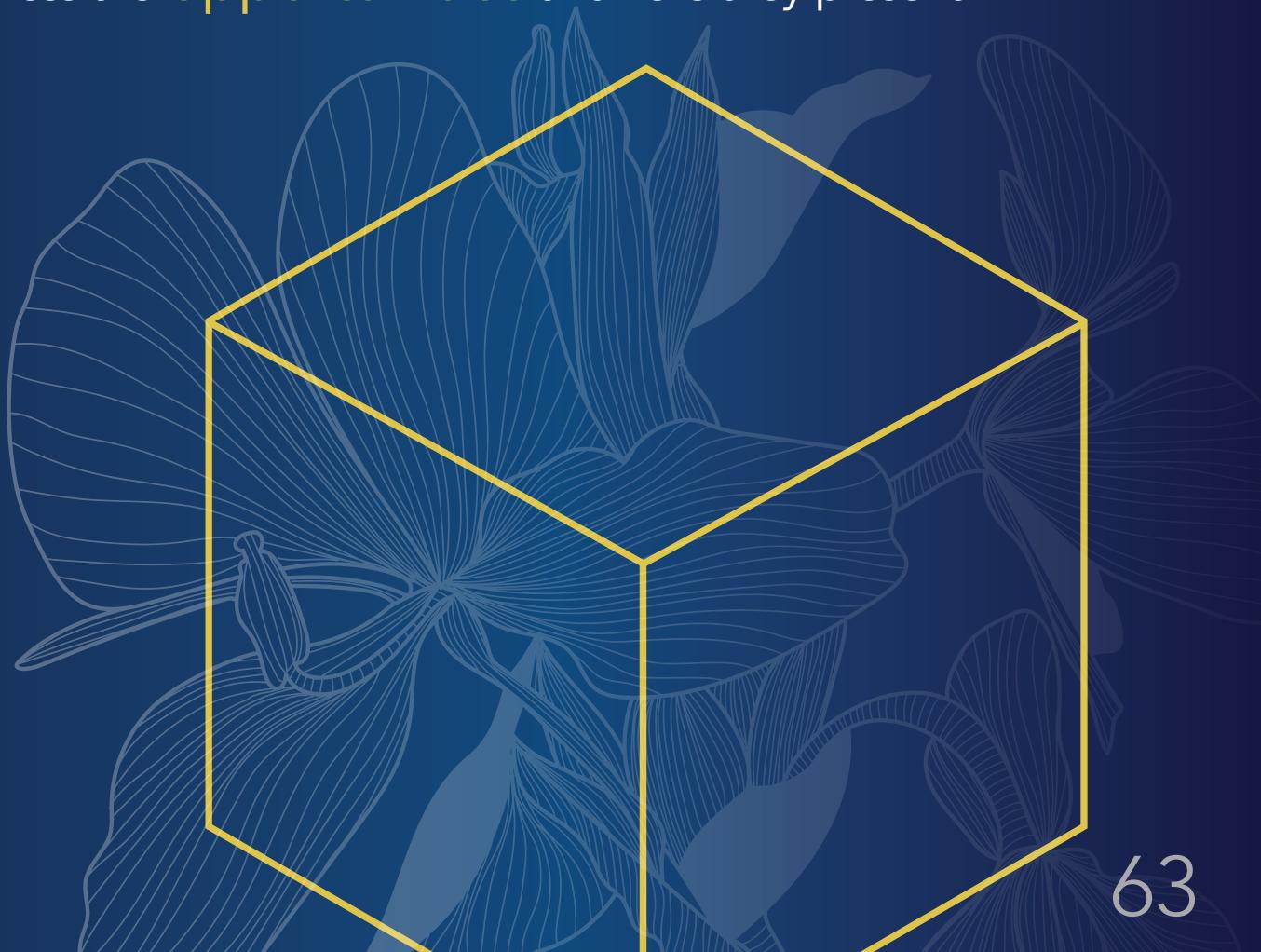
Finance income amounted to R224 million (2021: R212 million). This increase is mainly due to the increase in the South African repo rate. Finance costs is lower at R627 million (2021: R861 million) due to the redemption of the exchangeable bonds in cash on 22 March 2021. Other net corporate costs amounted to R252 million (2021: R249 million).





## ESG AND SUSTAINABILITY

Remgro is **committed** to developing an environmental, social and governance (ESG) strategy that reflects South Africa's **unique sustainability** challenges and to address the **opportunities** and risks they present.



# ESG and SUSTAINABILITY STRATEGY OVERVIEW

## Why we are doing this

Since its inception, Remgro has always strived to be a values-led business. These values continue to inspire and drive Remgro to act as a good corporate citizen for the benefit of all stakeholders.

Remgro believes that high standards of corporate responsibility build trust, make good business sense and are necessary in order to protect and enhance investment returns. Responsible and ethical business practices form the foundation for sustained shared value creation, environmental sustainability, long-term asset performance and the health (or wellbeing) of society at large.

As part of its responsibility to run its business sustainably, Remgro believes it must continue to align with the broader societal and environmental context to influence and enable solutions to some of the most pressing issues facing South Africa today. As the country walks the long road to recovery and rebuilding of the economy post-Covid-19, Remgro is committed to playing its part in creating a sustainable future and supporting South Africa's national endeavours to achieve the UN 2030 Sustainable Development Goals.

Remgro is committed to developing an environmental, social and governance (ESG) strategy that reflects South Africa's unique sustainability challenges and to address the opportunities and risks they present.

Remgro believes this will enable it to support the just sustainability transition in South Africa where it aspires to take a leadership role, by achieving better social and environmental impacts, but also to deliver enhanced prosperity for its own stakeholders, by anticipating and responding to these.

This means that we believe in enhancing socio-economic development for a more equitable and inclusive society that benefits from unlocking shared value creation.

Transformation and empowerment are critical to the future of South Africa. Remgro's focus on diversity, equality and inclusion is designed to attract, develop and retain the best talent through access to equal opportunities. By focusing on skills and talent development, Remgro aims to create an equitable working environment built on diversity and inclusion, enhancing the potential of people's livelihoods.

From an environmental perspective, addressing the urgent challenge of climate change and better managing the risks it already presents is an imperative for Remgro. Remgro is determined to support South Africa's commitments under the Paris Agreement, aligning with global industry metrics and best practice to do this, and continuing our ongoing work with our communities to support their efforts too.

Remgro will also be working with the companies in which it invests to address the impact of climate change, reducing exposure to risk and leveraging the market opportunities that present themselves.

Remgro seeks opportunities that minimise the adverse impacts and enhance the positive effects on the environment and all stakeholders, including employees and affected communities. As part of its strategy, Remgro intends to make efficient use of natural resources, protect the environment and support the reduction of greenhouse gas emissions in line with international and national policy goals and timetables.

## What we have achieved over the past year

When Remgro stated its commitment in 2021 to become a leader in the development of ESG and corporate sustainability in a South African context, the starting point was its own history of corporate citizenship.

Building on a track record of success in community initiatives in particular, and its long-standing principles for responsible and ethical business, Remgro has spent the last year focused on enhancing the development of its ESG and sustainability approach.

A range of activities has been undertaken to ensure Remgro has a strategy that reflects both its heritage and ambitions given the importance and urgency of addressing the transition to sustainability in South Africa.

This work will ensure that ESG and sustainability considerations are integral to the business and build on national and international best practice as it is further developed in years to come and put into effect.

### Governance and oversight

Remgro has established clear Board-level governance mechanisms, procedures and policies, and enhanced its capacity to develop and implement these in practice.

In 2021, Remgro established the Strategic ESG Committee, a Board sub-committee to provide oversight and guidance to the Remgro Board on the appropriateness, adequacy and effectiveness of Remgro's ambitions, strategy, management, operational resources and disclosures related to ESG.

The Strategic ESG Committee is supported by the Operational ESG Committee, responsible for ensuring the availability of appropriate resourcing and execution of Remgro's ESG strategy as it develops. Qualitative ESG measures have been incorporated into long-term incentive structures to incentivise and motivate management in driving Remgro's ESG strategy.

The Company has also undertaken materiality analyses and assessments of selected investee companies and established the ESG footprint of Remgro and these investee companies, which will inform priorities for action as the ESG strategy is rolled out.

### Investment management and stewardship

Remgro recognises the critical role of stewardship of its investments to support its ESG and sustainability strategy. As a key part of its decision-making on new and existing investments, Remgro has increased its focus on how it manages its assets and pursues investments in businesses with the aim to contribute to measurable positive social and/or environmental impact, alongside financial returns.

To this end, Remgro has reviewed its Investment Mandate and developed an Investment Policy and Investment Framework. The development of an investment framework that incorporates ESG considerations has placed its sustainability ambitions at the cornerstone of Remgro's investment decision-making.

Evaluation of ESG risks, impact considerations, value creation opportunities and sustainability have been purposefully integrated throughout the investment lifecycle to identify where sustainable value can be generated over the long term.

Remgro's investment managers and Investment Committee are now responsible for ensuring that the consideration of ESG issues is integrated into investment and management practices in collaboration with the Strategic ESG and Operational ESG Committees.

In support of its investee companies, Remgro will implement management systems which effectively address ESG risks, realise ESG opportunities and establish mechanisms for collaboration, sharing of ideas, information and best practice, with a view to achieving the greatest impacts from its efforts.

Remgro intends to make **efficient use of natural resources**, protect the environment and support the reduction of greenhouse gas emissions **in line with international and national policy goals** and timetables.



## Corporate Social Responsibility

Remgro has also continued its ongoing activities in this area, working with communities across South Africa to support their development and ensure that its own direct operations and activities reflect its goals in the area of ESG and Sustainability.

For more information on the Corporate Social Responsibility of the company, visit the Remgro website [www.remgro.com](http://www.remgro.com) for the full Sustainability Report.

### Future priorities

In the near term, Remgro's focus is on embedding ESG strategically and operationally into the business and in the stewardship of its investments to create sustainable stakeholder value. It is committed to achieving this by encouraging consistent standards across Remgro and its investee companies that achieve common and collective ESG and sustainability goals.

Remgro recognises that to be a responsible business steward, it must work with all its investee companies on this critical agenda to secure greater environmental sustainability and enhance socio-economic development that enables more inclusive growth and unlocks shared value.

Remgro will be working with its investee companies to encourage and influence implementation across its sustainability initiatives to deliver greater impact and scale through coordinated, consistent solutions, as well as enhanced transparency through the application of relevant standards.

Remgro's best practice of stewardship includes the creation of a schedule to measure its ESG progress, reporting against defined targets and metrics. As part of this process, Remgro will strive to influence the businesses in which its capital is invested to commit to continuous improvements of ESG, particularly regarding environmental and social matters, and work to apply relevant global and industry best practice with appropriate targets, timetables and disclosures to achieve them.

Remgro will also work with other stakeholders and experts to ensure that its investments, strategy and business operations reflect its goal to create a sustainable and more equitable future in South Africa.

## Tracking progress

A key component of Remgro's ESG strategy is to provide transparent and accurate disclosures on its metrics and the improvements made against internationally recognised standards.

Remgro has put in place plans, policies and procedures to ensure its investments work to these ends and will engage with its colleagues, partners and other stakeholders on this important journey.

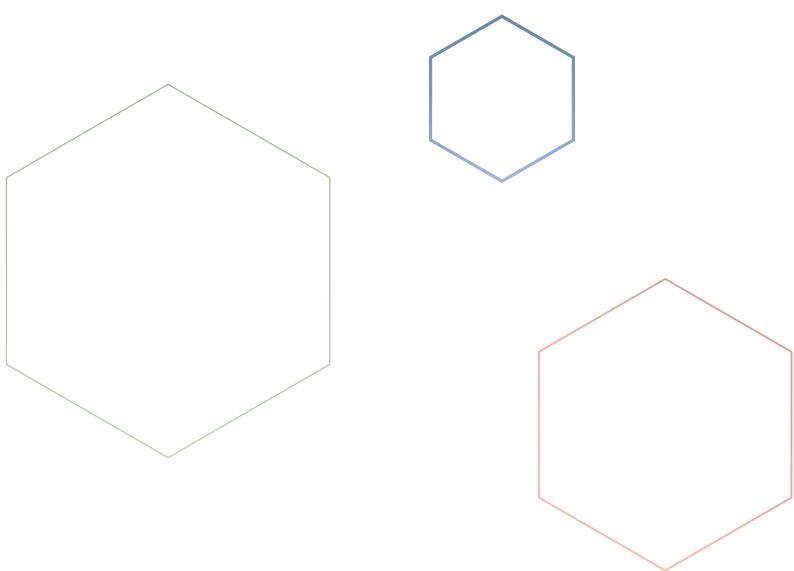
Further developments of Remgro's ESG strategy in the coming year include establishing priorities and metrics for performance assessment. These will be determined with reference to the Principles for Responsible Investment (PRI), the International Finance Corporation (IFC) Environmental and Social Performance Standards, the emerging International Sustainability Standards Board (ISSB) work, BBBEE and other appropriate South African frameworks relevant to environmental, social and community developments.

By seeking to align with the Task Force for Climate-Related Financial Disclosures (TCFD) framework to address climate change effectively across its entire portfolio, the continued ambition will be to minimise investment risk and maximise opportunities from the transition.

Remgro will develop a common set of metrics and targets to better link opportunities between financial performance indicators and climate-related risk mitigation practices. This will be embedded across its value chain activities throughout the organisation and investee companies' ecosystems to influence progress towards the Paris Agreement's zero net emissions goal.

Remgro will continue to set goals that will enable a solid governance foundation to enable Remgro and its investee companies to develop ESG objectives that will support its ambition to become a leader in the development of ESG and corporate sustainability in a South African context. This is imperative to ensure Remgro continues to move forward along its ESG journey and makes a meaningful, practical and sustainable impact that contributes to how it fulfils its purpose.

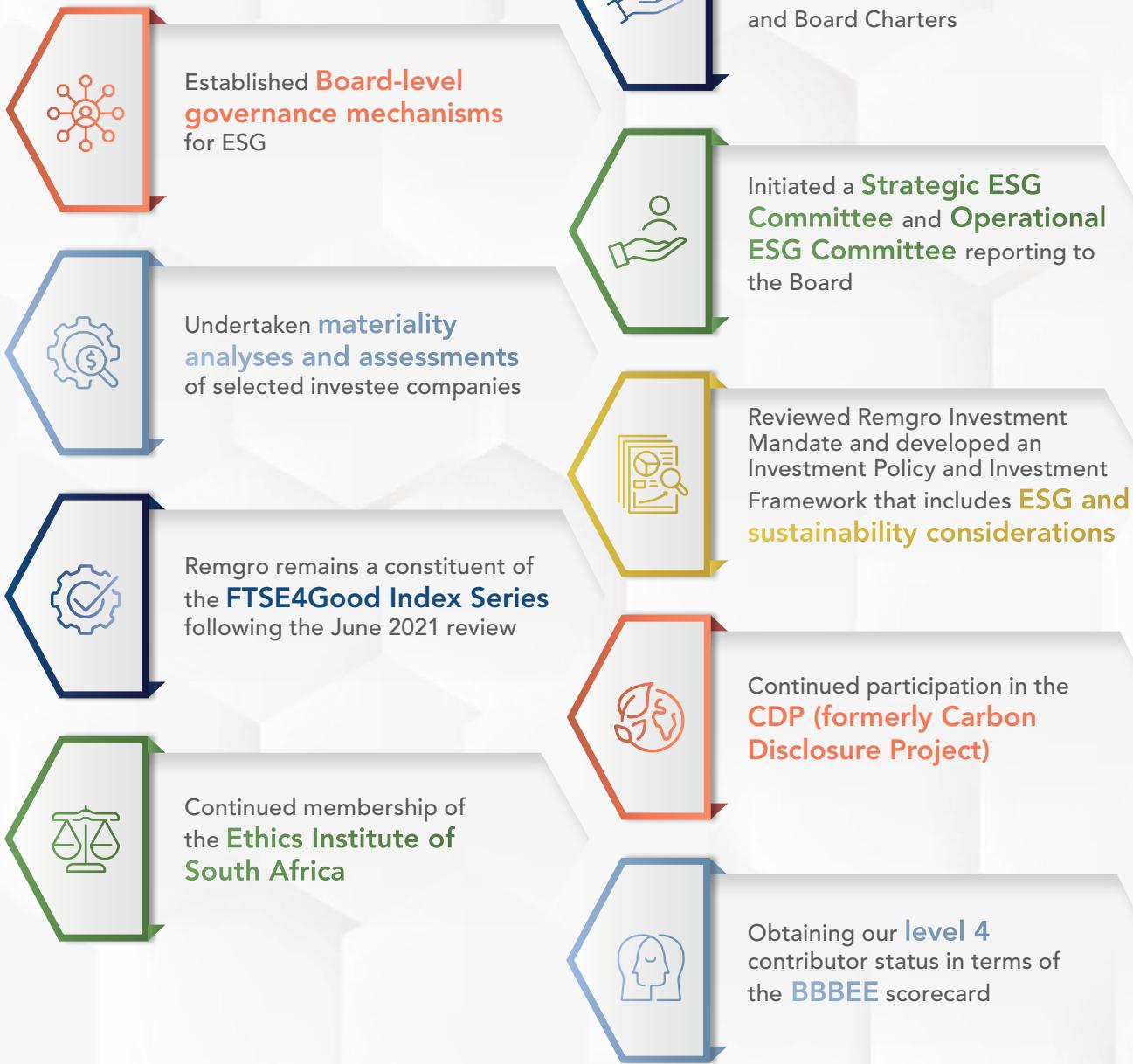
Remgro will ensure that its **investments, strategy and business operations reflect its goal** to create a sustainable and more equitable future in South Africa.



# ABRIDGED SUSTAINABILITY Report

Integrating **ESG principles** into Remgro and its investee companies isn't just the **right thing** to do. It is a **moral** and **business imperative** to **unlock sustainable** stakeholder value.

## Sustainability highlights



View the full Sustainability Report online at [www.remgro.com](http://www.remgro.com).



## Introduction

Since its inception, Remgro has always strived to be a values-led business. Remgro's value system incorporates the guidelines for doing business successfully drawn up by its founder, Dr Rupert, nearly 60 years ago. These values include the following:

- **Honesty** – because it lasts the longest
- **Correctness** – because it creates trust with friends and opponents
- **Courtesy** – which means dignity without pride and friendliness without subservience
- **Service** – in every respect to your client, your fellow human being, your country
- **Mutual support** – so that you push others up the ladder of success while climbing yourself, because if you pull others down, you will also fall
- **Trust** – the belief that all will work out well if everyone is doing their duty
- **Accountability** – that people are responsible for their actions and the diligence wherewith they administer the Company's assets and information
- **Diversity** – to build partnerships with people from a range of different genders and social and ethnic backgrounds

Remgro believes that these values incorporate the spirit in which it strives to be a good corporate citizen to create sustainable shared value for the benefit of all stakeholders. From the above it is evident that the three pillars of sustainable development, namely economic, social and environmental sustainability practices, have always been part of Remgro's integrated system of values and, flowing therefrom, Remgro acknowledges its social and environmental responsibility. Remgro also believes in enhancing socio-economic development to create a more equitable and inclusive society.

Remgro intentionally interacts and responds to the opportunities and challenges presented by the dynamic system created by these three pillars and its stewardship of the capital at its disposal, including the financial, manufactured, intellectual, human, social and relationship and environmental capitals.

## Combined assurance

Assurance output	Business processes assured	Provider
Independent external auditor's report	Financial reporting	PricewaterhouseCoopers Inc.
Internal audit reports	Risk-based selection of audit areas	Remgro risk management and internal audit
Internal risk and opportunities management	All key business risk and opportunities areas	Internal management reviews, assisted by Remgro risk management and internal audit
BBBEE contributor verification	Broad-based black economic empowerment	AQRate Proprietary Limited
External calculation of carbon footprint	Carbon footprint calculation	Carbon Calculated, assisted by an independent consultant
Safety, Health and Environmental procedures	Occupational, Health and Safety Act (No. 85 of 1993) and related compliance	EHS Green Leaf Consultancy

Remgro is fully committed to managing its business sustainably and upholding the highest standards of ethics and corporate governance practices. While corporate governance, risk and opportunities management and technology and information governance are addressed in the Corporate Governance and Risk and Opportunities Management Reports, the Sustainability Report provides a better understanding of how Remgro is aligning with the broader societal and environmental context to developing an ESG strategy that supports South Africa in achieving a more sustainable future through more positive social and environmental impacts. Refer to the sustainability highlights on the previous page for Remgro's external recognition and achievements during the reporting period in this regard.

## Remgro's principles

As a business steward of the companies in which it invests, Remgro is fully committed to managing its business sustainably and upholding the highest standards of ethics and corporate governance practices. Remgro's investee companies are encouraged to develop and implement such company policies, procedures, training and internal reporting structures to reflect the expression of their commitment to these principles throughout their organisations.

As part of this stewardship role, Remgro acknowledges its social and environmental responsibilities and has incorporated ESG considerations into its investment framework. This has been undertaken with the aim of encouraging the businesses where Remgro capital is invested to make continuous improvements in ESG that achieve sustainable value in the long term.

Accordingly, investee companies are influenced and encouraged to:

- Align with Remgro's values and purpose to create sustainable stakeholder value.
- Adopt sustainable behaviour through ESG principles that contribute to measurable positive social and/or environmental impact alongside financial returns.

- Respect and commit to their support for universal human rights and, particularly, those of their employees, the communities within which they operate, and parties with whom they do business.
- Promote equal opportunity for their employees at all levels of the Company with due sensitivity to issues of colour, race, gender, age, ethnicity or religious beliefs, and to eschew any conduct that could manifest in the exploitation of children, physical punishment, female abuse, involuntary servitude, or other forms of abuse.
- Respect their employees' rights to freedom of association.
- Compensate their employees fairly so as to enable them to meet at least their basic needs and to provide them opportunities to improve their skills and capabilities to raise their standard of living.
- Provide a safe and healthy workplace; protect human health and the environment; and promote sustainable development.
- Promote fair competition including respect for intellectual and other property rights, and not offer, pay or accept bribes.
- Work with governments and communities in which they do business to improve the quality of life in those communities particularly with respect to their educational, cultural, economic and social wellbeing.
- Provide affordable medical support to all employees.
- Promote the application of these principles by those with whom they do business.

## External assurance

We acknowledge the increasing requirements from investors and regulatory and other guidelines, such as the King IV Report on Corporate Governance for South Africa (2016) (King IV) and the integrated reporting guidelines, for the external assurance of selected non-financial information. We further acknowledge our accountability to our stakeholders to present information that is relevant, accurate and reliable. In this regard it should be noted that Remgro follows a combined assurance model, incorporating management, internal audit and external assurance (e.g. BBBEE scorecard verification, CDP (formerly Carbon Disclosure Project) verification), as illustrated in the table on page 69. We believe that these assurance methods provide the necessary assurance over the quality and reliability of the information presented. The different options and levels of external assurance available are continuously being reassessed to determine the way forward on external assurance.



## Management's approach to sustainability

Remgro's Board is ultimately accountable for the performance of the Company, appreciating that strategy, risk, performance monitoring and sustainability are inseparable. Remgro's ESG performance and improvement is now monitored at Board level and by its Strategic ESG Committee. The implementation of an ESG Charter and governance structures provides strategic direction and oversight in support of Remgro's commitment and that of its investee companies to ESG. The Strategic ESG Committee works in conjunction with the Audit and Risk Committee, assisted by the Social and Ethics Committee. The role and function of these committees are dealt with in more detail in the Corporate Governance Report and the Social and Ethics Committee Report on pages 78 and 132 respectively.



## Ethics, competition and compliance

### Ethics

The Board believes that ethical behaviour stems from appropriate value systems inherent to the people in the Company's employ as directed and supported by visual ethical leadership and a value-driven corporate culture. Leadership based on ethical foundations results in a culture of ethical and moral behaviour and compliance with laws, rules, codes and standards. The Board therefore retains the responsibility to establish and maintain a culture of honesty, integrity, competence, transparency, fairness, responsibility and accountability in order to position the Company as an investment partner of choice that strives to create sustainable stakeholder value over the long term. This is underscored by ethical leadership as ethics cannot be regulated but stems from personal conviction.

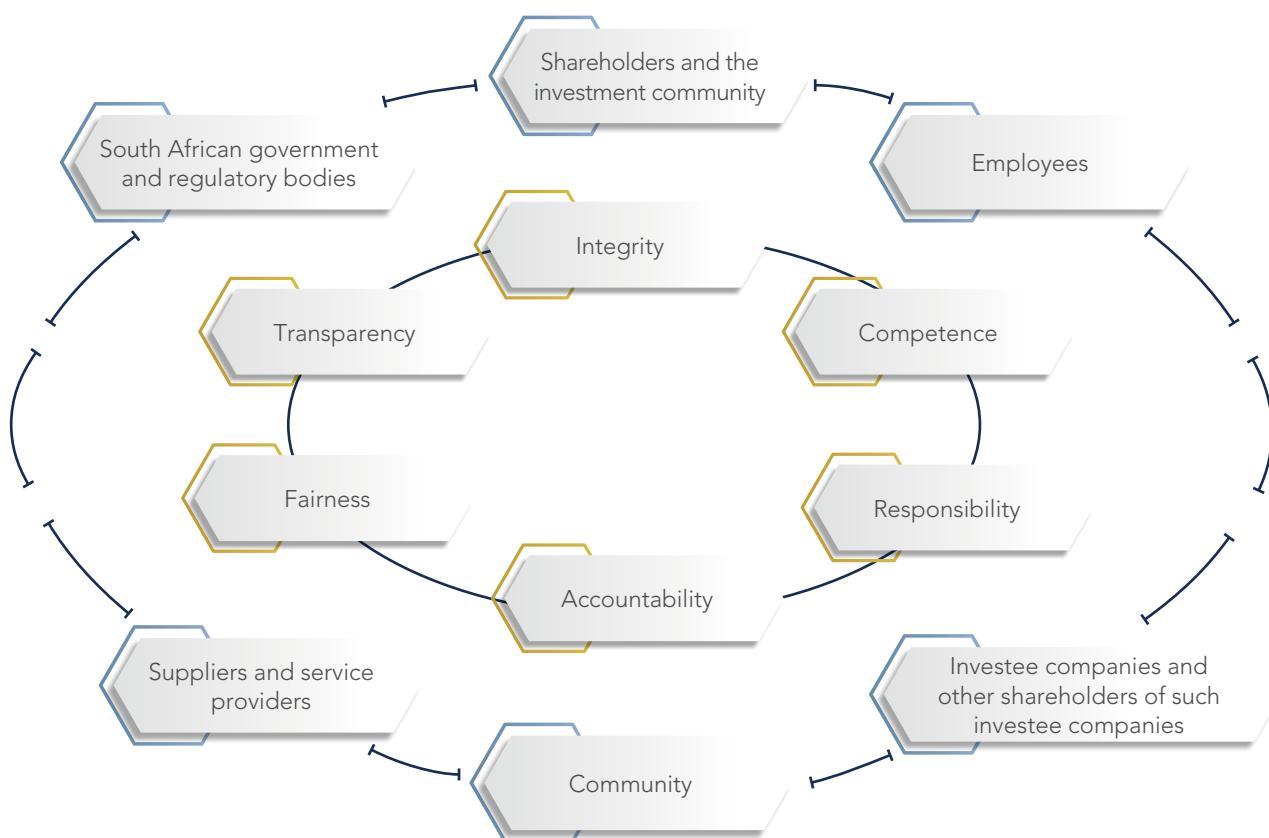
In this regard the Company has adopted a Code of Ethics (the code) that provides a framework of ethical practices and business conduct that is applicable to all directors and employees. The code is available to all employees on Remgro's in-house intranet and a copy is provided to all new employees. The code as well as a formal Gifts Policy also provide strict policies regarding gifts, invitations or favours received from suppliers or any other parties. The offering of favours and/or gifts to gain unfair commercial advantages is also strictly prohibited.

Remgro furthermore requires ethical behaviour from its suppliers and business partners and ensures that terms of trade and related agreements enforce ethical behaviour along with responsible environmental consumption and compliance with legislation enshrining human rights.

The Audit and Risk Committee monitors compliance with the code and addresses among other things, any instances of fraud or irregularities that may arise. The Company has an effective fraud prevention and detection process and ensures compliance and risk mitigation. No material investigations involving Remgro, its employees or officers were conducted during the reporting period.

The Company has implemented an **Ethics hotline** to enable any employee or other stakeholder to report knowledge of perceived and alleged irregular or unethical behaviour in a confidential and controlled environment. The Ethics hotline is managed by an independent third party and is available on a 24-hour basis. During the year no alleged incidents involving Remgro, its employees or officers were reported. There was, however, a noted increase in the number of incidents where external criminal activity targeted the illegal use of the Company name, including that of some of its officers and directors in scams to exploit unsuspecting victims. Whilst this trend is commensurate to crime statistics and forensic publications and surveys on cyber-based crime, fraud and crime prevention responses by Remgro included pro-actively flagging this risk on the Remgro website and scanning for such incidents in order to alert potential victims. In addition the Company registering criminal complaints with SAPS and is supporting investigations where possible. Where calls may be received which relate to alleged irregularities at investee companies, the system provides for those to be directed to the appropriate governance structures at the respective investee companies via the Remgro representatives serving on the boards of these companies.

## Stakeholders and values



**Remgro Ethics hotline 0800 222 536  
or email [remgro@tip-offs.com](mailto:remgro@tip-offs.com)**

### Competition

The Company supports and adheres to the relevant competition and anti-trust laws applicable in the various jurisdictions in which Remgro operates. During the year under review no enquiries regarding anti-competitive, anti-trust or similar conduct were received which resulted in fines being levied.

### Compliance

During the year under review there were no material incidents of non-compliance with any laws, regulations, accepted standards or codes, and no fines were imposed in this regard.

In addition, there were no incidents of infringement of any human rights or environmental malpractices reported or identified.

### Stakeholder relations

Our relationship with all our stakeholders is based on the following values that are entrenched and supported by Remgro's Code of Ethics, and which values assist the effective leadership by the Remgro Board in achieving strategic objectives and positive outcomes over time:

- **Integrity** – in acting ethically beyond mere compliance
- **Competence** – in ensuring due care, skill and diligence are exercised
- **Responsibility** – for the assets and actions of the Company

- **Accountability** – for justifying its decisions and actions to shareholders and other stakeholders
- **Fairness** – in considering the legitimate interest of stakeholders
- **Transparency** – in disclosing information in a manner that enables stakeholders to make informed decisions about the Company's performance, monitoring, improvements and ESG and Sustainability

Remgro's Board is the ultimate custodian of its corporate reputation and stakeholder relationships. In this regard a formal Stakeholder Policy sets out the approach and framework for Remgro with respect to stakeholder engagements, ensuring that the approach takes into account appropriate corporate governance guidelines.

Remgro utilises a wide variety of communication methods to ensure that its communication with stakeholders is clear and understandable, as well as transparent, balanced and truthful, and sets out all relevant facts, whether positive or negative. Care is taken to ensure that engagement with stakeholders is, where appropriate, not just one-way communication but constructive, partnership-based engagement. This ensures that all legitimate stakeholder expectations are identified and addressed as far as possible.

Remgro, like other organisations, has an economic impact on its stakeholders through, among other things, the generation and distribution of shared value, the creation of employment opportunities, remunerating employees fairly and competitively, and our corporate social investment. Stakeholders are continuously engaged on matters relevant to them, as reported on elsewhere in this report.

## Shareholders and the investment community

In pursuing its primary objective to maximise value creation and sustainable growth, Remgro takes particular care to ensure that all shareholders, or classes of shareholders, are treated equitably. Special care is taken to protect minority shareholders from actions by or in the interest of the principal shareholder that may be to their detriment. In this regard the Lead Independent Director acts as chairman during meetings in situations where the independence of the existing chairman may be potentially conflicted.

Communication with investors is based on the principles of timely, balanced, clear and transparent information. In this regard the investment community has access to the same information as Remgro shareholders. Firm protocols are in place to control the nature, extent and frequency of communication with investors. Shareholders and the investment community are encouraged to attend Remgro's Annual General Meetings where topical matters are discussed openly. Further interactions with institutional investors take place at least twice a year at the dial-in interim and final results presentations, where questions can be directed to the Chief Executive Officer and Chief Financial Officer. Outside of these, the management team from time to time participates in our investor platforms where focused engagements are held in order to ensure alignment with our investor community and that the Remgro equity story is widely understood and reflected in prevailing capital markets valuations. We aim to continually improve on our communication, messaging and disclosure as a catalyst to enable our shareholders to understand management's view on value. We believe transparent communication also better positions us to enlist wider institutional coverage and in turn provide us increased visibility to international capital markets for greater investment. We, however, remain disciplined to balance our need to communicate with the investor community with the need to avoid information asymmetry and to ensure compliance with relevant disclosure requirements and regulations in terms of the Listings Requirements of the JSE Limited (JSE). To this end, our shareholders and the investment community at large are encouraged to contact our Remgro investor relations manager directly for any investor-related queries. The investor relations contact details are available on the investor segment of the Company's website.



The most recent and historic financial and other information is published on the Company's website at [www.remgro.com](http://www.remgro.com).



**Figure 1**

## BBBEE scorecard

Element	Indicator	Weighting	Score
Equity ownership	Percentage share of economic benefits	25	20.10
Management control	Percentage black persons in executive management and/or executive board committees	19	9.42
Skills development	Skills development expenditure as a proportion of total payroll	20	11.56
Enterprise and supplier development	Procurement from black-owned and empowered enterprises as a proportion of total assets, as well as the average value of supplier development and enterprise development contributions as a percentage of net profit after tax	40	33.97
Socio-economic development	Corporate social investment for the benefit of black persons	5	5.00
<b>Total score</b>		<b>109</b>	<b>80.05</b>

## Employees

In order for Remgro to be able to achieve its main objectives it is essential to attract and retain employees of the highest calibre. Remgro's focus on diversity, equality and inclusion is designed to attract, develop and retain the best talent through access to equal opportunities, whilst creating an equitable working environment.

Our employees are treated fairly and remunerated competitively and Remgro strives to afford all staff the opportunity to realise their full potential. During corporate actions special care is taken to ensure that employees belonging to the Remgro Equity Settled Share Appreciation Right Scheme, Share Appreciation Rights (SAR) Plan and Conditional Share Plan (CSP) are not treated more favourably than ordinary shareholders.

Since Remgro is an investment holding company with a small staff complement at head office level, communication with employees is generally kept informal and is conducted through a variety of channels, including email updates, the in-house intranet, Remgro website, information sessions, digital conferences and notice boards. Care is taken that all communication with shareholders is also communicated to employees.

The Company follows a "Staying Future Fit" (SFF) change management programme focusing on a number of specifically identified initiatives identified through employee focus groups. These initiatives *inter alia* included the following:

- Workshops on diversity, inclusivity, trust and teamwork
- Targeted functional and leadership development
- Formalised and efficient communication channels
- Robust personal development and performance management processes

Prior to the Covid-19 lockdown, the SFF journey gained a lot of momentum and many of the initiatives were either implemented or are in the process of being finalised for implementation. During the lockdown the Management Board and senior management started with a process to enhance the SFF change management programme to support and grow the Company post the RMH Unbundling and the Covid-19 pandemic. These changes were finalised and rolled-out in the Company during the last two years.

## Investee companies and other shareholders of such investee companies

Remgro's performance is directly linked to that of its underlying investee companies and, accordingly, as part of its stewardship role, communication with these entities and co-shareholders is regarded as very important. Relationships with investee companies are managed principally through board representation, with Remgro directors or senior management acting as non-executive directors on the investee companies' boards. These representatives interact with the directors and senior management of investee companies at investee companies' board meetings and on an ongoing basis throughout the year as necessary. Representatives of investee companies are encouraged to arrange to meet with Remgro senior management to discuss their business. All dealings with co-shareholders in the investee companies are done fairly in terms of the underlying shareholders' agreements and Remgro strives to add value to these investments.

## Community

Corporate citizenship, the commitment of a business to contribute to sustainable economic development, endorses the principle that no business exists in isolation but undeniably forms an integral part of the environment in which it operates and to which it owes certain responsibilities.

In its relationship with the community Remgro strives to be a value partner and, in this regard, its involvement in the community focuses on eradicating the effects of poverty and investing in young people from disadvantaged communities in the belief that such an investment will provide sound dividends far into the future. Remgro's corporate social investment initiatives and donations are discussed in more detail in the detailed Sustainability Report published on the Company's website at [www.remgro.com](http://www.remgro.com).



## Suppliers and service providers

Remgro believes in building long-term partnerships with service providers through establishing a relationship of mutual trust and respect. Various criteria play a role in selecting suitable service providers, such as compliance to quality standards, the stability and proven track record of the organisation, BBBEE status and available support network.

As part of ensuring alignment of its service providers with Remgro company values, Remgro has implemented a process to ensure that Service Level Agreements with key suppliers reflect its expectations regarding environmental responsibility, compliance with human rights and anti-corruption policies.

Since Remgro is an investment holding company, it has been determined that its cost structure be constantly measured against that of unit trusts to ensure that its shareholders are not prejudiced. As part of managing corporate costs, good relationships are maintained with suppliers and service providers.

## South African government and regulatory bodies

An open and honest relationship is maintained with the Government and relevant regulatory bodies. In this regard engagements are on an *ad hoc* basis as and when the need arises, and are usually in the form of formal meetings or filings. Regulatory bodies such as National Treasury, the South African Reserve Bank (SARB), the Competition Commission,

the Transaction Review Panel and the JSE are kept up to date regarding corporate actions in accordance with all applicable laws and regulations. Annual meetings are held with the SARB in order to keep them up to date regarding Remgro's offshore activities.

## Broad-based black economic empowerment (BBBEE)

### Introduction

The Board believes that BBBEE is a social, political and economic imperative and it supports and encourages the Company's subsidiaries, associates and joint venture initiatives in this regard. To the extent that Remgro's subsidiaries, joint ventures and associates implement BBBEE, Remgro's shareholders effectively participate in BBBEE initiatives and the associated benefits and costs thereof.

Remgro measures its BBBEE status against the generic scorecard criteria set by the Department of Trade, Industry and Competition. In terms of the latest assessment of Remgro's BBBEE status performed during September 2022, Remgro obtained a score of 80.05 (2021: 78.60), thereby obtaining a level 4 contributor status. The details of the assessment are fully set out in Figure 1 on the previous page and includes the BBBEE initiatives of Remgro's main independent operating subsidiaries, Distell Group Holdings Limited (Distell), RCL Foods Limited (RCL Foods), Siqalo Foods Proprietary Limited (Siqalo Foods) and Wispeco Holdings Proprietary Limited (Wispeco).

### Equity ownership

Verification of BBBEE ownership is governed by the amended Codes of Good Practice on BBBEE, which were gazetted on 11 October 2013 in terms of Section 9(1) of the Broad-Based Black Economic Empowerment Act (No. 53 of 2003).



It should be noted that black ownership would be included in the shareholdings in Remgro held by institutional investors (refer to page 163 of the Integrated Annual Report where Remgro's major shareholders are disclosed). An annual exercise is undertaken to determine and, accordingly, include the indirect black ownership through these mandated investments. Furthermore, the provisions of Code Series 100, Statement 102 – Recognition of Sale of Assets, as well as the exclusion of foreign operations, are also taken into account.

Remgro's equity ownership score is as follows:

Verified equity ownership score	Target score	30 June 2022	30 June 2021
Voting rights black people	4.00	<b>3.51</b>	3.68
Voting rights black women	2.00	<b>2.00</b>	2.00
Economic interest black people	4.00	<b>3.54</b>	3.56
Economic interest black women	2.00	<b>2.00</b>	2.00
Economic interest of broad-based ownership schemes	3.00	<b>3.00</b>	3.00
Black new entrants	2.00	–	–
Net value	8.00	<b>6.05</b>	6.06
	25.00	<b>20.10</b>	20.30

**Figure 2****Summarised employment equity report (as at 30 June 2022)**

<b>Occupational levels</b>	<b>Male</b>				<b>Female</b>				<b>FN</b>		<b>Total</b>	
	<b>A</b>	<b>C</b>	<b>I</b>	<b>W</b>	<b>A</b>	<b>C</b>	<b>I</b>	<b>W</b>	<b>M</b>	<b>F</b>		
Top management	-	1	-	3	-	-	-	1	-	-	5	
Senior management	-	2	-	15	1	-	1	3	-	-	22	
Professionally qualified and experienced specialists and mid-management	-	1	2	16	3	5	-	8	-	-	35	
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	3	9	-	12	3	12	1	24	-	-	64	
Semi-skilled and discretionary decision-making	19	20	-	-	3	7	-	-	-	-	49	
<b>Grand total</b>	<b>22</b>	<b>33</b>	<b>2</b>	<b>46</b>	<b>10</b>	<b>24</b>	<b>2</b>	<b>36</b>	<b>-</b>	<b>-</b>	<b>175</b>	

A | African C | Coloured I | Indian W | White FN | Foreign Nationals M | Male F | Female

Although Remgro's BBBEE score includes the initiatives of Distell, RCL Foods, Siqalo Foods and Wispeco, the discussion below regarding the other elements of the generic scorecard criteria only relates to the activities at Remgro's head office in Stellenbosch. For more detail regarding the BBBEE initiatives at investee company level, refer to the section "BBBEE at investee companies".

### Management control

The Board transformed over time, with six of the 11 non-executive directors (55%) being black persons. On Management Board level, one of the five members is a black person.

### Employment equity

Employment equity represents Remgro's most significant transformation challenge. A five-year Employment Equity plan is submitted to the Department of Employment and Labour where Remgro's transformation objectives are set out in detail. Progress against this five-year plan is reported on annually to the Department of Employment and Labour. Although efforts are focused on improving the Company's black representation at management level, low staff turnover and limited organic growth remain limiting factors. More detail regarding employment equity is presented on page 75.



Remgro's summarised employment equity as at 30 June 2022 is presented in Figure 2 above and sets out the distribution by race of permanent employees per occupation level.

### Skills development

Remgro complies with the requirements of the Skills Development Act (No. 97 of 1998) in terms of which a fixed percentage of its payroll is paid as a training levy to the South African Revenue Service. An annual report concerning all the training which has taken place in the Company is also submitted to the relevant SETA.

### Preferential procurement

As Remgro is not an operating company it has a small procurement function and its procurement profile is characterised by a high service component as opposed to materials purchased. Although the procurement function is small, Remgro strives to make use of BBBEE accredited vendors (level 3 and better) as far as possible.



### Enterprise and socio-economic development

A considerable amount of time and resources are spent internally on business development and corporate social investment (CSI) initiatives. Further details regarding the Company's CSI initiatives are provided on page 76.



### BBBEE at investee companies

Remgro monitors and contributes to its investees' BBBEE performance and improvement through its board representation and participation, and facilitation of corporate actions in these investee companies. The BBBEE status of Remgro's investee companies is presented in the "Investment reviews" section on page 40 of the Integrated Annual Report.



Further details regarding the BBBEE status of Remgro's operating subsidiaries are provided in the section dealing with "Sustainability at operating subsidiaries" in the detailed Sustainability Report published on the Company's website at [www.remgro.com](http://www.remgro.com).



## Our people

### Employee composition

Remgro believes that the quality of its staff represents an important sustainable advantage. Being an investment holding company, it has a relatively small staff complement, with only 175 people being employed as at 30 June 2022 (2021: 173 employees). Refer to Figure 3 on the next page where

more detail regarding the composition of our employees by race, gender and age is illustrated.

For the year under review, Remgro's employee turnover rate was 8.0%, compared to 5.2% for the comparative year to 30 June 2021. The turnover rates were calculated by using the total number of employees at year-end. When considering resignations only (thus avoidable employee turnover), the above numbers reduce to 4.0% for 2022 and 1.7% for 2021.

## Recruitment and selection policy

In order to ensure that Remgro remains an investment partner of choice it is imperative to attract, select and retain employees of the highest calibre. The Company recruitment and selection process is designed not to judge a candidate by his/her inherent characteristics that could lead to discrimination against employees or applicants based on gender, race, religion or any other factor as defined in employment legislation.

## Employment equity

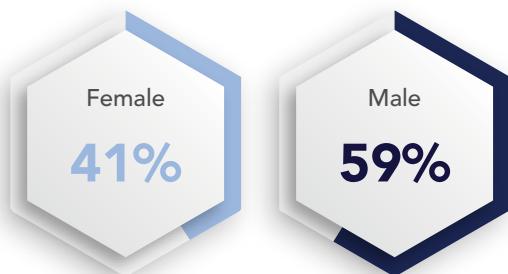
Remgro endorses the principles of the Employment Equity (EE) Act (No. 55 of 1998) and in this regard its Employment Equity Policy strives to offer equal opportunities to all employees and aims at identifying suitable individuals and developing and compensating them in line with their performance, dedication and experience. Special attention is given to those groups which, for historic reasons, may fit the criteria of "previously disadvantaged persons".

The current EE plan was developed and duly approved following robust engagement through well-established consultative EE Forum and steering committee structures. Despite the numerous challenges through the Covid-19 lockdown period to meet at regular intervals, our approved plan continues to be actioned and we are well positioned to continue with the implementation of the qualitative and quantitative objectives of the plan. Annually, progress against the plan is reported to the Department of Employment and Labour and the Social and Ethics Committee.

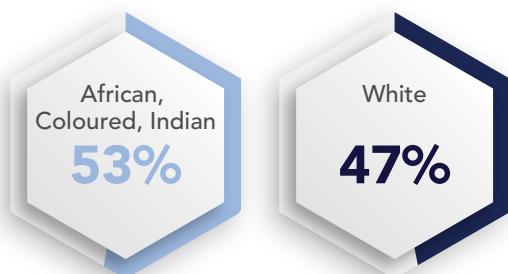
The current five-year EE plan comes to an end in the 2024 financial year thus requiring the company to develop a new EE plan during the 2023 financial year. This process will again be conducted through engagement and consultation with the respective EE Forums and the EE steering committee.

**Figure 3**  
**Composition of employees  
(as at 30 June 2022)**

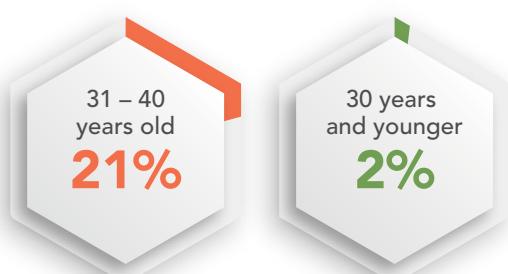
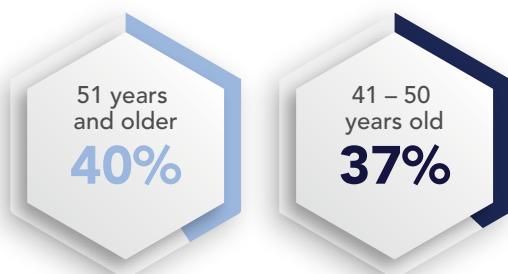
### Gender



### Race



### Age



**"It is therefore imperative to attract, select and retain employees of the highest calibre."**

## Employee remuneration

Our objective is to reward our employees fairly and competitively, according to their capabilities, skills, responsibilities, experience and performance levels. The level of salaries we pay is one of a number of elements in our strategy to retain, motivate and, where necessary, recruit high-quality people. In addition, Remgro also offers its staff a stimulating working environment. Remgro has a formal Remuneration Policy that sets out the remuneration principles for the organisation as a whole. Refer to the Remuneration Report on page 98 where Remgro's remuneration principles are set out in detail.



Remgro offers retirement benefits to its employees in the form of a defined-benefit (closed fund) and a defined-contribution fund that are administered independently of the finances of the Company. In addition, employees are also offered medical insurance, access to group life and disability cover, study assistance and other benefits typically offered by a responsible employer. Qualitative ESG measures have been incorporated into long term incentive structures to incentivise and motivate management in driving Remgro's ESG strategy.

## Training and skills development

The main purpose of training is to equip employees in such a way that they can realise their full potential to benefit the Company and themselves. Due to the specialised nature of Remgro's workforce resulting from it being an investment holding company, development is focused on continuous professional development needs, building capacity to stay future fit and leadership development. Individuals are further encouraged to attend training programmes as identified through our **My Contribution** performance and career development process. During this financial year, the value of many training sessions and workshops with regards to the Protection of Personal Information Act (No. 4 of 2013) (POPIA) was appreciated with the successful integration of POPIA principles and practices in the organisation. This will ensure that Remgro's directors, management and employees are equipped to maintain sound corporate governance at all levels where they are involved.

## Health and safety

The Company has a duly constituted Safety, Health and Environmental Committee, as required by the Occupational Health and Safety Act (No. 85 of 1993). The committee is a subcommittee of the Risk, Opportunities, Technology and Information Governance Operational Subcommittee and ensures that the Company provides and maintains a safe and healthy risk-free environment for staff and visitors by identifying risks and ensuring that controls designed to mitigate these risks are effective and complied with.

## Covid-19

To responsibly manage the risk of the coronavirus on our employees, Remgro continuously conducted Covid-19 risk assessments and adjusted the preparedness and response plans accordingly. A key part of the response plan was the introduction of a Vaccination Policy in November 2021. The focus of the policy was to educate and consult employees regarding the efficacy of vaccinations and by the end of June 2022 almost 98% of employees were vaccinated.

After further risk assessments, the scientific information at the time and the severity of the Omicron variant of the coronavirus, the company decided in June 2022 to put some of the aspects of the policy on hold. The most important consideration that was put on hold, was the requirement of all employees to be vaccinated by June 2022.

The company still believe that vaccinations are the most effective form of protection against the coronavirus, hence the decision to "pause" the policy and not to cancel the policy. In terms of the objective of the policy to ensure that all employees need to be vaccinated, the implementation was very successful. At year-end almost 98% of employees were fully vaccinated.

If at any stage scientific data, such as a new variant causing more people to become seriously ill or die, and our risk assessment support this, the company will "un-pause" the specific policy aspects.

## HIV/Aids

From an investment holding company perspective, the risk of HIV/Aids comprises two elements:

### Group risk

Given the potential impact of HIV/Aids on the markets, on human capital, cost of employment and on the operational processes of the various businesses invested in, this risk is managed within the governance structures of the various investee companies. The progress of these relevant policies and strategies is monitored against best practice standards.

### Company risk

Remgro has a formal HIV/Aids Policy and is committed to actively manage the pandemic, and the business risks associated with it. The policy makes provision, *inter alia*, for the following:

- Compliance with all legal requirements as far as HIV/Aids is concerned
- No discrimination against employees or potential employees based on their HIV status
- Strict confidentiality of information on the HIV status of employees
- General measures to prevent accidental infection

Remedi Medical Aid Scheme, of which most of Remgro's staff are members, has a management plan for HIV/Aids in which employees may choose to participate.

## Investing in the community

Remgro's CSI initiatives and donations programme cover a broad spectrum of society and can be summarised as follows:

- Community development
- Cultural development
- Entrepreneurship, training and education
- Environment
- Healthcare
- Sport development

Remgro aims to maintain a CSI spending of approximately 2.5% of its net free cash flow annually. In this regard, an official CSI committee meets regularly to consider and approve grants to institutions in need. Donations to qualifying institutions are made on an annual basis for a specific period and, although such contributions cover a wide range, there are two noticeable exceptions: political parties and religious institutions. Remgro respects its employees' choice to participate in these institutions, but does not exercise a choice itself.

During the year under review, Remgro's CSI spend amounted to R26 million (2021: R22 million), as set out in the table below.

Summary of CSI spend	Year ended 30 June 2022	Year ended 30 June 2021
	R million	R million
Community development	<b>7</b>	6
Cultural development	<b>4</b>	3
Entrepreneurship, training and education	<b>10</b>	8
Environment	<b>2</b>	2
Healthcare	—	1
Sport development	<b>3</b>	2
	<b>26</b>	22

Further details regarding Remgro's CSI initiatives can be found in the detailed Sustainability Report published on the Company's website at [www.remgro.com](http://www.remgro.com).



## ESG and Sustainability at investee companies

Remgro recognises that as a responsible steward of its investments, it can achieve the greatest progress in advancing its sustainability agenda by partnering with all investee companies across their value chains to influence sustainable behaviour to achieve common and collective sustainability goals. Remgro is committed to helping those companies it invests in to shape their approach to corporate citizenship to ensure its investments reflect its ambition to create environmental, social and economic change throughout the entire ecosystem.

Remgro's four main operating subsidiaries, namely Distell, RCL Foods, Sialo Foods and Wispeco, are operated and managed on a decentralised basis as independent entities with autonomous boards of directors.

Please refer to the detailed Sustainability Report published on the Company's website at [www.remgro.com](http://www.remgro.com) for further details regarding the social and environmental performance of these subsidiaries.



## Environment

All businesses operate within a wider ecosystem in which the natural environment, as an independent stakeholder, provides certain essential services. Remgro's investee companies are dependent on many of these services, such as water, productive land, and clean air. Remgro believes it is imperative that the companies in which it invests ensure their own long-term sustainability by minimising their impact on the environment and, importantly, put in place measures to proactively protect the natural resources on which they depend.

While Remgro does not exercise operational control over its investee companies, it does maintain oversight of their environmental performance and expect its investees to adhere to prevailing environmental legislation, appropriate reporting procedures and environmental best practice in the sectors in which they operate. Each company is encouraged and influenced to set their own environmental targets and disclosures in alignment with their sector expectations, and with autonomous decision-making powers on how targets for these activities are to be achieved. Remgro will be working with its investees to address the impact of climate change, reducing exposure to risk and leveraging the market opportunities that present themselves.

During the year under review, a formal Strategic ESG Committee of the Remgro Board, as well as an Operational ESG Committee (a subcommittee of the Strategic ESG Committee) was formed to formally address the ESG environment through a formalised terms of reference.

The Remgro Board has overall responsibility for environmental practices implemented and maintained by its head office operations ("Remgro's head office" or "the investment company itself" or "Remgro Management Services Limited (RMS) and the subsidiaries managed and administered by it") and these are overseen by both the Social and Ethics Committee and the Risk, Opportunities, Technology and Information Governance Operational Subcommittee (a subcommittee of the Audit and Risk Committee). This is in line with the Remgro Safety, Health and Environment Management (SHE) Policy, which commits the investment company itself to full regulatory compliance; minimisation of environmental impact; participation in relevant reporting outputs; responsible environmental investment; and transparency in environmental reporting procedures.

As a diversified investor, Remgro has investees in different sectors, of different sizes and with differing impacts on the environment. Remgro's ultimate aim is to account for the majority of its portfolio, including those with the largest environmental footprints, within its environmental reporting. Remgro has historically reported on the investment company itself and just three of its investee companies (RCL Foods, Sialo Foods and Wispeco) in accordance with the greenhouse gas (GHG) Protocol's Equity Share approach, thereby apportioning their GHG emissions to Remgro in alignment with its equity shareholding in these companies. As part of its ultimate aim, Remgro is extending its own environmental reporting beyond those companies in which it maintains majority shareholding to ultimately include its entire portfolio of investments. As an initial start Remgro is including its head office operations (therefore the investment company itself), Mediclinic International plc (Mediclinic), Distell, RCL Foods, Sialo Foods and Wispeco. This will be the first time that Remgro includes Distell and Mediclinic in its environmental reporting boundary.

Further details regarding Remgro's initiatives to minimise its impact on the environment are presented in the detailed Sustainability Report published on the Company's website at [www.remgro.com](http://www.remgro.com).



# CORPORATE GOVERNANCE Report

## Introduction

Remgro Limited (Remgro) is committed to the highest level of corporate governance, integrity and ethics. The Board of Directors of Remgro (the Board) is ultimately responsible for ensuring that corporate governance standards are set and met and is therein assisted by senior management, who aims to instil a culture of compliance and good governance and high performance in Remgro and its subsidiaries (Remgro Group).

The King IV Report on Corporate Governance for South Africa (King IV), which was published on 1 November 2016, contains a set of principles that are fundamental to good governance, as well as related leading recommended practices. The JSE Limited has incorporated certain of King IV's recommended practices in the JSE Listings Requirements.

The Board is satisfied that Remgro has applied the principles contained in King IV during the year under review. This Corporate Governance Report explains in the form of a narrative account how Remgro has applied the principles enumerated in King IV with reference to the practices applied by Remgro. This report aims to provide Remgro's stakeholders with a good understanding of Remgro's governance structures and processes to enable them to evaluate the ability of Remgro to create and sustain value.

The Board confirms its compliance with the Companies Act (No. 71 of 2008), as amended (Companies Act) and the Company's Memorandum of Incorporation for the reporting period.

## Leadership

The Board endeavours to lead ethically and effectively in prioritising the following outcomes advocated by King IV: an ethical culture, good performance, effective control and legitimacy. This is underscored by sound and visible leadership, which is characterised by the ethical values of honesty, integrity, competence, responsibility, accountability, correctness, fairness, diversity and transparency. Sound corporate governance structures and processes are being applied and are considered by the Board to be pivotal to delivering sustainable value in the interest of all stakeholders, along with innovation and sound business acumen.

The Board is responsible for setting the direction on ethical standards, strategy and operations of the Remgro Group by applying integrated stakeholder thought processes harnessed by appropriate diversity, to build a sustainable business, while considering the impact of the Remgro Group's strategy on the economy, society and environment (collectively, the "triple context"). The Board is in the process of putting this ethical approach to building a sustainable business, which we have long pursued, into a practical, modern form by developing its approach to being a leader in Environmental, Social and Governance (ESG) and corporate sustainability in a South African context, and integrating and embedding ESG goals, standards and practices into the business strategy.

Remgro's ESG performance is now monitored at Board level and by its Strategic ESG Committee. The implementation of an ESG Charter and governance structures provides strategic direction and oversight in support of Remgro's commitment and that of its investee companies to ESG.

As a **responsible investor**, the Board advocates adherence to sound ethics and governance by all entities Remgro is invested in by using its significant influence to ensure that all Remgro's listed subsidiaries, joint ventures and associates endorse and apply the principles contained in King IV. Effective corporate governance forms part of Remgro's investment assessment criteria, which is further monitored on a continuous basis by non-executive board representation on its investee companies' boards. To this end, Remgro's corporate governance policies may be used as a benchmark, where appropriate.

Doing business ethically is one of Remgro's key objectives and is supported by the management of ethics as recorded in its Code of Ethics, which is strictly enforced. Effective leadership is to be exhibited in order to achieve Remgro's strategic objectives and positive outcomes.

Each individual member on the Board is suitably qualified and has extensive relevant experience. The Board, as a whole, is evaluated annually by its members.

To ensure that the individual directors exercise their powers and perform their functions in good faith and for a proper purpose, in the best interest of Remgro and with care, skill and diligence, Board members are required to disclose any potential conflict of interest which is to be considered at Board meetings, and are required to recuse themselves from relevant discussions when a conflict exists. Remgro has appointed an independent non-executive director as the Lead Independent Director (LID) to act as chairman during meetings in situations where the Chairman of the Board has a potential conflict of interest. The LID is involved in the evaluation of the Chairman.

Ethical and competent leadership committed to achieving the advocated outcomes of King IV, being **ethical culture, good performance, effective control and legitimacy.**

## Organisational ethics

The Board believes that ethical behaviour stems from appropriate value systems inherent to the people in Remgro's employ, as directed and supported by visual ethical leadership and a value-driven corporate culture. Leadership, based on ethical foundations, results in a culture of ethical and moral behaviour and compliance.

The Board, as part of its ethical leadership commitment, reviews its Legal Compliance Policy annually in light of King IV, and confirmed that there is sufficient management capacity and controls in place to ensure compliance with all relevant laws and salient industry practices.

The Board, however, retains the responsibility to establish and maintain a culture of integrity, competence, correctness, honesty, transparency, fairness, responsibility, diversity and accountability, to position Remgro as a trusted investment partner of choice.

Remgro has adopted a Code of Ethics that provides a framework of ethical practices and business conduct that is applicable to all directors and employees and addresses the key ethical risks of Remgro. The code is available to all employees on Remgro's intranet and a copy thereof is provided to all new employees. The Code of Ethics as well as a formal Gifts Policy provide strict policies regarding gifts, invitations or favours received from suppliers or any other party. The offering of benefits to gain unfair advantages is strictly prohibited.

Remgro's ethical standards are applied to the processes for the recruitment, evaluation of performance and reward of employees, as well as the sourcing of suppliers.

The Board provides for sanctions and remedies in instances where Remgro's ethical standards are breached. The actual adherence to ethical standards by employees and other stakeholders cannot be regulated, but stems from personal conviction. However, the Audit and Risk Committee monitors fraud risk and related processes and the Social and Ethics Committee monitors compliance with the Code of Ethics and addresses instances of non-compliance, should such ever occur.

The Company has effective anti-bribery, corruption and fraud prevention and detection processes and ensures compliance and risk mitigation. No investigations were required or performed during the reporting period.

Remgro has implemented a whistleblowing process to enable employees and third parties to report any perceived or alleged irregular or unethical behaviour in a confidential and controlled environment. Reports are monitored and managed with regular feedback to the Audit and Risk Committee. A 24-hour anonymous Ethics hotline is managed by an independent external service provider and can be accessed telephonically or via email. During the year under review no alleged incident involving Remgro, its employees or officers was received. Where calls are to be received which relate to alleged irregularities at investee companies, such calls will be directed to the appropriate governance structures at the respective investee companies via the Remgro representatives serving on the boards of these companies. Where instances are reported regarding external criminal activity which illegally uses the Remgro name or identity and/or those of its officers, we proactively take steps to reduce such risk profiles and report such instances to the SAPS and where possible support such investigations.

An overview of the key areas of focus relating to organisational ethics during the reporting period and planned areas of future focus are disclosed in the Social and Ethics Committee Report, read with the committee's charter.

## Responsible corporate citizenship

The Board is ultimately responsible for Remgro's corporate citizenship. This reflects Remgro's long-held belief that it has a fundamental responsibility to be a good corporate citizen, have clear principles of behaviour and a strong core value system. As a values-led business, Remgro acknowledges its social and environmental responsibility.

The Social and Ethics Committee assists the Board in ensuring that Remgro is and remains a good and responsible corporate citizen. In doing so, the committee works closely

with the newly formed Strategic ESG Committee which oversees Remgro's approach to ESG performance and stewardship through policies, frameworks, standards and guidelines, guided by local and international best practice.

The Board oversees and monitors, on an ongoing basis, how the consequences of Remgro's strategies, activities and outputs affect its status as a responsible corporate citizen. This oversight and monitoring function is performed in relation to the triple context within which Remgro operates and includes Remgro's contribution to sustainable social and economic development of the communities where it operates, including enterprise development and CSI initiatives which are aligned to the United Nations Sustainable Development Goals.

Remgro recognises that as a responsible steward of its investments, it can achieve the greatest progress in advancing its sustainability agenda by partnering with all investee companies across their value chains to influence and drive sustainable behaviour to achieve common and collective sustainability goals. Remgro is committed to helping those companies it invests in to shape their approach to corporate citizenship to ensure its investments reflect its ambition to create environmental, social and economic change throughout the entire ecosystem.

The Social and Ethics Committee is responsible for reviewing and recommending for approval the annual sustainability content included in Remgro's Integrated Annual Report or published on Remgro's website. The Social and Ethics Committee, per mandate, is also responsible for the monitoring of the effectiveness of the sustainable development practices of the Remgro Group, comprising Remgro and its subsidiaries, as set out below, thereby assisting the Board in achieving one of its values of doing business ethically.

Remgro's ESG and sustainable development practices include: ethics and compliance; corporate social investment (CSI); stakeholder relations; broad-based black economic empowerment (BBBEE); health and public safety; labour relations and working conditions; employment equity, training and skills development; management of the Remgro Group's environmental impacts, human rights and prohibition against child labour. The Social and Ethics Committee's oversight role includes the monitoring of any relevant legislation, other legal requirements or prevailing codes of best practice, specifically with regard to matters relating to social and economic development, good corporate citizenship, the environment, health and public safety, consumer relationships, as well as labour and employment.

Remgro reviews its Code of Ethics, Gifts Policy, Social Media Policy, HIV/Aids Policy and Safety, Health and Environmental Management Policy (SHE Management Policy) annually, in light of the principles and recommended practices of King IV.

The Social and Ethics Committee further monitors Remgro's participation and results achieved in external surveys, being the FTSE/JSE Responsible Investment Index and the CDP (formerly Carbon Disclosure Project). In this regard the Social and Ethics Committee notes the external recognition and achievements by the Remgro Group.

Remgro believes that honesty, correctness, courtesy, service, mutual support and trust incorporate the spirit in which it

strives to be a good corporate citizen. Workplace, economic, social and environmental sustainability practices, have always been part of Remgro's core values. The ESG and Sustainability Report provides a full understanding of Remgro's efforts to contribute to measurable positive social and environmental impact, alongside sustainable financial returns on the social and environmental front in order to achieve its key objectives of maximising value creation for all its stakeholders, while doing business ethically.

Corporate citizenship includes the commitment of a business to contribute to sustainable economic development and endorses the principle that no business exists in isolation but forms an integral part of the environment in which it operates. In its relationship with the community, Remgro strives to be a valued partner and, in this regard, its involvement in the community focuses on eradicating the effects of poverty and investing in young people from disadvantaged communities in the belief that such an investment will provide sound dividends far into the future.

Remgro's CSI initiatives and donations programme covers a broad spectrum of society and can be summarised as follows: community development; cultural development; entrepreneurship, training and education; environment; healthcare and sport development.

Remgro aims to maintain a CSI spend of approximately 2.5% of its net free cash flow annually. In this regard, an official CSI committee meets regularly to consider and approve grants to institutions in need. Donations to qualifying institutions are made on an annual basis for a specific period and, although such contributions cover a wide range, no donations are made to political parties or religious institutions. Remgro respects its employees' choice to participate in these institutions, but does not exercise a choice itself.

The Board believes that BBBEE is a social, political and economic imperative and it supports and encourages Remgro's subsidiaries', associates' and joint ventures' initiatives in this regard. To the extent that Remgro's subsidiaries, joint ventures and associates implement BBBEE, Remgro's shareholders effectively participate in BBBEE initiatives and the associated costs and benefits thereof. Remgro measures its BBBEE status against the generic scorecard criteria set by the Department of Trade, Industry and Competition. In terms of the latest assessment of Remgro's BBBEE status performed during September 2022, Remgro, including its subsidiaries, Distell Group Holdings Limited (Distell), RCL Foods Limited (RCL Foods), Siqalo Foods Proprietary Limited (Siqalo Foods) and Wispeco Holdings Proprietary Limited (Wispeco), obtained a score of 80.05, thereby obtaining a level 4 contributor status.

As a **responsible investor**,  
the Board advocates adherence  
to **sound ethics and**  
**governance** by all entities  
Remgro is invested in.

Further, the Board has transformed over time. Six of the 11 non-executive directors (55%) are black persons, and seven of all 14 directors (50%) are black persons. On Management Board level, one of the five members (20%) is a black person. Remgro monitors and contributes to its investees' BBBEE performance through its board representation and participation and facilitation of corporate actions in these investee companies. Employment equity represents Remgro's most significant transformation challenge. An annual labour plan is submitted to the Department of Employment and Labour, wherein Remgro's transformation objectives are set out in detail. Although efforts are focused on improving black representation at Remgro's management level, low staff turnover and limited organic growth remain limiting factors.

Remgro complies with the requirements of the Skills Development Act (No. 97 of 1998), in terms of which a fixed percentage of its payroll is paid as a training levy to the South African Revenue Service. An annual report concerning all the training which has taken place in Remgro is submitted to the Sector Education Training Authority.

As Remgro (excluding its subsidiaries Distell, RCL Foods, Sigalo Foods and Wispeco) is not an operating company, it has a small procurement function and its procurement profile is characterised by a high professional service component as opposed to materials purchased. Although the procurement function is small, Remgro strives to make use of BBBEE accredited vendors (level 3 and better) as far as possible.

In order to manage its impact on the environment, Remgro has implemented the Safety, Health and Environment (SHE) Management Policy, which is reviewed annually, and which applies to Remgro Management Services Limited (RMS). The Board is ultimately responsible for the implementation of the SHE Management Policy, but delegates its responsibilities to the Risk, Opportunities, Technology and Information Governance Operational Subcommittee (ROTIG) (which is a subcommittee of the Audit and Risk Committee) and the Social and Ethics Committee, which committees are responsible to review and recommend the approval of environmental procedures implemented and maintained by RMS. With regard to Distell, RCL Foods, Sigalo Foods and Wispeco, it is the responsibility of Remgro's representatives on the boards of these companies to obtain assurance regarding the effectiveness and efficiency of their respective environmental and social management processes. During the year under review, Remgro established an Operational ESG Committee which reports to the Strategic ESG Committee.

The Board also focuses on legal and regulatory compliance as it advocates adherence to sound governance principles by all entities Remgro is invested in, by using its significant influence to ensure that all Remgro's listed subsidiaries and associates endorse and apply the principles contained in King IV. The Board annually reviews the application status of King IV's principles.

Remgro's Tax Policy entrenches the Group's focus in managing Remgro's tax affairs to: (1) ensure full compliance with tax laws and regulations, in whichever jurisdiction Remgro has interests, (2) ensure that Remgro's tax affairs are congruent with responsible corporate citizenship, and (3) take account of related reputational repercussions. Remgro acknowledges that it has a responsibility not only to its shareholders, but to a larger group of stakeholders that includes tax authorities. In discharging this onus, Remgro co-operates with tax authorities by: (1) adhering both to the letter and spirit of the prevailing tax laws and regulations, and (2) cultivating accountable relationships with tax authorities.

The Board also ensures that Remgro complies with and adheres to the Constitution of South Africa, the law, leading standards, and adherence to its own codes of conduct and policies.

Further details regarding Remgro's sustainability practices, including an overview of the key areas of focus during the reporting period, highlights on sustainability and planned areas of future focus can be found in the Sustainability Report, which is available on Remgro's website.



## Strategy and performance

Remgro's Board is ultimately accountable for the performance of Remgro, appreciating that strategy, risk, performance and sustainability are inseparable. The Board provides strategic direction by proposing, discussing and questioning, whilst evaluating and approving, plans and strategies based on the values and objectives of Remgro and stakeholder interests and expectations. The Board monitors Remgro's ESG performance in conjunction with the Strategic ESG Committee. The Board furthermore oversees the Remgro Group's corporate actions via the Investment Committee, which is supported by an approved delegation of authority.



The Board's formal Board Charter, which is available on Remgro's website, defines key responsibilities of the Board, including *inter alia* directing the ethical standards, strategy and operations of the Remgro Group to build a sustainable business, while considering the impact of the Remgro Group's strategy on the triple context.



The Board has delegated the formulation and development of Remgro's strategy to the Management Board and has approved the policies and operational plans developed by management to give effect to the approved strategy. The Management Board's mandate is available on Remgro's website. The Management Board is furthermore supported by various senior management work streams, including one focused on new and disruptive technologies, being part of its future scanning processes.

Remgro's Investment Committee and investment managers are responsible for ensuring that the consideration of ESG issues are integrated into investment and management practices in collaboration with the Strategic ESG and Operational ESG Committees. The development of an Investment Framework that intentionally provides for ESG considerations has embedded Remgro's sustainability ambitions as an integral part of Remgro's investment decision-making. Principles and evaluation criteria include ESG risks, impact considerations, value creation opportunities and sustainability for its current and potential investments.

The Board has approved, oversees and continually assesses Remgro's strategy, the risks, opportunities and other significant matters connected to the triple context in which Remgro operates; as well as the extent to which the proposed strategy depends on the resources and relationships connected to the various forms of capital (being financial, manufactured, human, intellectual, natural, social and relationship capital, as applicable) (capitals), the legitimate and reasonable needs, interests and expectations of stakeholders, and the increase, decrease or transformation of the various forms of capitals that may result from the execution of the proposed strategy.

As part of its oversight of performance, the Board is alert to the general viability of Remgro and its status as a going concern, which is considered at least twice a year. Executive directors contribute their insight to day-to-day operations, thereby enabling the Board to identify goals, provide direction and determine the feasibility and sustainability of the strategies proposed.

## Reporting

The Board has approved management's determination of the reporting frameworks, including reporting standards and legal compliance, such as *inter alia* the International Financial Reporting Standards, the JSE Listings Requirements, as well as the Companies Act and the principles of the International Integrated Reporting Framework to the extent applicable.

The Board has approved management's basis for determining materiality for the purpose of deciding which information should be included in external reports. The Board issues the following reports, which is included in the Integrated Annual Report: the Chairman's Report, the Chief Executive Officer's (CEO) Report, the Chief Financial Officer's (CFO) Report, the Report of the Board of Directors, the Corporate Governance Report, the Social and Ethics Committee Report, the Sustainability Report, the Risk and Opportunities Management Report, the Audit and Risk Committee Report and the Remuneration Report, in order to meet the legitimate and reasonable information needs of material stakeholders.

Remgro's Integrated Annual Report focuses on substance over form, and provides a holistic view of Remgro's business model, how Remgro is managed and also how it manages its investments. Remgro's main focus is to provide a complete analysis of its business to satisfy the information needs of key stakeholders that make use of the Integrated Annual Report.

Sufficient controls are in place to ensure relevant, reliable and accurate reporting. The Social and Ethics Committee is responsible to review and recommend for approval the annual sustainability content included in the Integrated Annual Report or published on Remgro's website. The Audit and Risk Committee reviews the entire Integrated Annual Report and makes a recommendation to the Board regarding same. An external audit and various other assurance processes are used, as disclosed herein, to ensure that information provided to stakeholders is reliable. The Board is satisfied with the integrity of its external reports.

Remgro ensures that the relevant corporate governance disclosures required in terms of King IV, the Integrated Annual Report, Annual Financial Statements and Remgro's external reports and key mandates and policies are made available to stakeholders, and are published on its intranet and/or its website (as appropriate). The Integrated Annual Report, which is a standalone report, only includes an abridged version of the Sustainability Report as well as summary financial statements. The detailed Sustainability Report and Annual Financial Statements in respect of the year under review are available on Remgro's website at [www.remgro.com](http://www.remgro.com). Remgro furthermore refers to its participation in the JSE Responsible Investment Index, which uses the FTSE Russell ESG Ratings, for disclosure benchmarking.



## Primary role and responsibilities of the Board

Remgro has a fully functional Board that leads and controls the Remgro Group. The Board Charter identifies, defines and records the responsibilities, functions and composition of the Board and serves as a reference for new directors. All directors of Remgro have endorsed the Board Charter, which is regularly reviewed to guide its effective functioning.

During the year under review, the Board reviewed its Board Charter, in light of the principles and recommended practices of King IV. The Board is satisfied that it has discharged its duties and obligations as described in the Board Charter during the year under review.

One of the key responsibilities of directors and members of senior management serving in a non-executive capacity on the boards of Remgro's subsidiaries and other investee companies is the promotion of good governance by these companies, including, where appropriate, the adoption and implementation of principles and controls included in Remgro's policies. The activities of the directors and senior management serving on the boards of investee companies are furthermore governed by formal guidelines as approved by the Board.

The Board meets at least five times a year and follows an annual work plan to ensure that all relevant matters are dealt with. The Chairman meets with Remgro's CEO in between meetings throughout the year to discuss important issues. Members of the Board and its subcommittees receive an agenda, together with supporting documentation, at least one week prior to each meeting to enable them to be fully prepared for meetings.

All directors have unlimited access to the services of the Company Secretary and senior management, as well as to all Remgro's company records. The Company Secretary provides continuous guidance on corporate governance-related matters.

The Board has approved the protocol to be followed in the event that it or any of its members or committees need to obtain independent, external professional advice at Remgro's expense, on matters within the scope of their duties, with prior notification to the CEO or the Company Secretary. The Board has also approved the protocol to be followed by its non-executive members for requisitioning documentation from, and arranging meetings with, management, i.e. by the relaying of requests to a member of the Management Board or the Company Secretary who will be responsible for providing the necessary documentation and/or arranging the necessary meetings.

## Board composition

### Composition

In compliance with the recommended practices of King IV, the Board consists of 14 directors, three of whom are executive and 11 of whom are non-executive directors. Seven of the non-executive directors are independent. The composition of the Board reflects a balance between executive and non-executive directors, in order to ensure that there is a clear separation of responsibilities so that no one individual has unfettered decision-making powers.

Executive directors contribute their insight to day-to-day operations, thereby enabling the Board to identify goals, provide direction and determine the feasibility and sustainability of the strategies proposed. These directors are generally responsible for implementing all operational decisions.

Non-executive directors, on the other hand, are selected to serve on the Board for their broader knowledge, skills and experience, which is needed to govern Remgro, and they are expected to contribute effectively to decision-making and the formulation of policy.

The Board promotes diversity in its membership across a variety of attributes, including field of knowledge, skills and experience, age, culture, race and gender. The Remuneration and Nomination Committee has adopted a diversity policy. The policy on the promotion of diversity applies only to the Board and although formal targets are not set, the Remuneration and Nomination Committee pursues all opportunities to enhance the gender and race diversity of the Board. The Board has transformed, with six of the 11 non-executive directors (55%) being black persons, seven of all 14 directors (50%) being black persons, and two of all 14 directors (14%) being females and, on Management Board level, one of the five members (20%) is a black person and one of the five members is a female (20%).

The Board is satisfied that its current members possess the required collective knowledge, skills and experience to carry out its responsibilities, to achieve the Remgro Group's objectives and create shareholder value over the long term. Details on each individual director can be found on pages 92 to 95 of the Integrated Annual Report.



## Nomination, election and appointments

There is a formal and transparent process for appointments to the Board. The appointment of directors is a function of the entire Board, based on recommendations made by the Remuneration and Nomination Committee.

When considering nominations, the Board considers the collective knowledge, skills and experience required by the Board, the diversity of the Board and whether the candidate meets the appropriate fit and proper criteria.

The candidates for non-executive members of the Board must provide the Board with details of their professional commitments and confirm that the candidate has sufficient time available to fulfil the responsibilities as member of the Board. All nominated candidates' backgrounds are independently investigated, and their qualifications are independently verified.

A brief professional profile of each candidate standing for election at the Annual General Meeting (AGM), including details of existing professional commitments, accompanies the notice of the AGM, together with a statement from the Board confirming that it supports the candidate's election and/or re-election.

Newly appointed directors follow an extensive induction programme coordinated by the Company Secretary upon their appointment, to ensure that they are able to make a meaningful contribution in a shorter amount of time. The induction programme includes the provision of an induction pack consisting of, *inter alia*, agendas and minutes of the two most recent Board and subcommittee meetings, the latest Annual Financial Statements and Integrated Annual Report, Remgro's Code of Ethics, induction meetings with executive directors and senior management (if requested) as well as information on the JSE Listings Requirements. This process ensures that new directors obtain a good understanding of Remgro's core business and their fiduciary duties.

Regular briefings on legal and corporate governance developments, and risks and changes in the external environment of Remgro, are provided to directors.

In terms of the Memorandum of Incorporation of Remgro, at least one third of the directors must resign annually on a rotation basis, but may make themselves available for re-election for a further term. The directors to retire shall be those who have been longest in office since their last election. A director who has already held his or her office for a period of three years since his or her last election shall retire at such meeting.

Nomination for re-election only occurs after the evaluation of the performance of the Board and is therefore based on the director's past performance, including attendance at Board meetings and its committee meetings, the director's contribution and his or her objectivity of business judgement calls. The Board has established a succession plan for its directorship.

## Independence and conflicts

The independence of non-executive directors who are categorised as independent is reviewed annually and the independence of independent non-executive directors who have served on the Board for more than nine years is subject to a review by the Board. The Board assesses independence in light of any interest, position, association or relationship, which when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in the decision-making of a non-executive director who is categorised as independent. The tenure of each director is disclosed on pages 92 to 95 of the Integrated Annual Report.

Each director must submit to the Board a declaration of all financial, economic and other interests held in Remgro by the director and his or her related parties whenever there are significant changes and as soon as they become aware of it. At the beginning of each Board meeting, Board members and committee members are also required to disclose any conflict of interest in respect of a matter on the agenda. Any such conflicts are proactively managed as determined by the Board, subject to legal provisions.

All information not disclosed publicly, which directors acquire in the performance of their duties must be treated as confidential and may not be used for personal advantage or for the advantage of third parties. In this regard, directors must comply with, *inter alia*, Remgro's Code of Ethics, the provisions of the Financial Market Act (No. 19 of 2012) (regarding "inside information"), and the JSE Listings Requirements (regarding "price-sensitive information"), in any disclosure of information, dealings in securities and the disclosure of such dealings.

## Chairman

The Chairman is elected by the Board on an annual basis, along with a deputy chairman. The roles and responsibilities of the Chairman are documented in the Board Charter and are separate from that of the CEO.

The Chairman of the Board, Mr Johann Rupert, is not an independent non-executive director. The Board acknowledges the recommended practice of King IV to appoint an independent non-executive director as Chairman, but given his knowledge of the business and his commercial experience and the responsibility of the Board to focus on performance in directing the commercial and economic fortunes of Remgro, this arrangement is deemed not only appropriate, but also essential for achieving the business objectives of Remgro. However, in compliance with King IV and the JSE Listings Requirements, the Board has appointed Ms S E N De Bruyn as the LID. The main function of the LID is, *inter alia*, to provide

leadership and advice to the Board, without detracting from the authority of the Chairman, when the Chairman has a conflict of interest. The responsibilities of the LID are documented in the Board Charter. The LID is appointed by the Board on an annual basis.

The Board is satisfied with the number of outside professional positions that the Chairman holds and is confident that such positions do not hinder him from performing his duties. The Board has established a succession plan for the position of chairman.

## Committees of the Board

The Board delegates certain roles and responsibilities to individual directors and to standing or *ad hoc* board committees. The Board, however, understands that delegation of its responsibilities to a committee or a particular director will not by or of itself constitute a discharge of the Board's accountability.

Specific responsibilities are delegated to the Board's subcommittees, which have defined tasks in terms of approved mandates. The delegation to committees has been recorded by means of formal terms of reference for each committee, which terms of reference are reviewed annually by the Board. Feedback on the committees' activities is submitted to the Board at each Board meeting following the relevant committee meeting.

Members of the executive and senior management are invited to attend committee meetings either by standing invitation or on an *ad hoc* basis to provide pertinent information and insights in their areas of responsibility.

### Audit and Risk Committee

Remgro has appointed an Audit and Risk Committee, which consists of four suitably skilled and experienced independent non-executive directors. One of the members of the committee is appointed by the Board to chair the committee.

## Attendance at meetings of members

	Remuneration							
	Audit and Risk Committee	Nomination Committee	Social and Ethics Committee	Management Board	Investment Committee		Strategic ESG Committee	
Number of meetings held	5	4	2	3	12	1	2	
<b>Attendance by directors</b>								
<b>Non-executive directors</b>								
J P Rupert	5		2			1		
J Malherbe	5					1		
P J Neethling <sup>(1)</sup>	5							
A E Rupert	5							
<b>Independent non-executive directors</b>								
S E N De Bruyn	5	4	2	3			2	
N P Mageza	5	4		3				
P J Moleketi	5	4	2					
M Morobe	5			3			2	
G G Nieuwoudt	5					1		
K S Rantloane	5					1	2	
F Robertson <sup>(2)</sup>	5	3	2					
<b>Executive directors and Management Board</b>								
J J Durand	5				12	1		
P R Louw				3	12			
M Lubbe	5				12		2	
P J Uys				3	10		2	
N J Williams	5				12	1		

<sup>(1)</sup> Mr P J Neethling was appointed as alternate member to Mr J P Rupert on the Investment Committee effective 23 March 2022. There has been no physical meeting since his appointment.

<sup>(2)</sup> Mr F Robertson was appointed as a member of the Investment Committee effective 21 September 2021. There has been no physical meeting since his appointment.

The Audit and Risk Committee is responsible for the oversight of Remgro Group's Integrated Annual Report, internal financial controls and accounting systems, internal audit, external audit, risk and opportunities management, the consolidated financial statements and any other intended releases of price-sensitive information for external distribution or publication, including those required by any regulatory or statutory authority. The Audit and Risk Committee is responsible to ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities.

 The responsibilities of the Audit and Risk Committee are codified in a formal terms of reference, which is reviewed at least annually and which is available on Remgro's website. During the year under review, the Board reviewed the terms of reference of the Audit and Risk Committee, in light of the principles and recommended practices of King IV. An Audit and Risk Committee Report is published each year describing how the committee has discharged its duties.

The Board believes that the current members of the Audit and Risk Committee are suitably skilled and experienced. The CEO and CFO are not members of the Audit and Risk Committee, but attend meetings by invitation, if needed, to contribute pertinent insights and information.

The Audit and Risk Committee annually performs a review of Remgro's CFO and the finance function. Remgro has appointed an executive financial director, being the CFO of Remgro (Mr Neville Williams). The Audit and Risk Committee is satisfied as to the appropriateness of the expertise and experience of the financial director.

The Audit and Risk Committee meets at least annually with the internal and external auditors, respectively, without management being present, to facilitate an exchange of views and concerns that may not be appropriate for discussion in an open forum.

The Audit and Risk Committee has, during the year under review, nominated independent external auditors, PricewaterhouseCoopers Inc. (PwC), approved its fee and determined its terms of engagement. The appointment was presented to the shareholders of Remgro at the AGM for approval. The Committee is satisfied that Remgro's external auditors are independent of Remgro and are thereby able to conduct their audit functions without any undue influence. The designated external audit partner rotates every five years. PwC has been the auditor of the Company for 54 years. The business of the Company was previously transacted through Rembrandt Group Limited of which, based on available statutory records, PwC and its predecessor firms have been the external auditor for 74 years. The committee is satisfied with PwC's independence from the Company, notwithstanding its tenure as external auditor.

In terms of the requirements of the Independent Regulatory Board for Auditors (IRBA), the Company is obliged to rotate its external auditor for the 2024 financial year. Following a comprehensive tender process during the 2021 financial year, the Audit and Risk Committee recommended to appoint Ernst & Young Inc. (EY) as the new external auditors of Remgro, with effect from the financial year ending 30 June 2024. An indicative non-binding advisory vote to appoint EY, with effect from the 2024 financial year, was tabled at Remgro's AGM held on 25 November 2021. At the meeting, 99.72% of the ordinary shareholders, which excludes the votes of the B ordinary shareholders, voted in favour of the appointment

of EY, with effect from the 2024 financial year. The ordinary resolution to affect the statutory appointment would only serve at the Company's 2023 AGM. Subject to the passing of the relevant ordinary resolutions at the Company's 2022 AGM, the incumbent external auditor of the Company, PwC, will continue to act as external auditor of the Company for the financial year ending 30 June 2023.

The Audit and Risk Committee meets at least four times during a reporting period. The effectiveness of the Audit and Risk Committee is evaluated on an annual basis by way of self-evaluation and an evaluation by the Board.

The Audit and Risk Committee provides feedback to the Board at each board meeting following an Audit and Risk Committee meeting. Reporting to shareholders is done through the Audit and Risk Committee Report included in the Integrated Annual Report on pages 137 to 139.

 The Audit and Risk Committee is satisfied that Remgro has established appropriate financial reporting procedures and that those procedures are operating; and the committee is satisfied that it has fulfilled its responsibilities in terms of its terms of reference. The Board is also satisfied that the Audit and Risk Committee has executed its responsibilities.

## Social and Ethics Committee

The Board has delegated the general oversight and reporting of sustainability to the Audit and Risk Committee, assisted by the Social and Ethics Committee. The Social and Ethics Committee oversees and reports on Remgro's ethics, sustainable development and stakeholder relationships; and ensures that Remgro is and remains a good and responsible corporate citizen. The role and responsibilities of the Social and Ethics Committee are codified in a charter (which is available on Remgro's website), which charter is reviewed at least annually; and was reviewed during the reporting period, in light of the principles and recommended practices of King IV. A Social and Ethics Committee Report is published each year describing how the committee has discharged its duties.

 The Social and Ethics Committee currently consists of five members, which include executive and non-executive members, with a majority being independent non-executive directors. The Board believes that the current members of the committee are suitably skilled and experienced.

The Social and Ethics Committee meets at least twice during a reporting period. The effectiveness of the Social and Ethics Committee is evaluated on an annual basis by way of self-evaluation and an evaluation by the Board.

Reporting to shareholders is done through the Social and Ethics Committee Report, which is included on pages 132 to 133. The Social and Ethics Committee is satisfied that it has fulfilled its responsibilities in terms of its charter. The Board is also satisfied that the Social and Ethics Committee has executed its responsibilities.

## Remuneration and Nomination Committee

The Remuneration and Nomination Committee consists of four members. All members of the Remuneration and Nomination Committee are non-executive directors, with the majority being categorised as independent. The Chairman acts as *ex officio* chairman of the Remuneration and Nomination Committee.

Although he is not independent, the Board is supportive of his chairmanship given the necessity to align Remgro's remuneration approach with corporate strategy, and the fact that he receives no remuneration from Remgro.

The Remuneration and Nomination Committee meets at least once a year. The CEO attends all meetings of the committee *ex officio*. The Remuneration and Nomination Committee's mandate (which is available on Remgro's website) is reviewed annually and the committee's effectiveness is assessed in terms thereof. The Remuneration and Nomination Committee is satisfied that it has fulfilled its responsibilities in terms of its terms of reference. The Board is also satisfied that the Remuneration and Nomination Committee has executed its responsibilities.

## Performance evaluations

The Board and the independence of the independent non-executive directors are evaluated annually by the LID and the Board. The performance of directors is not evaluated on an individual basis. The subcommittees of the Board are self-evaluated annually by their members with feedback to the Board, as well as by the Board itself.

The Board determines its functions, duties and performance criteria (which *inter alia* takes the principles and recommended practices of King IV into consideration), as well as those for subcommittees, to serve as a benchmark for the performance appraisals. The Board has decided not to disclose the overview of the appraisal process, results and action plans in the Integrated Annual Report due to the potential sensitive nature thereof.

The Board, led by the Lead Independent Director (LID), considered the independence of the independent, non-executive directors, and is satisfied with their independence, including the independence of Messrs Fred Robertson (appointed 28 March 2001), Murphy Morobe (appointed 18 June 2007), Peter Mageza (appointed 4 November 2009) and Jabu Moleketi (appointed 4 November 2009) who each has served on the Remgro Board for more than nine years. Based on an evaluation of the aforementioned directors, there is no evidence of any circumstances or relationships that will impair their judgement, and the Board is satisfied that their independence is in no way affected by their length of service.

**Remgro's primary objective is to maximise value creation and sustainable growth and in this regard particular care is taken to ensure that all shareholders, or classes of shareholders, are treated equitably.**

As mentioned above, the Board has appointed a LID to lead the evaluation of the Chairman's performance.

The Board is satisfied that the evaluation process has the effect of continuously improving Remgro's performance and effectiveness.

## Appointment and delegation to management

The Board delegates authority in a manner that articulates its direction on reservation and delegation of power. The Board ultimately leads and controls the Remgro Group in all issues of a material or strategic nature, which can impact the reputation and performance of the Remgro Group. Other issues are dealt with by the Management Board and/or the Investment Committee, or by senior management, as permitted in terms of a formal delegation of authority.

The Board is satisfied that its delegation of authority contributes to role clarity and the effective exercise of authority and responsibilities.

## Management Board

The Management Board is a subcommittee of the Board that is mainly responsible for determining policies, monitoring and managing existing investments, identifying and recommending new investment opportunities and executing the decisions and strategy approved by the Board. The Management Board's mandate is available on Remgro's website. During the year under review, the Board reviewed the Management Board's mandate, in light of the principles and recommended practices of King IV.

The Management Board currently comprises five members, being all three executive directors on the Board as well as Messrs Pieter Louw and Pieter Uys. The CEO is the chairman of the Management Board. The Management Board meets on a monthly basis to ensure the proper execution of its responsibilities. The effectiveness of the Management Board is evaluated on an annual basis by way of a self-evaluation process and an evaluation by the Board.

## Investment Committee

The Investment Committee is a subcommittee of the Board that is responsible for considering and approving new investments, the extension and disposal of existing investments, and to consider and make recommendations to the Board regarding all other investments falling outside its mandate, which mandate is available on Remgro's website. The Investment Committee is responsible for ensuring that ESG issues are integrated into investment and management practices through its Investment Framework in collaboration with the Strategic ESG and Operational ESG Committees. During the year under review, the Board reviewed the Investment Committee mandate, in light of the principles and recommended practices of King IV.

The Investment Committee comprises seven members (with one member having an Alternate), being five non-executive directors as well as the CEO and CFO. The chairman of the Board is the chairman of the Investment Committee. The Investment Committee meets on an ad hoc basis. The effectiveness of the Investment Committee is evaluated on an annual basis by way of a self-evaluation process and an evaluation by the Board.

## Valuation committee

The Valuation committee has been established as a subcommittee of the Audit and Risk Committee with effect from 28 May 2021. The Committee assists the Audit and Risk Committee in determining and recommending the valuations of Remgro's unlisted investments and the internal valuations of Remgro's material investments, to the Board.

During the year under review, the Audit and Risk Committee reviewed the Valuation Committee mandate.

The Valuation Committee comprises seven members, being five non-executive directors as well as the CEO and CFO and is chaired by an independent non-executive director. The majority of the members of the Committee are independent. The Valuation Committee meets at least twice during a reporting period.

## Environmental, Social and Governance Committees

The Board established Strategic and Operational ESG Committees with effect from 25 November 2021. Their purpose is to assist the Board in providing direction and fulfil oversight responsibilities with respect to the implementation and development of Remgro's ESG strategy and its ambition to achieve and be recognised for best practice in ESG and sustainability. Its remit shall include topics such as climate change impacts, energy and natural resources conservation, environmental and supply chain sustainability, human rights, diversity and inclusion, and other ESG issues that are or might become relevant and material to Remgro and its investee companies.

The Strategic ESG Committee is a subcommittee of the Board comprising five members, including three independent non-executive directors as well as the Chairman of the Operational ESG Committee and the Board director responsible for Compliance and CSI. The Committee meets quarterly.

The Operational ESG Committee is a subcommittee of the Strategic ESG Committee and comprises members of the Management Board and senior management. The Committee meets monthly.

During the year under review, the Board reviewed the Strategic ESG Committee Charter and the Operational ESG Committee Terms of Reference.

Reporting to shareholders is achieved through the Abridged Sustainability Report which can be found on pages 68 to 77.

## CEO and CFO roles

The CEO and the CFO are appointed by the Board on an annual basis and are *ex officio* members of the Board. The CEO, Mr Jannie Durand, is responsible for the day-to-day management of Remgro and he is assisted in this regard by Mr Neville Williams, the CFO of Remgro. Between them they have 54 years of service working for Remgro and Remgro-related businesses, and are both individuals with the necessary competence, character and authority and are adequately resourced to fulfil their roles.

The CEO is responsible for leading the implementation and execution of approved strategy, policy and operational planning and serves as the chief link between the Management Board and the Board. The CEO is accountable and reports to the Board and the Board evaluates the CEO's performance annually. The CEO and the CFO take up additional professional

positions, the majority of which can be found on page 95 of the Integrated Annual Report.

The Board has a succession plan, which is reviewed periodically, for the position of CEO and the remaining members of the Management Board, in order to ensure continuity of executive leadership.

## Company Secretary

The appointment of the Company Secretary has been approved by the Board and the Board is responsible for the removal of the Company Secretary. Ms Danielle Dreyer is the Company Secretary of Remgro and is a full-time employee of Remgro.

The Company Secretary has unfettered access to the Board but is not a member of the Board. The Company Secretary is responsible for providing guidance to the Board collectively, and to the directors individually, with regards to their duties, responsibilities and powers and making them aware of legislation and regulations relevant to Remgro. All directors have unlimited access to the services of the Company Secretary. The Board is satisfied that the arrangements in place to access these services are effective.

The Company Secretary is furthermore responsible to ensure that proper corporate governance principles are adhered to and that Board orientation or training is given, when appropriate, based on annual performance evaluations. The Company Secretary ensures the proper administration of the proceedings and matters relating to the Board, Remgro and the shareholders of Remgro in accordance with applicable legislation and procedures.

The Company Secretary reports to the Board through the Chairman on all statutory duties and functions performed in connection with the Board. Regarding other duties and administrative matters, the Company Secretary reports to executive management.

The Board conducts an annual evaluation of the Company Secretary's competence, qualifications and experience, as required by the JSE Listings Requirements. The evaluation process includes an assessment by each member of the Board of the Company Secretary's eligibility, skills, knowledge and execution of duties. The Board is satisfied that the Company Secretary has the necessary competence, qualifications, experience, gravitas and objectivity to provide independent guidance and support at the highest level of decision-making in Remgro.

## Risk and opportunities governance

The Board is ultimately accountable for the Remgro Group's risk and opportunities management process and system of internal control. The Board has implemented and maintained a comprehensive risk and opportunities management system, which incorporates continuous risk and opportunity identification and assessment, evaluation and internal control embedment.

The risk and opportunities management process entails the planning, arranging and controlling of activities and resources to minimise the negative impacts of risks to levels that can be tolerated by Remgro, as well as to optimise the opportunities presented by certain risks. In addition, the processes assess strategic risk and the alignment of strategy to the mission and vision of Remgro. As Remgro is an investment holding company, the risk and opportunities management

process takes cognisance of risks and opportunities within Remgro as well as the risks and opportunities inherent to its investment portfolio.

The Board has evaluated and agreed on the nature and extent of the risks that Remgro is willing to take in pursuit of its strategic objectives. The Board formalises and approves risk appetite, risk-bearing capacity and risk tolerance levels on an annual basis.

The Audit and Risk Committee is integral in the implementation of the enterprise-wide Risk and Opportunities Management Policy, as it is mandated by the Board to monitor the risk and opportunities management processes and systems of internal control for Remgro and its wholly owned subsidiaries. The Audit and Risk Committee provides feedback to the Board on the effectiveness of the Remgro Group's risk and opportunities management processes, at least annually.

The Risk and Opportunities Management Policy defines the objectives, methodology, processes and responsibilities of the various management role players in Remgro. The Risk and Opportunities Management Policy seeks to, *inter alia*, assess the risks and opportunities emanating from the triple context in which Remgro operates and the capitals that Remgro use and affect to optimise resilience, performance and resource deployment. The Risk and Opportunities Management Policy is subject to annual review and any proposed amendments are submitted to the Audit and Risk Committee for consideration and thereafter for recommendation to the Board for approval. During the year under review, the Board reviewed the Risk and Opportunities Management Policy in light of the principles and recommended practices of King IV and the current COSO Enterprise Risk Management Framework.

The Audit and Risk Committee has assigned oversight of the operational risk and opportunities management function to the ROTIG Committee, which is a subcommittee of the Audit and Risk Committee. The mandate of the ROTIG Committee includes the maintenance of the Risk and Opportunities Management Policy, establishment of an operational risk and opportunities register, technology and information risk management, legal compliance and occupational health and safety. During the year under review, the Audit and Risk Committee reviewed the ROTIG Committee's mandate in light of the principles and recommended practices of King IV.

An annual independent internal audit review is done regarding the effectiveness of the ROTIG Committee, which is part of the risk and opportunities management process approved by the Board. The ROTIG Committee furthermore assessed its performance against its mandate and reported the positive results of this assessment to the Audit and Risk Committee.

The ROTIG Committee is chaired by the CFO and the 15 other members are all senior managers of Remgro. The chairman of the Audit and Risk Committee has a standing invitation to attend the meetings as an *ex officio* member to ensure the effective functioning of this committee and that appropriate risk information is shared with the committee.

The Remgro Group's risk and opportunities assessment, which includes all companies in the Remgro investment portfolio, is assessed by the Management Board.

Remgro's internal audit division is an effective independent appraisal function and forms an integral part of the enterprise-wide risk and opportunities management system that provides assurance on the effectiveness of Remgro's system of internal control. The Audit and Risk Committee has, during the year under review, evaluated reports on the effectiveness of the systems of internal controls conducted by the internal audit function, considered information provided by management and held discussions with the external auditor on the results of their audit.

Further details on Remgro's risk management function are contained in the Risk and Opportunities Management Report, which is included on pages 124 to 131. The Audit and Risk Committee is satisfied that the system, as well as the process of risk and opportunities management, is effective.



Remgro has a duly constituted Safety, Health and Environment Committee, as required by the Occupational Health and Safety Act (No. 85 of 1993). The committee is a subcommittee of the ROTIG Committee and ensures that Remgro provides and maintains a safe and healthy risk-free environment for staff and visitors by identifying risks and ensuring that controls designed to mitigate these risks are effective and complied with. It further monitors environmental practices.

An overview of the key areas of focus during the reporting period, planned areas of future focus as well as the objectives, and the key risks that Remgro faces are contained in the Risk and Opportunities Management Report.

## Technology and information governance

The Board and executive management are well informed about the role of technology and information and its impact on Remgro's business, taking into account the relatively limited technology needs of an investment holding company.

The ROTIG Committee considers the technology and information risk register on a regular basis, while the progress on technology and information and control-related projects are monitored directly by the Audit and Risk Committee itself. The Board exercises oversight over these committees and is satisfied that technology and information is properly managed and that it is aligned with the objectives of the Remgro Group's business.

Remgro has a Technology and Information Governance Policy that is reviewed annually, amongst others, in light of the principles and recommended practices of King IV and is supplemented by governance-based policies such as the Technology and Information Acceptable Use Policy and Information Security Policy.

The head of Technology and Information reports to the Remgro CFO and technology and information-related matters are addressed by a Technology and Information Steering Committee, comprising the head of Technology and Information and six other members of senior management. This committee also reports to the ROTIG Committee on the progress regarding technology and information-related projects. The ROTIG Committee in turn considers and monitors the progress on technology and information-related projects. The Technology and Information Steering Committee is also responsible for monitoring adherence to the Technology and Information Governance

Policy. The head of Legal was appointed as the Information Officer in terms of the Protection of Personal Information Act 4 of 2013 (POPIA) and its regulations. The project introduced to ensure POPIA compliance will report to the Technology and Information Steering Committee in line with the committee's role to lead and promote technology and information governance.

Remgro has outsourced its technology and information operations to credible service providers through comprehensive Service Level Agreements. The Service Level Agreements of the service providers, which deal with, *inter alia*, key deliverables such as system and user support, system availability, cyber risk management, virus protection, telephony and other general controls, are reviewed annually and their compliance monitored. Technology and information service management is based on the international Information Technology Infrastructure Library (ITIL) framework. The services of a Security Operations Centre were also implemented to monitor cyber risk.

Technology and information risk management is fully integrated and included in Remgro's combined assurance process. A business continuity plan has been formalised and successful tests performed on the back-up and disaster recovery processes. Detailed feedback on the Remgro Group's technology and information risks is provided to the ROTIG Committee and the Audit and Risk Committee.

Information security policies are in place throughout Remgro regulating, *inter alia*, the processing and protection of own and third-party information. When required, specialist skills are insourced to assist with information technology services.

An overview of the key areas of focus during the reporting period and planned areas of future focus can be found in the Risk and Opportunities Management Report on page 124.



Compliance with laws, rules, regulations and relevant codes is integral to Remgro's risk and opportunities management process. The Audit and Risk Committee is responsible to, *inter alia*, ensure that an appropriate compliance framework is in place, that non-compliance is reported and to review any major breach of relevant legal and regulatory requirements. The Social and Ethics Committee has also been mandated to monitor the effectiveness of compliance management in the Remgro Group.

The Audit and Risk Committee monitors compliance with the Code of Ethics and addresses instances of fraud or irregularities. The Remgro Group has an effective anti-corruption, fraud prevention and detection process and ensures compliance and risk mitigation. There were no alleged incidents, pertaining to Remgro, its officers and employees, reported during the year.

During the year under review, the Board has reviewed Remgro's Legal Compliance Policy and Framework in light of the principles and recommended practices of King IV. The Board has confirmed that there is sufficient management capacity and controls in place to ensure that all relevant laws and industry practices are complied with. The Legal Compliance Policy and Framework identifies which non-binding rules, codes and standards have been adopted by Remgro.

The legal department updates management regularly on all changes in relevant legislation and regulations and legal compliance is managed and monitored on an ongoing basis and reported on to the Audit and Risk Committee.

Compliance controls also vest with senior management, who are required to report to the ROTIG Committee on a regular basis regarding their compliance using a control self-assessment methodology. This process is incorporated into the annual combined assurance plan.

The Company Secretary is responsible for providing guidance to the Board collectively and to the directors individually, with regards to their duties, responsibilities and powers; making them aware of legislation and regulations relevant to Remgro. The Company Secretary is responsible to ensure the proper administration of Board proceedings and matters in accordance with applicable legislation and procedures.

Legal compliance is a standing agenda item for Board meetings. Feedback on the Remgro Group's legal and regulatory risks is provided to the Audit and Risk Committee on a regular basis. The Board oversees that compliance is understood not only for the obligations it creates, but also for the rights and protections it affords, that compliance management is to be understood taking a holistic view of how applicable laws and non-binding rules, codes and standards relate to one another; and that compliance entails continual monitoring of the regulatory environment and appropriate responses to changes and developments.

Ms Mariza Lubbe, as an executive director, is responsible for compliance and corporate social investments. In her duties relating to compliance she monitors Remgro's responsibilities in terms of the Companies Act, the JSE Listings Requirements and King IV, as well as the proper and lawful implementation of Remgro's corporate actions.

## Compliance

## Remuneration

Remgro's Remuneration and Nomination Committee is responsible for, *inter alia*, the establishment of a remuneration policy, overseeing the setting and administering of the remuneration of all directors, Management Board members and other employees, as well as the compensation of non-executive directors (which compensation is ultimately approved by the shareholders by special resolution before payment thereof).

The Remuneration and Nomination Committee advises the Board on matters such as the remuneration principles and terms of employment of all directors and Management Board members, the Board structure and composition, directors' remuneration and long-term incentive schemes and succession plans for the Board, CEO and other Management Board appointments.

Remgro has a formal Remuneration Policy that sets out the remuneration principles for the organisation as a whole. The Remuneration Policy is aligned with Remgro's approach of rewarding all employees fairly and competitively, according to their capabilities, skills, responsibilities and level of performance. The level of salaries to employees is one of a number of elements in its strategy to retain, motivate and, where necessary, recruit high-quality people.

 The Remuneration Report provides an overview and understanding of Remgro's remuneration principles, policy and practices. The remuneration of directors and prescribed officers is disclosed in the Remuneration Report on page 98. The Board has decided that independent non-executive directors should not be remunerated by means of a base fee and attendance fee in respect of their Board and committee obligations. The fee paid to non-executive directors is thus a fixed annual fee. The only exception to this principle is the attendance fee per meeting applicable to the Investment committee. The requisite number of Investment committee meetings cannot be determined at the start of a financial year, and to prevent Board members being remunerated for a function that could occur occasionally the Remuneration committee approved a fixed fee per meeting attended. This was decided as many directors add significant value to the Remgro Group outside of the formal Board and committee meetings, sometimes greater than they might do within the confines of a formal meeting.

With effect from 2017, Remgro tables its Remuneration Policy and Remuneration Implementation Report for separate non-binding advisory votes by shareholders at its AGMs. In the event of a 25% or more dissenting vote on the Remuneration Policy or Remuneration Implementation Report (or both) the Remuneration and Nomination Committee will engage with the dissenting shareholders as recommended by King IV.

Remgro's Remuneration Policy and Remuneration Implementation Report were tabled for separate non-binding advisory votes at Remgro's AGM held on 25 November 2021. At the meeting, 69.91% and 88.17% of the ordinary shareholders, which excludes the votes of the B ordinary shareholders, voted in favour of the Remuneration Policy and Remuneration Implementation Report, respectively.

## Assurance

### Combined assurance

The Board acknowledges its accountability to its stakeholders to present information that is relevant, accurate and reliable. In this regard it should be noted that Remgro follows a combined assurance model, incorporating management, internal audit and external assurance (e.g. BBBEE scorecard verification and

Carbon Disclosure Project verification). Remgro believes that these assurance methods provide the necessary assurance over the quality and reliability of the information presented. The different options and levels of independent assurance available are continuously being reassessed to ensure optimised assurance.

The consolidated Annual Financial Statements of Remgro were audited by the independent external auditors, PricewaterhouseCoopers Inc., in accordance with International Standards on Auditing. Remgro acknowledges the increasing requirements from investors and regulatory and other guidelines, such as King IV and the integrated reporting guidelines, for the external assurance of selected non-financial information.

The Audit and Risk Committee is responsible to ensure that the combined assurance model is applied to provide a coordinated approach to all assurance activities, and that the combined assurance received is appropriate to address all the significant risks facing Remgro. It is also responsible to monitor the relationship between external service providers and Remgro. Various other voluntary external accreditation, certification and assurance initiatives are followed in the Remgro Group.

Remgro has implemented an enterprise-wide risk and opportunities management system that forms part of the overall combined assurance plan. Technology and information risk and opportunities management is fully integrated and included in Remgro's combined assurance process.

The Board is satisfied that a combined assurance model is applied which incorporates and optimises the various assurance services and functions so that these support the objectives for assurance.

The Board's direction takes into account legal requirements in relation to assurance and whether assurance should be applied to the underlying data used to prepare a report, or to the process for preparing and presenting a report, or both. In determining how to assure external reports, consideration is given to whether the nature, scope and extent of assurance are suited to the intended audience and purpose of a report; and the evaluation of the underlying subject matter of the report. The Board is satisfied that the external reports of Remgro meet the recommended practices of King IV.

### Internal audit

Internal audit forms an integral part of Remgro's enterprise-wide risk and opportunities management system to provide assurance on the effectiveness of Remgro's risk and opportunities management process and system of internal control. The internal audit function is independent from management with unfettered access to the Audit and Risk Committee and executive management.

Remgro's Chief Audit Executive (CAE) provides an annual written assessment to the Audit and Risk Committee on the effectiveness of the Remgro Group's governance, the control environment and system of internal controls and risk and opportunities management. The Audit and Risk Committee is satisfied with the independence, quality and scope of the internal audit process.

Reports on the effectiveness of Remgro's internal controls are included in the Risk and Opportunities Management Report and the Audit and Risk Committee Report. The Audit and Risk Committee has, *inter alia*, considered the reports from the internal and external auditors and satisfied itself about the adequacy and effectiveness of the Remgro Group's systems of internal control.

During the year under review, the Audit and Risk Committee reviewed the Internal Audit Mandate for approval by the Board, in light of the principles and recommended practices of King IV.

The Board continuously monitors that the internal audit follows a comprehensive quality assurance and improvement process, regularly reviews Remgro's risk profile and approves the risk-based annual internal audit work plan accordingly.

The Audit and Risk Committee has appointed Mr Deon Annandale as Remgro's CAE. The Board is satisfied with the attributes, objectivity and independence of the CAE, and that the CAE has the necessary gravitas and competence. The CAE is invited to attend meetings of the Management Board, as and when required, in addition to standing invitations to the ROTIG, Operational ESG and Treasury Committees' meetings and the investment strategy conference.

An external, independent quality review of the internal audit function is conducted at least once every three years.

## Stakeholder-inclusive approach

The Board is the ultimate custodian of its corporate reputation and stakeholder relationships. Remgro's relationship with all its stakeholders is based on the following values that are entrenched and supported by Remgro's Code of Ethics: integrity, competence, responsibility, accountability, fairness and transparency. Remgro has adopted a stakeholder policy, which sets out the approach and strategy of Remgro with respect to stakeholder engagements, ensuring that the approach takes into account corporate governance guidelines.

During the year under review, the Board reviewed the Group governance framework, which articulates and gives effect to its direction on relationships and the exercise of authority across the Remgro Group, in recognising group companies as being stakeholders of Remgro.

Remgro's main stakeholders are its shareholders and the investment community, its employees, its investee companies and the other shareholders of such investee companies, the community and environment in which it operates, its suppliers and service providers and the South African Government and regulatory bodies. The expectations of these stakeholders are taken into account in determining the areas reported on throughout the ESG and Sustainability Report.

Effective communication with shareholders and other stakeholders is fundamental in maintaining Remgro's reputation as an investment partner of choice. Remgro utilises a wide variety of communication methods to ensure that its communication with stakeholders is clear and understandable, as well as transparent, balanced and truthful, and sets out all relevant facts, whether positive or negative. Care is taken to ensure that engagement with stakeholders is, where appropriate, not just one-way communication but constructive, partnership-based engagement. This ensures that all legitimate stakeholder expectations are identified and addressed as far as possible.

Communication with investors is based on the principles of timely, balanced, clear and transparent information. In this regard the investment community has access to the same information as Remgro shareholders. Firm protocols are in place to control the nature, extent and frequency of communication with investors. Shareholders and the investment community are encouraged to attend Remgro's AGMs where topical matters are discussed openly. Further interactions with institutional

investors take place at least twice a year at the dial-in interim and final results presentations, where questions can be directed to the CEO and CFO. Outside of these, the management team from time to time participates in our investor platforms where focused engagements are held in order to ensure alignment with our investor community and that the Remgro equity story is widely understood and reflected in prevailing capital markets valuations. Remgro aims to continually improve on our communications, messaging and disclosure as a catalyst to enable our shareholders to understand management's view on value. We believe transparent communication also better positions us to enlist wider institutional coverage and in turn provide us increased visibility to international capital markets for greater investment. We, however, remain disciplined to balance our need to communicate with the investor community with the need to avoid information asymmetry and to ensure compliance with relevant disclosure requirements and regulations in terms of our Listings Requirements. To this end, our shareholders and the investment community at large are encouraged to contact our Remgro investor relations manager directly for any investor related queries. The investor relations contact details are available on the investor segment of the Company's website.

The Board is available to engage at the AGM of Remgro and to respond to shareholders' queries on how the Board executed its governance duties. The designated partner of the external audit firm also attends the AGM. The results of Remgro's AGM are publicly available on the Stock Exchange News Service (SENS).

Remgro, like other organisations, has many economic impacts on its stakeholders through, *inter alia*, the generation and distribution of value, the creation of employment opportunities, remunerating employees fairly and competitively, paying taxes and CSI initiatives. Remgro continuously manages these impacts and engages with stakeholders on matters relevant to them.

Remgro's primary objective is to maximise value creation and sustainable growth and in this regard particular care is taken to ensure that all shareholders, or classes of shareholders, are treated equitably. Special care is taken to protect minority shareholders from actions by or in the interest of the principal shareholders that may be to their detriment. In this regard Remgro has appointed a LID to act as chairman during meetings in situations when the Chairman has a conflict of interest.

The Board has not instituted a formal dispute resolution process in relation to shareholders, as it believes that the existing processes within the Remgro Group operate satisfactorily and do not require a more formal and separate mechanism. In addition, shareholders may use relevant remedies in terms of the Companies Act.

An overview of the key areas of focus during the reporting period and planned areas of future focus in relation to stakeholder inclusivity can be viewed in the Abridged Sustainability Report on page 68.

## Conclusion

The Board is satisfied with the application by Remgro of the principles enshrined in King IV and has demonstrated its application of the 16 applicable King IV principles herein. Remgro is committed to ensuring that corporate governance is adhered to and that corporate governance processes are continuously reviewed to ensure that it remains effective and compliant.



# DIRECTORATE AND MEMBERS of committees

## Non-executive directors



**J P Rupert (72) Chairman**

Appointed: 18 August 2000

**Directorships:** Mr Rupert is the Chairman of Compagnie Financière Richemont SA and the Chairman of Reinet Investments Manager SA, the management company of Reinet Investments S.C.A. He studied economics and company law at Stellenbosch University and has had an extensive career in international business, banking and finance. After working for Chase Manhattan Bank and Lazard Frères in New York he founded Rand Merchant Bank Limited in 1979. In 1985 he joined the Rembrandt Group. He holds honorary doctorates in Law, Economics and Commerce. He served as Chancellor of Stellenbosch University from 2009 to 2019 and is Chairman of the Peace Parks Foundation.



**J Malherbe (66)**

Appointed: 11 October 2006

**Directorships:** Mr Malherbe is a director of Compagnie Financière Richemont SA, Pension Insurance Corporation Group Limited and Reinet Investments Manager SA. He qualified as a Chartered Accountant and worked with a predecessor firm of PricewaterhouseCoopers before joining Rand Merchant Bank Limited in 1985. He joined the Rembrandt Group in 1990 and is a member of the Investment Committee.



**P J Neethling (37)**

Appointed: 28 November 2019

**Directorships:** Mr Neethling serves as an alternate director to Mr J J Durand on the Board of RCL Foods Limited. He was an Investment Executive in the corporate finance division of Remgro Management Services Limited, a wholly owned subsidiary of Remgro and has acquired extensive business experience through a number of other directorships. He holds a BComm (Hons) degree in Financial and Investment Management from Stellenbosch University. Mr Neethling was appointed as alternate member to Mr J P Rupert on the Investment Committee.



**A E Rupert (34)**

Appointed: 29 November 2018

**Directorships:** Mr Anton Rupert has served as non-executive director on the Board of Compagnie Financière Richemont SA since 2017 and is a member of their Strategic Security and Nominations Committee. He brings valuable insight into changing consumer behaviour in digital marketing and web-based commerce and has had extensive exposure to all of the Group's businesses since 2009.

## Independent non-executive directors



**S E N De Bruyn (50)**

*Lead Independent Director*

Appointed: 16 March 2015

**Directorships:** Ms De Bruyn is co-founder of Identity Capital Partners Proprietary Limited, a women-led investment company. She has 20 years' experience as a director of companies having served on the boards of FirstRand Limited, Anglo American Platinum Limited, Rand Merchant Investment Holdings Limited and Discovery Limited. She is currently Chairman of RMB Holdings Limited and a director at Ethos Private Equity. She was previously a Trustee of the National Empowerment Fund and a member of the Presidential Working Group on BEE. She is currently a member of the Presidential Investment Advisory Council. Ms De Bruyn has contributed to the debate on women's empowerment, BEE, transformation, privatisations and the economy through publications, articles and interviews. She is the Chairman of the Audit and Risk Committee and a member of the Social and Ethics Committee, the Remuneration and Nomination Committee and the Strategic ESG Committee.

**F Robertson (67) Deputy Chairman**

Appointed: 28 March 2001

**Directorships:** Mr Robertson is Deputy Chairman of the Remgro Board and is a member of the Audit and Risk Committee, the Remuneration and Nomination Committee and the Investment Committee. He is Executive Chairman of Brimstone Investment Corporation Limited and is also Chairman of Sea Harvest Group Limited. Mr Robertson serves as non-executive director on the board of Aon Re Africa Proprietary Limited and serves as Trustees of the Laureus Sport for Good Foundation in South Africa and the District Six Museum. He is the recipient of an Honorary Doctorate in Philosophy from the University of the Western Cape.



**N P Mageza (67)**

Appointed: 4 November 2009

**Directorships:** Mr Mageza was previously the Chief Operations Officer of the Absa Group. He is a Chartered Certified Accountant and a Fellow of The Association of Chartered Certified Accountants (ACCA) UK, as well as a director of a number of companies including Anglo American Platinum Limited, RCL Foods Limited and Sappi Limited. He has gained extensive experience through holding various executive positions in the audit, financial services and the transport and logistics sectors. He is a member of the Audit and Risk Committee and the Social and Ethics Committee.



**P J Moleketi (65)**

Appointed: 4 November 2009

**Directorships:** Mr Moleketi is a former Deputy Minister of Finance of the Republic of South Africa and Gauteng Province MEC of Finance and Economic Affairs as well as a director of several companies listed on the JSE Limited. He is non-executive Chairman of Harith Fund Managers and PPC Limited. He holds postgraduate economics and management qualifications from the University of London and Harvard Business School and has extensive international exposure, extensive strategic leadership skills and in-depth corporate governance experience in both the public and private sectors. He is a member of the Audit and Risk Committee and the Remuneration and Nomination Committee.



## Independent non-executive directors (continued)



### M Morobe (65)

Appointed: 18 June 2007

**Directorships:** Mr Morobe was the National Director of the Programme to Improve Learner Outcomes (PILO) until 2020, a position he assumed in 2013 after seven years as chief executive officer of then JSE-listed Kagiso Media Limited. He has a 50-year career spanning the worlds of student activism, trade unionism, work in the non-governmental sector, politics, the public sector, conservation and the corporate sector. Always seeking fresh challenges, Mr Morobe was in 1994 appointed as the first CEO and Chairman of the Financial and Fiscal Commission. Thereafter, from 2004 to 2006, he joined the Presidency as Head of Communications. He has also served in various board capacities, both in the non-governmental and private sectors, *inter alia*, the Council on Higher Education (1999 – 2000); Chairman South African National Parks Board (1999 – 2005); Chairman Ernst & Young (SA) (2001 – 2005); Chairman Johannesburg Housing Company (2003 – 2006). Currently, Mr Morobe is Chairman of Wispeco Holdings Proprietary Limited, he serves as a non-executive Director of RMB Holdings Limited and Rand Merchant Investment Holdings Limited and he is a Trustee on the boards of the DG Murray Trust and the Rothschild Foundation. He is Chairman of the Social and Ethics Committee and the Strategic ESG Committee.



### G G Nieuwoudt (46)

Appointed: 28 November 2019

**Directorships:** Mr Nieuwoudt is the founder and managing partner of Southern Right Capital. He serves as a director of the Accumulus Fund, a Cayman-based exempted company. Previously, he served as the director of Alternative Investment Solutions at Edmond de Rothschild Capital Holdings, London and a managing partner and portfolio manager at Silver Creek Capital UK LLP. He is a CFA Charter Holder and holds a BComm Mathematics degree from the Stellenbosch University. He is a member of the Investment Committee.



### K S Rantloane (41)

Appointed: 30 November 2020

**Directorships:** Mr Rantloane is the founder of Ata Capital and is currently a director of Rain Group Holdings Proprietary Limited, Southern African Venture Capital and Private Equity Association, SLG Proprietary Limited, Masana Petroleum Solutions Proprietary Limited, Imbewu Capital Partners Proprietary Limited and a trustee of the Click Foundation. Prior to this he was Head of Debt Capital Markets at Deutsche Bank AG, Johannesburg. He began his career with Rand Merchant Bank Limited and served as Executive Assistant to the CEOs of FirstRand Limited and FirstRand Bank Limited. He holds a BSc (Hons) degree from the University of Cape Town and a FRM designation from the Global Association of Risk Professionals. He is a member of the Investment Committee and the Strategic ESG Committee.

## Members of committees

### Audit and Risk Committee

S E N De Bruyn (Chairman), N P Mageza,  
P J Moleketi, F Robertson

### Investment Committee

J P Rupert (Chairman), J J Durand, J Malherbe,  
P J Neethling (alternate to J P Rupert), G G Nieuwoudt,  
K S Rantloane, F Robertson, N J Williams

### Management Board

J J Durand (Chairman), P R Louw, M Lubbe,  
P J Uys, N J Williams

### Remuneration and Nomination Committee

J P Rupert (Chairman), S E N De Bruyn,  
P J Moleketi, F Robertson

### Social and Ethics Committee

M Morobe (Chairman), S E N De Bruyn,  
P R Louw, N P Mageza, P J Uys

### Strategic ESG Committee

M Morobe (Chairman), S E N De Bruyn,  
M Lubbe, K S Rantloane, P J Uys

## Executive directors



**J J Durand (55)**

**Chief Executive Officer**

BAcc (Hons), MPhil (Oxon), CA(SA)

Years of service with the Group: 26

**Directorships:** Mr Durand was appointed as Chief Executive Officer of Remgro in May 2012 and has served on the board of various Remgro investee companies. He is currently Chairman of Distell Group Holdings Limited, RCL Foods Limited and Rand Merchant Investment Holdings Limited and also serves on the board of Mediclinic International plc. He previously served in the Group as Remgro's Chief Investment Officer and also as the Financial Director and Chief Executive Officer of VenFin Limited. He is a member of the Investment Committee.



**M Lubbe (52)**

*Compliance and Corporate Social Investments*

BA

Years of service with the Group: 28

**Directorships:** Ms Lubbe was appointed as executive director of Remgro in September 2016 and is responsible for Compliance and Corporate Social Investments of the Company. She acts as Board member of Remgro Limited's wholly owned subsidiaries and she is currently Chairman of Historical Homes of SA Limited. She serves as a non-executive director on the board of Business Partners Limited. She is a member of the Strategic ESG Committee.



**N J Williams (57)**

**Chief Financial Officer**

BComm (Hons), CA(SA)

Years of service with the Group: 28

**Directorships:** Mr Williams was appointed as Chief Financial Officer of Remgro in April 2016 and has served on the board of various Remgro investee companies. He currently serves as a director of Air Products South Africa Proprietary Limited, Business Partners Limited, eMedia Investments Proprietary Limited and TotalEnergies Marketing South Africa Proprietary Limited. He previously served in the Group as Remgro's Head of Corporate Finance and also as the Chief Financial Officer of VenFin Limited. He is a member of the Investment Committee.

Remgro **remains committed** to **continue to play our role** in seeing South Africa come through **these challenging times** stronger as a nation in line with our purpose to shape the future and partner for South Africa's prosperity.

# EXECUTIVE MANAGEMENT structure

## How Remgro is managed

The Remgro Limited Board of Directors ultimately leads and controls the Group in all issues of a material or strategic nature, which can impact the reputation and performance of the Group. The Management Board is a subcommittee of the Remgro Board that is mainly responsible for determining policies, monitoring and managing existing investments, identifying and recommending new investment opportunities and executing the decisions and strategy of the Board. Other issues, as mandated by the Board, are dealt with at senior management level as permitted in terms of a formal delegation of authority that directs limits of delegation and approval mandates.

The Management Board, together with senior management, also aims to instil a culture of ethical behaviour and good governance throughout the Remgro Group. As at 30 June 2022 the Management Board comprised five members, being all three executive directors as well as Messrs Pieter Louw and Pieter Uys.

The schematic presentation presented in Figure 1 provides more detail on the day-to-day responsibilities and delegated authorities of the individual members of the Management Board.

## Committee structure



Figure 1



# REMUNERATION Report

This report sets out our Remuneration Policy and Remuneration Implementation Report for executive directors and non-executive directors' remuneration for the 2022 financial year and is presented in three parts:

- i) Part 1: The background statement which provides context to our Remuneration Policy and performance;
- ii) Part 2: An overview of the forward-looking Remuneration Policy applicable in the 2023 financial year; and
- iii) Part 3: The Remuneration Implementation Report which sets out in detail how the existing policy was implemented during the year under review, including disclosure on payments made to executive directors and non-executive directors during the year ended 30 June 2022.

## Part 1: Background statement

Remgro's remuneration philosophy is guided by its business strategy, namely a long-term approach to deliver value in a sustainable manner.

Due to the nature of the business, the remuneration framework, on an organisation-wide basis, provides for fixed remuneration (i.e. salary and benefits) and a long-term share plan, which only renders value if the stretching performance conditions (where applicable) and the employment condition are met. As an investment holding company, the Remuneration and Nomination Committee (the committee) views increased market capitalisation, sustainable growth in the share price and above-average dividend yield as critical metrics to deliver value to shareholders over time. In line with this approach, Remgro does not pay short-term incentives (i.e. cash bonuses) and believes that management's decision-making should be long-term focused. It is aligned with the philosophy that they should be rewarded where value creation is demonstrated, without excessive risk taking in the short term. This two-tier approach makes the Remgro Remuneration Policy focused and avoids unnecessary layers of complexity. Our remuneration philosophy and policy are further detailed in Part 2 of this report.

## Overview of performance and remuneration outcomes for the year under review

Remgro has a diversified portfolio of investments across industries, which include healthcare, consumer products, financial services, infrastructure, industrial, and media interests.

This first half of the 2022 financial year continued to be a volatile journey, with the fallout of the July violent unrest and the threat of the fourth wave of the Covid-19 pandemic, amidst a slow vaccination progress, which saw the global community impose further travel bans on South Africa. As we began to emerge and recover, renewed macro challenges and volatility were evident on a global scale.

During the second half of the 2022 financial year, the Russian invasion of the Ukraine negatively influenced global and local economies through increased food and energy costs and rising inflation in developed economies to levels not experienced in the last 10–15 years. The persistent increase in inflation and interest rates caused renewed concerns of a recession in these developed markets. Domestically, the rise in the price of fuel, persistent loadshedding, the general demise of infrastructure, increased prevalence of natural disasters and the possibility of a global recession continue to inhibit our economic recovery.

Remgro continues to focus on its processes curated over its 74-year rich history, remaining committed to its strategic priorities, its corporate citizen mandate and values-driven ethos. To this end, significant progress has been made in the reporting period on strategic initiatives as Remgro continues to position itself for the future. Transformative corporate actions to this effect include the recently announced Mediclinic International plc (Mediclinic), Distell Group Holdings Limited (Distell), Community Investment Ventures Holdings Proprietary Limited (CIVH) and Rand Merchant Investment Holdings Limited (RMI) transactions.

Remgro's commitment to its investment philosophy and underlying investments has seen a robust recovery in financial performance compared to the previous period with the majority of financial metrics ahead of pre-pandemic levels. Remgro is more than encouraged that its prudent management, strong balance sheet and capital allocation track record (as evidenced by its resilient portfolio) have enabled it to deliver a quick recovery amidst all the headwinds.

## Total guaranteed package (TGP)

In line with Remgro's philosophy on fair and responsible remuneration, the following decision was taken with regards to increases:

- Executive directors, members of the Management Board and Executives were granted increases of circa 4.25% for the 2022 financial year.
- Employees at management levels received increases of around 4.50% and non-management employees received salary adjustments of on average 5.00% for the 2022 financial year.

## Long-term incentive (LTI) plans

The vesting outcomes for the 2019 LTI awards, for which the performance period ended during the 2022 financial year, were 71%. Details on the vesting of these awards are set out in Part 3 of this report.

## Embedding Environmental, Social and Governance (ESG) measures within reward

Remgro aims to be the trusted investment company of choice that consistently creates sustainable stakeholder value. While workplace, economic, social and environmental sustainability practices have always been part of Remgro's core values and are entrenched within Remgro's overall governance framework, Remgro aims to become an ESG leader and is placing increased emphasis on ESG practices.

Remgro's size and influence as an investment holding company enables it to acquire significant interest in entities that are big enough to have a material effect on Remgro's results. As Remgro's business and investment philosophy is centred around investing in businesses that are aligned with its values and purpose, this places Remgro in the position to influence the implementation of an ESG strategy and the entrenchment of ESG frameworks across the Group.

To this end, Remgro embarked on an ESG journey in 2021, the aim of which is to develop a strong ESG strategy and framework for implementation across the business and the businesses of investee companies. Within the Remgro holding company, appropriate strategic and operational ESG committees and work groups were established in 2021 to ensure that Remgro remains engaged with its corporate citizen mandate and values-driven ethos. As part of our future focus, and in order to maximise our ESG impact, Remgro as a holding company will focus on influencing our investee companies to adopt a similar focused strategic and operational focus on ESG.

### Journey to date

To incentivise and motivate management in driving this journey, qualitative ESG measures were incorporated into the Remgro Long Term Incentive Scheme (LTIs) in 2021 which measures detailed strategic milestones to be achieved by specified dates. By incorporating specific ESG measures into the LTI, Remgro is illustrating its public commitment to ESG. The first LTI awards with the ESG measures were awarded in 2020 (being the 2019 and 2020 LTI awards). An overview of the outcomes of these qualitative measures is reflected below:

1. Management successfully executed the specific targets set at threshold and target levels in full and on time. These included the following:
  - The amendment of Board and committee mandates.
  - The establishment (with a terms of reference) of a Strategic ESG Committee and an Operational ESG Committee.
  - The development and approval of an investment framework when considering new investments as well as reviewing the current portfolio.
  - Strategic external expertise was fully engaged during this initial stage to ensure proper and relevant focus.
2. The stretch target to influence key subsidiary companies to have ESG targets and key performance initiatives (KPIs) for LTI and/or short-term incentive (STI) plans at executive level were partially achieved.
  - Two of the four subsidiary companies have targeted ESG objectives linked to their personal KPIs, STI and/or LTI plans.

3. In addition to the achievement of the agreed targets, the following additional outcomes and context are important to note:

- Management acknowledges that the biggest impact will be through key investee companies and identified the following nine investee companies, representing 80% of the Remgro INAV, to focus the ESG journey over the medium term.

Distell	Mediclinic	RCL Foods
CIVH	Air Products	OUTsurance
TotalEnergies	Wispeco	Siqalo Foods

- To enable a more focused approach, the following nine key ESG focus areas were identified. These areas will be reviewed continuously to ensure they remain relevant.

Climate change and energy	Water management	Waste management
Diversity and inclusion	Social impact	Employee relations
Health and safety	Supply chain and procurement	Governance

- In addition to the investment framework, the operational committee developed an ESG investment handbook to provide investment managers with a rich source of information to have meaningful discussions with current and potential investee companies and to inform the ESG due diligence process.
- Investee companies were formally engaged on several occasions including a CEO conference with a strong ESG focus to create awareness regarding Remgro's ESG ambition.
- Management is in the process of establishing a centralised ESG collaboration network to coordinate and facilitate the ESG (and potentially other identified areas) activities across investee companies.

It is the committee's view that the specific qualitative targets were suitably challenging, aligned with the Company's strategy and laid a solid foundation upon which the Company can deliver on its ESG ambition.

As indicated in the 2021 report, due to the ESG journey being in its infancy, the committee set qualitative ESG measures (30% of the ESG component – threshold performance) for the first year of the performance period of the 2021 LTI award, which measures were aimed at establishing the foundation on which quantitative measures could be included. Following on the foundation created by these and the above qualitative measures linked to the 2019 and 2020 LTI awards, the committee was in the position to set the quantitative measures for the remaining two years of the performance period for the 2021 LTI award.

as well as for the 2022 LTI award which will be made in December 2022. This is set out in more detail in Part 2. It is important to note that from a quantitative measure perspective, Remgro evaluated where they can deliver the most significant portfolio impact and in which form. After careful deliberation, considering our investment philosophy of providing support and strategic guidance to investee companies (while not being involved in the day-to-day operation of our investee companies in line with our philosophy of decentralised management), we identified that the most significant impact which Remgro can deliver is to provide support and guidance in the implementation of an ESG framework and strategy within the identified group of investee companies. Consequently, the quantitative measures consider Remgro's success rate in being able to deliver on this impact, expressed as a governance/influence factor.

More details are provided in Parts 2 and 3 of this report.

The specific areas of concern, together with actions taken as a result of the issues raised, are listed in more detail below.

Shareholder concern	Action taken/Remgro's response
<b>Remuneration Policy</b> Timeline as to when the quantifiable ESG metrics will be introduced	<p>The intention of the committee and management was to introduce quantifiable ESG metrics as soon as practically possible. For this purpose, the target and stretch measures for the 2021, 2022 and beyond were not disclosed in the 2021 Remuneration Report. As a holding company Remgro is not fully aware of the ESG maturity levels at different investee companies and the baseline measures for key ESG measures at these companies.</p> <p>Once the Company fully understand the ESG landscape across investee companies and we are able to articulate and commit to meaningful quantitative ESG measures those will be added to the 2021 and 2022 awards.</p>
Adjustment to expiry dates of in-flight awards	<p>All the LTI awards affected by the extended expiry dates relate to the Share Appreciation Rights scheme (SARs) awards made to participants during 2013, 2014 and 2015. With the extended expiry dates the actual share price still needs to exceed the award price for value to be created for participants AND the requirement that participants must be in service or regarded as a "good leaver" to remain eligible to exercise their options under the plan rules. It is important to note the following as some of the reasons the committee considered when they approved the extension of the expiry dates:</p> <ul style="list-style-type: none"> <li>• The majority of the 2013, 2014 and 2015 awards were "in the money" (i.e., actual share price was higher than award price) before the severe negative impact of the Covid-19 pandemic. This event was completely beyond the control of the participants. Hence participants would have been "penalised" for an event that they had no control over.</li> <li>• Remgro does not have any STI or other formal recognition schemes, hence the LTI being the only measure, other than guaranteed pay, to attract, incentivise and retain employees.</li> <li>• All Remgro employees participate in the LTI plan (and not only executives) and this decision to extend the expiry dates affected all participants.</li> <li>• Remgro executives and management worked tirelessly during the Covid-19 pandemic to ensure a sustainable future for Remgro, investee companies and shareholders.</li> <li>• The Covid-19 pandemic destroyed significant share value for our shareholders and because of the alignment with shareholders (the actual share price) it also destroyed significant value for participants in the Remgro LTI plan. The committee aimed to align the efforts of Remgro executives, management and employees with those of shareholders by extending the expiry dates of these awards. Thus, if executives and management were successful in growing the Remgro share price (to the benefit of shareholders) they would also benefit from those deliberate and focused efforts.</li> </ul>

## Voting results and shareholder engagement

At the Annual General Meeting (AGM) held on 25 November 2021, 69.9% of Remgro's ordinary shareholders voted in favour of the Remuneration Policy, with 88.2% of ordinary shareholders voting in favour of the Remuneration Implementation Report. In light of the fact that more than 25% of ordinary shareholders voted against the remuneration policy, and in compliance with King IV and the JSE Listings Requirements, dissenting shareholders were invited to engage with the Company. Shareholders were provided further focused engagement opportunities through virtual engagement sessions during our shareholder engagement roadshows.

Shareholder concern	Action taken/Remgro's response
Targeting guaranteed remuneration to the upper quartile is not best practice and shareholders are not clear who the peers are in the Mercer survey.	<p>With regards to the comment on the Remgro philosophy to target the upper quartile, it is important to note the following:</p> <ul style="list-style-type: none"> <li>• Remgro deliberately selected to target TGP at the market upper quartile due to the absence of any STI opportunity for executives (and all other employees). The committee's philosophy is that executives of a holding company should not be incentivised to make short-term decisions but rather be incentivised on driving long-term value creation for shareholders. The difference between the median and upper quartile compensates for a very small percentage of the STI opportunity that comparable executives typically earn.</li> <li>• The Total Reward (TGP plus LTI) of executives are benchmarked against the <b>median</b> Total Reward (including STI opportunity) outcome of the comparator group. On a Total Reward comparison Remgro thus targets the market median.</li> </ul> <p>Management shared the list of participating companies in the Mercer Top Executive survey with the shareholders.</p>
Should the long serving non-executive directors still be regarded as independent	<p>The committee believes on a substance over form basis that these long-serving non-executive directors can still be regarded as independent. The committee and the Board are satisfied that their independence is in no way affected by their length of service.</p> <p>In addition, the committee's view is that the overriding concern should not be one of enforcing alignment or seeking independence at all costs but should be whether the governing body is knowledgeable, skilled, experienced, diverse and independent enough to discharge its roles and responsibilities fully.</p>

Remuneration is key in incentivising employees across all levels to work towards driving the execution of Remgro's strategic objectives and to build a sustainable business over the long term. The committee remains committed to ongoing engagement with shareholders and welcomes any constructive feedback they may wish to provide to ensure that the Company's approach to remuneration supports fair and responsible remuneration.

At the 2022 AGM Remgro will put its Remuneration Policy and Remuneration Implementation Report to two separate non-binding advisory shareholder votes (see Ordinary Resolutions Numbers 13 and 14 in the Notice to shareholders on page 168) and the committee looks forward to a positive outcome in this regard.



## Remuneration Committee activities during 2022

The committee's activities for 2022 were geared towards monitoring the achievement of Remgro's strategic objectives. In addition to the committee's normal duties, the committee:

- reviewed the use of the Mercer Top Executive survey for the benchmarking of different components of executive remuneration. After due consideration and deliberation the committee approved to introduce the Old Mutual REMchannel JSE Top 40 survey circle as the primary benchmark for executive remuneration and to consider these results against a dedicated secondary benchmark conducted by the Company's reward advisors.
- reviewed and amended the performance conditions (financial as well as ESG) linked to the LTIs as well as the individual KPIs of the executive team. The revised individual KPIs were aligned with Remgro's strategic objectives and ESG measures.

## Future areas of focus

During the 2023 financial year the committee will focus on the following forward-looking considerations:

- To continue the journey to align the remuneration strategy with Remgro's ESG strategy with a focus on the incorporation of quantitative ESG performance measures within the LTI plan design.
- In line with our philosophy of remunerating fairly and responsibly, continue to identify and address any discrepancies. To consider opportunities and methodology to share information regarding fair and equitable remuneration with shareholders.
- To consider the introduction of minimum shareholding requirement (MSR) for Remgro executives and to develop an MSR framework to introduce at investee companies.
- To review the current Board composition against the principles of inclusivity and diversity, skills and experience and suitable independency.
- To continue to ensure that our internal human resources and remuneration policies support transformation across the business.

## Advisors

During the 2022 financial year, the committee has engaged external remuneration consultant PricewaterhouseCoopers Inc. (PwC), management and the Board in conducting their duties and responsibilities.

The committee considered the advice, opinions and services received by PwC during the 2022 financial year. The committee is satisfied and regards PwC as being wholly objective and independent.

## In conclusion

The committee is of the view that during the 2022 financial year, Remgro's Remuneration Policy achieved its stated objectives. Remgro constantly strives to improve the Company's remuneration practices and we look forward to our engagement with our shareholders and receiving their support on the resolutions for both the Remuneration Policy and Remuneration Implementation Report (see Ordinary Resolutions Numbers 13 and 14 in the Notice to shareholders on page 168) at the AGM on 30 November 2022.



## Part 2: Remuneration Policy

The Remuneration Policy provides an overview of Remgro's remuneration principles for the organisation as a whole and applies to all permanent employees. The information provided in this policy has been approved by the Board on recommendation by the committee. This Remuneration Policy will be put to a non-binding advisory vote by shareholders at the next AGM on 30 November 2022.



### Governance

The committee is appointed by the Board with delegated powers and the functioning of this dedicated Board committee is well established within Remgro's mode of operation. In essence it is the committee's role to ensure fair and responsible remuneration across the Company, by way of policy making and implementation, and that the disclosure of remuneration is accurate, complete and transparent. Ultimate responsibility remains with the Board.

The committee is governed by a mandate, reviewed and approved by the Board annually, that incorporates best practice governance recommendations and serves to assist members of this committee in the execution of their role and responsibilities.

The committee consists of four non-executive directors, three of whom are independent. The members of the committee for the year under review were:

- Mr J P Rupert (chairman);
- Ms S E N De Bruyn (lead independent non-executive director);
- Mr P J Moleketi (independent non-executive director); and
- Mr F Robertson (independent non-executive director).

The Board acknowledges the recommended practice in King IV that the Chairman of the Board should not be the chairman of this committee but given the following reasons, this arrangement is deemed appropriate:

- The necessity to align the Company's remuneration approach with corporate strategy;

- The Chairman receives no emoluments or fees from Remgro thus there are no conflicts with regard to the approval of non-executive director fees;
- The Chairman is a significant shareholder in the business hence it is not regarded as unreasonable for him to chair this committee; and
- In terms of committee composition, the majority of the committee remains independent non-executive directors.

The committee formally met twice during the year and had numerous informal interactions in preparation for the formal meetings. The details on the attendance of the formal meetings are set out in the Corporate Governance Report on page 84.



The mandate set out in the terms of reference of the committee includes the following:

In respect of its nomination function –

- Assist the Board with the process of identifying suitable candidates for appointment as directors;
- Ensure the establishment of a formal and transparent process for the appointment of directors;
- Oversee the development of a formal induction programme for new directors;
- Evaluate the performance of the Board; and
- Ensure that succession plans for the Board, Chief Executive Officer (CEO) and other Management Board members are developed and implemented.

In respect of its remuneration function –

- Oversee the establishment of an organisation-wide Remuneration Policy that promotes positive outcomes across the economic, social and environmental context in which Remgro operates;
- Promote an ethical culture and responsible corporate citizenship in the context of remuneration;
- Oversee the fair, responsible and transparent setting and administering of remuneration of all employees;
- Advise on the fees of non-executive directors, for approval by shareholders at the AGM;
- Ensure that remuneration meets Remgro's needs and strategic objectives and is administered in accordance with the shareholder-approved plan rules;
- Oversee the preparation and recommendation to the Board of the Remuneration Report to be included in the Integrated Annual Report; and
- Ensure that the Remuneration Policy and Remuneration Implementation Report are put to two separate non-binding advisory votes by shareholders at the AGM.

## Linking ESG to remuneration

### Existing practices

Workplace, economic, social and environmental sustainability practices have always been part of Remgro's core values and through our new ESG strategy, these practices are entrenched within our overall remuneration framework.

Link to ESG	Link to reward
<b>Environmental</b>	Inclusion of ESG measures within the LTI plans Individual KPIs include specific ESG measures
<b>Social</b>	TGP of non-management employees is competitive and is positioned around the 75th percentile of the market All employees participate in the LTI plan Lower-level employees typically receive higher percentage increases
<b>Governance</b>	Balancing employee interests with that of shareholders by rewarding for the delivery of growth in INAV Aligning to international best practice by incorporating malus and clawback provisions into variable pay Clear and transparent remuneration reporting Development of an ESG governance framework

### Remgro's ESG journey

As noted in Part 1 of this report, Remgro's aim is to become an ESG leader and is focused on maximising its impact as an investment holding company by establishing and rolling out an ESG strategy and governance framework throughout the Group of identified investee companies. Remgro commenced its ESG journey in 2021.

In order to drive the execution of this goal and to ensure that it is sufficiently prioritised, ESG measures were introduced into the LTIs in 2021 as a non-financial component with a weighting of 20%. The ESG measures for the 2019 and 2020 awards were qualitative measures focused on governance and risk as well as strategic investment decisions and portfolio impact and which detailed milestones to be achieved by specified dates in order to lay the foundation for the establishment and implementation of an ESG strategy throughout the Group.

Building on the foundation laid through delivery on the qualitative milestones, Remgro has introduced quantitative ESG measures, taking the form of a governance influence factor (as referenced in Part 1 above), into the 2021 and 2022 LTIs which measures are aimed at establishing the appropriate ESG governance structures within key investee companies.

### Fair and responsible remuneration across the Company

The delivery of Remgro's strategy is dependent on the values, talent and skills of all employees across the Company and Remgro therefore views employees as critical assets. Remgro committed to the principle of rewarding all employees across the Company in a manner which is fair and responsible and strives to create an environment which is inclusive. This commitment is entrenched in the remuneration policy.

The TGP of all employees is positioned around the 75th percentile of the market which takes into account that the Company does

not have a STI in place. All employees are furthermore eligible to receive LTI awards and not only executives. Lower-level employees typically receive higher percentage increases than other employees.

Further ongoing actions taken in this regard include:

- Assessment of remuneration conditions between employees at the same level in accordance with the principle of "equal pay for work of equal value" to identify and address any unjustifiable remuneration disparities.
- Investing in its people initiatives, which include: talent management; development opportunities for all employees; various training courses as per identified needs and an employee value proposition aligned to the corporate values and culture.
- Fair and responsible remuneration practices remain a key focus area for the committee in the 2023 financial year.

### Components of remuneration

Remgro has two components of remuneration, namely fixed remuneration (which includes benefits) and LTIs in the form of its old Remgro Equity Settled Share Appreciation Right Scheme (SAR Scheme), current Remgro Equity Settled Share Appreciation Rights Plan (SAR Plan) and Remgro Equity Settled Conditional Share Plan (CSP). Remgro does not pay short-term incentives and believes that management's decision-making should be long-term focused and aligned with the philosophy that they should be rewarded where long-term value creation is demonstrated, without excessive risk taking in the short term.

The same remuneration principles and components apply to all employees of Remgro. The remuneration policies, principles and practices of investee companies are governed through remuneration committee structures in these organisations.

The details of the components are outlined on the next page.

## Fixed remuneration

### Purpose

To provide competitive fixed remuneration that will attract and retain appropriate talent. Reflects an individual's responsibilities, experience and role.

### What does this contain?

Referred to as TGP, includes components such as cash salary, travel allowance and the Company's contributions towards retirement funding and the medical scheme. All guaranteed benefits are funded from the TGP.

Retirement funding contributions range between 12.5% and 27.5% of pensionable emolument and the key features of the retirement fund are as follows:

- Retirement savings component with member investment options and a trustee default option;
- Insured flexible death, disability and funeral benefits; and
- Preservation options when exiting the fund.

Membership to a medical scheme is compulsory for all employees and contributions are funded from their TGP. All employees are eligible for membership of the in-house medical scheme, Remedi, and the scheme provides three different options for members to choose from annually. These options aim to accommodate the different healthcare needs and affordability of the diverse membership of the scheme.

Under specific circumstances Remgro also offers employees post-employment medical benefits. All details in this regard are disclosed in the Annual Financial Statements that is published on the Company's website at [www.remgro.com](http://www.remgro.com).

Only employees who are required to regularly travel for business purposes receive travel allowances, which is funded from their TGP.

### How is the TGP benchmarked?

Guaranteed packages for all employees are benchmarked against the upper quartile of the market for comparable companies utilising independent salary surveys.

Remgro currently makes use of the Old Mutual REMchannel national survey for purposes of benchmarking employees. For Management Board members and senior executives, regard is also had to the more focused JSE Top 40 circle provided by REMchannel.

The TGP is positioned competitively to the market to ensure that the right talent is attracted and retained. It further supports the remuneration approach of no short-term cash bonuses and discourages excessive risk taking which may be driven by leveraged cash bonuses.

### Annual review process

The committee conducts an annual review of the TGP for executives and approves the increase percentage for employees below executive level. As part of this review the committee considers the actual TGP, the LTI opportunity as well as the Total Reward outcome for all employees (including Management Board members and senior executives) against the median market benchmarked data.

Adjustments to the TGP depends upon the employee's level of responsibility and his/her overall performance.

The CEO, who attends all committee meetings by invitation, may propose increases to the TGP, excluding his own, during such review meetings.

## Variable remuneration

### Share Appreciation Rights Plan

### Conditional Share Plan

#### Purpose

Ensures alignment between personal wealth creation and corporate strategy and supports long-term employee retention.

#### How does it work?

This is an equity settled plan whereby selected employees are awarded rights to receive shares equal to the long-term growth in the Remgro share price and market capitalisation of the Company. These rights are awarded free of charge. The ultimate vesting of shares will be subject to prospective performance conditions for selected participants as well as an employment condition.

The participants will only become shareholders in Remgro with shareholder rights, including dividend and voting rights, on the settlement date.

This is an equity settled plan under which all employees may be granted an award consisting of the conditional right to receive Remgro shares at a future point in time. These conditional shares are awarded free of charge. The ultimate vesting of shares will be subject to prospective performance conditions for selected participants as well as an employment condition.

The participants will only become shareholders in Remgro with shareholder rights, including dividend and voting rights, on the settlement date, which will be shortly after the vesting date.

#### Who qualifies to participate?

The SAR Plan is currently used to incentivise executive directors and employees at senior executive level only.

All permanent employees of the Company may participate in the CSP.

#### Determination of value/allocation

The committee makes annual awards in terms of the SAR Plan and the CSP to participants, based on a multiple of TGP. The set annual multiples are determined by reference to a participant's job grade, role, the need to attract and/or retain key talent and the value added by the participant for Remgro and shareholders. The face value award multiples are as follows:

CEO	3.00 x TGP
Executive directors and prescribed officers	2.25 x TGP
Other employees	10% – 85% of TGP (different multiples based on the participant's job grade, role and performance conditions (if applicable))

For the CEO, executive directors, other members of the Management Board (prescribed officers) and identified investment executives these multiples are equally divided between the SAR Plan awards and CSP awards (i.e. 50% SAR Plan and 50% CSP). These awards are subject to stretching financial Company performance conditions, ESG measures as well as individual performance conditions which focus on governance and risk including strategic investment decisions and portfolio impact.

For all other participants, 100% of the award is under the CSP. The vesting of these awards is subject to continued employment only.

These multiples are within current market parameters.

In addition, the rules of the CSP allow for ad hoc awards to be made to participants in exceptional circumstances as determined by the committee.

Refer to the Remuneration Implementation Report on page 111 for previous SARs and CSPs awarded.



#### Dividend equivalents

Not applicable.

Participants will be eligible to receive dividend equivalents on vested shares at the end of the vesting period of the award. The dividend equivalent will be rolled up over the vesting period and delivered as additional shares on the vesting date.

## Variable remuneration (continued)

### Share Appreciation Rights Plan

### Conditional Share Plan

#### Vesting and exercise/settlement

Participants in the SAR Plan are remunerated with Remgro shares to the value of the appreciation of their rights to a specific number of Remgro ordinary shares.

The earliest intervals at which the SARs vest and are exercisable are as follows:

- One-third after the third anniversary of the grant date;
- An additional third after the fourth anniversary of the grant date; and
- The remainder after the fifth anniversary of the grant date.

All SARs must be exercised within seven years after the grant date, upon which date unexercised SARs lapse.

Vesting is conditional on fulfilment of the employment period and achievement of performance conditions (where applicable).

Awards under the CSP will vest as follows:

- One-third after the third anniversary of the grant date;
- An additional third after the fourth anniversary of the grant date; and
- The remainder after the fifth anniversary of the grant date.

Vesting is conditional on fulfilment of the employment period and achievement of performance conditions (where applicable).

#### Performance conditions

The SAR Plan has an embedded performance hurdle whereby participants will only benefit if there is long-term share price appreciation and thus value creation for Remgro shareholders.

##### 2021 Award

The committee approved the below performance conditions for the 2021 SAR and CSP awards to be made in December 2021. As the ESG journey was still in its infancy when previous awards were made, the committee felt it was prudent to continue including qualitative ESG milestones in the LTIs in order to maintain appropriate focus on this journey. These qualitative measures make up circa 30% of the ESG measure and have been set for the first year of the performance period. The committee has subsequently set quantitative measures, which will make up the remaining circa 70% of the ESG measures, for the second and third years of the performance period.

An overview of the financial and non-financial performance measures for the 2021 SAR and CSP awards are set out below:

##### Financial

Performance measure	Weight	Threshold (vesting 30%)*	On-target (vesting 50%)*	Stretch (vesting 100%)*
INAV	55%	Year one INAV plus CPI over three financial years	Year one INAV plus the 3 – 5 year SA Longbond rate over three financial years	Year one INAV plus the 3 – 5 year SA Longbond rate plus 5% over three financial years
Free cash flow (FCF)	25%	Year one FCF plus CPI over three financial years	n/a	Year one FCF plus CPI plus 1.25% over three financial years

\* For performance between these points linear vesting will apply.

## Variable remuneration (continued)

### Share Appreciation Rights Plan

### Conditional Share Plan

#### Performance conditions (continued)

##### Non-financial – ESG

Performance measure	Weight	Threshold (vesting 30%)*	On-target (vesting 50%)*	Stretch (vesting 100%)*
ESG	20%	<p>The following needs to be achieved by June 2023:</p> <ul style="list-style-type: none"> <li>• Identify and engage with external expertise to develop a strategic ESG framework and to establish, amongst others, what environmental areas Remgro will focus on (i.e. water, carbon footprint, plastic, etc.), prepare an ESG footprint of Remgro's investee companies, establish measurable targets and stretching goals and identify how to communicate our ESG intent to the market.</li> <li>• To develop an ESG investment business case framework to be used when considering new investments. This would aim to articulate any possible industries/activities Remgro would not invest into and provide possible investments with a framework of what they would need to comply with either before investing or within a certain timeframe after investing.</li> <li>• Ready to present specific ESG targets and base line measures for selected targets and threshold and stretch performance hurdles for each target at the November 2022 Remgro Remuneration and Nomination Committee meeting.</li> </ul>	<p>The following needs to be achieved by 31 December 2023:</p> <ul style="list-style-type: none"> <li>• Influence four of the nine (circa 44)%** of identified investee companies to have an ESG focused Board (or similar) subcommittee and committee terms of reference and a formalised ESG strategy and updated remuneration policies embedding ESG principles.***</li> <li>• Influence investee companies to appoint provider(s) to measure critical environmental measures, such as carbon emissions, across the identified investee companies to determine base line measure and inform aspirational environmental goal(s).</li> </ul>	<p>The following needs to be achieved by 30 June 2024:</p> <ul style="list-style-type: none"> <li>• Influence six of the nine (circa 67)%** of identified investee companies to have an ESG focused Board (or similar) subcommittee and committee terms of reference and a formalised ESG strategy and updated remuneration policies embedding ESG principles.***</li> </ul>

\* For performance between these points linear vesting will apply.

\*\* The number of companies can change over time because of corporate activities. Strategy to remain focused on around 80% of INAV.

\*\*\* Through these targets the Company will influence proper governance, reporting and measurements of ESG activities.

In addition, the vesting of awards can be modified based on the extent to which the participant meets their individual performance conditions. Note that the achievement of these individual performance conditions can only reduce the result of the overall financial and non-financial ESG performance conditions. Awards will only vest if the participant remains in service of the Remgro Group.

## Variable remuneration (continued)

### Share Appreciation Rights Plan

### Conditional Share Plan

#### Performance conditions (continued)

During the 2023 financial year, the committee will consider the award of further SAR and CSP awards as well as the performance conditions to be aligned with these awards. These awards will be considered with consideration to the approved rules. The committee will review the current financial and non-financial conditions to ensure they remain relevant, stretching and continue to focus management's efforts on the appropriate measures. The committee will, amongst others, consider the following when setting the performance conditions:

1. The measures to determine outperformance of the financial performance conditions.
2. To ensure the non-financial ESG measures continue to stretch management and focus the Company to drive the ESG ambitions as articulated in this report and the separate Sustainability Report. These could include:
  - a. To build on the current progressive performance measures to ensure all identified companies (100%) are aligned with proper governance, reporting and measurements of ESG activities.
  - b. To enhance reporting to shareholders on the Company's ESG progress in relation to the identified investee company's progress, calculating its greenhouse gas emissions, and disclosing the aggregate baseline greenhouse gas emissions.
  - c. To review the Company's ESG framework to include specific medium- and long-term aspirations for aggregated Company objectives such as greenhouse gas emissions in support of South Africa's commitments under the Paris Agreement.

These performance conditions will apply to executive directors and other members of the Management Board (prescribed officers) in respect of SAR Plan awards and to executive directors, other members of the Management Board (prescribed officers) and identified investment executives in respect of CSP awards.

All other participants to the CSP will be allocated retention awards and will have to be in the service of the Remgro Group upon vesting.

#### Early termination of employment

Participants may either be classified as "bad leavers" or "good leavers" and the following applies:

- *Bad leavers*  
Participants will forfeit all unvested awards.
- *Good leavers*  
A *pro rata* portion of the participant's unvested award(s) shall early vest on the date of termination of employment to the extent to which the committee determines that the performance conditions (if any) have been met. The portion of the shares that will vest will reflect the number of complete months served from the award date to the date of termination of employment, over the total number of months in the vesting period.

In addition, the rules of the SAR and the CSP allow for early vesting of awards on the date of termination of employment in exceptional circumstances as determined by the committee.

#### 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 held by a participant will vest as soon as reasonably practicable thereafter. The portion of the award which shall vest will be determined based on the number of months served from the award date to the change of control date, over the total number of months in the vesting period and the extent to which the performance condition(s), if applicable, have been met. Any awards which do not vest will, subject to the discretion of the committee, remain subject to the terms of the relevant award letter.

#### Variation in share capital

Participants shall continue to participate in the SAR Plan and the CSP in the event of a variation in the Company's share capital. The committee may make such adjustment to the award or take such other action to place participants in no worse 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.

## Variable remuneration (continued)

### Share Appreciation Rights Plan

### Conditional Share Plan

#### Dilution limits

##### *Individual basis*

No award will be made to a single participant if at the time of or as a result of the granting of such award, the aggregate number of Remgro ordinary shares in respect of which any unexercised SAR Plan awards or CSP awards granted to the participant, shall exceed 5 290 000 Remgro ordinary shares, being approximately 1% of issued ordinary shares.

##### *Overall basis*

Similarly, no award will be made if at the time of or as a result of the granting of such award, the aggregate number of Remgro ordinary shares in respect of which any unexercised SAR Plan awards may be exercised or CSP awards, shall exceed 26 450 000 Remgro ordinary shares, being approximately 5% of issued ordinary shares.

#### Settlement considerations

If it is assumed that all of the participants to the SAR Plan exercise all options awarded to them on 1 July 2022, Remgro will have to deliver 351 092 shares in order to settle its obligations. This calculation is based on Remgro's closing share price on 30 June 2022 of R129.91. A 10% increase or decrease in the Remgro share price will require the number of shares to be delivered to be 476 337 shares and 250 415 shares, respectively.

If it is assumed that all awards made under the CSP vest on 1 July 2022 in full, Remgro will have to deliver 2 757 424 shares in order to settle its obligations.

On 30 June 2022 Remgro held sufficient treasury shares to settle its obligations to deliver shares to LTI participants.

#### Scenarios of possible total remuneration outcomes

The following illustrations depict the pay mix and the possible remuneration outcomes for the CEO, Chief Financial Officer and the prescribed officer average at minimum, on-target and stretch levels.

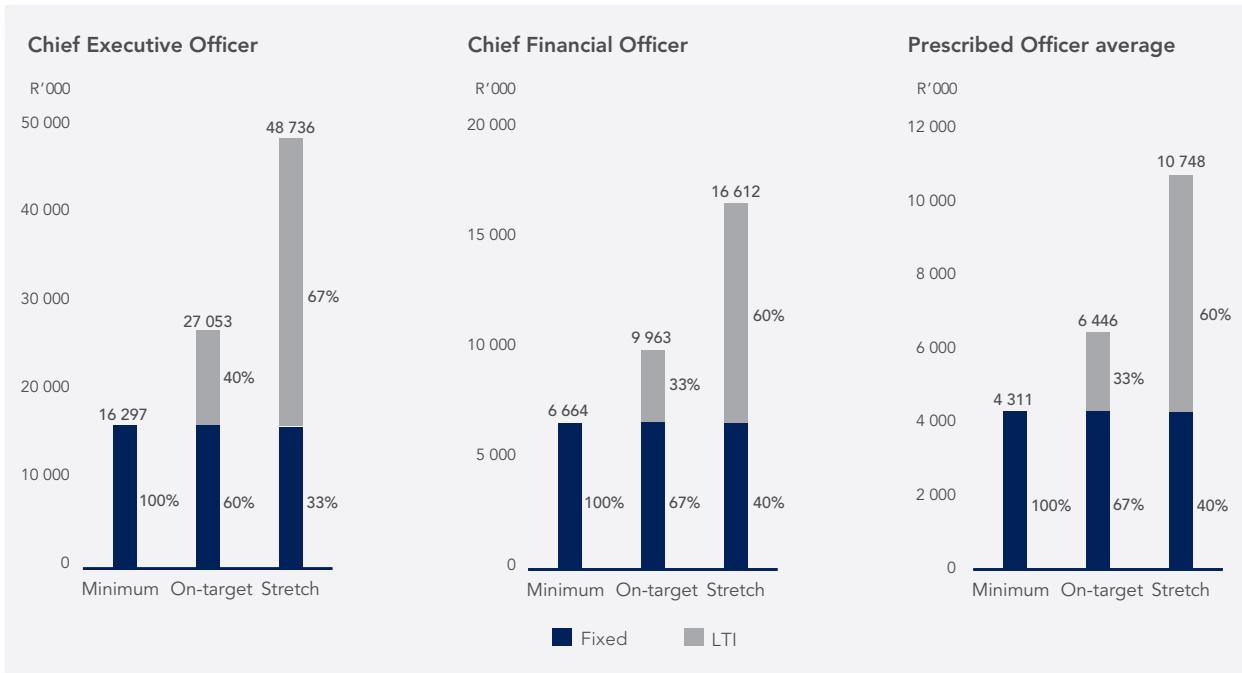
Element	Minimum	On-target	Stretch
TGP	TGP for 2023		

LTI

Nil

The number of instruments granted in the 2022 financial year (in respect of the 2021 award) that will vest if target performance (50%) is achieved, multiplied by the fair value (on grant date).

The number of instruments granted in the 2022 financial year (in respect of the 2021 award) that will vest if full performance (100%) is achieved, multiplied by the face value (on grant date).



## Malus and Clawback Policy

The Malus and Clawback Policy applies from 1 July 2021 to all new LTI awards.

The committee, in its discretion, may, in terms of the Malus and Clawback Policy, apply Malus and/or Clawback mechanisms to the LTI awards where a trigger event as provided for in the policy has occurred. Malus is applied to reduce awards where the trigger event is discovered before vesting or settlement of an award, whereas Clawback is used to recoup all or a portion of settled awards where a trigger event is discovered within three years post-vesting or settlement.

Trigger events include but are not limited to circumstances where any one or more of the following events have occurred:

- It has been discovered that participating employee(s) has committed any act of fraud or dishonesty, in the scope and course of his employment or directorship, or otherwise involving a member of the Group or its affairs and which has or is likely to have an effect on the financial results or financial statements of any member of the Group or on any other measurable under the short-term and long-term incentive;
- It has been discovered that participating employee(s), were involved in the falsification or misrepresentation of financial/management information, financial results or financial statements of any member of the Company;
- Any information that was used by the Board in order to determine or calculate a payment, award, benefit, allocation or grant or the vesting or settlement thereof was erroneous, inaccurate or misleading as a result of fraudulent or dishonest actions or circumstances that are directly attributable to any participating employee, or as a result of actions or circumstances that could have been avoided through reasonable care on the part of any participating employee;
- Any information emerges that was not known to or considered at the time of making a decision regarding the payment, award, benefit, allocation or grant or the vesting or settlement thereof which, in the opinion of the Board, would have affected the Board's decision and such

information was not known to or considered at such time as a result of fraudulent or dishonest actions or circumstances that are directly attributable to any participating employee or as a result of actions or circumstances that could have been avoided through reasonable care on the part of any participating employee;

- Any member of the Group has:
  - Been subject to regulatory investigation as a result of a breach of any laws, rules or codes of conduct applicable to it or the standards reasonably expected of it; or
  - Suffered in the opinion of the Board, considerable reputational, in either case as a result of fraudulent or dishonest actions or circumstances that are directly attributable to participating employees or as a result of actions or circumstances that could have been avoided by the reasonable actions of participating employees.

## Executive employment contracts

Executive directors and members of the Management Board do not have fixed-term contracts, but are employed in terms of the Company's standard contract of employment applicable to all employees. The notice period for termination of service is one calendar month and the normal retirement age is 63. Executive directors and members of the Management Board also do not have exceptional benefits associated with the termination of their services. Upon termination of employment, any payments made to employees will be as required in terms of legislation, and the consequences in respect of unexercised SARs and/or unvested CSP awards will be governed by the rules of the SAR Plan (or previous SAR Scheme) and CSP based on the reasons for the termination of employment.

## Non-executive directors' remuneration

### Independent non-executive directors

Independent non-executive directors do not have any employment contracts, do not receive any benefits associated with permanent employment and do not participate in the Company's LTI plans.

Type of fee (Rand)	Current fee for the year ended 30 June 2022	Proposed fee for the year ending 30 June 2023	% Change
Board member	<b>390 000</b>	413 400	6%
Chairman of the Audit and Risk Committee	<b>320 760</b>	340 000	6%
Member of the Audit and Risk Committee	<b>159 300</b>	168 800	6%
Member of the Remuneration and Nomination Committee	<b>70 740</b>	75 000	6%
Chairman of the Social and Ethics Committee	<b>129 600</b>	137 400	6%
Member of the Social and Ethics Committee	<b>70 740</b>	75 000	6%
Meeting fee for ad hoc Committees (i.e. Investment, Valuation, etc. Committees)	<b>30 000</b>	31 800	6%

Fees are excluding VAT.

Furthermore, they are categorised as independent on the basis that the Board concludes that they have no interest, position, association or relationship which, judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making in the best interest of the Company.

The independence of independent non-executive directors is reviewed annually and the independence of non-executive directors, who have served on the Board for more than nine years, is subject to a rigorous review by the Board. The Board, led by the Lead Independent Director, considered the independence of the independent non-executive directors, and is satisfied with their independence, including the independence of Messrs F Robertson (appointed 28 March 2001), M Morobe (appointed 18 June 2007), N P Mageza (appointed 4 November 2009) and P J Moleketi (appointed 4 November 2009) who each has served on the Remgro Board for more than nine years. Based on an evaluation of the aforementioned directors, there is no evidence of any circumstances or relationships that will impair their judgement, and the Board is satisfied that their independence is in no way affected by their length of service.

Independent non-executive directors are paid a fixed annual Board fee. Committee fees are also determined on a fixed annual basis. The fee structure is reviewed annually on 1 July, based on a focused survey among a selected group of companies. Non-executive director fees are approved by shareholders at the Company's AGM by special resolution prior to payment. Remgro also pays for all travelling and accommodation expenses reasonably and properly incurred in order to attend meetings.

#### Non-independent non-executive directors

Messrs J P Rupert, A E Rupert, P J Neethling and J Malherbe are regarded as non-independent non-executive directors.

The Chairman, Messrs A E Rupert and P J Neethling receive no emoluments or fees from Remgro, whilst Mr J Malherbe receives the approved annual Board and committee fees paid to independent non-executive directors.

As in the case of independent non-executive directors, these directors do not participate in the Company's LTI plans.

The proposed fee structure payable to non-executive directors for the year ending 30 June 2023 is presented in the table above. Also see Special Resolution Number 1 in the Notice to shareholders on page 169.

#### Shareholder engagement and non-binding advisory vote

The Remuneration Policy and Remuneration Implementation Report are respectively tabled for separate non-binding advisory votes by the shareholders at each AGM.

The committee will engage with shareholders in the event of a 25% or more dissenting vote on either or both the Remuneration Policy and Remuneration Implementation Report. In that event, the Company will, in its voting results announcement provide for (1) an invitation to dissenting shareholders to engage with the Company, and (2) the manner and timing of such engagement. In this regard the Company intends to (1) invite the dissenting shareholders to provide the Company with their written submissions as to why they voted against the Remuneration Policy or Remuneration Implementation Report, (2) address the legitimate and reasonable objections of dissenting shareholders, and (3) report back to the dissenting shareholders. If appropriate and practical, the Company may engage with dissenting shareholders either individually or collectively at meetings called for that purpose. Other methods of shareholder engagement may include conference calls, emails and investor roadshows.

### Part 3: Remuneration Implementation Report

The Remuneration Implementation Report provides details on how Remgro implemented its Remuneration Policy during the 2022 financial year. (The information on pages 114 to 123 was audited). This Remuneration Implementation Report will be put to a non-binding advisory vote by shareholders at the next AGM on 30 November 2022.



#### Fixed remuneration

During the year under review, the executive directors and other members of the Management Board and senior executives received an average salary increase of circa 4.25%. Management employees received an average increase of 4.50% while non-management level employees received an average increase of 5.00%.

#### Short-term incentives outcome

Remgro's Remuneration Policy does not provide for any short-term incentives, therefore no outcomes are reported in terms of this.



## Long-term incentives outcome

The performance outcomes for the 2019 LTI award are set out below. As communicated in our 2021 report, the 2019 LTI award is the first award which incorporates ESG performance measures. These measures take the form of qualitative ESG milestones, aimed at driving the momentum and success of our ESG journey, and primarily focused on governance, risk and strategic investment decisions as well as portfolio impact.



The LTI outcomes for the year were as follows:

### Financial

Performance measure	Base measure (June 2020)	Threshold (vesting 30%)	On-target (vesting 50%)	Stretch (vesting 100%)	Actual measure (June 2022)	Actual vesting %
INAV Performance hurdles and outcome (Rand per share)		Year one INAV plus CPI over three financial years	Year one INAV plus the 3–5 year SA Longbond rate over three financial years	Year one INAV plus the 3–5 year SA Longbond rate plus 5% over three financial years		
	55% 154.47	169.04	178.71	195.71	213.10	100%
FCF Performance hurdles and outcome (cents per share)		Year one FCF plus CPI over three financial years	n/a	Year one FCF plus CPI plus 1.25% over three financial years		
	25% 396.2	843.9	n/a	859.3	430.2	0%

## Non-financial – ESG

Performance measure	Weight	Threshold (vesting 30%)	On-target (vesting 50%)	Stretch (vesting 100%)
ESG	20%	<p>The following needs to be achieved by December 2021:</p> <ul style="list-style-type: none"> <li>• Amend all committee and Board mandates to include ESG focus.</li> <li>• Establish an Operational ESG Committee (subcommittee of the Management Board) to provide direction and oversight with regards to the ESG strategy.</li> <li>• Establish a Strategic ESG Committee (subcommittee of the Remgro Board) to provide strategic direction and overall oversight of the Remgro Group ESG strategy and activities.</li> <li>• Develop and approve mandates and terms of references for these committees to ensure they operate efficiently and to enable the Remgro ESG focus.</li> </ul>	<p>The following needs to be achieved by 30 June 2022:</p> <ul style="list-style-type: none"> <li>• Identify and engage with external expertise to develop a strategic ESG framework and to establish, amongst others, what environmental areas Remgro will focus on (i.e. water, carbon footprint, plastic, etc.), prepare an ESG footprint of Remgro's investee companies, establish measurable targets and stretching goals and identify how to communicate our ESG intent to the market.</li> <li>• To develop an ESG investment business case framework to be used when considering new investments. This would aim to articulate any possible industries/activities Remgro would not invest into and provide possible investments with a framework of what they would need to comply with either before investing or within a certain timeframe after investing.</li> <li>• Ready to present specific ESG targets and, base line measures for selected targets and threshold and stretch performance hurdles for each target at the November 2022 Remgro Remuneration and Nomination Committee meeting.</li> </ul>	<p>The following needs to be achieved by 31 December 2022:</p> <ul style="list-style-type: none"> <li>• Influence portfolio impact at subsidiary level through ensuring key subsidiary companies to have ESG targets and KPIs for LTI and/or STI plans at executive level.</li> <li>• Stretch can only be achieved if KPIs at threshold and target were achieved.</li> </ul>
Actual performance		100% achieved	100% achieved	80% achieved
LTI vesting (non-financial)				16%

Total vesting outcome:

LTI vesting outcome (financial)	LTI vesting outcome (non-financial)	LTI vesting outcome (total)
55%	16%	71%

## Long-term incentives summary

The tables below provide information on a director and prescribed officer basis of SARs granted and accepted during the year and the indicative value of SARs not yet exercised (outstanding SARs). It also illustrates the cash value of SARs exercised during the year.

### Share appreciation rights (SARs)

Directors

Participant	Offer date <sup>(1)</sup>	Offer price <sup>(2)</sup> (Rand)	Number of SARs offered and accepted	Fair value of SARs on offer date	Balance of SARs accepted as at 30 June 2021	SARs		Share price on exercise date	Cash value of SARs exercised during the year <sup>(4)</sup> (R'000)	Balance of SARs accepted as at 30 June 2022 <sup>(5)</sup> (R'000)	Fair value of SARs as at 30 June 2022 <sup>(6)</sup> (R'000)
						Adjusted offer price <sup>(3)</sup> (Rand)	accepted/ (forfeited) during the year				
<b>Executive</b>											
JJ Durand	29-Nov-12 <sup>(7)</sup>	147.25	271 258	10 763	271 258	94.22				271 258	10 614
	04-Dec-13 <sup>(7)</sup>	191.70	93 128	5 064	93 128	127.40				93 128	1 597
	26-Nov-14 <sup>(7)</sup>	253.53	108 468	7 442	108 468	164.57				108 468	535
	24-Nov-15 <sup>(7)</sup>	272.00	192 676	15 591	192 676	170.38				192 676	823
	01-Dec-16	209.11	150 872	10 554	150 872	125.95				150 872	2 561
	14-Dec-17	206.35	132 309	9 705	132 309	118.86				132 309	2 918
	05-Dec-18 <sup>(8)</sup>	205.07	87 135	5 436	87 135	112.38	(87 135)			-	-
	05-Dec-20 <sup>(9)</sup>	93.82	235 427	6 111	235 427	93.82				235 427	7 415
	05-Dec-20	93.82	235 454	6 631	235 454	93.82				235 454	8 300
	05-Dec-21	126.99	181 379	7 853	-	126.99	181 379			181 379	5 362
M Lubbe	29-Nov-12 <sup>(7)</sup>	147.25	13 961	554	13 961	94.22				13 961	546
	04-Dec-13 <sup>(7)</sup>	191.70	7 444	405	7 444	127.40				7 444	128
	26-Nov-14 <sup>(7)</sup>	253.53	4 011	275	4 011	164.57				4 011	20
	24-Nov-15 <sup>(7)</sup>	272.00	8 036	650	8 036	170.38				8 036	34
	01-Dec-16	209.11	65 632	4 591	65 632	125.95				65 632	1 114
	14-Dec-17	206.35	15 481	1 136	15 481	118.86				15 481	341
	05-Dec-18 <sup>(8)</sup>	205.07	14 648	914	14 648	112.38	(14 648)			-	-
	05-Dec-20 <sup>(9)</sup>	93.82	39 078	1 014	39 078	93.82				39 078	1 231
	05-Dec-20	93.82	46 448	1 308	46 448	93.82				46 448	1 637
	05-Dec-21	126.99	35 796	1 550	-	126.99	35 796			35 796	1 058
N J Williams	29-Nov-12 <sup>(7)</sup>	147.25	81 901	3 250	81 901	94.22				81 901	3 205
	04-Dec-13 <sup>(7)</sup>	191.70	22 221	1 208	22 221	127.40				22 221	381
	26-Nov-14 <sup>(7)</sup>	253.53	16 430	1 127	16 430	164.57				16 430	81
	24-Nov-15 <sup>(7)</sup>	272.00	27 492	2 225	27 492	170.38				27 492	117
	01-Dec-16	209.11	98 716	6 905	98 716	125.95				98 716	1 675
	14-Dec-17	206.35	55 677	4 084	55 677	118.86				55 677	1 228
	05-Dec-18 <sup>(8)</sup>	205.07	28 465	1 776	28 465	112.38	(28 465)			-	-
	05-Dec-20 <sup>(9)</sup>	93.82	72 103	1 871	72 103	93.82				72 103	2 271
	05-Dec-20	93.82	72 124	2 031	72 124	93.82				72 124	2 542
	05-Dec-21	126.99	55 568	2 406	-	126.99	55 568			55 568	1 643
<b>Total</b>					2 196 595		<b>142 495</b>			<b>- 2 339 090</b>	<b>59 377</b>

<sup>(1)</sup> Unless otherwise indicated, one-third of the SARs are exercisable after the third anniversary of the grant date, an additional third after the fourth anniversary of the grant date and the remainder after the fifth anniversary of the grant date. All SARs must be exercised within seven years after the grant date, upon which date unexercised SARs lapse.

<sup>(2)</sup> Offer price of SARs granted before December 2018 is equal to the face value on grant date. Offer price of SARs granted from December 2018 onwards is the five-day VWAP on offer date.

<sup>(3)</sup> In terms of the rules of the share schemes, the offer price of SARs that were awarded prior to unbundlings, rights issues, special dividends, etc., was reduced to ensure that the participants were placed in substantially the same position as they were prior to such corporate actions.

<sup>(4)</sup> This refers to the increase in value of the SARs from the offer date to the date of exercise.

<sup>(5)</sup> SARs offered from December 2018 onwards, have performance conditions and reflect the number of SARs as if performance conditions were fully met.

<sup>(6)</sup> Fair value was calculated using the standard binomial pricing model. The estimated vesting percentage of the 2018 awards and onwards is considered to be the on-target performance level of 60%.

<sup>(7)</sup> The expiry dates of these awards were extended to November 2023. As an alternative option to the 2012 SAR awards, a special award of CSPs was also made to employees. Should the employee choose to exercise his 2012 SAR award, the special CSP award will lapse.

<sup>(8)</sup> The performance conditions of the 2018 awards were not met and the SARs were forfeited.

<sup>(9)</sup> These awards relate to the 2019 award not made and will vest in one-thirds on the second, third and fourth anniversaries of the grant date, respectively.

## Long-term incentives summary (continued)

### Share appreciation rights (SARs) (continued)

#### Directors (continued)

Participant	Offer date <sup>(1)</sup>	Offer price <sup>(2)</sup> (Rand)	Number of SARs offered and accepted	Fair value of SARs on offer	Balance of SARs accepted as at 30 June 2020	SARs accepted/ (exercised or expired)	Share price on exercise date (Rand)	Cash value of SARs exercised during the year <sup>(4)</sup> (R'000)	Balanc e of SARs accepted as at 30 June 2021 <sup>(5)</sup> (R'000)	Fair value of SARs as at 30 June 2021 <sup>(6)</sup> (R'000)
				(R'000)	(R'000)	Adjusted offer price <sup>(3)</sup> (Rand)	during the year	(R'000)		
<b>Executive</b>										
J J Durand	29-Nov-12 <sup>(7)</sup>	147.25	271 258	10 763	271 258	94.22			271 258	7 408
	04-Dec-13 <sup>(7)</sup>	191.70	93 128	5 064	93 128	127.40			93 128	1 374
	26-Nov-14 <sup>(7)</sup>	253.53	108 468	7 442	108 468	164.57			108 468	938
	24-Nov-15 <sup>(7)</sup>	272.00	192 676	15 591	192 676	170.38			192 676	1 553
	01-Dec-16	209.11	150 872	10 554	150 872	125.95			150 872	2 267
	14-Dec-17	206.35	132 309	9 705	132 309	118.86			132 309	2 468
	05-Dec-18	205.07	87 135	5 436	87 135	112.38			87 135	–
	05-Dec-20 <sup>(8)</sup>	93.82	235 427	6 111	–	93.82	235 427		235 427	5 603
	05-Dec-20	93.82	235 454	6 631	–	93.82	235 454		235 454	5 842
M Lubbe	29-Nov-12 <sup>(7)</sup>	147.25	13 961	554	13 961	94.22			13 961	381
	04-Dec-13 <sup>(7)</sup>	191.70	7 444	405	7 444	127.40			7 444	110
	26-Nov-14 <sup>(7)</sup>	253.53	4 011	275	4 011	164.57			4 011	35
	24-Nov-15 <sup>(7)</sup>	272.00	8 036	650	8 036	170.38			8 036	65
	01-Dec-16	209.11	65 632	4 591	65 632	125.95			65 632	986
	14-Dec-17	206.35	15 481	1 136	15 481	118.86			15 481	289
	05-Dec-18	205.07	14 648	914	14 648	112.38			14 648	–
	05-Dec-20 <sup>(8)</sup>	93.82	39 078	1 014	–	93.82	39 078		39 078	930
	05-Dec-20	93.82	46 448	1 308	–	93.82	46 448		46 448	1 153
N J Williams	29-Nov-12 <sup>(7)</sup>	147.25	81 901	3 250	81 901	94.22			81 901	2 237
	04-Dec-13 <sup>(7)</sup>	191.70	22 221	1 208	22 221	127.40			22 221	328
	26-Nov-14 <sup>(7)</sup>	253.53	16 430	1 127	16 430	164.57			16 430	142
	24-Nov-15 <sup>(7)</sup>	272.00	27 492	2 225	27 492	170.38			27 492	222
	01-Dec-16	209.11	98 716	6 905	98 716	125.95			98 716	1 483
	14-Dec-17	206.35	55 677	4 084	55 677	118.86			55 677	1 038
	05-Dec-18	205.07	28 465	1 776	28 465	112.38			28 465	–
	05-Dec-20 <sup>(8)</sup>	93.82	72 103	1 871	–	93.82	72 103		72 103	1 716
	05-Dec-20	93.82	72 124	2 031	–	93.82	72 124		72 124	1 790
<b>Total</b>				<b>1 495 961</b>			<b>700 634</b>		<b>– 2 196 595</b>	<b>40 358</b>

<sup>(1)</sup> Unless otherwise indicated, one-third of the SARs are exercisable after the third anniversary of the grant date, an additional third after the fourth anniversary of the grant date and the remainder after the fifth anniversary of the grant date. All SARs must be exercised within seven years after the grant date, upon which date unexercised SARs lapse.

<sup>(2)</sup> Offer price of SARs granted before December 2018 is equal to the face value on grant date. Offer price of SARs granted from December 2018 onwards is the five-day VWAP on offer date.

<sup>(3)</sup> In terms of the rules of the share schemes, the offer price of SARs that were awarded prior to unbundlings, rights issues, special dividends, etc., was reduced to ensure that the participants were placed in substantially the same position as they were prior to such corporate actions.

<sup>(4)</sup> This refers to the increase in value of the SARs of the indicated participants from the offer date to the date of exercise.

<sup>(5)</sup> SARs offered from December 2018 onwards, have performance conditions and reflect the number of SARs as if performance conditions were fully met.

<sup>(6)</sup> Fair value was calculated using the standard binomial pricing model. The estimated vesting percentage of the 2018 awards and onwards is considered to be the on-target performance level of 60%. It is also estimated that the performance conditions of the 2018 award will not be met.

<sup>(7)</sup> The expiry dates of these awards were extended to November 2023. As an alternative option to the 2012 SAR awards, a special award of CSPs was also made to employees. Should the employee choose to exercise his 2012 SAR award, the special CSP award will lapse.

<sup>(8)</sup> These awards relate to the 2019 award not made and will vest in one-thirds on the second, third and fourth anniversaries of the grant date, respectively.

## Long-term incentives summary (continued)

### Share appreciation rights (SARs) (continued)

#### Prescribed officers

Participant	Offer date <sup>(1)</sup>	Offer price <sup>(2)</sup> (Rand)	Number of SARs offered and accepted	Fair value of SARs on offer date (R'000)	Balance of SARs accepted as at 30 June 2021	Cash value of SARs			Balance of SARs accepted as at 30 June 2022 <sup>(5)</sup> (R'000)	Fair value of SARs as at 30 June 2022 <sup>(6)</sup> (R'000)
						Adjusted offer price <sup>(3)</sup> (Rand)	SARs accepted/ (forfeited) during the year	Share price on exercise date (Rand)		
P R Louw	29-Nov-12 <sup>(7)</sup>	147.25	22 646	899	22 646	94.22			22 646	886
	04-Dec-13 <sup>(7)</sup>	191.70	12 944	704	12 944	127.40			12 944	222
	26-Nov-14 <sup>(7)</sup>	253.53	5 952	408	5 952	164.57			5 952	29
	24-Nov-15 <sup>(7)</sup>	272.00	9 497	768	9 497	170.38			9 497	41
	01-Dec-16	209.11	91 120	6 374	91 120	125.95			91 120	1 546
	14-Dec-17	206.35	20 301	1 489	20 301	118.86			20 301	448
	05-Dec-18 <sup>(8)</sup>	205.07	17 881	1 116	17 881	112.38	(17 881)		–	–
	05-Dec-20 <sup>(9)</sup>	93.82	46 428	1 205	46 428	93.82			46 428	1 462
	05-Dec-20	93.82	46 448	1 308	46 448	93.82			46 448	1 637
	05-Dec-21	126.99	35 796	1 550	–	126.99	35 796		35 796	1 058
P J Uys	02-Apr-13 <sup>(7)</sup>	183.15	218 400	10 519	218 400	121.67			218 400	4 732
	04-Dec-13 <sup>(7)</sup>	191.70	3 325	181	3 325	127.40			3 325	57
	26-Nov-14 <sup>(7)</sup>	253.53	14 774	1 014	14 774	164.57			14 774	73
	24-Nov-15 <sup>(7)</sup>	272.00	11 533	933	11 533	170.38			11 533	49
	01-Dec-16	209.11	91 463	6 398	91 463	125.95			91 463	1 552
	14-Dec-17	206.35	85 936	6 303	85 936	118.86			85 936	1 895
	05-Dec-18 <sup>(8)</sup>	205.07	35 822	2 235	35 822	112.38	(35 822)		–	–
	05-Dec-20 <sup>(9)</sup>	93.82	88 088	2 286	88 088	93.82			88 088	2 774
	05-Dec-20	93.82	88 108	2 481	88 108	93.82			88 108	3 106
	05-Dec-21	126.99	67 853	2 938	–	126.99	67 853		67 853	2 006
<b>Total</b>				910 666		49 946			960 612	23 573

<sup>(1)</sup> Unless otherwise indicated, one-third of the SARs are exercisable after the third anniversary of the grant date, an additional third after the fourth anniversary of the grant date and the remainder after the fifth anniversary of the grant date. All SARs must be exercised within seven years after grant date, upon which date unexercised SARs lapse.

<sup>(2)</sup> Offer price of SARs granted before December 2018 is equal to the face value on grant date. Offer price of SARs granted from December 2018 onwards is the five-day VWAP on offer date.

<sup>(3)</sup> In terms of the rules of the share schemes, the offer price of SARs that were awarded prior to unbundlings, rights issues, special dividends, etc., was reduced to ensure that the participants were placed in substantially the same position as they were prior to such corporate actions.

<sup>(4)</sup> This refers to the increase in value of the SARs from the offer date to the date of exercise.

<sup>(5)</sup> SARs offered from December 2018 onwards, have performance conditions and reflect the number of SARs as if performance conditions were fully met.

<sup>(6)</sup> Fair value was calculated using the standard binomial pricing model. The estimated vesting percentage of the 2018 awards and onwards is considered to be the on-target performance level of 60%.

<sup>(7)</sup> The expiry dates of these awards were extended to November 2023. As an alternative option to the 2012 SAR awards, a special award of CSPs was also made to employees. Should the employee choose to exercise the 2012 SAR award, the special CSP award will lapse.

<sup>(8)</sup> The performance conditions of the 2018 awards were not met and the SARs were forfeited.

<sup>(9)</sup> These awards relate to the 2019 award not made and will vest in one-thirds on the second, third and fourth anniversaries of the grant date, respectively.

## Long-term incentives summary (continued)

### Share appreciation rights (SARs) (continued)

#### Prescribed officers (continued)

Participant	Offer date <sup>(1)</sup>	Offer price <sup>(2)</sup> (Rand)	Number of SARs offered and accepted	Fair value of SARs on offer	Balance of SARs accepted as at 30 June 2020	SARs accepted/ Adjusted offer price <sup>(3)</sup> (Rand)		Share price on exercise date (Rand)	Cash value of SARs exercised during the year <sup>(4)</sup> (R'000)	Balanc e of SARs accepted as at 30 June 2021 <sup>(5)</sup> (R'000)	Fair value of SARs as at 30 June 2021 <sup>(6)</sup> (R'000)
				Offer date (Rand)	30 June 2020	Accepted offer price (Rand)	Share price on exercise date (Rand)	Cash value of SARs exercised during the year <sup>(4)</sup> (R'000)	Balanc e of SARs accepted as at 30 June 2021 <sup>(5)</sup> (R'000)		
P R Louw	29-Nov-12 <sup>(7)</sup>	147.25	22 646	899	22 646	94.22				22 646	618
	04-Dec-13 <sup>(7)</sup>	191.70	12 944	704	12 944	127.40				12 944	191
	26-Nov-14 <sup>(7)</sup>	253.53	5 952	408	5 952	164.57				5 952	51
	24-Nov-15 <sup>(7)</sup>	272.00	9 497	768	9 497	170.38				9 497	77
	01-Dec-16	209.11	91 120	6 374	91 120	125.95				91 120	1 369
	14-Dec-17	206.35	20 301	1 489	20 301	118.86				20 301	379
	05-Dec-18	205.07	17 881	1 116	17 881	112.38				17 881	–
	05-Dec-20 <sup>(8)</sup>	93.82	46 428	1 205	–	93.82	46 428			46 428	1 105
	05-Dec-20	93.82	46 448	1 308	–	93.82	46 448			46 448	1 153
P J Uys	02-Apr-13 <sup>(7)</sup>	183.15	218 400	10 519	218 400	121.67				218 400	3 868
	04-Dec-13 <sup>(7)</sup>	191.70	3 325	181	3 325	127.40				3 325	49
	26-Nov-14 <sup>(7)</sup>	253.53	14 774	1 014	14 774	164.57				14 774	128
	24-Nov-15 <sup>(7)</sup>	272.00	11 533	933	11 533	170.38				11 533	93
	01-Dec-16	209.11	91 463	6 398	91 463	125.95				91 463	1 374
	14-Dec-17	206.35	85 936	6 303	85 936	118.86				85 936	1 603
	05-Dec-18	205.07	35 822	2 235	35 822	112.38				35 822	–
	05-Dec-20 <sup>(8)</sup>	93.82	88 088	2 286	–	93.82	88 088			88 088	2 096
	05-Dec-20	93.82	88 108	2 481	–	93.82	88 108			88 108	2 186
<b>Total</b>				641 594			269 072			910 666	16 340

<sup>(1)</sup> Unless otherwise indicated, one-third of the SARs are exercisable after the third anniversary of the grant date, an additional third after the fourth anniversary of the grant date and the remainder after the fifth anniversary of the grant date. All SARs must be exercised within seven years after grant date, upon which date unexercised SARs lapse.

<sup>(2)</sup> Offer price of SARs granted before December 2018 is equal to the face value on grant date. Offer price of SARs granted from December 2018 onwards is the five-day VWAP on offer date.

<sup>(3)</sup> In terms of the rules of the share schemes, the offer price of SARs that were awarded prior to unbundlings, rights issues, special dividends, etc., was reduced to ensure that the participants were placed in substantially the same position as they were prior to such corporate actions.

<sup>(4)</sup> This refers to the increase in value of the SARs of the indicated participants from the offer date to the date of exercise.

<sup>(5)</sup> SARs offered from December 2018 onwards, have performance conditions and reflect the number of SARs as if performance conditions were fully met.

<sup>(6)</sup> Fair value was calculated using the standard binomial pricing model. The estimated vesting percentage of the 2018 awards and onwards is considered to be the on-target performance level of 60%. It is also estimated that the performance conditions of the 2018 award will not be met.

<sup>(7)</sup> The expiry dates of these awards were extended to November 2023. As an alternative option to the 2012 SAR awards, a special award of CSPs was also made to employees. Should the employee choose to exercise the 2012 SAR award, the special CSP award will lapse.

<sup>(8)</sup> These awards relate to the 2019 award not made and will vest in one-thirds on the second, third and fourth anniversaries of the grant date, respectively.

## Long-term incentives summary (continued)

The tables below provide information on a director and prescribed officer basis of CSPs granted and accepted during the year. It also illustrates the cash value of CSPs vested during the year.

### Conditional Share Plan shares (CSPs)

Directors

Participant	Offer date <sup>(1)</sup>	Offer price <sup>(2)</sup> (Rand)	Number of CSPs offered and accepted	Fair value of CSPs on offer (R'000)	Balance of CSPs accepted as at 30 June 2021	Fair value of CSPs as at 30 June 2022 <sup>(7)</sup>	
						CSPs accepted/ (forfeited) during the year	Share price on vesting date <sup>(3)</sup> (Rand)
<b>Executive</b>							
J J Durand	05-Dec-18 <sup>(8)</sup>	205.07	120 107	15 933	120 107	(120 107)	
	05-Dec-20 <sup>(9)</sup>	93.82	235 427	20 366	235 427		235 427
	05-Dec-20	93.82	235 454	19 655	235 454		235 454
	05-Dec-20 <sup>(10)</sup>	93.82	95 672	8 728	95 672		95 672
	05-Dec-21	126.99	181 379	20 747	–	181 379	181 379
M Lubbe	05-Dec-18 <sup>(8)</sup>	205.07	20 191	2 678	20 191	(20 191)	–
	05-Dec-20 <sup>(9)</sup>	93.82	39 078	3 380	39 078		39 078
	05-Dec-20	93.82	46 448	3 877	46 448		46 448
	05-Dec-20 <sup>(10)</sup>	93.82	4 924	449	4 924		4 924
	05-Dec-21	126.99	35 796	4 094	–	35 796	35 796
N J Williams	05-Dec-18 <sup>(8)</sup>	205.07	39 237	5 205	39 237	(39 237)	–
	05-Dec-20 <sup>(9)</sup>	93.82	72 103	6 237	72 103		72 103
	05-Dec-20	93.82	72 124	6 021	72 124		72 124
	05-Dec-20 <sup>(10)</sup>	93.82	28 887	2 635	28 887		28 887
	05-Dec-21	126.99	55 568	6 356	–	55 568	55 568
<b>Total</b>				1 009 652	<b>93 208</b>	<b>– 1 102 860</b>	<b>81 440</b>

<sup>(1)</sup> Unless otherwise indicated, one-third of the CSPs vest, after the third anniversary of the grant date, an additional third after the fourth anniversary of the grant date and the remainder after the fifth anniversary of the grant date.

<sup>(2)</sup> Offer price of CSPs granted is the five-day VWAP on offer date.

<sup>(3)</sup> Five-day VWAP of Remgro on vesting date.

<sup>(4)</sup> This refers to the total value of the CSPs on vesting.

<sup>(5)</sup> CSPs have performance conditions and reflect the number of CSPs as if performance conditions were fully met.

<sup>(6)</sup> Dividend equivalents will be accumulated and delivered in shares upon vesting.

<sup>(7)</sup> Fair value was calculated using the standard binomial pricing model. The estimated vesting percentage is considered to be the on-target performance level of 60%. The special award of CSPs (refer below) does not have performance conditions.

<sup>(8)</sup> The performance conditions of the 2018 awards were not met and the CSPs were forfeited.

<sup>(9)</sup> These awards relate to the 2019 award not made and will vest in one-thirds on the second, third and fourth anniversaries of the grant date, respectively.

<sup>(10)</sup> As an alternative to the 2012 SAR awards, this special award of CSPs was also made to employees. Should the employee choose to exercise the 2012 SAR award, this special CSP award will lapse.

## Long-term incentives summary (continued)

### Conditional Share Plan shares (CSPs) (continued)

#### Directors (continued)

Participant	Offer date <sup>(1)</sup>	Offer price <sup>(2)</sup> (Rand)	Number of CSPs offered and accepted	Fair value of CSPs on offer	Balance of CSPs accepted as at 30 June 2020	CSPs accepted/ (exercised or expired) during the year	Share price on vesting date <sup>(3)</sup> (Rand)	Cash value of CSPs vesting in year <sup>(4)</sup> (R'000)	Balance of CSPs accepted as at 30 June 2021 <sup>(5, 6)</sup>	Fair value of CSPs as at 30 June 2021 <sup>(7)</sup> (R'000)
				(R'000)			(R'000)			
<b>Executive</b>										
J J Durand	05-Dec-18	205.07	120 107	15 933	120 107				120 107	–
	05-Dec-20 <sup>(8)</sup>	93.82	235 427	20 366	–	235 427			235 427	15 000
	05-Dec-20	93.82	235 454	19 655	–	235 454			235 454	14 520
	05-Dec-20 <sup>(9)</sup>	93.82	95 672	8 728	–	95 672			95 672	10 666
M Lubbe	05-Dec-18	205.07	20 191	2 678	20 191				20 191	–
	05-Dec-20 <sup>(8)</sup>	93.82	39 078	3 380	–	39 078			39 078	2 490
	05-Dec-20	93.82	46 448	3 877	–	46 448			46 448	2 846
	05-Dec-20 <sup>(9)</sup>	93.82	4 924	449	–	4 924			4 924	549
N J Williams	05-Dec-18	205.07	39 237	5 205	39 237				39 237	–
	05-Dec-20 <sup>(8)</sup>	93.82	72 103	6 237	–	72 103			72 103	4 594
	05-Dec-20	93.82	72 124	6 021	–	72 124			72 124	4 448
	05-Dec-20 <sup>(9)</sup>	93.82	28 887	2 635	–	28 887			28 887	3 220
<b>Total</b>				<b>179 535</b>	<b>830 117</b>				<b>– 1 009 652</b>	<b>58 351</b>

<sup>(1)</sup> Unless otherwise indicated, one-third of the CSPs vest, after the third anniversary of the grant date, an additional third after the fourth anniversary of the grant date and the remainder after the fifth anniversary of the grant date.

<sup>(2)</sup> Offer price of CSPs granted is the five-day VWAP on offer date.

<sup>(3)</sup> Five-day VWAP of Remgro on vesting date.

<sup>(4)</sup> This refers to the total value of the CSPs on vesting.

<sup>(5)</sup> CSPs have performance conditions and reflect the number of CSPs as if performance conditions were fully met.

<sup>(6)</sup> Dividend equivalents will be accumulated and delivered in shares upon vesting.

<sup>(7)</sup> Fair value was calculated using the standard binomial pricing model. The estimated vesting percentage is considered to be the on-target performance level of 60%. The special award of CSPs (refer below) does not have performance conditions. It is also estimated that the performance conditions of the 2018 award will not be met.

<sup>(8)</sup> These awards relate to the 2019 award not made and will vest in one-thirds on the second, third and fourth anniversaries of the grant date, respectively.

<sup>(9)</sup> As an alternative to the 2012 SAR awards, this special award of CSPs was also made to employees. Should the employee choose to exercise the 2012 SAR award, this special CSP award will lapse.

## Long-term incentives summary (continued)

### Conditional Share Plan shares (CSPs) (continued)

#### Prescribed officers

Participant	Offer date <sup>(1)</sup>	Offer price <sup>(2)</sup> (Rand)	Number of CSPs offered and accepted	Fair value of CSPs on offer date (R'000)	Balance of CSPs accepted as at 30 June 2021	Cash		Balance of CSPs accepted as at 30 June 2022 <sup>(5, 6)</sup>	Fair value of CSPs as at 30 June 2022 <sup>(7)</sup> (R'000)
						CSPs accepted/ (forfeited) during the year	Share price on vesting date <sup>(3)</sup> (Rand)		
P R Louw	05-Dec-18 <sup>(8)</sup>	205.07	24 648	3 270	24 648	(24 648)		–	–
	05-Dec-20 <sup>(9)</sup>	93.82	46 428	4 016	46 428			46 428	3 544
	05-Dec-20	93.82	46 448	3 877	46 448			46 448	3 481
	05-Dec-20 <sup>(10)</sup>	93.82	7 988	729	7 988			7 988	518
	05-Dec-21	126.99	35 796	4 094	–	35 796		35 796	2 634
P J Uys	05-Dec-18 <sup>(8)</sup>	205.07	49 378	6 550	49 378	(49 378)		–	–
	05-Dec-20 <sup>(9)</sup>	93.82	88 088	7 620	88 088			88 088	6 724
	05-Dec-20	93.82	88 108	7 355	88 108			88 108	6 602
	05-Dec-21	126.99	67 853	7 761	–	67 853		67 853	4 992
<b>Total</b>					351 086	<b>29 623</b>		<b>380 709</b>	<b>28 495</b>

<sup>(1)</sup> Unless otherwise indicated, one-third of the CSPs vest, after the third anniversary of the grant date, an additional third after the fourth anniversary of the grant date and the remainder after the fifth anniversary of the grant date.

<sup>(2)</sup> Offer price of CSPs granted is the five-day VWAP on offer date.

<sup>(3)</sup> Five-day VWAP of Remgro on vesting date.

<sup>(4)</sup> This refers to the total value of the CSPs on vesting date.

<sup>(5)</sup> CSPs have performance conditions and reflect the number of CSPs as if performance conditions were fully met.

<sup>(6)</sup> Dividend equivalents will be accumulated and delivered in shares upon vesting.

<sup>(7)</sup> Fair value was calculated using the standard binomial pricing model. The estimated vesting percentage is considered to be the on-target performance level of 60%. The special award of CSPs (refer below) does not have performance conditions.

<sup>(8)</sup> The performance conditions of the 2018 awards were not met and the CSPs were forfeited.

<sup>(9)</sup> These awards relate to the 2019 award not made and will vest in one-thirds on the second, third and fourth anniversaries of the grant date, respectively.

<sup>(10)</sup> As an alternative to the 2012 SAR awards, this special award of CSPs was also made to employees. Should the employee choose to exercise the 2012 SAR award, this special CSP award will lapse.

Participant	Offer date <sup>(1)</sup>	Offer price <sup>(2)</sup> (Rand)	Number of CSPs offered and accepted	Fair value of CSPs on offer date (R'000)	Balance of CSPs accepted as at 30 June 2020	CSPs		Cash value of CSPs accepted as at 30 June 2021 <sup>(5, 6)</sup>	Fair value of CSPs as at 30 June 2021 <sup>(7)</sup> (R'000)
						accepted/ (exercised) or expired during the year	Share price on vesting date <sup>(3)</sup> (Rand)		
P R Louw	05-Dec-18	205.07	24 648	3 270	24 648			24 648	–
	05-Dec-20 <sup>(8)</sup>	93.82	46 428	4 016	–	46 428		46 428	2 958
	05-Dec-20	93.82	46 448	3 877	–	46 448		46 448	2 864
	05-Dec-20 <sup>(9)</sup>	93.82	7 988	729	–	7 988		7 988	891
P J Uys	05-Dec-18	205.07	49 378	6 550	49 378			49 378	–
	05-Dec-20 <sup>(8)</sup>	93.82	88 088	7 620	–	88 088		88 088	5 612
	05-Dec-20	93.82	88 108	7 355	–	88 108		88 108	5 434
<b>Total</b>					74 026	<b>277 060</b>		<b>351 086</b>	<b>17 759</b>

<sup>(1)</sup> Unless otherwise indicated, one-third of the CSPs vest, after the third anniversary of the grant date, an additional third after the fourth anniversary of the grant date and the remainder after the fifth anniversary of the grant date.

<sup>(2)</sup> Offer price of CSPs granted is the five-day VWAP on offer date.

<sup>(3)</sup> Five-day VWAP of Remgro on vesting date.

<sup>(4)</sup> This refers to the total value of the CSPs on vesting date.

<sup>(5)</sup> CSPs have performance conditions and reflect the number of CSPs as if performance conditions were fully met.

<sup>(6)</sup> Dividend equivalents will be accumulated and delivered in shares upon vesting.

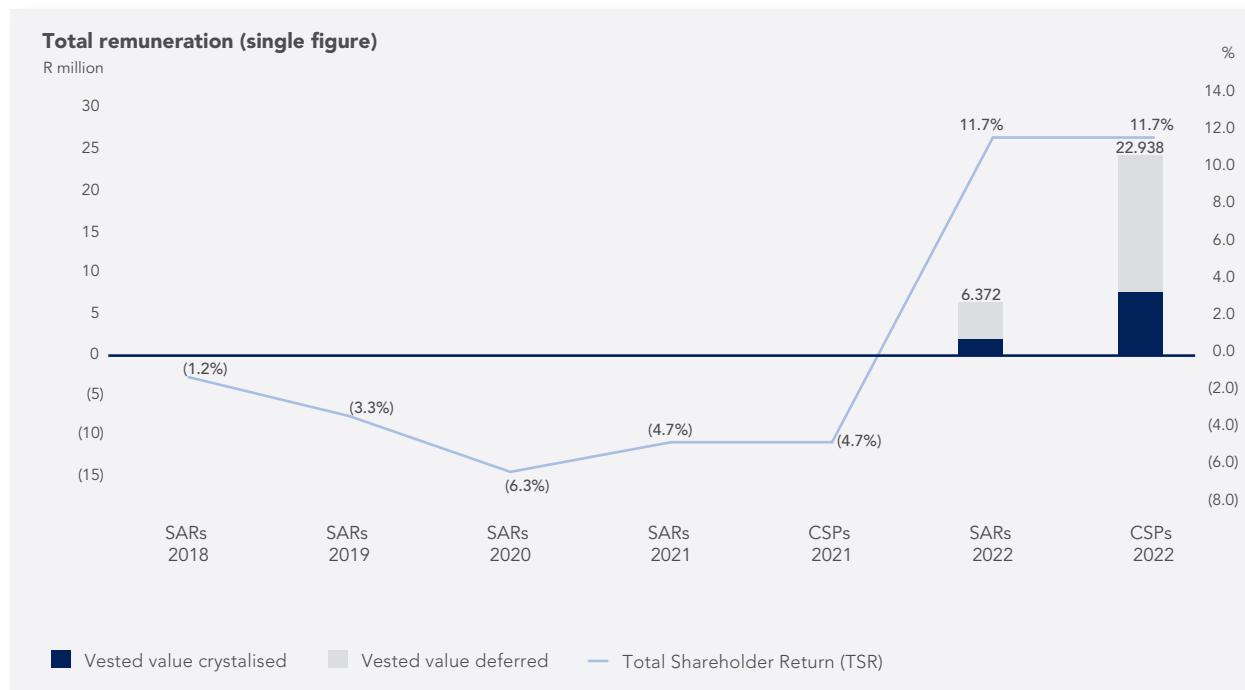
<sup>(7)</sup> Fair value was calculated using the standard binomial pricing model. The estimated vesting percentage is considered to be the on-target performance level of 60%. The special award of CSPs (refer below) does not have performance conditions. It is also estimated that the performance conditions of the 2018 award will not be met.

<sup>(8)</sup> These awards relate to the 2019 award not made and will vest in one-thirds on the second, third and fourth anniversaries of the grant date, respectively.

<sup>(9)</sup> As an alternative to the 2012 SAR awards, this special award of CSPs was also made to employees. Should the employee choose to exercise the 2012 SAR award, this special CSP award will lapse.

## Total remuneration (single figure)

Linking pay with the delivery of long-term shareholder value



The graph above illustrates the following:

1. **LTI intrinsic value vested** – The stacked columns represent the intrinsic value that vested (for SARs and CSPs) to the CEO as at the end of each reporting period.

With regards to the SARs, it should be noted that the awards vesting in 2018 to 2020 had no performance conditions attached (other than the inherent condition for share price growth above the award price) and as a result the vesting outcome was 100%. However, these awards were underwater as at the end of their respective financial years (i.e. the share price at year-end was below the award price) and as a result the intrinsic value of these awards amounted to Rnil which resulted in no value vesting at the reporting date for these awards. The SARs vesting in years 2021 and 2022 had performance conditions attached and the vesting outcomes for these awards were 0% and 75% respectively. As a result, a value of Rnil vested in 2021, while in 2022 the total value vested amounts to R6.4 million, with one-third vesting immediately (R2.1 million) and the two-thirds remaining (R4.3 million) vesting in equal tranches over the next two years.

With regards to the CSPs, the CSPs vesting outcomes in 2021 and 2022 were 0% and 75% respectively. As a result, a value of Rnil vesting in 2021, while in 2022 the total value vested amounts to R22.9 million, with one-third vesting immediately (R7.7 million) and the two-thirds remaining (R15.3 million) vesting in equal tranches over the next two years.

Please note that the SARs and CSPs vesting in 2022 were awarded in 2020 and as a result these had a reduced performance period of two years instead of three years. This is due to the fact that no awards were made in 2019 as a result of the impacts of Covid-19, and as a result these allocations were only made in 2020.

2. **TSR performance over the performance period** – Overlaid to the value vested graph is a line graph which represents the TSR Compound Annual Growth Rate (CAGR) performance outcome that was achieved during the performance period for each of the awards. As a result, for the awards vesting in years 2018 to 2021 the TSR represents a three-year CAGR outcome, whereas due to the fact that the awards vesting in 2022 were only awarded in 2020 (as noted above), the TSR outcome for 2022 represents a two-year TSR CAGR in order to align with the performance period of the awards.

In interpreting the outcomes of the graph, it can be seen that there is alignment between the CEO vesting outcomes and shareholder value creation.

- Where the TSR for the performance period is negative in years 2018 to 2021 no value of LTI was vested to the CEO; and
- Where the TSR for the performance period is positive in 2022 (11.7%) there is a positive vesting outcome for the CEO.

## Total remuneration (single figure) (continued)

The tables below provide information on the single figure remuneration for executive directors and prescribed officers, which comprises a fixed annual amount, as well as the value of the shares vesting 12 months after year-end.

### Executive directors

R'000	Fees	Salaries	Retirement fund	Other benefits <sup>(1)</sup>	Fixed remuneration	LTI <sup>(2)</sup>	Total
<b>30 June 2022</b>							
J J Durand	390	12 107	2 479	419	15 395	9 682	25 077
M Lubbe	390	2 647	602	431	4 070	1 583	5 653
N J Williams	390	4 509	965	423	6 287	3 021	9 308
<b>Total</b>	<b>1 170</b>	<b>19 263</b>	<b>4 046</b>	<b>1 273</b>	<b>25 752</b>	<b>14 286</b>	<b>40 038</b>
<b>30 June 2021</b>							
J J Durand	390	11 596	2 377	441	14 804	–	14 804
M Lubbe	390	2 327	535	412	3 664	–	3 664
N J Williams	390	4 309	932	404	6 035	–	6 035
<b>Total</b>	<b>1 170</b>	<b>18 232</b>	<b>3 844</b>	<b>1 257</b>	<b>24 503</b>	<b>–</b>	<b>24 503</b>

<sup>(1)</sup> Benefits include medical scheme contributions, vehicle benefits and UIF contributions.

<sup>(2)</sup> LTI figure includes SARs and CSPs awards that vest and become exercisable in the next 12 months.

### Prescribed officers

R'000	Salaries	Retirement fund	Other benefits <sup>(1)</sup>	Fixed remuneration	LTI <sup>(2)</sup>	Total
<b>30 June 2022</b>						
P R Louw	3 037	598	432	4 067	1 886	5 953
P J Uys	6 074	1 196	387	7 657	3 755	11 412
<b>Total</b>	<b>9 111</b>	<b>1 794</b>	<b>819</b>	<b>11 724</b>	<b>5 641</b>	<b>17 365</b>
<b>30 June 2021</b>						
P R Louw	2 912	578	412	3 902	–	3 902
P J Uys	5 828	1 156	384	7 368	–	7 368
<b>Total</b>	<b>8 740</b>	<b>1 734</b>	<b>796</b>	<b>11 270</b>	<b>–</b>	<b>11 270</b>

<sup>(1)</sup> Benefits include medical scheme contributions, vehicle benefits and UIF contributions.

<sup>(2)</sup> LTI figure includes SARs and CSPs awards that vest and become exercisable in the next 12 months.

## Non-executive directors' fees

The actual fees paid to non-executive directors are disclosed below (on an individual basis).

R'000	Fee for the year ended 30 June 2022	Fee for the year ended 30 June 2021
<b>Non-executive (independent)</b>		
S E N De Bruyn <sup>(1)</sup>	<b>972</b>	791
P K Harris <sup>(2)</sup>	—	227
N P Mageza <sup>(3)</sup>	<b>620</b>	678
P J Moleketi	<b>620</b>	678
M Morobe <sup>(4)</sup>	<b>580</b>	510
G G Nieuwoudt	<b>480</b>	390
K S Rantloane <sup>(5)</sup>	<b>540</b>	228
F Robertson	<b>680</b>	603
Subtotal	<b>4 492</b>	4 105
<b>Non-executive (non-independent)</b>		
J Malherbe	<b>480</b>	390
P J Neethling <sup>(6)</sup>	—	—
A E Rupert <sup>(6)</sup>	—	—
J P Rupert <sup>(6)</sup>	—	—
Subtotal	<b>480</b>	390
<b>Total</b>	<b>4 972</b>	4 495

<sup>(1)</sup> Ms S E N De Bruyn was appointed as a member of the Remuneration and Nomination Committee with effect from 30 November 2020.

<sup>(2)</sup> Mr P K Harris retired as independent non-executive director with effect from 30 November 2020.

<sup>(3)</sup> During the year under review Mr N P Mageza also received R772 000 (2021: R746 000) as director's fees from RCL Foods Limited, a subsidiary of Remgro Limited.

<sup>(4)</sup> During the year under review Mr M Morobe also received R150 000 as director's fees from Wispeco Holdings Proprietary Limited, a subsidiary of Remgro Limited.

<sup>(5)</sup> Mr K S Rantloane was appointed as an independent non-executive director and member of the Investment Committee with effect from 30 November 2020.

<sup>(6)</sup> Messrs A E Rupert, J P Rupert and P J Neethling receive no emoluments.



**Johann Rupert**

Chairman of the Remuneration and Nomination Committee

Stellenbosch  
26 September 2022

# RISK and OPPORTUNITIES MANAGEMENT Report

## Introduction

The Board is ultimately accountable for the risk and opportunities management process and system of internal control within Remgro. The Board has reviewed the comprehensive Risk and Opportunities Management Policy and plan, which has been implemented by management. This plan incorporates continuous risk and opportunity identification and assessment, internal control embedment as well as risk reduction and insurance strategies.

Remgro's Environment, Social and Governance (ESG) framework is also relevant for this purpose as it ensures that the consideration of ESG risks and opportunities, as well as impact and sustainability considerations, are integrated and embedded into the risk and opportunities management practices.

The Audit and Risk Committee is mandated to monitor the effectiveness of the risk and opportunities management process and systems of internal control and is supported in this regard by its subcommittee, the Risk, Opportunities, Technology and Information Governance Operational Subcommittee (ROTIG). The Strategic ESG Committee plays an important role in supporting the Audit and Risk Committee by overseeing and monitoring Remgro's ESG performance and stewardship through policies, frameworks, standards and guidelines. The Group's internal and external auditors, along with management and certain external consultants, are tasked to render combined assurance reports to the Audit and Risk Committee.

Ethical leadership and human capital are the cornerstones of Remgro's risk and opportunities management philosophy as these ensure operational competence, entrepreneurial aptitude, sound corporate reputation and effective governance. The financial, manufactured, intellectual, social and relationship and natural assets furthermore form part of the Six Capitals concept referred to in the King IV Report on Corporate Governance for South Africa (2016) (King IV). These categories of capitals, their interrelations and utilisation, to varying degrees, form an intricate part of the risk and opportunities process within the Company.

The risk and opportunities management process in Remgro comprises the arrangement of resources to ensure the achievement of the Company's stated objectives along with its aligned strategy and business plans, including the exploitation of available opportunities that meet the risk appetite criteria set by the Board. Risk profiles inherent to existing activities and investments are furthermore maintained within the approved risk tolerance levels, thereby optimising the risk-return parameters for the creation of sustainable growth and value for shareholders and other stakeholders.

The incorporation of an Investment Framework that intentionally provides for ESG considerations has embedded Remgro's sustainability ambitions as an integral part of its investment decision-making. Principles and evaluation criteria include ESG risks, impact considerations, value creation opportunities and sustainability for its current and potential investments.

Strategic risk assessment includes the consideration of probable future scenarios taking cognisance of, *inter alia*, political, environmental, social, technological, economic and legislative developments in both the Remgro environment as well as the global environment and market sectors that it invests in. Given the ongoing escalation in ESG challenges faced locally and globally, the Group is responding with commensurate escalation of ESG structures and initiatives in addition to the sound processes adopted in prior years.

## Report parameters

Due to the nature and magnitude of Remgro's investment portfolio, this report focuses on the activities of the Company and its subsidiaries, save where such entities are separately operated subsidiaries with autonomous boards, or the materiality of such information is deemed insufficient to warrant detailed disclosure. As a result, this report contains risk and opportunities management information of the Company, Remgro Management Services Limited (Remgro's service company) and V&R Management Services AG\*. These external reporting parameters are being reviewed to ensure alignment with international developments in this regard.

\* A wholly owned subsidiary, registered and managed in Switzerland, rendering administrative, accounting and treasury services for Remgro's foreign subsidiaries and third parties.

## Risk management process

The Risk and Opportunities Management Policy is based on the principles of the international COSO (Committee of Sponsoring Organisations of the Treadway Commission) Enterprise Risk Management – Integrated Framework and complies with the recommendations of King IV. This policy defines the objectives, methodology, processes and responsibilities of the various risk and opportunities management role players in the Company. The Risk and Opportunities Management Policy is subject to annual review and any proposed amendments are submitted to the Audit and Risk Committee for consideration and recommendation to the Board for approval.

Remgro is an investment holding company and as such, the risk and opportunities management process takes cognisance of risks and opportunities within the Company as well as the risks and opportunities inherent to its investment portfolio.

The table below summarises the salient operational objectives and related risk mitigation processes included in the Remgro risk register:

Key objectives	Key controls
<p>The appointment and retention of suitably skilled and experienced directors and officers possessing the required values and drive.</p>	<p>Effective functioning of the Remuneration and Nomination Committee.</p> <p>Performance assessments and evaluations.</p> <p>Strong ethical leadership.</p> <p>Continuous skills and attribute development aligned with business developments and corporate values.</p> <p>"Staying Future Fit" project and initiatives supporting the Management Board.</p> <p>Effective functioning of the Talent and Remuneration Management Committee.</p>
<p>Ethical and visible leadership via governance structures and related processes maintaining Remgro's reputation as a good corporate citizen and a socially and environmentally responsible investor.</p>	<p>Anti-corruption and fraud prevention and detection procedures.</p> <p>Embedded system of values and ethics and maintenance thereof via visible leadership and ethical competence refresher training.</p> <p>Formalised ethics management policies and codes of conduct.</p> <p>Formalised tax, environmental and social policies.</p> <p>Corporate culture focused on excellence in execution, fairness in dealing and transparency in reporting.</p> <p>Comprehensive and King IV-compliant corporate governance structures and systems.</p> <p>Effective and credible investor and stakeholder communications.</p> <p>Effective functioning of the Social and Ethics Committee.</p> <p>Effective oversight of ESG policies and performance by the Strategic ESG Committee.</p> <p>Business strategies aligned with corporate mission based on stakeholder-inclusive principles.</p> <p>Effective functioning of the Audit and Risk Committee.</p> <p>Effective internal control, combined assurance, risk management and reporting processes.</p>
<p>Development and implementation of an ESG and sustainability strategy to ensure consistency of standards across Remgro and its investee companies.</p> <p>Alignment with international and local best practice.</p>	<p>ESG charter and governance structures that provide strategic direction and oversight in support of Remgro's sustainability goals.</p> <p>Stewardship of investee companies in relation to ESG and sustainability issues to influence and drive sustainable behaviour through ESG principles to achieve common and collective sustainability goals.</p> <p>Board oversight in conjunction with the Strategic ESG Committee.</p> <p>Board guidelines to the Corporate Social Investment function.</p> <p>Effective Social and Ethics Committee.</p> <p>Safety, health and environmental management included under the ambit of the ROTIG Committee with formalised policies.</p> <p>Successful participation in CDP (formerly Carbon Disclosure Project) and inclusion in FTSE/JSE Responsible Investment Index.</p>

## Key objectives

Adoption and implementation of appropriate long-term strategy and business plans within approved risk appetite duly communicated and delegated to the executive.

Maintaining the significance of Remgro's corporate presence in the investment holding environment as this enables it to acquire meaningful stakes in selected investment opportunities thereby striving vigorously to meet Remgro's investment philosophy of investing in businesses that can deliver superior earnings, cash flow generation and dividend growth over the long term.

## Key controls

Effective Management Board supported by executive management and an experienced investment division.

Conducted a comprehensive Remgro 2030 workshop to consider emerging risk and opportunity trends across the full strategic and operational spectrum of the Group, including, *inter alia*, international developments in technology, consumerism, market and business model disruptions, investor, *et al* to inform medium- to long-term strategic development and investment focus.

Developing, implementing and monitoring various strategic initiatives to effectively respond to salient current aspects, including a comprehensive and timely alignment with future developments.

Investing in the enhancement of human and intellectual capital deployed in the Group.

Dedicated focus on risks and opportunities associated with global and local political, socio-economic, legislative and technological developments.

Adequate design and implementation of appropriate risk responses; the establishment and implementation of business resilience and continuity arrangements that allow Remgro to operate under conditions of volatility, and to withstand and recover from acute shocks and enhance enterprise resilience. Focus areas include, *inter alia*, concerning trends in infrastructure failing, inconsistent and deteriorating electricity supply, increasing crime, societal grievances associated with service delivery failures and the continuing economic decline.

Effective assessment of risks and opportunities emanating from the triple context in which Remgro operates (i.e. the economy, society and environment) and the capitals that Remgro uses and effects (i.e. financial, manufactured, intellectual, human, social and relationship and natural) to optimise performance and resource deployment.

Workgroups focused at future scanning and key investment strategy objectives and six capital enhancement reporting to the Management Board.

A conservative business approach with long-term investment criteria focused on growth, sustainability and liquidity.

Corporate actions are aligned with the long-term strategy and responsible investment criteria.

Comprehensive networks and robust processes focused on investment opportunity identification, and risk-based due diligence reviews, guided by responsible investment considerations.

Clear guidelines imbedded in the Investment Framework to ensure investment decisions, reviews and capital allocations are in line with ESG and sustainability goals.

Effective functioning of the Investment Committee is supported by ensuring that consideration of ESG risks are integrated into investment and management practices.

Effective investor relations and corporate communications.

## Key objectives

Ensuring that opportunity risks are managed to avoid lost investment opportunities that meet Remgro's stringent investment criteria.

Available liquidity to fund new investments and further support successful investments.

Effective Group structuring to house existing and new investments.

Effective management of underlying investments and ensuring that Remgro's investment criteria are maintained and the Group's rights are protected.\*

Effective internal operations, including secretarial, financial, human resources, compliance and all other departmental activities in the service company and wholly owned subsidiaries under the control of the management of the service company.

## Key controls

Skilled and experienced investment division with efficient operational processes and controls.

Effective support structures and negotiation processes supported by proven due diligence processes.

Robust deal implementation and secretarial and legal support and compliance processes.

Ensuring that the corporate culture of Remgro does not inhibit responsible risk and opportunities taking.

Board oversight and executive monitoring of performance against investment plans and strategies.

Review of processes to ensure enhanced agility in decision-making and execution.

Effective functioning of the Treasury Committee.

Conservative cash administration and well-managed and secure treasury environment whilst seeking return maximisation within risk appetite of cash at the centre.

Maintaining appropriate borrowing facilities.

Maintaining a strong balance sheet.

Appropriate control structures supported by skilled and experienced legal and corporate tax specialists.

Comprehensive shareholder agreements are concluded at time of investment. This facilitates effective control or significant influence over the executive management teams in the underlying investee companies and ensures that strategies, goals and deliverables, including ESG standards and expectations are met and that salient risks are duly managed. Enhanced focus on human capital development and deployment coupled with detailed attention to investee companies.

Detailed reporting, review and management structures are implemented to ensure timely, accurate and reliable information used in the decision-making processes.

The early identification of abnormal investee risk profiles through internal processes.

Skilled and experienced managers regularly review policies and practices governing internal controls designed to ensure the consistent achievement of relevant objectives.

Focus areas include, *inter-alia*, cyber and fraud risk mitigation, enhanced effectiveness and efficiency through adoption of technological developments.

\* As stated in the "Group Profile" section of this report, Remgro is not involved in the day-to-day management of investee activities but does have non-executive representation on these autonomous boards via shareholder agreements. These bodies are responsible for risk management at investee level.

## Key objectives

Given the significance of treasury, the following salient objectives are integrated into the Treasury Committee's (a management committee chaired by the Chief Financial Officer (CFO), also comprising the Chief Executive Officer (CEO) and other senior managers) mandate:

- Liquidity requirements and risk appetite are formalised and linked to realised returns on treasury funds
- Terms of trade with banks are reviewed to ensure adequate risk sharing
- Payment systems are secured and cyber risk mitigated
- Information is secured
- FAIS (Financial Advisory and Intermediary Services Act, (No. 37 of 2002)) and FICA (Financial Intelligence Centre Act, (No. 38 of 2001)) legislation is complied with
- The following treasury risks are specifically managed:
  - Liquidity risk
  - Instrument risk (derivatives and component criteria)
  - Investment credit risk (credit limits and spread of cash between approved institutions)
  - Foreign currency risk (spread and composition of approved currency exposures)
  - Interest rate risk

Accurate, transparent and reliable reporting and interaction with stakeholders.

Full compliance with taxation and other relevant legislation and industry practices.

Reliable and secure information and technology systems to support business objectives and requirements.

## Key controls

A formalised Treasury Policy is maintained and reviewed by the Treasury Committee and amendments are submitted to the Board for approval.

Skilled staff is employed in the treasury department and comprehensive internal controls are deployed and complied with.

The treasury department is subject to quarterly FAIS and FICA reviews from the Financial Sector Conduct Authority (FSCA)-approved external compliance officer. In addition, the treasury department (back and front office) is subject to regular internal audit reviews and a year-end review by the external auditor.

Continuous evaluation of suitable investment products within the ambit of the approved Treasury Policy.

Formalised stakeholder and communication policies.

Effective internal financial controls.

Comprehensive combined assurance plans and processes, including non-financial and ESG information.

Structured and considered integrated reporting, including consideration of international developments on external reporting frameworks on non-financial information.

Adequate and transparent risk and opportunities disclosure and reporting.

Reviewing the effective alignment of external reporting frameworks against international developments and frameworks.

Effective functioning of the Audit and Risk Committee.

Employment of tax experts and consultation with independent tax and legal professionals.

Tax policy.

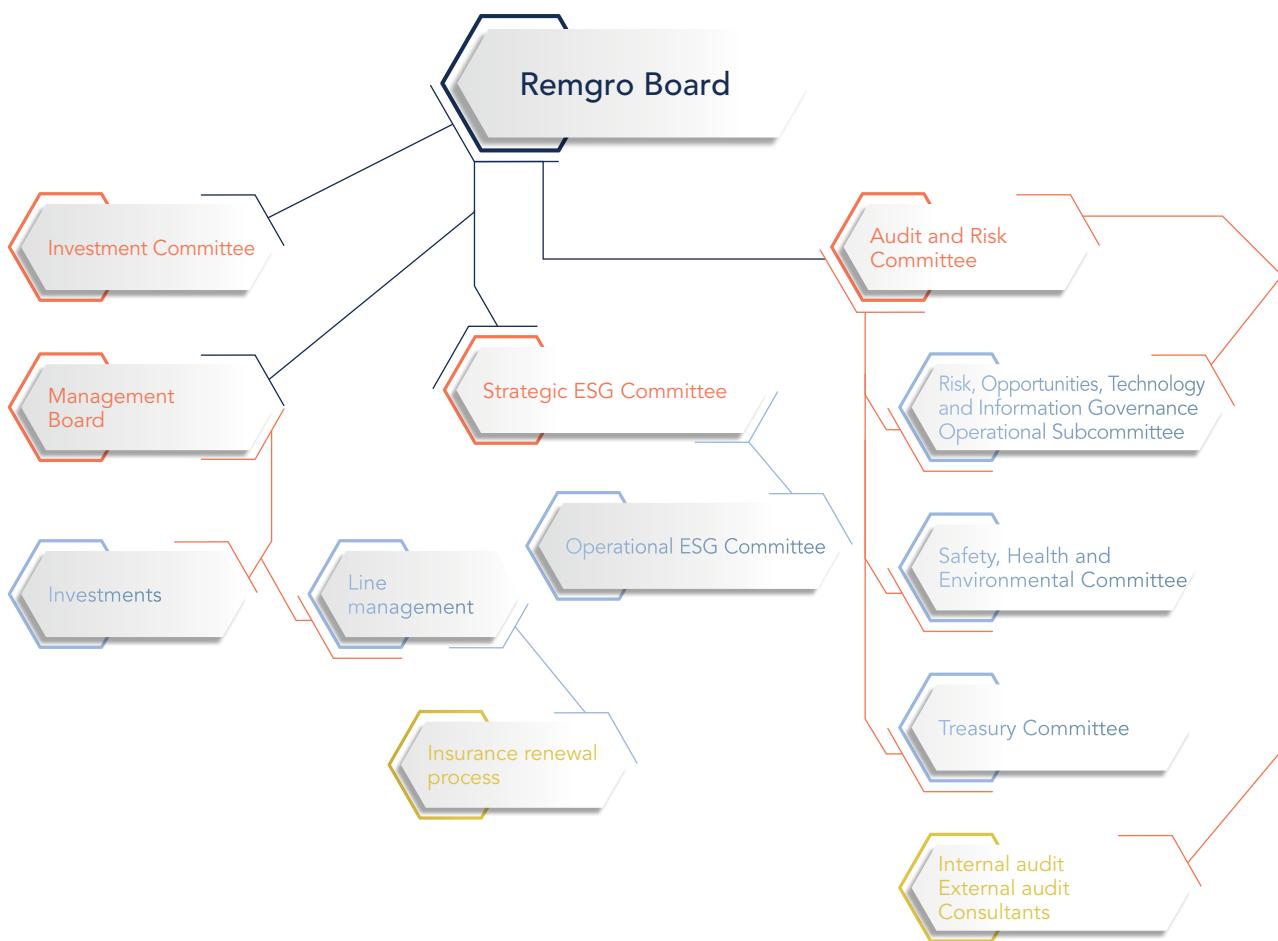
Legal Compliance Policy linked to expert legal advice.

Effective Compliance Policy and procedures.

Effective outsource agreement with a credible vendor and service levels supporting cost-efficient, secure and available systems and networks.

Technology and Information Governance Policy supported by procedures over key activities such as business continuity, information and cyber security, document retention and user acceptable usage policies, including POPIA requirements.

## Board and Governance Structure



Material external risks include ongoing and escalated uncertainty on the government's ability to deliver on its mandate and the sustained global economic downturn intensified by the impacts of the Russian-Ukraine conflict impacting on market confidence and global, regional and local stability.

Remgro, being a responsible investor, ensures that proper corporate governance is implemented and maintained in all entities it invests in via the above processes.

Remgro deploys dedicated processes to timely identify and effectively mitigate disruption risk and realises opportunities associated with future developments.

Emerging risk and opportunities, integrated with a sound corporate and entrepreneurial culture, inform strategy and investment mandate considerations.

## Risk and opportunities management structure

The above structure has been implemented and maintained to ensure the effective and efficient management of risk and opportunities within the Company.

The function of the Chief Risk Officer is shared amongst the following individuals:

- The CEO reports directly to the Board on an ongoing basis with regards to the risks that may impact the effective and efficient execution of its strategy.

- The CFO, as chairman of the ROTIG Committee, is responsible for the induction of risk and opportunities management into the daily activities of the Company, including the drafting, review and maintenance of the Company risk register and Risk and Opportunities Management Policy and plan.
- The Chief Audit Executive (CAE) attends meetings of the Management Board, the Operational ESG Committee and ROTIG Committee and renders value adding considerations and independent assurance regarding the effectiveness of these committees' activities as well as the risk management process and system of internal control.

## Risk tolerance levels

The Remgro Board has formalised and approved the risk tolerance levels to define the Board's risk appetite and to ensure that all risks within the Group are managed within the limits so defined.

Remgro, due to the nature of its core activities, deals with risk tolerance levels in the following three risk categories using dedicated and bespoke methodologies:

### Investments

Risk tolerance levels are set in accordance with the cost of funding the investments (WACC) as adjusted with a risk weighting (Beta) to ensure a sustainable and positive risk-return environment, taking cognisance of the investment portfolio.

## Treasury

Given the liquidity requirements to support performing investments and to seize new investment opportunities, the risk tolerance levels and linked returns for cash held in South Africa and internationally are measured in terms of lending rates achieved by major banks in the money market, including but not limited to STrFI (Short Term Fixed Interest) or LIBOR (London Interbank Offered Rate), as well as compliance with required credit ratings set for approved counterparties. This is continuously monitored and reassessed given prevailing market volatilities, risk and, at times, negative returns on cash in certain international money markets. Given the prevailing low interest rate environment during the first quarters of the reporting period, the Treasury Committee was furthermore tasked to recommend suitable investment instruments for cash at the centre to the Investment Committee or Board for consideration.

Foreign currency risk and capital preservation risk in an adverse economic climate are mitigated by means of conservative policies regarding hedging strategies and counterparty vetting.

The treasury funds are invested as per a Board-approved Treasury Policy which deals with counterparty (credit) risk, liquidity risk, interest rate risk, currency risk, instrument risk and commercial risk (terms of trade), as well as the policies deployed to safeguard cash and liquid assets.

## Other

This category includes risks associated with unplanned losses to assets, exposure to liabilities, fidelity, business interruption and other operational risk.

In these instances the Board has, in addition to stringent internal controls, adopted a conservative approach by taking sufficient insurance cover to mitigate the anticipated maximum loss should risk realise in these categories.

## Risk appetite

Risk appetite is defined as the risk that the Company is prepared or willing to accept without further mitigating action being put in place or the amount and nature of risk the Company is willing to accept in pursuit of objectives. This is also defined as the risk propensity of the Board in pursuing the creation of sustainable wealth.

The following qualitative and quantitative factors are considered by the Board in evaluating risk appetite:

- risk-return profile of the current investment portfolio;
- availability of cash resources and other liquid assets that could easily be converted into cash;
- available funding opportunities;
- risk-return profile of prospective opportunities;
- ESG profile of the current portfolio and investment sectors
- financial metrics relevant to measuring performance, including:
  - intrinsic net asset value (INAV);
  - return on INAV relative to comparable risk investments;
  - dividend policy;
  - free cash flow; and
  - gearing ratios;
- international and local economic cycles and trends;
- foreign currency rates and trends;
- materiality of risks with reference to the INAV of the Group;
- risk management capability and maturity;
- resource allocation and strategy; and
- risk scenarios on black-swan and future scanning methodologies.

## Risk-bearing capacity

Risk-bearing capacity is defined as a monetary value which is used as a yardstick, measuring the maximum loss the Company can endure without exposing it to the point where its existence and going concern status is under threat, given an equivalent loss.

Given the nature of Remgro's INAV composition, i.e. equity investments, net excess cash and the conservative size of debt at holding company level, there are no known current exposures that could jeopardise the going concern status of the Group.

## Unexpected or unusual risk experiences

The risk and opportunities management process is furthermore also externally focused to ensure the timely identification of new emerging risks and opportunities and the assessment of the effectiveness of timely responses thereto. Scenarios are furthermore used to assess the adequacy of the Company's business resilience.

## Technology and information governance

The Company reviews its Technology and Information Governance Policy annually, which is aligned with the limited technology needs of an investment holding company. This policy is further supplemented by governance-based policies such as the Acceptable Technology and Information Use Policy and information confidentiality policies.

The head of technology and information reports to the CFO and technology and information-related matters are addressed by a Technology and Information Steering Committee comprising senior management. The Technology and Information risk register is considered by the ROTIG Committee and progress on technology and information and control-related projects is monitored via the ROTIG Committee by the Audit and Risk Committee.

The Company has outsourced its technology and information operations to credible service providers via comprehensive Service Level Agreements. The Service Level Agreements of the service providers, which deal with, *inter alia*, key deliverables such as system and user support, system availability, cyber risk management, virus protection, telephony and other general controls, are reviewed annually and compliance monitored. Technology and information service management is based on the international ITIL (Information Technology Infrastructure Library) framework.

The technology and information risk management process is included in the combined assurance process of the Company and aligned to COBIT (Control Objectives for Information and Related Technologies). A business continuity plan has been formalised and successful tests performed on the back-up and disaster recovery process. Third party risk assessments are aligned with industry-related exposures and developments.

## Legal compliance

The Board, as part of its ethical leadership commitment, approved a Legal Compliance Policy and confirmed that there are sufficient management capacity and controls in place to ensure compliance with all relevant laws and salient industry practices.

The administration of the Legal Compliance System is vested in an official with the appropriate legal qualifications. Members of senior management of the Company are informed on a regular basis of all relevant new legislation and amendments.

Compliance controls also vest with senior management who are required to report to the Social and Ethics Committee on a regular basis regarding their compliance using a control self-assessment methodology. This process is incorporated into the annual combined assurance plan.

## Internal control and internal audit

The Group has implemented and maintained a sound control environment, including a comprehensive system of internal controls to mitigate the risks in the enterprise and to ensure that the Group's objectives are consistently achieved. Internal controls are based on the principle of acceptable risk being inherent to the design and implementation of a cost-effective system of internal control. The system includes monitoring mechanisms and mitigation processes to timely augment deficiencies when they are detected. This system is benchmarked against the COSO Internal Control – Integrated Framework.

The internal audit function is employed by Remgro Management Services Limited and the CAE, Mr Deon Annandale, reports to the chairman of the Audit and Risk Committee and functionally to the CFO. The department complies with the requirements of King IV and the International Standards for the Professional Practice of Internal Auditing. The department maintains a three-tier Quality Assurance and Improvement Programme as prescribed by the Institute of Internal Auditors. This comprises a continuous self-assessment process with Independent External Assessments being performed by an international external audit firm, other than the Group's external auditors, every three years.

The internal audit plans, as approved by the Audit and Risk Committee, are designed following a risk-based assurance approach and are focused on adding value to the control environment while rendering independent assurance to the Audit and Risk Committee and to the Board on, *inter alia*: the effectiveness of internal financial control; the effectiveness of internal control over operational and compliance activities; the adequacy of governance systems, including the "tone at the top"; the effectiveness of the combined assurance process and risk management process.

The function is furthermore strategically aligned to the creation and preservation of value and rendering insight into emerging risk.

The internal audit department also renders independent internal audit and risk and opportunities management services to certain Group companies who elect to outsource the function. In these instances dedicated processes are maintained

to ensure the independent functioning of the department, including its fiduciary duty to the respective Group companies and the safeguarding of their proprietary information.

When required, specialist skills are insourced to assist with information technology and forensic services.

## Effectiveness of risk and opportunities management process and system of internal control

The Board, via the Audit and Risk Committee, has considered the documented policies, procedures and independent assurance reports and is satisfied that the control environment along with the internal control and risk and opportunities management processes implemented in the Group are effective.

The Board is not aware of any exposure or position that could culminate in the residual risk profile of the Group exceeding the risk-bearing capacity limits set by the Board.

## Overview of focus areas

The following comprised focus areas during the year under review:

- The Russian-Ukraine conflict, Covid-19 trends and related implications, including business resilience;
- Emerging risks including global and local political and socio-economic developments and trends including crime and infrastructure and electricity stability;
- Robustness of fraud prevention and detection processes given the magnitude and prevalence of reported irregularities;
- Developments in international financial reporting standards and ESG reporting frameworks;
- Auditor rotation developments and reputation damage suffered by certain audit firms;
- Material transactions in the financial year;
- Effectiveness of the risk and opportunities and combined assurance processes;
- Opinions on the effectiveness of the control environment and internal financial control;
- Terms and assurance plans of both internal and external audit;
- External reporting, both financial and non-financial;
- Assessment of the CFO, finance department and CAE;
- Technology and information governance, including Cyber risk; and
- ESG and sustainability-related factors.

The above aspects will be repeated in the agenda as regards focus areas given the Group's Governance Standards and aligned committee mandate.

# SOCIAL and ETHICS COMMITTEE Report

The Social and Ethics Committee (the committee) assists the Board in overseeing and reporting on Remgro's ethics, responsible corporate citizenship, sustainable development, legal compliance and stakeholder relationships. In doing so, the committee works closely with the Strategic ESG Committee which oversees linkages between its own remit and those of other Board Committees, including this committee and which reports separately (see below). This report by the committee is prepared in accordance with the requirements of the Companies Act (No. 71 of 2008), as amended (Companies Act), and the King IV Report on Corporate Governance for South Africa (2016) (King IV), and describes, *inter alia*, how the committee has discharged its statutory duties in terms of the Companies Act and its additional duties assigned to it by the Board in respect of the financial year ended 30 June 2022.

## Committee members and attendance at meetings

The committee comprises five suitably skilled and experienced members appointed by the Board, the majority of whom are, as recommended in King IV, neither involved in the day-to-day management of Remgro's business or been involved at any time during the previous three financial years. The members of the committee for the year under review are set out in the table below. The chairman of the committee is Mr Murphy Morobe, an independent non-executive director. In terms of the committee's charter, at least two meetings should be held during each financial year.

### Composition of the committee

Committee member*	Number of meetings held	Number of meetings attended
M Morobe (Chairman)	<b>3</b>	<b>3</b>
S E N De Bruyn	<b>3</b>	<b>3</b>
N P Mageza	<b>3</b>	<b>3</b>
P R Louw	<b>3</b>	<b>3</b>
P J Uys	<b>3</b>	<b>3</b>

\* Abridged curriculum vitae of all the directors of the Company are set out on pages 92 to 95 of the Integrated Annual Report, while the qualifications of Messrs P R Louw and P J Uys (who are members of the Management Board and also prescribed officers in terms of the Companies Act) are presented on page 97.

## Role and responsibilities

The committee's role and responsibilities are governed by a formal charter as approved by the Board. The charter is subject to an annual review by the Board.

The main objectives of the committee are to assist the Board in monitoring the Group's performance in respect of ethics, responsible corporate citizenship, sustainable development, compliance and stakeholder relationships. This is done by, *inter alia*, monitoring many of the key sustainable development practices of the Group as set out below, thereby assisting the Board in achieving its objectives of doing business ethically and sustainably.

Remgro's main wholly owned operating subsidiaries are Wispeco Holdings Proprietary Limited (Wispeco) and Siqalo Foods Proprietary Limited (Siqalo Foods). Both Wispeco and Siqalo Foods have established its own social and ethics committees which operate independently from this committee. Remgro's representatives on the boards of Wispeco and Siqalo Foods also have standing invitations to attend the meetings of those committees, *ex officio*. The minutes of these companies' meetings, as well as those of the social and ethics committees of Distell Group Holdings Limited (Distell) and RCL Foods Limited (RCL Foods) are included in the agenda of the committee as a standing item. During the year under review, the aforementioned companies submitted reports (where applicable) of their respective social and ethics committees' activities to this committee.

Furthermore, during the year under review, Distell, RCL Foods and Wispeco gave presentations to the committee and reported specifically on the social and ethics governance activities of their respective businesses.

The committee is satisfied that it has fulfilled all its duties in accordance with its annual programme, as further detailed below.

## Policy review

The committee is responsible for developing and reviewing the Group's policies with regard to the commitment, governance and reporting of the Group's key social and ethical performance and for making recommendations to management and/or the Board in this regard. During the year under review, the committee reviewed its charter, as well as the Company's Code of Ethics, Gifts Policy, Social Media Policy, HIV/Aids Policy and Safety, Health and Environmental Management Policy.



## Monitoring of sustainable development practices

Remgro's overall Environmental, Social and Governance (ESG) performance is now overseen and monitored at Board level and by the Strategic ESG Committee. The implementation of an ESG Charter and governance structures provide strategic direction and oversight in support of Remgro's commitment and that of its investee companies in relation to ESG. The Board and Strategic ESG Committee monitor Remgro's ESG performance and stewardship through policies, frameworks, standards and guidelines. These include those of the Social and Ethics Committee.

The Strategic ESG Committee is also responsible for the integration of ESG policies into the business operations, the Charters of other Board Committees, as well as Remgro's future development and strategy.

In the execution of its duties, the committee has reviewed many of the key sustainable development practices of the Group, specifically relating to:

- ethics and compliance;
- corporate social investment;
- stakeholder relations;
- broad-based black economic empowerment;
- health and public safety;
- labour relations and working conditions;
- training and skills development;
- management of the Group's environmental impacts; and
- human rights and anti-child labour principles.

The committee's oversight role also includes the monitoring of any relevant legislation, other legal requirements or prevailing codes of best practice, specifically with regard to matters relating to social and economic development, good corporate citizenship, employment equity, the environment, health and public safety, consumer relationships, as well as labour and employment and overall ESG matters.

The Sustainability Report provides a full understanding of Remgro's efforts to contribute to measurable and positive social and environmental impact, alongside financial returns to achieve its ambitions to maximise value creation for all its stakeholders, while doing business sustainably.

The committee further monitors Remgro's participation and results achieved in external surveys in respect of any sustainability aspect pertaining to the Group. In this regard the committee noted the external recognition and achievements by the Group, as reported on page 68 of the Integrated Annual Report.

## Public reporting and assurance

The committee, together with the Audit and Risk Committee, is responsible for reviewing and recommending for approval the annual sustainability content included in the Integrated Annual Report and published on the Company's website at [www.remgro.com](http://www.remgro.com). The committee is also involved in determining and making recommendations on the need for external assurance of the Group's public reporting on key elements of its sustainable development performance. To this extent, the committee has reviewed the content of the Abridged Sustainability Report included in the Integrated Annual Report and the detailed Sustainability Report published on the Company's website at [www.remgro.com](http://www.remgro.com), and recommended it for approval by the Board.

The committee is also required to report through one of its members to the Company's shareholders on the matters within its mandate at the Company's Annual General Meeting to be held on 30 November 2022. In the notice of the Annual General Meeting included in the Integrated Annual Report on page 166, shareholders are referred to this report by the committee, read with the detailed Sustainability Report published on the Company's website at [www.remgro.com](http://www.remgro.com). Any specific questions to the committee may be sent to the Company Secretary prior to the meeting. Committee members will be attending the Annual General Meeting to deal with any questions.

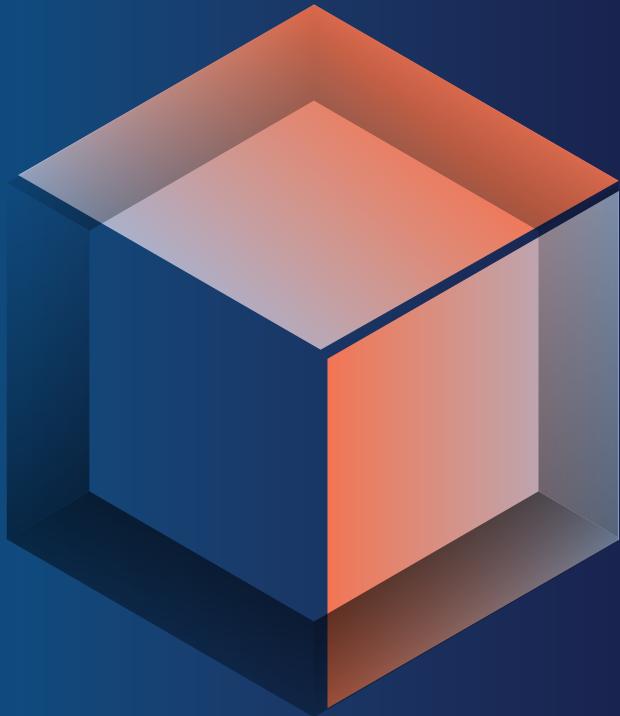


**Murphy Morobe**

Chairman of the Social and Ethics Committee

Stellenbosch

26 September 2022



## FINANCIAL REPORT

Our portfolio **continued to deliver a resilient** set of results despite the impact of a subdued macroeconomic environment, underpinned by **our strong capital allocation** strategy.



# Statement of **RESPONSIBILITY** by the Board of Directors

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the Annual Financial Statements included in this Integrated Annual Report.

The Annual Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the South African Companies Act (No. 71 of 2008), as amended (Companies Act), on the going concern basis and incorporate full and responsible disclosure. The Annual Financial Statements are based upon appropriate accounting policies and supported by reasonable and prudent judgements and estimates. The financial statements have been prepared under the supervision of the Chief Financial Officer (CFO), Neville Williams CA(SA).

The directors are satisfied that the information contained in the financial statements fairly represents the results of operations for the year and the financial position of the Remgro Group at year-end. The accuracy of the other information included in the Integrated Annual Report was considered by the directors and they are satisfied that it accords with the financial statements. The Board also confirms its compliance with the Companies Act and the Company's Memorandum of Incorporation for the reporting period.

The directors are also responsible for the Remgro Group's system of internal financial controls. The system was developed to provide reasonable, but not absolute, assurance regarding the reliability of the financial statements, the safeguarding of assets and to prevent and detect misrepresentation and losses.

The directors are of the opinion that the Remgro Group will continue as a going concern in the future.

The financial statements were audited by the independent auditor, PricewaterhouseCoopers Inc., to whom unrestricted access was given to all financial records and related information. The auditor's report is presented on page 11 of the comprehensive Annual Financial Statements that is published on the Company's website at [www.remgro.com](http://www.remgro.com).



Signed on behalf of the Board of Directors.

Johann Rupert

Chairman

Stellenbosch

26 September 2022

Jannie Durand

Chief Executive Officer

## **RESPONSIBILITY** statement of the CEO and CFO

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

- the Annual Financial Statements set out on pages 19 to 118 of the comprehensive Annual Financial Statements that is published on the Company's website at [www.remgro.com](http://www.remgro.com), fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- 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;
- 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;
- 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;

- where we are not satisfied, we have disclosed to the Audit and Risk 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
- we are not aware of any fraud involving directors.

Jannie Durand

Chief Executive Officer

Stellenbosch

26 September 2022

Neville Williams

Chief Financial Officer

# Statement by the **COMPANY SECRETARY**

I, Danielle Ivelene Dreyer, being the Company Secretary of Remgro Limited, hereby certify that all returns and notices of Remgro Limited required in terms of the Companies Act (No. 71 of 2008), as amended, have in respect of the year under review been filed with the Companies and Intellectual Property Commission and that all such returns and notices appear to be true, correct and up to date.



**Danielle Dreyer**  
Company Secretary

Stellenbosch  
26 September 2022

# AUDIT and RISK COMMITTEE Report

## to the shareholders of Remgro Limited

This report by the Audit and Risk Committee (the committee), as appointed by the shareholders in respect of the year under review, is prepared in accordance with the principles of the King IV Report on Corporate Governance for South Africa (2016) (King IV) and the requirements of the Companies Act (No. 71 of 2008), as amended (Companies Act), and describes how the committee has discharged its statutory duties in terms of the Companies Act and its additional duties assigned to it by the Board in respect of the financial year ended 30 June 2022.

### Committee members and attendance at meetings

The committee comprises four independent non-executive directors (as set out in the table below) and is chaired by Ms Sonja De Bruyn. All the committee members are suitably skilled and experienced. In terms of the committee's mandate, at least four meetings should be held annually.

### Composition of the committee

Committee member*	Number of meetings held	Number of meetings attended
S E N De Bruyn (Chairman)	<b>4</b>	<b>4</b>
N P Mageza	<b>4</b>	<b>4</b>
P J Moleketi	<b>4</b>	<b>4</b>
F Robertson	<b>4</b>	<b>3</b>

\* Abridged curriculum vitae of all the directors of the Company are set out on pages 92 to 95.

The Chief Executive Officer (CEO), Chief Financial Officer (CFO), head of internal audit, other members of senior management and representatives of the external auditors of the Company attend the committee meetings by invitation. Committee agendas provide for confidential meetings between committee members and the internal and external auditors, as well as management.

### Role and responsibilities

The committee's role and responsibilities include its statutory duties as per the Companies Act, as well as the responsibilities assigned to it by the Board. The responsibilities of the Audit and Risk Committee are codified in a formal Terms of Reference, which is reviewed at least annually and which is available on Remgro's website at [www.remgro.com](http://www.remgro.com). During the year under review, the Board reviewed the Terms of Reference of the Audit and Risk Committee, in light of the principles and recommended practices of King IV.

The committee is satisfied that it has fulfilled all of its duties during the financial year under review, as further detailed below.

The committee has also satisfied itself that there are effective boards and audit committees (where applicable) functioning at Remgro's significant operating subsidiaries (Distell Group

Holdings Limited (Distell), RCL Foods Limited (RCL Foods), Sqalo Foods Proprietary Limited (Sqalo Foods) and Wispeco Holdings Proprietary Limited (Wispeco)), associates and joint ventures, whose minutes of meetings held are also included in the committee's agenda.

More information about the functioning of the committee and the matters dealt with in this report can be found in the Corporate Governance Report and in the Risk and Opportunities Management Report on page 78 and 124.



### Statutory duties

In its execution of its mandate, the committee has performed the following statutory duties:

- Nominated PricewaterhouseCoopers Inc. (PwC) (with Mr Anton Wentzel as designated partner), who, in the opinion of the committee, is independent of the Company, to the shareholders for appointment as the external auditor for the financial year ended 30 June 2022
- Determined the fees to be paid to the external auditor and their terms of engagement
- Ensured that the appointment of the external auditor complies with the provisions of the Companies Act and any other legislation relating to the appointment of auditors
- Determined the nature and extent of any non-audit services that the external auditor may provide to the Company and its wholly owned subsidiaries administered by Remgro Management Services Limited (RMS)
- Pre-approved any proposed agreement with the external auditor for the provision of non-audit services to the Company and its wholly owned subsidiaries administered by RMS

### External audit

The committee is satisfied that the Company's external auditor, PwC, is independent of the Company and is therefore able to conduct its audit functions without any influence from the Company. The designated external audit partner rotates every five years.

PwC has been the auditor of the Company for 54 years. The business of the Company was previously transacted through Rembrandt Group Limited of which, based on available statutory records, PwC and its predecessor firms have been the external auditor for 74 years. The committee is satisfied with PwC's independence from the Company, notwithstanding its tenure as external auditor.

PwC has confirmed its compliance with the ethical requirements regarding independence and is considered independent with respect to the Group as required by the codes endorsed and administered by the Independent Regulatory Board for Auditors (IRBA), the South African Institute of Chartered Accountants and the International Federation of Accountants. As required by section 3.84(g)(iii) of the JSE Listings Requirements, the committee obtained the information listed in paragraph 22.15(h) of the JSE Listings Requirements and satisfied itself that the



external auditor and audit partner for the year under review, Mr Anton Wentzel, as well as the audit partner for the financial year ending 30 June 2023, Ms Rika Labuschaigne, have the necessary experience, accreditation and are suitable for re-appointment. The committee nominated, for approval at the Annual General Meeting (AGM) on 30 November 2022, PwC as external auditor and Ms Rika Labuschaigne as audit partner for the 2023 financial year. The committee is also satisfied that the above-mentioned designated partners are not on the JSE's list of disqualified individuals. The committee thanked Mr Wentzel for his invaluable contribution as Remgro's external audit partner during the past five years.

In terms of the requirements of the IRBA, the Company is obliged to rotate its external auditor for the 2024 financial year. Following a comprehensive tender process during the 2021 financial year, the Audit and Risk Committee recommended to appoint Ernst & Young Inc. (EY) as the new external auditor of Remgro, with effect from the financial year ending 30 June 2024. An indicative non-binding advisory vote to appoint EY, with effect from the 2024 financial year, was tabled at Remgro's AGM held on 25 November 2021. At the meeting, 99.72% of the ordinary shareholders, which excludes the votes of the B ordinary shareholders, voted in favour of the appointment of EY, with effect from the 2024 financial year. The ordinary resolution to effect the statutory appointment would only be tabled at the Company's 2023 AGM. Subject to the passing of the relevant ordinary resolutions at the Company's 2022 AGM, the incumbent external auditor of the Company, PwC, will continue to act as external auditor of the Company for the financial year ending 30 June 2023.

A formal policy governs the process whereby the external auditor of the Company is considered for non-audit services. In terms of the policy, the committee is responsible for determining the nature and extent of any non-audit services that the external auditor may provide and to pre-approve any proposed contract with the external auditor for the provision of non-audit services. For the year under review, non-audit services related mainly to normal tax services. The extent of these services was within the committee's pre-approved amount.

## Internal financial control and accounting systems

The committee is responsible for assessing the systems of internal financial controls and accounting systems of the Company and its wholly owned subsidiaries administered by RMS. In this regard the committee evaluated reports on the effectiveness of the systems of internal financial controls conducted by the internal audit function, considered information provided by management and held discussions with the external auditor on the results of their audit. The committee is of the opinion that the systems of internal financial controls are effective and form a basis for the preparation of reliable financial statements. In support of the aforementioned, the committee also received reports from the internal audit function regarding the effectiveness of the combined assurance process and anti-corruption, fraud prevention and detection measures in place.

The Remgro executives serving on the boards of investee companies (Distell, RCL Foods, Siqalo Foods, Wispeco and associates and joint ventures) are responsible for enabling the Company's influence to ensure that effective internal controls are implemented and complied with.

## Expertise and experience of the CFO and finance function

The committee has considered and satisfied itself with the appropriateness of the expertise and experience of the CFO, Mr Neville Williams, whose *curriculum vitae* appears on page 95 of the Integrated Annual Report.



The committee has furthermore considered and satisfied itself with the appropriateness of the expertise and adequacy of resources of the Company's finance function, and the experience of the senior members of management responsible for the financial function.

## Financial statements and going concern

The committee has reviewed the standalone and consolidated financial statements of the Company, and is satisfied that they comply with International Financial Reporting Standards (IFRS) and the Companies Act, and that the accounting policies used are appropriate. In particular, the committee considered the following significant issues, identified by the management team and the external auditors, and is satisfied that these issues have been appropriately accounted for in the Annual Financial Statements:

- **Valuation of investments and consideration of possible impairments or reversal of impairments of investments and assets**

The intrinsic net asset value (INAV) is one of the measures used to assess shareholder value created. Investee companies, which represent operating segments, are valued and included in the INAV. The committee considered the methodologies, assumptions and judgements applied by management in determining the fair value of investments and is satisfied that the approach taken was appropriate.

The committee further considered the methodologies, assumptions and judgements applied by management in determining the impairment of investments and assets, whose carrying values exceed their fair values, and is satisfied that the approach taken was appropriate. The most significant assets tested in this regard being the goodwill and indefinite life intangible assets that originated from the acquisition of Distell and Siqalo Foods, respectively.

The committee also considered the methodologies, assumptions and judgements applied by management in determining the reversal of previous impaired or partially impaired investments, whose fair values exceed their carrying values, and is satisfied that the approach taken was appropriate. The most significant investment tested in this regard being Remgro's investment in Mediclinic International plc (Mediclinic).

Refer to notes 2, 4.4 and 10.3 to the Annual Financial Statements that is published on the Company's website at [www.remgro.com](http://www.remgro.com) for further details.



- **Accounting for equity accounted investments**

The Company holds significant investments which are equity accounted for in terms of *IAS 28: Investments in Associates and Joint Ventures*. Some of the equity accounted investments have year-ends which are non-coterminous with that of the Company, the most significant investments in this regard being Mediclinic and Community Investment

Ventures Holdings Proprietary Limited (CIVH). These investments are equity accounted from results for a financial period ended within three months from the Group's financial year-end. Significant transactions that occur after the equity accounted investments' period-end, but before the Group's year-end, are accounted for in Remgro's consolidated financial statements. Significant adjustments for the current year related to dividends received from equity accounted investments and the conversion of Mediclinic's financial information from its presentation currency (British pound) to the Company's presentation currency as at 30 June 2022. The committee considered these transactions and is satisfied with the accounting treatment thereof. Refer to note 4.1 to the Annual Financial Statements that is published on the Company's website at [www.remgro.com](http://www.remgro.com) for further details.

- **Accounting for investments held as assets held for sale**

On 15 November 2021, Distell and Heineken International B.V. (Heineken) announced their intention to combine the Heineken Southern African business, including an interest in Namibia Breweries Limited, with the bulk of the Distell business (consisting of its cider, other RTDs and spirits and wine business) in a new unlisted entity controlled by Heineken and referred to as Newco. The proposed transaction will also include an offer by Newco to Distell shareholders to acquire their Distell shares for R165 per share and/or unlisted shares in Newco, or a combination thereof. Remgro intends to elect to receive Newco shares for its Distell shares. The investment in Distell is classified as a subsidiary and is being consolidated. The investment in Distell does not yet meet the criteria to be classified as a disposal group under IFRS 5 as the assets of Distell, which are the subject of the disposal, are not available for immediate sale in its present condition and the sale is not yet highly probable. The proposed transaction is still subject to a number of conditions precedent.

The committee considered the assumptions and key judgements made by management in accounting for the investment in Distell and is satisfied with the accounting treatment thereof. Refer to note 1(vii) to the Annual Financial Statements that is published on the Company's website at [www.remgro.com](http://www.remgro.com) for further details.

- **Going concern**

The committee has reviewed a documented assessment by management of the going concern premise of the Company. Based on the facts and circumstances known, management and the committee determined that there is not a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern, and therefore the committee recommended to the Board that the Company will be a going concern for the foreseeable future.

## Risk and opportunities management

The committee has assigned oversight of the risk and opportunities management function to the Risk, Opportunities, Technology and Information Governance Operational Subcommittee (the ROTIG Committee), which is a subcommittee of the committee. The mandate of the ROTIG Committee includes the maintenance of the Risk Management and Opportunities Policy and plan, establishment of an operational Risk and Opportunities Register, technology and information risk

management, legal compliance and occupational health and safety. The ROTIG Committee is chaired by the CFO and the 15 other members are all senior managers of the Company. The chairman of the committee has a standing invitation to attend the ROTIG Committee meetings as an *ex officio* member to ensure the effective functioning of the ROTIG Committee and that appropriate risk information is shared with the committee.

## Internal audit

The Company's internal audit division is an effective, independent appraisal function and forms an integral part of the Enterprise-wide Risk and Opportunities Management system that provides assurance on the effectiveness of the Company's system of internal control. The committee has appointed Mr Deon Annandale as Remgro's Chief Audit Executive (CAE). The committee is satisfied with the attributes, objectivity and independence of the CAE, and that the CAE has the necessary experience, gravitas and competence. The internal audit division of the Company is staffed by qualified and experienced personnel and services all of Remgro's wholly owned subsidiaries administered by RMS, as well as Wispeco. In addition, the internal audit division also performs independent internal audit work for other investee companies such as CIVH, Rand Merchant Investment Holdings Limited, SEACOM Capital Limited and Business Partners Limited.

During the year under review the committee considered and recommended the internal audit charter for approval by the Board. The committee further considered the internal audit quality assurance plan and the performance of the internal audit function, and is satisfied that the internal audit function conforms to a recognised industry code of ethics and standards. Further details on the Group's internal audit functions are provided in the Risk and Opportunities Management Report on page 124.

## Compliance

The committee is responsible for reviewing any major breach of relevant legal and regulatory requirements. The committee is satisfied that there has been no material non-compliance with laws and regulations during the year under review.

The committee is also satisfied that it has complied with all its legal, regulatory and other responsibilities during the year under review.

## Recommendation to the Board

The committee has reviewed and considered the Integrated Annual Report, including the comprehensive Annual Financial Statements and Sustainability Report published on the Company's website at [www.remgro.com](http://www.remgro.com), and has recommended it for approval by the Board.

Sonja De Bruyn

Chairman of the Audit and Risk Committee

Stellenbosch  
26 September 2022

# Report of the BOARD OF DIRECTORS

for the year ended 30 June 2022

Dear Shareholder

The Board has pleasure in reporting on the activities and financial results for the year under review.

## Nature of activities

The Company is an investment holding company. Cash income is derived mainly from dividends and interest. The consolidated Annual Financial Statements of the Company and its subsidiaries also incorporate the equity accounted attributable income of associates and joint ventures.

The Group's interests consist mainly of investments in healthcare; consumer products; financial services; infrastructure, industrial and media interests.

## Results

<b>Year ended</b>	<b>30 June 2022</b>	30 June 2021
Headline earnings (R million)	<b>6 494</b>	2 885
– per share (cents)	<b>1 150.6</b>	510.6
– diluted (cents)	<b>1 141.4</b>	508.1
Earnings – net profit for the year (R million)	<b>13 139</b>	3 550
– per share (cents)	<b>2 327.9</b>	628.3
– diluted (cents)	<b>2 312.5</b>	625.5
Dividends (R million)*	<b>852</b>	511
– ordinary – per share (cents)	<b>150.00</b>	90.00

\* A final dividend of 100 cents (2021: 60 cents) per share was declared after the year-end and was therefore not provided for in the Annual Financial Statements. The final dividend is subject to dividend tax.

## Investment activities

*The material investment activities during the year under review were as follows:*

### Mediclinic International plc (Mediclinic)

On 4 August 2022 the boards of Manta Bidco Limited (Bidco), MSC Mediterranean Shipping Company SA (MSC), Remgro and Mediclinic announced that they have reached agreement on the terms of a recommended cash offer by Bidco to acquire the entire issued and to be issued ordinary share capital of Mediclinic, other than the Mediclinic shares Remgro already owns (the Acquisition). Remgro currently holds 328 497 888 Mediclinic ordinary shares (representing an interest of approximately 44.6%). Bidco is a newly formed company, which is jointly owned by Remgro and MSC.

In terms of the Acquisition, Mediclinic shareholders will receive 504 pence per Mediclinic share (the offer price). The offer price represents a premium of 35% to the Mediclinic share price on 25 May 2022 of 373 pence, the day prior to the initial offer. Bidco reserves the right to reduce the offer price by future Mediclinic dividends (including the 3 pence per Mediclinic share declared by Mediclinic on 25 May 2022, paid on 26 August 2022), distributions or other returns of value in instances where current Mediclinic shareholders retain the right to such dividends, distributions or other returns of value declared, made or paid.

Remgro, MSC and Bidco have also entered into a subscription and rollover agreement, in terms of which Remgro will sell its existing Mediclinic shares to Bidco in exchange for shares in Bidco and subscribe for further shares in Bidco for approximately £201 million (representing an additional indirect interest in Mediclinic of approximately 5.4%). MSC will also subscribe for shares in Bidco (representing an indirect interest in Mediclinic of 50.0%). The share subscription in Bidco will enable the Acquisition. Bidco's issued share capital will be held equally by Remgro and MSC. Remgro currently accounts for its investment in Mediclinic as an equity accounted investment and, following the completion of the Acquisition, Remgro will also account for its 50% interest in Bidco (being an indirect 50.0% interest in Mediclinic) as an equity accounted investment. The Acquisition is still subject to various conditions precedent.

### Rand Merchant Investment Holdings Limited (RMI)

On 20 September 2021, RMI announced its decision to restructure its investment portfolio by the distribution of all the shares held by it in its two life insurance-focused assets, Discovery Limited (Discovery) and Momentum Metropolitan Holdings Limited (Momentum Metropolitan) (the RMI Unbundling), and on 8 December 2021, RMI also announced the disposal of its 30% stake in Hastings Group Holdings plc (Hastings) for R14.6 billion.

The RMI Unbundling was completed during April 2022 and Remgro received 51 254 365 Discovery shares (7.7% interest), in the ratio of 10.91799 Discovery shares for every 100 RMI shares held, and 122 908 061 Momentum Metropolitan shares (8.6% interest), in the ratio of 26.18136 Momentum Metropolitan shares for every 100 RMI shares held. The market values of these investments at that time amounted to R8 561 million and R2 056 million, respectively, and both the investments were classified as financial instruments at fair value through other comprehensive income. In future only dividend income will be accounted for these investments in the income statement.

Following the RMI Unbundling and the Hastings disposal, RMI's remaining assets consist mainly of its 89.1% investment in OUTsurance Holdings Limited.

## Distell Group Holdings Limited (Distell)

On 15 November 2021, Distell and Heineken International B.V. (Heineken) announced their intention to combine the Heineken Southern African business, including an interest in Namibia Breweries Limited, with the bulk of the Distell business (consisting of its cider, other RTDs and spirits and wine business) in a new unlisted entity controlled by Heineken and referred to as Newco. The proposed transaction will include the unbundling by Distell of the unlisted shares in Distell's subsidiary, Capevin Holdings Proprietary Limited (Capevin), which holds Distell's remaining assets, including its Scotch whisky business. The proposed transaction will also include an offer by Newco to Distell shareholders to acquire their Distell shares for R165 per share and/or unlisted shares in Newco, or a combination thereof and an offer by Heineken to Distell shareholders to acquire their Capevin shares for R15 per share. The proposed transaction was approved by the Distell shareholders on 15 February 2022. During September 2022, the Namibian Competition Commission approved the transaction with conditions and the Competition Commission of South Africa recommended it to the Competition Tribunal with various conditions attached. Once all the regulatory approvals have been obtained, shareholders will still be required to make an election.

Remgro intends to elect to receive Newco shares for its Distell shares and is accordingly expected to be a significant shareholder in Newco. Furthermore, Remgro does not intend to accept the cash offer to be made by Heineken for the Capevin shares that it will receive and is therefore expected to retain a controlling shareholding in Capevin.

## Community Investment Ventures Holdings Proprietary Limited (CIVH)

During July 2021, Remgro subscribed for 67 364 shares in CIVH for a total amount of R2 124 million in terms of a rights issue. The proceeds of the rights issue was used to reduce the CIVH group's debt and to facilitate further growth. This share subscription and a share repurchase to exit one of the minorities during the year increased Remgro's interest in CIVH from 55.2% at 30 June 2021 to 57.0% at 30 June 2022.

On 10 November 2021, Remgro advised its shareholders that CIVH and Vodacom Proprietary Limited (Vodacom) reached an agreement in terms of which Vodacom will, through a combination of assets of approximately R4.2 billion and cash of at least R6.0 billion, acquire up to 40% of the ordinary shares of a newly created wholly owned subsidiary of CIVH (namely Infraco), which will hold *inter alia* CIVH's current interests in Vumatel and DFA. As a result of the proposed transaction, Remgro's indirect interest in DFA and Vumatel will dilute with the entrance of Vodacom as a shareholder, but Remgro will also obtain an indirect interest in the assets contributed by Vodacom. The proposed transaction is still subject to various conditions precedent, *inter alia* regulatory approvals.

## FirstRand Limited (FirstRand)

During June and July 2020, Remgro entered a series of options (zero cost collars) to hedge the value of 60 000 000 of its FirstRand shares. Remgro classifies its investment in FirstRand as a financial instrument at fair value through other comprehensive income. The 60 000 000 FirstRand shares were

hedged on a 1:1 basis and the zero cost collars were recognised at fair value with changes in the fair value also accounted for in other comprehensive income.

The zero cost collars became exercisable during June and July 2022 and Remgro decided to sell the 60 000 000 FirstRand hedged shares to net settle the option liabilities. The net effect of the disposal of the 60 000 000 FirstRand hedged shares amounted to proceeds on disposal of R2 997 million (being R49.945 per FirstRand share). Remgro effectively sold 40 800 000 FirstRand shares for R2 038 million during June 2022, reducing its interest in FirstRand to 2.5% at 30 June 2022 (30 June 2021: 3.3%), and 19 200 000 FirstRand shares for R959 million during July 2022, which further reduced its interest to 2.2%.

On 30 June 2022, the zero cost collar was valued as a liability of R239 million (2021: R495 million).

## Grindrod Shipping Holdings Limited (Grindrod Shipping)

On 25 November 2021, Remgro agreed to dispose of its investment in Grindrod Shipping (included under the Infrastructure platform under Other infrastructure investments) and the investment, which was previously classified as an equity accounted investment, was reclassified as a non-current asset held for sale. The transaction was concluded during January 2022 and Remgro sold its 4 329 580 Grindrod Shipping shares for a gross consideration of R1 191 million.

## Invenfin Proprietary Limited (Invenfin) (a wholly owned subsidiary of Remgro)

During October 2021, Invenfin Investments 2 Proprietary Limited (an 88.7% held subsidiary of Invenfin) entered into an agreement for the disposal of its full 50.5% interest in Ad Dynamo Proprietary Limited (Ad Dynamo). The total disposal consideration amounted to R245 million. As one of Africa's largest digital media sales houses, Ad Dynamo partners exclusively with a number of leading global digital platforms to drive their revenue growth in Africa.

During November 2021, Invenfin sold one third of its Bolt Technology OÜ (Bolt) investment for R179 million (or €10 million), with the disposal consideration approximating Invenfin's total investment cost in Bolt to date. Bolt is a leading mobility and delivery services platform, headquartered in Tallinn, Estonia and operating across Europe and Africa.

## Asia Partners Funds

During the year under review Remgro invested a further \$9 million in Asia Partners I LP (Asia Partners I), thereby increasing its cumulative investment to \$19 million. As at 30 June 2022 the fair value of Remgro's investment in Asia Partners I amounted to \$24 million and remaining commitment to Asia Partners I amounted to \$6 million.

During April 2022, Remgro also committed to invest up to \$50 million in Asia Partners II LP (Asia Partners II). Asia Partners II makes private equity and private equity-related investments in technology or technology-enabled companies focused primarily on the Southeast Asia region. On 28 April 2022, Asia Partners II, who had an initial target fund size of \$600 million, announced its initial close at \$310 million in commitments. Subsequent to 30 June 2022 Remgro invested \$8 million in Asia Partners II.

## Pembani Remgro Infrastructure Fund (PRIF)

During the year under review Remgro invested a further R91 million in PRIF and received distributions of R9 million, thereby increasing its cumulative investment to R577 million and cumulative distributions received to R347 million. As at 30 June 2022 the fair value of Remgro's investment in PRIF amounted to R615 million and remaining commitment to PRIF amounted to R73 million.

## Milestone China Funds

As at 30 June 2021, Remgro's total investment in Milestone China Opportunities Fund III (Milestone III) amounted to \$100 million. During the year under review Remgro received distributions of \$4 million from Milestone III, thereby increasing its cumulative distributions received to \$89 million. As at 30 June 2022 the fair value of Remgro's investment in Milestone III amounted to \$49 million.

## Cash resources at the centre

The Company's cash resources at 30 June 2022 were as follows:

R million	30 June 2022		30 June 2021
	Local	Offshore	Total
Per consolidated statement of financial position	<b>7 929</b>	<b>3 955</b>	<b>11 884</b>
Investment in money market funds	<b>5 700</b>	–	<b>5 700</b>
Less: Cash of operating subsidiaries	(3 833)	(1 471)	(5 304)
<b>Cash at the centre</b>	<b>9 796</b>	<b>2 484</b>	<b>12 280</b>
			9 706

On 30 June 2022, approximately 46% (R5 650 million) of the available cash at the centre was invested in money market funds which are not classified as cash and cash equivalents on the statement of financial position. Refer to note 5 to the Annual Financial Statements that is published on the Company's website at [www.remgro.com](http://www.remgro.com) for further details.



## Group financial review

### Statement of financial position

The analysis of "Equity employed" and "Source of headline earnings" below reflects the sectors into which the Group's investments have been classified. No adjustment has been made where investments are active mainly in one sector but also have interests in other sectors.

	30 June 2022		30 June 2021	
	R million	R per share	R million	R per share
<b>Equity employed</b>				
Attributable to equity holders	<b>98 443</b>	<b>174.52</b>	88 059	155.86
<i>Employment of equity</i>				
Healthcare	<b>26 681</b>	<b>47.30</b>	24 581	43.51
Consumer products	<b>23 463</b>	<b>41.60</b>	22 066	39.06
Financial services	<b>6 500</b>	<b>11.52</b>	11 447	20.26
Infrastructure	<b>8 571</b>	<b>15.19</b>	6 547	11.59
Industrial	<b>5 957</b>	<b>10.56</b>	4 732	8.38
Diversified investment vehicles	<b>5 354</b>	<b>9.49</b>	5 350	9.47
Media	<b>967</b>	<b>1.71</b>	818	1.45
Portfolio investments	<b>14 799</b>	<b>26.24</b>	8 320	14.73
Social impact investments	<b>132</b>	<b>0.23</b>	135	0.24
Central treasury				
– Cash at the centre	<b>12 280</b>	<b>21.77</b>	9 706	17.18
– Debt at the centre	(7 838)	(13.90)	(7 821)	(13.84)
Other net corporate assets	<b>1 577</b>	<b>2.81</b>	2 178	3.83
	<b>98 443</b>	<b>174.52</b>	88 059	155.86

## Income statement

	30 June 2022		30 June 2021	
	R million	%	R million	%
Source of headline earnings				
Healthcare	<b>1 267</b>	<b>20</b>	674	23
Consumer products	<b>1 906</b>	<b>29</b>	1 576	55
Financial services	<b>866</b>	<b>13</b>	921	32
Infrastructure	<b>613</b>	<b>9</b>	(376)	(13)
Industrial	<b>1 800</b>	<b>28</b>	1 014	35
Diversified investment vehicles	<b>95</b>	<b>1</b>	(260)	(9)
Media	<b>178</b>	<b>3</b>	53	2
Portfolio investments	<b>444</b>	<b>7</b>	247	9
Social impact investments	<b>(20)</b>	–	(66)	(2)
Central treasury				
– Finance income	<b>224</b>	<b>3</b>	212	7
– Finance costs	<b>(627)</b>	<b>(10)</b>	(861)	(30)
Other net corporate costs	<b>(252)</b>	<b>(3)</b>	(249)	(9)
	<b>6 494</b>	<b>100</b>	2 885	100
<hr/>				
<b>R million</b>	<b>30 June 2022</b>		30 June 2021	
Composition of headline earnings				
Subsidiaries	<b>1 697</b>		812	
Profits	<b>2 385</b>		1 862	
Losses	<b>(688)</b>		(1 050)	
Associates and joint ventures	<b>4 797</b>		2 073	
Profits	<b>4 843</b>		2 780	
Losses	<b>(46)</b>		(707)	
	<b>6 494</b>		2 885	

## Share incentive schemes

Remgro currently has three long-term incentive plans, i.e. the old Remgro Equity Settled Share Appreciation Right Scheme (SAR Scheme), the Remgro Share Appreciation Rights Plan (SAR Plan) and the Remgro Equity Settled Conditional Share Plan (CSP).

In terms of the SAR Scheme and SAR Plan, participants are offered Remgro ordinary shares to the value of the appreciation of their rights to a specified number of Remgro ordinary shares that can be exercised at different intervals but before the expiry of seven years from date of grant. The earliest intervals at which the share appreciation rights vest and are exercisable are as follows:

- One-third after the third anniversary of the grant date
- An additional third after the fourth anniversary of the grant date
- The remainder after the fifth anniversary of the grant date

In terms of the CSP, participants are awarded Remgro ordinary shares that will vest as follows:

- One-third after the third anniversary of the grant date
- An additional third after the fourth anniversary of the grant date
- The remainder after the fifth anniversary of the grant date

Vesting on both schemes are conditional on fulfilment of the employment period and achievement of performance conditions (where applicable).

Refer to note 8 to the Annual Financial Statements that is published on the Company's website at [www.remgro.com](http://www.remgro.com) for further details on both schemes.



## Treasury shares

At 30 June 2021, 3 280 163 Remgro ordinary shares (0.6%) were held as treasury shares by a wholly owned subsidiary of Remgro. As previously reported, these shares were acquired for the purpose of hedging Remgro's share schemes.

During the year under review Remgro repurchased a further 1 000 000 Remgro ordinary shares at an average price of R136.94 per share for a total amount of R137 million, while 74 666 Remgro ordinary shares were utilised to settle Remgro's obligation towards scheme participants.

At 30 June 2022, 4 205 497 Remgro ordinary shares (0.8%) were held as treasury shares.

## Principal shareholder

Rupert Beleggings Proprietary Limited (Rupert Beleggings) holds all the issued unlisted B ordinary shares of the Company and is entitled to 42.66% (2021: 42.62%) of the total votes.

An analysis of the shareholders appears on pages 163 and 164.





## Subsidiaries and investments

Particulars of subsidiaries and equity accounted investments are disclosed in note 14 of the Annual Financial Statements that is published on the Company's website at [www.remgro.com](http://www.remgro.com).



## Directors

The names of the directors appear on pages 92 to 95 of the Integrated Annual Report.

There were no changes to the directorate in the year under review. Mr F Robertson was appointed as a member of the Investment Committee effective 21 September 2021. Mr P J Neethling was appointed as an alternate member to Mr J P Rupert on the Investment Committee effective 23 March 2022.

In terms of the provision of the Memorandum of Incorporation, Mses S E N De Bruyn and M Lubbe and Messrs P J Moleketi, M Morobe and P J Neethling retire from the Board by rotation. These directors are eligible and offer themselves for re-election.

## Directors' interests

At 30 June 2022 the aggregate of the direct and indirect interests of the directors and their associates in the issued ordinary share capital of the Company amounted to 3.33% (2021: 3.33%).

Mr J P Rupert is a director of Rupert Beleggings which owns all the issued unlisted B ordinary shares.



An analysis of directors' interests in the issued capital of the Company appears on page 165.

## Directors' emoluments

The total directors' fees for services rendered as directors during the past financial year amounted to R6.1 million (2021: R5.7 million).

## Acquisition of shares of the Company

It is recommended that a general authority be granted to the Board to acquire, should circumstances warrant it, the Company's own shares and to approve the acquisition of shares in the Company by any of its subsidiaries, subject to the provisions of the Companies Act (No. 71 of 2008), as amended, and the Listings Requirements of the JSE Limited.



A special resolution to grant this general authority to the Board is incorporated in the notice of the Annual General Meeting that appears on page 166 of the Integrated Annual Report.

## Authority to place ordinary shares under the control of the directors

It is recommended that a general authority be granted to the Board to allot and issue ordinary shares, subject to the provisions of the Companies Act (No. 71 of 2008), as amended, the Memorandum of Incorporation and the Listings Requirements of the exchange operated by JSE Limited, provided that the aggregate number of ordinary shares to be allotted and issued is limited to 5% of the number of the unissued ordinary shares in the authorised share capital of the Company (being 23 539 150 ordinary shares). This authority cannot be used to issue shares for cash.

An ordinary resolution to grant this general authority to the Board is incorporated in the notice of the Annual General Meeting that appears on page 166 of the Integrated Annual Report.



## Declaration of cash dividend

### Declaration of cash dividend No. 44

Notice is hereby given that a final gross dividend of 100 cents (2021: 60 cents) per share has been declared out of income reserves in respect of both the ordinary shares of no par value and the unlisted B ordinary shares of no par value, for the year ended 30 June 2022.

A dividend withholding tax of 20% or 20 cents per share will be applicable, resulting in a net dividend of 80 cents per share, unless the shareholder concerned is exempt from paying dividend withholding tax or is entitled to a reduced rate in terms of an applicable double-tax agreement.

The total gross dividend per share for the year ended 30 June 2022 therefore amounts to 150 cents, compared to 90 cents for the year ended 30 June 2021.

The issued share capital at the declaration date is 529 217 007 ordinary shares and 39 056 987 B ordinary shares. The income tax number of the Company is 9500-124-71-5.

## Payment

The final dividend is payable on Monday, 14 November 2022, to shareholders of the Company registered at the close of business on Friday, 11 November 2022.

Share certificates may not be dematerialised or rematerialised between Wednesday, 9 November 2022, and Friday, 11 November 2022, both days inclusive.

In terms of the Company's Memorandum of Incorporation, dividends will only be transferred electronically to the bank accounts of shareholders. In the instance where shareholders do not provide the Transfer Secretaries with their banking details, the dividend will not be forfeited but will be marked as "unclaimed" in the share register until the shareholder provides the Transfer Secretaries with the relevant banking details for payout.

## Secretary

The name and address of the Company Secretary appears on page 160 of the Integrated Annual Report.



## Approval

The comprehensive Annual Financial Statements published on the Company's website at [www.remgro.com](http://www.remgro.com), as well as the summary Annual Financial Statements set out on pages 146 to 158 have been approved by the Board.

Signed on behalf of the Board of Directors.

**Johann Rupert**  
Chairman

Stellenbosch  
26 September 2022

**Jannie Durand**  
Chief Executive Officer



# Report of the INDEPENDENT AUDITOR

**on the summary consolidated financial statements to the  
shareholders of Remgro Limited**

## Opinion



The summary consolidated financial statements of Remgro Limited, set out on pages 146 to 158 of the Integrated annual report 2022, which comprise the summary consolidated statement of financial position as at 30 June 2022, the summary consolidated income statement, the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Remgro Limited for the year ended 30 June 2022.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the JSE Limited's (JSE) requirements for summary financial statements, as set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

## Summary consolidated financial statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

## The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 26 September 2022. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

## Directors' responsibility for the summary consolidated financial statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the JSE's requirements for summary financial statements, set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

## Auditor's responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

*PricewaterhouseCoopers Inc.*

**PricewaterhouseCoopers Inc.**

**Director: A Wentzel**

Registered Auditor

Stellenbosch, South Africa

26 September 2022

# Statement of FINANCIAL POSITION

at 30 June 2022

R million	Notes	30 June 2022	30 June 2021
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>17 831</b>	16 765
Investment properties		<b>137</b>	124
Intangible assets	4	<b>20 275</b>	20 680
Investments – Equity accounted	5	<b>50 771</b>	50 207
– Financial assets at fair value through other comprehensive income (FVOCI) <sup>(1)</sup>		<b>20 650</b>	14 342
Financial assets at fair value through profit and loss (FVPL)		<b>242</b>	214
Retirement benefits		<b>709</b>	692
Long-term loans and debtors		<b>155</b>	146
Deferred taxation		<b>219</b>	208
		<b>110 989</b>	103 378
<b>Current assets</b>		<b>45 709</b>	37 388
Inventories		<b>13 568</b>	12 621
Biological agricultural assets		<b>1 232</b>	955
Debtors and short-term loans		<b>11 903</b>	9 597
Loans to equity accounted investments		<b>15</b>	94
Financial assets at FVPL		<b>78</b>	83
Taxation		<b>98</b>	258
Investment in money market funds		<b>5 700</b>	5 010
Cash and cash equivalents		<b>11 884</b>	8 763
		<b>44 478</b>	37 381
Assets held for sale		<b>1 231</b>	7
		<b>156 698</b>	140 766
<b>Total assets</b>			
<b>Equity and liabilities</b>			
Stated capital		<b>13 416</b>	13 416
Reserves		<b>85 712</b>	75 204
Treasury shares		<b>(685)</b>	(561)
<b>Shareholders' equity</b>		<b>98 443</b>	88 059
Non-controlling interest		<b>17 437</b>	15 517
<b>Total equity</b>		<b>115 880</b>	103 576
<b>Non-current liabilities</b>		<b>21 128</b>	20 103
Retirement benefits		<b>149</b>	136
Long-term loans	6	<b>11 693</b>	11 978
Lease liabilities		<b>959</b>	1 440
Deferred taxation		<b>8 276</b>	6 389
Hedge derivatives		<b>51</b>	160
<b>Current liabilities</b>		<b>19 690</b>	17 087
Trade and other payables		<b>16 025</b>	12 844
Short-term loans		<b>2 681</b>	3 401
Lease liabilities		<b>231</b>	275
Financial liabilities at FVPL		<b>33</b>	471
Taxation		<b>325</b>	96
		<b>19 295</b>	17 087
Liabilities held for sale		<b>395</b>	–
		<b>156 698</b>	140 766
<b>Total equity and liabilities</b>			

<sup>(1)</sup> During April 2022 RMI unbundled its investments in Discovery and Momentum Metropolitan. Remgro received a 7.7% interest in Discovery (amounting to R8 561 million) and an 8.6% interest in Momentum Metropolitan (amounting to R2 056 million) and both the investments were classified as financial instruments at fair value through other comprehensive income. Refer to note 13 for further detail.

# INCOME statement

## for the year ended 30 June 2022

R million	Notes	30 June 2022	30 June 2021
Revenue	12	<b>76 096</b>	65 803
Inventory expenses		(46 073)	(38 387)
Staff costs		(10 056)	(9 251)
Depreciation		(1 892)	(1 711)
Other net operating expenses		(13 015)	(12 005)
Trading profit		<b>5 060</b>	4 449
Dividend income		<b>641</b>	366
Interest received		<b>537</b>	446
Finance costs		(1 229)	(1 548)
Impairment of investments, assets and goodwill		(461)	(119)
Reversal of impairment of investments and assets		<b>614</b>	1 158
Loss allowances on loans		<b>45</b>	(205)
Bargain purchase gain		—	8
Profit on sale and dilution of investments		<b>394</b>	17
Consolidated profit before tax		<b>5 601</b>	4 572
Taxation		(1 602)	(1 135)
Consolidated profit after tax		<b>3 999</b>	3 437
Share of after-tax profit of equity accounted investments	5	<b>10 980</b>	1 618
<b>Net profit for the year</b>		<b>14 979</b>	5 055
<b>Attributable to:</b>			
Equity holders		<b>13 139</b>	3 550
Non-controlling interest		<b>1 840</b>	1 505
		<b>14 979</b>	5 055

# Statement of **COMPREHENSIVE INCOME**

## for the year ended 30 June 2022

R million	30 June 2022	30 June 2021
Net profit for the year	<b>14 979</b>	5 055
Other comprehensive income, net of tax	<b>(1 946)</b>	(2 512)
<b>Items that may be reclassified subsequently to the income statement:</b>		
Exchange rate adjustments	<b>578</b>	(4 188)
Fair value adjustments for the year	<b>(791)</b>	(520)
Deferred taxation on fair value adjustments	<b>13</b>	112
Reclassification of other comprehensive income to the income statement	<b>64</b>	9
Other comprehensive income of equity accounted investments	<b>1 558</b>	(2 627)
<b>Items that will not be reclassified to the income statement:</b>		
Fair value adjustments for the year	<b>(306)</b>	4 150
Deferred taxation on fair value adjustments	<b>(2 236)</b>	(448)
Capital gains taxation on disposal of FVOCI investments	<b>(40)</b>	(343)
Remeasurement of post-employment benefit obligations	<b>42</b>	157
Deferred taxation on remeasurement of post-employment benefit obligations	<b>–</b>	(45)
Change in reserves of equity accounted investments	<b>(828)</b>	1 231
<b>Total comprehensive income for the year</b>	<b>13 033</b>	2 543
<b>Total comprehensive income attributable to:</b>		
Equity holders	<b>11 031</b>	1 345
Non-controlling interest	<b>2 002</b>	1 198
	<b>13 033</b>	2 543

# Statement of **CHANGES IN EQUITY**

## for the year ended 30 June 2022

R million	30 June 2022	30 June 2021
Balance at the beginning of the year	<b>103 576</b>	101 443
Total comprehensive income for the year	<b>13 033</b>	2 543
Dividends paid	<b>(721)</b>	(506)
Transactions with non-controlling shareholders	<b>(11)</b>	(241)
Other movements	<b>10</b>	18
Businesses acquired	<b>40</b>	3
Long-term share incentive scheme reserve	<b>90</b>	316
Purchase of shares by wholly owned subsidiary	<b>(137)</b>	–
<b>Balance at the end of the year</b>	<b>115 880</b>	103 576

# Statement of **CASH FLOWS**

## for the year ended 30 June 2022

R million	30 June 2022	30 June 2021
<b>Cash flows – operating activities</b>		
Cash generated from operations	<b>7 756</b>	7 017
Interest received	<b>535</b>	446
Taxation paid	<b>(1 430)</b>	(1 628)
Dividends received	<b>2 223</b>	1 293
Finance costs	<b>(1 185)</b>	(1 676)
Cash available from operating activities	<b>7 899</b>	5 452
Proceeds from retirement fund assets transferred to Distell	<b>55</b>	405
Cash settled share based payments made by Distell	<b>(148)</b>	–
Dividends paid	<b>(721)</b>	(506)
Cash inflow from operating activities	<b>7 085</b>	5 351
<b>Cash flows – investing activities</b>		
Investment in property, plant and equipment and other assets	<b>(3 272)</b>	(2 048)
Proceeds on disposal of property, plant and equipment and intangible assets	<b>262</b>	242
Proceeds on disposal of assets held for sale	<b>13</b>	510
Businesses acquired	<b>(84)</b>	(64)
Proceeds on disposal of investments and loans <sup>(1)</sup>	<b>3 536</b>	2 542
Additions to investments and loans <sup>(2)</sup>	<b>(2 437)</b>	(2 317)
Investment in money market funds	<b>(690)</b>	(800)
Withdrawal of money market funds	<b>–</b>	735
Cash outflow from investing activities	<b>(2 672)</b>	(1 200)
<b>Cash flows – financing activities</b>		
Loans repaid <sup>(3)</sup>	<b>(1 618)</b>	(7 579)
Lease payments	<b>(474)</b>	(454)
Purchase of treasury shares	<b>(137)</b>	–
Other movements	<b>367</b>	156
Cash outflow from financing activities	<b>(1 862)</b>	(7 877)
Net increase/(decrease) in cash and cash equivalents	<b>2 551</b>	(3 726)
Exchange rate profit/(loss) on foreign cash	<b>353</b>	(892)
Cash and cash equivalents at the beginning of the year	<b>8 601</b>	13 219
Cash and cash equivalents at the end of the year	<b>11 505</b>	8 601
Cash and cash equivalents – per statement of financial position	<b>11 884</b>	8 763
Bank overdraft	<b>(379)</b>	(162)

<sup>(1)</sup> The year under review included the proceeds on the disposal of 40 800 000 FirstRand shares amounting to R2 038 million (2021: 40 000 000 shares amounting to R2 040 million).

<sup>(2)</sup> The year under review includes an investment in CIVH amounting to R2 124 million (2021: R1 636 million).

<sup>(3)</sup> Remgro redeemed its exchangeable bonds for £350 million cash on 22 March 2021.

# NOTES to the SUMMARY FINANCIAL STATEMENTS

for the year ended 30 June 2022

## 1. Basis of preparation

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited (JSE) for summary financial statements, and the requirements of the Companies Act applicable to summary financial statements. The JSE requires summary financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34: *Interim Financial Reporting*.

The accounting policies applied in the preparation of the consolidated financial statements from which the summary consolidated financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated Annual Financial Statements. During the year under review various other interpretations and amendments became effective, but their implementation had no impact on the results of either the current or prior years. The financial statements have been prepared under the supervision of the Chief Financial Officer, Neville Williams CA(SA).

The summary consolidated financial statements do not contain all the information and disclosures required in the consolidated financial statements. The summary consolidated financial statements have been extracted from the audited consolidated financial statements upon which PricewaterhouseCoopers Inc. has issued an unqualified report. The audited consolidated financial statements and the unqualified audit report are available for inspection at the registered office of the Company.

## 2. Headline earnings reconciliation

R million	30 June 2022	30 June 2021
<b>Net profit for the year attributable to equity holders (earnings)</b>	<b>13 139</b>	3 550
– Impairment of equity accounted investments <sup>(1)</sup>	<b>193</b>	22
– Reversal of impairment of equity accounted investments <sup>(1)</sup>	<b>(361)</b>	(1 154)
– Impairment of property, plant and equipment	<b>106</b>	97
– Reversal of impairment of property, plant and equipment	<b>(253)</b>	(3)
– Impairment of intangible and other assets	<b>162</b>	–
– Bargain purchase gain	<b>–</b>	(8)
– Profit on sale and dilution of equity accounted investments	<b>(395)</b>	(29)
– Loss on sale and dilution of equity accounted investments	<b>1</b>	12
– Profit on disposal of property, plant and equipment	<b>(83)</b>	(249)
– Loss on disposal of property, plant and equipment	<b>23</b>	17
– Loss on disposal of intangible assets	<b>(12)</b>	–
– Non-headline earnings items included in equity accounted earnings of equity accounted investments	<b>(6 189)</b>	468
– Profit on disposal of property, plant and equipment	<b>(67)</b>	(31)
– Profit on sale of investments <sup>(2)</sup>	<b>(6 298)</b>	(70)
– Loss on sale of investments	<b>1</b>	76
– Impairment of investments, assets and goodwill	<b>190</b>	507
– Other headline earnings adjustable items	<b>(15)</b>	(14)
– Taxation effect of adjustments	<b>135</b>	(11)
– Non-controlling interest	<b>28</b>	173
<b>Headline earnings</b>	<b>6 494</b>	2 885

<sup>(1)</sup> Refer to "Net impairments of equity accounted investments" on page 152 for further details.

<sup>(2)</sup> "Profit on sale of investments" from equity accounted investments for the year ended 30 June 2022 includes Remgro's portion of the profit realised by RMI on the unbundling of its investments in Discovery and Momentum Metropolitan (totalling R4 667 million) and the disposal of its investment in Hastings (R1 465 million).



### 3. Earnings and dividends

Cents	30 June 2022	30 June 2021
<b>Headline earnings per share</b>		
– Basic	<b>1 150.6</b>	510.6
– Diluted	<b>1 141.4</b>	508.1
<b>Earnings per share</b>		
– Basic	<b>2 327.9</b>	628.3
– Diluted	<b>2 312.5</b>	625.5
<b>Dividends per share</b>		
Ordinary	<b>150.00</b>	90.00
– Interim	<b>50.00</b>	30.00
– Final	<b>100.00</b>	60.00

### 4. Intangible assets

R million	30 June 2022	30 June 2021
<b>Carrying value at the beginning of the year</b>	<b>20 680</b>	21 067
Additions	<b>172</b>	143
Disposals	<b>(11)</b>	–
Businesses acquired	<b>91</b>	59
Impairments	<b>(162)</b>	–
Amortisation	<b>(509)</b>	(495)
Foreign exchange translation	<b>5</b>	(91)
Transfers and other	<b>9</b>	(3)
<b>Carrying value at the end of the year</b>	<b>20 275</b>	20 680

### 5. Investments – equity accounted

R million	30 June 2022	30 June 2021
Associates	<b>43 317</b>	44 756
Joint ventures	<b>7 454</b>	5 451
<b>Investments – Equity accounted</b>	<b>50 771</b>	50 207
Loans to equity accounted investments – Current	<b>15</b>	94
	<b>50 786</b>	50 301

#### Equity accounted investments reconciliation

Carrying value at the beginning of the year	<b>50 301</b>	50 991
Share of net attributable profit/(loss)	<b>10 980</b>	1 618
Dividends received	<b>(1 687)</b>	(928)
Discovery dividend <i>in specie</i> <sup>(1)</sup>	<b>(8 561)</b>	–
Momentum Metropolitan dividend <i>in specie</i> <sup>(1)</sup>	<b>(2 056)</b>	–
Exchange rate differences	<b>(244)</b>	(2 727)
Investments made <sup>(2)</sup>	<b>2 163</b>	1 830
Grindrod Shipping disposed <sup>(1)</sup>	<b>(756)</b>	–
Net impairments	<b>168</b>	1 132
Net allowances on loans	<b>1</b>	(121)
Equity accounted movements on reserves	<b>729</b>	(1 398)
Other movements	<b>(252)</b>	(96)
<b>Carrying value at the end of the year</b>	<b>50 786</b>	50 301

<sup>(1)</sup> Refer to "Investment activities" on page 140 for further detail.

<sup>(2)</sup> The year under review includes an investment in CIVH amounting to R2 124 million (2021: R1 636 million).



## 5. Investments – equity accounted (continued)

### Net impairments of equity accounted investments and loss allowances on loans

Reversal of impairments/(impairments) were recognised for the following investments:

R million	30 June 2022	30 June 2021
Business Partners <sup>(1)</sup>	(193)	(22)
Grindrod <sup>(2)</sup>	361	488
Grindrod Shipping	–	607
Other impairments and loss allowances	1	(62)
	<b>169</b>	<b>1 011</b>

<sup>(1)</sup> The investment's fair value declined further mainly due to an increase in the tradability discount applied to the valuation thereof.

<sup>(2)</sup> Grindrod's listed share price recovered significantly (85% increase year-on-year) following much improved trading results mainly due to the recovery in the logistics and port and terminals sectors in which it operates.

At 30 June 2022, the listed market value of the investment in Mediclinic was R29 568 million, which significantly exceeded the carrying value of R26 681 million. The company's share price was also positively affected during June 2022 by Remgro and Mediterranean Shipping Company's cash offer to the other Mediclinic shareholders of £5.04 per Mediclinic share. Based on the volume weighted average price for the year ended 30 June 2022, the fair value of the investment amounted to R23 296 million. Remgro also performed a value in use calculation and concluded that no further impairment of the investment is required. Included in the carrying value of the investment is an impairment of R3 898 million which arose following regulatory changes in the investments' Switzerland business that affected its profitability since the 2019 financial year. Subsequently, the business was also severely impacted by the Covid-19 pandemic. While the Switzerland business is adapting to the new business environment and is recovering after the pandemic, its profitability has not yet improved sufficiently to warrant a (partial) reversal of the impairment.

At 30 June 2021, the listed market value of the investment in Mediclinic was R19 358 million, which was significantly lower than the carrying value of R24 581 million. At that date Remgro also performed a value in use calculation and concluded that no additional impairment of the investment is required as its recoverable amount exceeded its carrying value. There were also no indicators that required the consideration of a reversal of impairment.

The value in use calculation is based on a discounted cash flow model. The calculation requires the use of estimates in respect of cash flows, growth and discount rates and it assumes a stable regulatory environment. These estimates are based on publicly available information such as analysts' consensus forecast and guidance provided by Mediclinic in its annual results. Given that Mediclinic, in terms of London Stock Exchange listing requirements and its Disclosure Guidance and Transparency Rules, must monitor such publicly available information for reasonableness against its internal budgets and forecast and publish guidance should there be a significant deviance, management has comfort that the estimates used in the discounted cash flow calculation are reasonable. Cash flow projections for a five-year period were estimated and reflect management's best view of future earnings.

The discount and terminal growth rates used for the business segments are as follows:

%	30 June 2022		30 June 2021	
	Discount rate	Terminal growth rate	Discount rate	Terminal growth rate
South Africa	<b>12.8</b>	<b>5.0</b>	12.7	4.5
Switzerland	<b>6.0</b>	<b>1.6</b>	5.1	1.6
Middle East	<b>8.7</b>	<b>3.5</b>	8.7	3.0

The value in use model is sensitive to changes in the discount rate, long-term growth rate and projected cash flows. Increases in the discount rate or decreases in the short-term cash flow projections or terminal growth rate could give rise to an impairment charge in future.

Sensitivity analysis of assumptions used in the impairment test:

	Movement in discount rates	Movement in growth rates
South Africa (%)	+0.50	-0.50
Switzerland (%)	+0.25	-0.25
Middle East (%)	+0.50	-0.50
Potential impairment based on value in use as recoverable amount (R million)	<b>1 795</b>	<b>2 216</b>

Mediclinic operates in three regions. Each of its operations were separately valued as the economic indicators for each area vary. Accordingly, the sensitivity analysis takes account thereof.

## 5. Investments – equity accounted (continued)

### Share of after-tax profit of equity accounted investments

R million	30 June 2022	30 June 2021
Profit before taking into account impairments and non-recurring items	<b>6 826</b>	3 404
Net impairment of investments, assets and goodwill	(190)	(507)
Profit/(loss) on the sale of investments	<b>6 297</b>	(6)
Other headline earnings adjustable items	<b>15</b>	14
<b>Profit before tax and non-controlling interest</b>	<b>12 948</b>	2 905
Taxation	(1 605)	(1 111)
Non-controlling interest	(363)	(176)
	<b>10 980</b>	1 618

## 6. Long-term loans

R million	30 June 2022	30 June 2021
20 000 Class A 7.5% cumulative redeemable preference shares <sup>(1)</sup>	<b>3 509</b>	3 508
10 000 Class B 7.8% cumulative redeemable preference shares <sup>(1)</sup>	<b>4 329</b>	4 313
Various other loans	<b>5 835</b>	7 076
	<b>13 673</b>	14 897
Short-term portion of long-term loans	(1 980)	(2 919)
	<b>11 693</b>	11 978

## 7. Additions to and replacement of property, plant and equipment

## 8. Capital and investment commitments

(Including amounts authorised but not yet contracted for)

## 9. Guarantees and contingent liabilities<sup>(2)</sup>

## 10. Dividends received from equity accounted investments set off against investments

**12 304** 928

<sup>(1)</sup> Remgro's debt covenant, which relates to the Class A and B cumulative redeemable preference shares, is based on net debt at the centre. As Remgro is in a net cash position, the debt covenant is comfortably met.

<sup>(2)</sup> Remgro issued a guarantee to Rand Merchant Bank for a loan facility, which was granted to CIVH to fund the Vumatel acquisition. CIVH has since settled the loan and Remgro had no exposure on 30 June 2022 (30 June 2021: R3 594 million).

## 11. Fair value remeasurements

The following methods and assumptions are used to determine the fair value of each class of financial instruments:

- Financial instruments at fair value and investment in money market funds: Fair value is based on quoted market prices or, in the case of unlisted instruments, appropriate valuation methodologies, being discounted cash flow, liquidation valuation or actual net asset value of the investment.
- Derivative instruments: The fair values of derivative instruments, which are included in financial instruments at FVPL, are determined by using appropriate valuation methodologies and mark-to-market valuations.

Financial instruments measured at fair value are disclosed by level of the following fair value hierarchy:

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 asset or liability, either directly (as prices) or indirectly (derived from prices); and

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

## 11. Fair value remeasurements (continued)

The following table illustrates the fair values of financial assets and liabilities that are measured at fair value, by hierarchy level:

R million	Level 1	Level 2	Level 3	Total
<b>30 June 2022</b>				
<b>Assets</b>				
<b>Non-current assets</b>				
Financial assets at FVOCI	<b>18 248</b>	–	<b>2 402</b>	<b>20 650</b>
Financial assets at FVPL	–	–	<b>242</b>	<b>242</b>
<b>Current assets</b>				
Financial assets at FVPL	–	<b>78</b>	–	<b>78</b>
Investment in money market funds	<b>5 700</b>	–	–	<b>5 700</b>
	<b>23 948</b>	<b>78</b>	<b>2 644</b>	<b>26 670</b>
<b>Liabilities</b>				
Current instruments at FVPL	–	<b>33</b>	–	<b>33</b>
Hedge derivatives	–	<b>51</b>	–	<b>51</b>
	–	<b>84</b>	–	<b>84</b>
<b>30 June 2021</b>				
<b>Assets</b>				
<b>Non-current assets</b>				
Financial assets at FVOCI	11 933	3	2 406	14 342
Financial assets at FVPL	–	–	214	214
<b>Current assets</b>				
Financial assets at FVPL	–	83	–	83
Investment in money market funds	5 010	–	–	5 010
	16 943	86	2 620	19 649
<b>Liabilities</b>				
Current instruments at FVPL	–	471	–	471

The following table illustrates the reconciliation of the carrying value of level 3 assets at the beginning and end of the year:

R million	Financial assets at FVOCI	Financial assets at FVPL	Total
<b>Assets</b>			
<b>Balances at 1 July 2021</b>			
Additions	<b>2 406</b>	<b>214</b>	<b>2 620</b>
Disposals	<b>243</b>	–	<b>243</b>
Exchange rate adjustment	(258)	–	(258)
Fair value adjustments through other comprehensive income	<b>176</b>	<b>28</b>	<b>204</b>
<b>Balances at 30 June 2022</b>	<b>2 402</b>	<b>242</b>	<b>2 644</b>

Level 3 financial assets consist mainly of investments in the Milestone China entities (Milestone) and PRIF amounting to R835 million (2021: R1 273 million) and R615 million (2021: R368 million), respectively. These investments are all valued based on the fair value of each investment's underlying assets, which are valued using a variety of valuation methodologies. Listed entities are valued at the last quoted share price on the reporting date, whereas unlisted entities' valuation methods include discounted cash flow valuations, appropriate earnings and revenue multiples.

Milestone's fair value consists of listed investments (27%), cash and cash equivalents (1%) and unlisted investments (72%) (2021: 33%, 5% and 62%, respectively). Unlisted investments included at transaction prices in Milestone's fair value amounted to R217 million (2021: R649 million), while its remaining unlisted investment was valued at R376 million (2021: R140 million). PRIF's main assets are the investments in ETG Group, Lumos Global, Solar Saver, Iколо, Zimborders, GridX and Medallion. ETG Group was valued using a market-based approach, specifically the comparable company method (Enterprise value/EBITDA), while the other investments were valued using the discounted cash flow method.

The investments in LifeQ, Bolt and Asia Partners (a diversified investment vehicle) were valued at R240 million, R210 million and R398 million, respectively, at 30 June 2022 (2021: R186 million, R336 million and R152 million).

Remgro's unlisted investments classified as level 3 financial instruments are widely held. Accordingly, changes in the assumptions used to value the above-mentioned unlisted investments will not have a significant impact on Remgro's financial statements.

## 12. Segment revenue

	Year ended 30 June	
R million	2022	2021
<b>Consumer products</b>		
Distell	<b>34 134</b>	28 254
RCL Foods	<b>34 744</b>	31 536
Siqalo Foods	<b>3 546</b>	3 088
<b>Industrial</b>		
Wispeco	<b>3 598</b>	2 925
<b>Other</b>	<b>74</b>	–
<b>Total revenue</b>	<b>76 096</b>	65 803

### Disaggregated revenue information

	Year ended 30 June	
R million	2022	2021
<b>Distell</b>		
Spirits	<b>13 680</b>	11 127
Wine	<b>7 422</b>	6 880
Cider and ready-to-drinks	<b>13 012</b>	10 223
Other	<b>20</b>	24
	<b>34 134</b>	28 254
<b>RCL Foods<sup>(1)</sup></b>		
Food Division	<b>21 221</b>	19 769
Groceries	<b>6 006</b>	5 522
Baking	<b>6 214</b>	5 849
Sugar	<b>9 001</b>	8 398
Rainbow	<b>11 385</b>	10 336
Vector Logistics	<b>3 692</b>	3 154
Sales between RCL Foods' business units	<b>(1 581)</b>	(1 766)
Group	<b>190</b>	195
	<b>34 907</b>	31 688
<b>Siqalo Foods</b>		
Spreads	<b>3 546</b>	3 088
<b>Wispeco</b>		
Extrusions and related products	<b>3 050</b>	2 545
Other	<b>548</b>	380
	<b>3 598</b>	2 925
<b>Other</b>	<b>74</b>	–
Elimination of intersegment revenue	<b>(163)</b>	(152)
<b>Total revenue</b>	<b>76 096</b>	65 803

<sup>(1)</sup> RCL Foods performed a strategic review of its portfolio. It resulted in Rainbow being established as a separate division while Groceries, Baking and Sugar were grouped as the Food Division.

## 13. Related party transactions

### Mediclinic International plc (Mediclinic)

On 4 August 2022 the boards of Manta Bidco Limited (Bidco), MSC Mediterranean Shipping Company SA (MSC), Remgro and Mediclinic announced that they have reached agreement on the terms of a recommended cash offer by Bidco to acquire the entire issued and to be issued ordinary share capital of Mediclinic, other than the Mediclinic shares Remgro already owns (the Acquisition). Remgro currently holds 328 497 888 Mediclinic ordinary shares (representing an interest of approximately 44.6%). Bidco is a newly formed company, which is jointly owned by Remgro and MSC.

In terms of the Acquisition, Mediclinic shareholders will receive 504 pence per Mediclinic share (the offer price). The offer price represents a premium of 35% to the Mediclinic share price on 25 May 2022 of 373 pence, the day prior to the initial offer. Bidco reserves the right to reduce the offer price by future Mediclinic dividends (including the 3 pence per Mediclinic share declared by Mediclinic on 25 May 2022, payable on 26 August 2022), distributions or other returns of value in instances where current Mediclinic shareholders retain the right to such dividends, distributions or other returns of value declared, made or paid.

Remgro, MSC and Bidco have also entered into a subscription and rollover agreement, in terms of which Remgro will sell its existing Mediclinic shares to Bidco in exchange for shares in Bidco and subscribe for further shares in Bidco for approximately £201 million (representing an additional indirect interest in Mediclinic of approximately 5.4%). MSC will also subscribe for shares in Bidco (representing an indirect interest in Mediclinic of 50.0%). The share subscription in Bidco will enable the Acquisition. Bidco's issued share capital will be held equally by Remgro and MSC. Remgro currently accounts for its investment in Mediclinic as an equity accounted investment and, following the completion of the Acquisition, Remgro will also account for its 50% interest in Bidco (being an indirect 50.0% interest in Mediclinic) as an equity accounted investment. The Acquisition is still subject to various conditions precedent.

### Rand Merchant Investment Holdings Limited (RMI)

On 20 September 2021, RMI announced its decision to restructure its investment portfolio by the distribution of all the shares held by it in its two life insurance-focused assets, Discovery Limited (Discovery) and Momentum Metropolitan Holdings Limited (Momentum Metropolitan) (the RMI Unbundling), and on 8 December 2021, RMI also announced the disposal of its 30% stake in Hastings Group Holdings plc (Hastings) for R14.6 billion.

The RMI Unbundling was completed during April 2022 and Remgro received 51 254 365 Discovery shares (7.7% interest), in the ratio of 10.91799 Discovery shares for every 100 RMI shares held, and 122 908 061 Momentum Metropolitan shares (8.6% interest), in the ratio of 26.18136 Momentum Metropolitan shares for every 100 RMI shares held. The market values of these investments at that time amounted to R8 561 million and R2 056 million, respectively, and both the investments were classified as financial instruments at fair value through other comprehensive income. In future only dividend income will be accounted for these investments in the income statement.

Following the RMI Unbundling and the Hastings disposal, RMI's remaining assets consisted mainly of its 89.1% investment in OUTsurance Holdings Limited.

### Distell Group Holdings Limited (Distell)

On 15 November 2021, Distell and Heineken International B.V. (Heineken) announced their intention to combine the Heineken Southern African business, including an interest in Namibia Breweries Limited, with the bulk of the Distell business (consisting of its cider, other RTDs and spirits and wine business) in a new unlisted entity controlled by Heineken and referred to as Newco. The proposed transaction will include the unbundling by Distell of the unlisted shares in Distell's subsidiary, Capevin Holdings Proprietary Limited (Capevin), which holds Distell's remaining assets, including its Scotch whisky business. The proposed transaction will also include an offer by Newco to Distell shareholders to acquire their Distell shares for R165 per share and/or unlisted shares in Newco, or a combination thereof and an offer by Heineken to Distell shareholders to acquire their Capevin shares for R15 per share. The proposed transaction was approved by the Distell shareholders on 15 February 2022. During September 2022, the Namibian Competition Commission approved the transaction with conditions and the Competition Commission of South Africa recommended it to the Competition Tribunal with various conditions attached. Once all the regulatory approvals have been obtained, shareholders will still be required to make an election.

Remgro intends to elect to receive Newco shares for its Distell shares and is accordingly expected to be a significant shareholder in Newco. Furthermore, Remgro does not intend to accept the cash offer to be made by Heineken for the Capevin shares that it will receive and is therefore expected to retain a controlling shareholding in Capevin.

## **Community Investment Ventures Holdings Proprietary Limited (CIVH)**

During July 2021, Remgro subscribed for 67 364 shares in CIVH for a total amount of R2 124 million in terms of a rights issue. The proceeds of the rights issue was used to reduce the CIVH group's debt and to facilitate further growth. This share subscription and a share repurchase to exit one of the minorities during the year increased Remgro's interest in CIVH from 55.2% at 30 June 2021 to 57.0% at 30 June 2022.

On 10 November 2021, Remgro advised its shareholders that CIVH and Vodacom Proprietary Limited (Vodacom) reached an agreement in terms of which Vodacom will, through a combination of assets of approximately R4.2 billion and cash of at least R6.0 billion, acquire up to 40% of the ordinary shares of a newly created wholly owned subsidiary of CIVH (namely Infraco), which will hold *inter alia* CIVH's current interests in Vumatel and DFA. As a result of the proposed transaction, Remgro's indirect interest in DFA and Vumatel will dilute with the entrance of Vodacom as a shareholder, but Remgro will also obtain an indirect interest in the assets contributed by Vodacom. The proposed transaction is still subject to various conditions precedent, *inter alia* regulatory approvals.

## **Grindrod Shipping Holdings Limited (Grindrod Shipping)**

On 25 November 2021, Remgro agreed to dispose of its investment in Grindrod Shipping (included under the Infrastructure platform under Other infrastructure investments) and the investment, which was previously classified as an equity accounted investment, was reclassified as a non-current asset held for sale. The transaction was concluded during January 2022 and Remgro sold its 4 329 580 Grindrod Shipping shares for a gross consideration of R1 191 million.

## **Invenfin Proprietary Limited (Invenfin) (a wholly owned subsidiary of Remgro)**

During October 2021, Invenfin Investments 2 Proprietary Limited (an 88.7% held subsidiary of Invenfin) entered into an agreement for the disposal of its full 50.5% interest in Ad Dynamo Proprietary Limited (Ad Dynamo). The total disposal consideration amounted to R245 million. As one of Africa's largest digital media sales houses, Ad Dynamo partners exclusively with a number of leading global digital platforms to drive their revenue growth in Africa.

## **Other**

For other related party transactions refer to note 5 and 10.



## **14. Events after year-end**

### **Grindrod Limited (Grindrod)**

On 26 September 2022 Remgro approved the unbundling of its investment in Grindrod to its shareholders as a dividend *in specie* in terms of Section 46 of the Income Tax Act, in the ratio of 30.70841 Grindrod shares for every 100 Remgro shares held. The expected distribution date is 17 October 2022.

Other than the above-mentioned events, there were no other significant events subsequent to 30 June 2022.

# ANNEXURE A

## Segment report for the year ended 30 June 2022

R million	Year ended 30 June 2022 Headline earnings <sup>(1)</sup>	30 June 2022 Net assets		Year ended 30 June 2021 Headline earnings <sup>(1)</sup>	30 June 2021 Net assets	
		Book value <sup>(2)</sup>	Intrinsic value		Book value <sup>(2)</sup>	Intrinsic value
<b>Healthcare</b>						
Mediclinic	<b>1 267</b>	<b>26 681</b>	<b>29 568</b>	674	24 581	19 358
<b>Consumer products</b>						
Distell – entity contribution – IFRS 3 charge <sup>(3)</sup>	<b>735</b> <b>(11)</b>	<b>8 386</b> –	<b>11 969</b> –	538 (47)	7 578 –	11 665 –
RCL Foods	<b>846</b>	<b>8 816</b>	<b>7 355</b>	759	8 262	6 926
Siqalo Foods – entity contribution – IFRS 3 charge <sup>(3)</sup>	<b>401</b> <b>(65)</b>	<b>6 261</b> –	<b>6 345</b> –	405 (79)	6 226 –	7 277 –
<b>Financial services</b>						
RMI	<b>796</b>	<b>5 307</b>	<b>13 069</b>	898	10 174	14 713
Business Partners	<b>70</b>	<b>1 193</b>	<b>1 193</b>	23	1 273	1 273
<b>Infrastructure</b>						
CIVH	<b>47</b>	<b>6 905</b>	<b>13 756</b>	(435)	4 981	12 054
Grindrod	<b>263</b>	<b>1 559</b>	<b>1 559</b>	16	842	842
SEACOM	<b>37</b>	<b>40</b>	<b>776</b>	26	23	799
Other infrastructure investments	<b>266</b>	<b>67</b>	<b>67</b>	17	701	701
<b>Industrial</b>						
Air Products	<b>422</b>	<b>1 162</b>	<b>4 690</b>	322	1 063	4 523
TotalEnergies	<b>1 076</b>	<b>3 158</b>	<b>3 274</b>	366	2 242	2 539
Wispeco	<b>281</b>	<b>1 448</b>	<b>1 402</b>	264	1 229	1 188
Other industrial investments	<b>21</b>	<b>189</b>	<b>379</b>	62	198	415
<b>Diversified investment vehicles</b>						
KTH	<b>80</b>	<b>1 497</b>	<b>2 145</b>	(182)	1 456	2 044
Prescient China Equity Fund	–	<b>1 189</b>	<b>1 189</b>	–	1 211	1 211
Milestone III	–	<b>792</b>	<b>792</b>	–	1 234	1 234
Other diversified investment vehicles	<b>15</b>	<b>1 876</b>	<b>2 122</b>	(78)	1 449	1 567
<b>Media</b>						
eMedia Investments	<b>145</b>	<b>856</b>	<b>738</b>	43	815	616
Other media investments	<b>33</b>	<b>111</b>	<b>150</b>	10	3	137
<b>Portfolio investments</b>						
FirstRand	<b>389</b>	<b>7 141</b>	<b>7 141</b>	191	7 659	7 659
Discovery	–	<b>5 410</b>	<b>5 410</b>	–	–	–
Momentum Metropolitan	–	<b>1 439</b>	<b>1 439</b>	–	–	–
Other portfolio investments	<b>55</b>	<b>809</b>	<b>809</b>	56	661	661
<b>Social impact investments</b>						
	<b>(20)</b>	<b>132</b>	<b>132</b>	(66)	135	135
<b>Central treasury</b>						
Finance income/cash at the centre	<b>224</b>	<b>12 280</b>	<b>12 280</b>	212	9 706	9 706
Finance costs/debt at the centre	<b>(627)</b>	<b>(7 838)</b>	<b>(7 838)</b>	(861)	(7 821)	(7 821)
<b>Other net corporate costs/assets</b>						
	<b>(252)</b>	<b>1 577</b>	<b>2 221</b>	(249)	2 178	2 919
	<b>6 494</b>	<b>98 443</b>	<b>124 132</b>	2 885	88 059	104 341
<b>Potential CGT liability</b>						
			<b>(3 930)</b>			(4 150)
<b>Total</b>	<b>6 494</b>	<b>98 443</b>	<b>120 202</b>	2 885	88 059	100 191

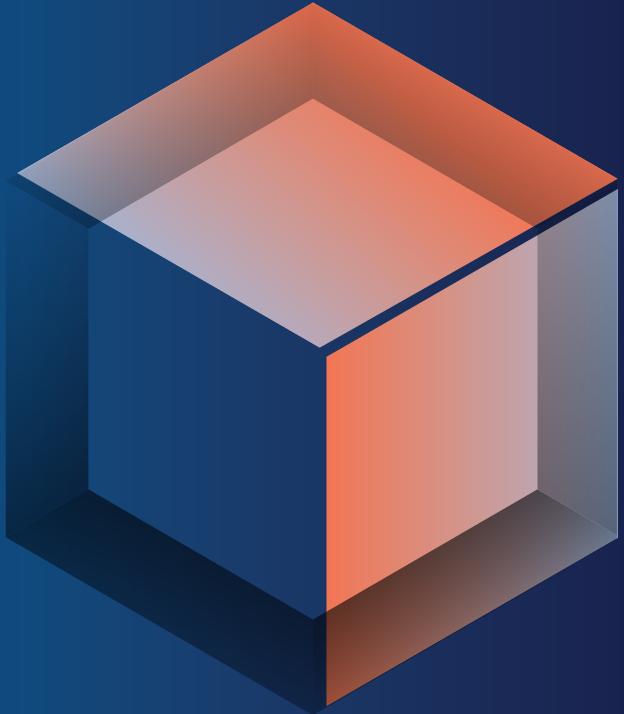
Additional segmental information is disclosed in note 2 and 12.1 in the Annual Financial Statements that is published on the Company's website at [www.remgro.com](http://www.remgro.com).

(1) Refer to note 2 for the calculation of headline earnings.

(2) Total book value equals shareholders' equity.

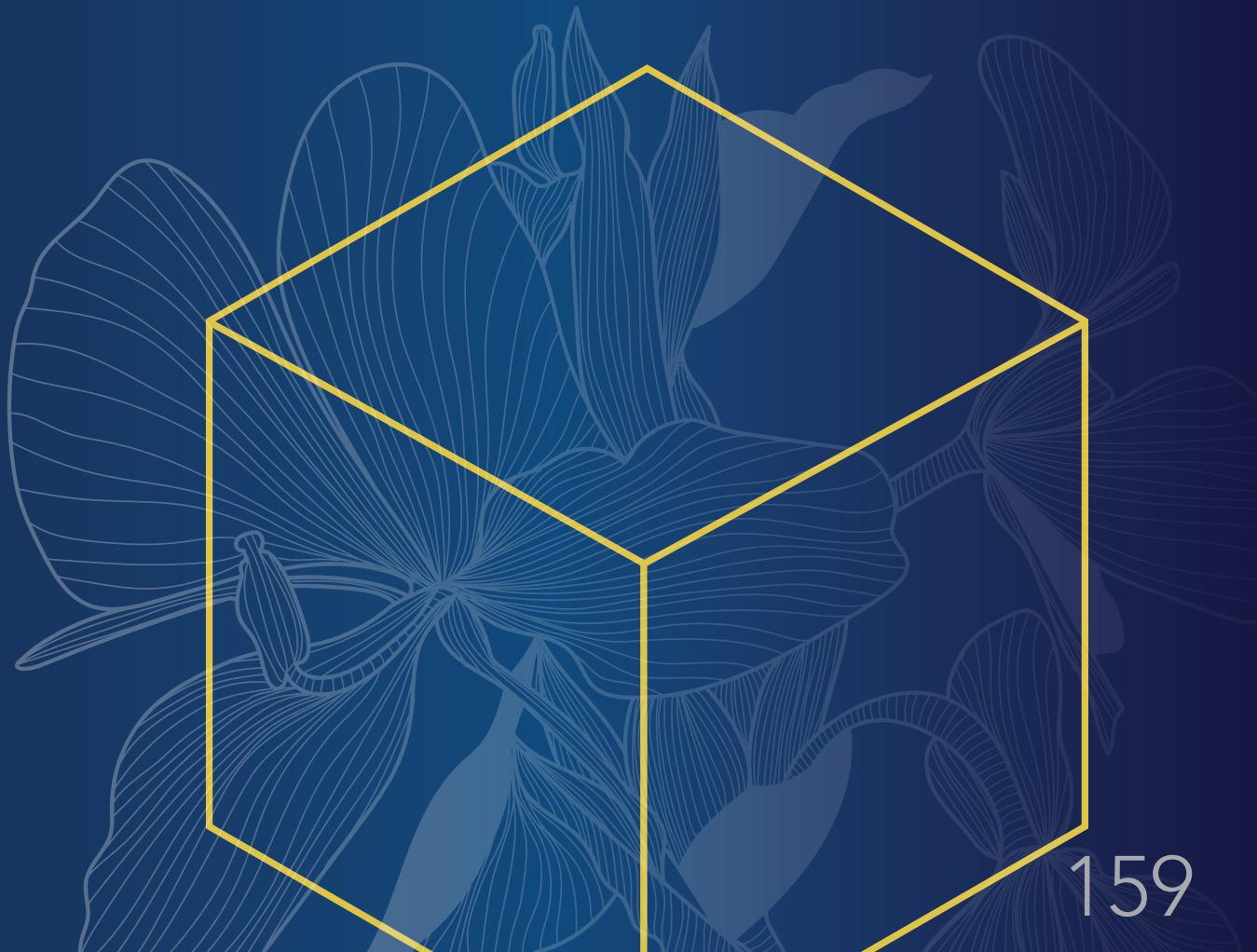
(3) IFRS 3 charge represents the amortisation and depreciation expenses, net of tax, relating to the additional assets identified when Remgro obtained control over these entities.





## ADDITIONAL INFORMATION

The **2022 Annual General Meeting** will be held on Wednesday, **30 November 2022**. Shareholders are invited to engage with the Board.



# SHAREHOLDERS' DIARY

## and Company information

### Dates of importance to shareholders

Financial year-end	30 June
Annual General Meeting	Wednesday, 30 November 2022
<b>Financial reports</b>	
Announcement of interim results	March
Interim report	March
Announcement of annual results	September
Annual Financial Statements	September
Integrated Annual Report	October
<b>Dividends</b>	
Interim dividend	March
– declared	March
– paid	April
Final dividend	September
– declared	November
– paid	
<b>Final dividend No. 44</b>	
Ordinary dividend per share	100 cents
Last day to trade in order to participate in the dividend	Tuesday, 8 November 2022
Shares trade ex dividend	Wednesday, 9 November 2022
Record date	Friday, 11 November 2022
Payment date	Monday, 14 November 2022

### Company information

#### Company Secretary

D I Dreyer

#### Business address and registered office

Millennia Park  
16 Stellentia Avenue  
Stellenbosch  
7600

PO Box 456  
Stellenbosch  
7599

#### Transfer Secretaries

Computershare Investor Services Proprietary Limited  
Rosebank Towers  
15 Biermann Avenue  
Rosebank  
2196

Private Bag X9000  
Saxonwold  
2132

#### Auditor

PricewaterhouseCoopers Inc.  
Stellenbosch, South Africa

#### Listings

Primary listing – JSE Limited  
Sector: Financials – Financial Services – Investment Banking and  
Brokerage Services – Diversified Financial Services  
Secondary listing – A2X Proprietary Limited

#### Sponsor

Rand Merchant Bank  
(A division of FirstRand Bank Limited)

#### Website

[www.remgro.com](http://www.remgro.com)



# FIVE-YEAR REVIEW and SHARE STATISTICS

## Consolidated income statements

R million	Year ended 30 June 2022	Year ended 30 June 2021	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2018
Profit before taking into account the following	<b>5 009</b>	3 713	579	3 259	1 253
Non-recurring and capital items and impairments	<b>592</b>	859	7 334	963	4 986
Consolidated profit before tax	<b>5 601</b>	4 572	7 913	4 222	6 239
Taxation	( <b>1 602</b> )	(1 135)	(452)	(987)	(423)
Consolidated profit after tax	<b>3 999</b>	3 437	7 461	3 235	5 816
Share in after-tax profit/(loss) of equity accounted investments	<b>10 980</b>	1 618	(878)	4 517	3 383
Net profit after tax	<b>14 979</b>	5 055	6 583	7 752	9 199
Non-controlling interest	( <b>1 840</b> )	(1 505)	63	(433)	(256)
<b>Attributable net profit for the period</b>	<b>13 139</b>	3 550	6 646	7 319	8 943
<b>Headline earnings</b>	<b>6 494</b>	2 885	3 167	8 195	8 573
Headline earnings per share (cents)	<b>1 150.6</b>	510.6	560.6	1 448.9	1 512.6
Earnings per share (cents)	<b>2 327.9</b>	628.3	1 176.4	1 294.0	1 577.9
– Ordinary	<b>150</b>	90	265	564	532

## Consolidated statements of financial position

R million	30 June 2022	30 June 2021	30 June 2020	30 June 2019	30 June 2018
Property, plant and equipment, biological agricultural assets and investment properties	<b>17 968</b>	16 889	16 954	14 660	13 745
Investments – Equity accounted	<b>50 771</b>	50 207	50 991	71 183	73 722
Other non-current assets	<b>42 250</b>	36 282	35 221	29 156	23 086
Current assets	<b>45 709</b>	37 388	43 933	40 539	40 375
<b>Total assets</b>	<b>156 698</b>	140 766	147 099	155 538	150 928
Total equity	<b>115 880</b>	103 576	101 443	116 189	113 446
Non-current liabilities	<b>21 128</b>	20 103	23 139	26 770	25 891
Current liabilities	<b>19 690</b>	17 087	22 517	12 579	11 591
<b>Total equity and liabilities</b>	<b>156 698</b>	140 766	147 099	155 538	150 928
<b>Net asset value per share (Rand)</b>					
(attributable to equity holders)					
– at book value*	<b>174.52</b>	155.86	153.59	178.95	173.04
– at intrinsic value*	<b>213.10</b>	177.33	154.47	233.03	256.97

\* Decrease from 30 June 2019 reflects the RMH Unbundling and negative impact of Covid-19 on market values (listed) and fair values (unlisted) of underlying investment companies.

# FIVE-YEAR REVIEW and SHARE STATISTICS (continued)

## Consolidated statements of cash flows

R million	Year ended 30 June 2022	Year ended 30 June 2021	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2018
Cash flow generated from returns on investments	<b>9 589</b>	6 593	8 058	7 555	5 818
Taxation paid	(1 430)	(1 628)	(772)	(1 217)	(657)
Cash available from operating activities	<b>8 159</b>	4 965	7 286	6 338	5 161
Dividends paid	(721)	(506)	(3 883)	(3 759)	(2 934)
Cash flow from operating activities	<b>7 438</b>	4 459	3 403	2 579	2 227
Net investing activities	(2 672)	(1 200)	(1 478)	(2 203)	2 208
Net financing activities	(1 862)	(7 877)	(251)	(816)	78
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2 904</b>	(4 618)	1 674	(440)	4 513

## Share statistics

	Year ended 30 June 2022	Year ended 30 June 2021	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2018
Weighted number of unlisted B ordinary shares ('000)	<b>39 057</b>	39 057	39 057	39 057	39 057
<b>JSE Limited</b>					
Weighted number of Remgro ordinary shares in issue – excluding the unlisted B ordinary shares ('000)	<b>525 361</b>	525 928	525 904	526 562	527 717
Market capitalisation at end of period (R million) – ordinary shares only	<b>68 751</b>	60 648	52 869	99 440	108 114
Price (cents per share) – Last day of period	<b>12 991</b>	11 460	9 990	18 790	20 429
– Highest	<b>15 355</b>	12 327	20 131	21 760	24 460
– Lowest	<b>10 800</b>	8 388	9 990	17 541	19 400
Number of shares traded ('000)	<b>339 250</b>	410 887	404 004	291 284	339 366
Value of shares traded (R million)	<b>45 148</b>	40 883	64 127	57 624	74 311
Shares traded/weighted number of ordinary shares (%)	<b>64.6</b>	78.1	76.8	55.3	64.4
Number of transactions	<b>804 568</b>	988 095	1 244 812	1 068 333	929 257

# SHAREHOLDERS' information

## Statistics at 30 June 2022

	30 June 2022		30 June 2021	
	%	Number of shares	%	Number of shares
<b>Major beneficial shareholders</b>				
<b>Ordinary shares</b>				
Public Investment Corporation	17.19	90 996 741	17.43	92 226 021
Other	82.81	438 220 266	82.57	436 990 986
	<b>100.00</b>	<b>529 217 007</b>	<b>100.00</b>	<b>529 217 007</b>
<b>B ordinary shares</b>				
Rupert Beleggings Proprietary Limited	100.00	39 056 987	100.00	39 056 987
<b>Total</b>		<b>568 273 994</b>		<b>568 273 994</b>

No other shareholder held a beneficial interest of more than 5% in the ordinary shares of the Company on 30 June 2022.

	30 June 2022	30 June 2021	30 June 2020	30 June 2019
<b>Distribution of shareholders</b>				
<b>Ordinary shares</b>				
Public shareholders	<b>43 862</b>	42 694	51 228	54 812
Percentage of shareholders	<b>99.92</b>	99.90	99.92	99.91
Number of shares	<b>507 156 402</b>	508 022 210	507 822 981	504 306 132
Percentage of shares issued	<b>95.83</b>	96.00	95.96	95.29
<b>Non-public shareholders</b>				
Directors (including major subsidiaries' directors) and their associates/Share Trust/Treasury shares/Prescribed officers/associates of Remgro and/or its major subsidiaries	<b>37</b>	44	43	48
Percentage of shareholders	<b>0.08</b>	0.10	0.08	0.09
Number of shares	<b>22 060 605</b>	21 194 797	21 394 026	24 910 875
Percentage of shares issued	<b>4.17</b>	4.00	4.04	4.71
<b>Number of shareholders</b>	<b>43 899</b>	42 738	51 271	54 860
<b>Number of shares in issue</b>				
- Ordinary shares of no par value	<b>529 217 007</b>	529 217 007	529 217 007	529 217 007
- Unlisted B ordinary shares of no par value	<b>39 056 987</b>	39 056 987	39 056 987	39 056 987
Total number of shares in issue	<b>568 273 994</b>	568 273 994	568 273 994	568 273 994
<b>Number of shares held in treasury</b>				
Ordinary shares repurchased and held in treasury	(4 205 497)	(3 280 163)	(3 297 213)	(3 334 936)
	<b>564 068 497</b>	564 993 831	564 976 781	564 939 058
<b>Weighted number of shares</b>	<b>564 417 614</b>	564 984 762	564 961 299	565 619 396

## Additional information

### Institutional and private shareholding in Remgro Limited ordinary shares

2022



2021



### Foreign and local shareholding in Remgro Limited ordinary shares

2022



2021



## Interests of the directors in the issued capital of the Company

### Ordinary shares

Directors	Direct beneficial	Indirect beneficial	Associates	Total
<b>30 June 2022</b>				
S E N De Bruyn	<b>497</b>	–	–	<b>497</b>
J J Durand	–	<b>849 376</b>	<b>1 650</b>	<b>851 026</b>
M Lubbe	<b>32 184</b>	–	–	<b>32 184</b>
N P Mageza	–	<b>296</b>	–	<b>296</b>
J Malherbe	–	<b>1 176 061</b>	<b>2 934</b>	<b>1 178 995</b>
P J Moleketi	<b>1 243</b>	–	<b>19 718</b>	<b>20 961</b>
M Morobe	–	<b>633</b>	–	<b>633</b>
P J Neethling	–	–	<b>7 898 806</b>	<b>7 898 806</b>
K S Rantloane	<b>57</b>	–	–	<b>57</b>
F Robertson	–	<b>5 500</b>	–	<b>5 500</b>
J P Rupert*	–	–	<b>7 553 865</b>	<b>7 553 865</b>
N J Williams**	<b>25 000</b>	–	<b>66 000</b>	<b>91 000</b>
	<b>58 981</b>	<b>2 031 866</b>	<b>15 542 973</b>	<b>17 633 820</b>

\* Messrs J P Rupert and A E Rupert are both directors of an Associate that holds 7 551 005 ordinary shares in Remgro Limited.

\*\* Of Mr N J Williams's shareholding, 25 000 shares have been pledged as collateral for an overdraft facility at a financial institution.

Directors	Direct beneficial	Indirect beneficial	Associates	Total
<b>30 June 2021</b>				
S E N De Bruyn	497	–	–	497
J J Durand	–	849 376	1 650	851 026
M Lubbe	32 184	–	–	32 184
N P Mageza	–	296	–	296
J Malherbe	–	1 176 061	2 934	1 178 995
P J Moleketi	1 243	–	19 718	20 961
M Morobe	–	633	–	633
P J Neethling	–	–	7 898 806	7 898 806
K S Rantloane	57	–	–	57
F Robertson	–	5 500	–	5 500
J P Rupert*	–	–	7 553 865	7 553 865
N J Williams**	25 000	–	66 000	91 000
	58 981	2 031 866	15 542 973	17 633 820

\* Messrs J P Rupert and A E Rupert are both directors of an Associate that holds 7 551 005 ordinary shares in Remgro Limited.

\*\* Of Mr N J Williams's shareholding, 25 000 shares have been pledged as collateral for an overdraft facility at a financial institution.

On 30 November 2020, when Mr P K Harris retired, his indirect beneficial holding was 186 030 ordinary shares in Remgro Limited.

## B ordinary shares

Mr J P Rupert is a director of Rupert Beleggings Proprietary Limited which owns all the issued unlisted B ordinary shares.

Since the end of the financial year to the date of this report the interests of the directors remained unchanged.

# NOTICE to shareholders

Notice is hereby given that the 2022 Annual General Meeting of Remgro Limited (the Company) will be held as a hybrid meeting on Wednesday, 30 November 2022, at 10:30 am, at The Lord Charles Hotel, Corner of Main Road and Broadway Boulevard, Somerset West, 7130 and via electronic communication (the AGM), to consider and, if deemed fit, to pass the ordinary and special resolutions detailed below, with or without modification. Shareholders are invited to join the AGM physically or via electronic communication and participation via the Lumi platform in accordance with section 63(2)(b) of the Companies Act (No. 71 of 2008), as amended (Companies Act) and clause 22 of the Company's Memorandum of Incorporation (Memorandum of Incorporation).

## 1. Approval of Annual Financial Statements

### Ordinary Resolution Number 1

**Resolved that** the audited Annual Financial Statements, including the Report of the Board of Directors of the Company (Board), the Report of the Independent Auditor and the Audit and Risk Committee Report, of the Company and its Group (Group) for the financial year ended 30 June 2022, be accepted and approved.

#### Additional information in respect of Ordinary Resolution Number 1

In terms of the provisions of section 30(3)(d) of the Companies Act, the Company's Annual Financial Statements and the Group Annual Financial Statements have to be presented to the shareholders at the AGM for consideration.

The complete audited Annual Financial Statements, including the Report of the Board, the Report of the Independent Auditor and the Audit and Risk Committee Report, of the Company and the Group for the financial year ended 30 June 2022 are published on the Company's website at [www.remgro.com](http://www.remgro.com). The Report of the Board of Directors, the Report of the Independent Auditor, the Audit and Risk Committee Report and the summary Annual Financial Statements are included in the Integrated Annual Report on pages 140, 145, 137 and 146 respectively.

## 2. Reappointment of auditor

### Ordinary Resolution Number 2

**Resolved that** the reappointment of PricewaterhouseCoopers Inc., who is independent from the Company, as the Company's auditor, as nominated by the Company's Audit and Risk Committee, be approved and to note that the individual registered auditor who will perform the function of auditor during the financial year ending 30 June 2023, is Ms R M Labuschaigne.

#### Additional information in respect of Ordinary Resolution Number 2

In terms of the provisions of section 90(1) of the Companies Act, a public company shall at each AGM appoint an auditor to hold office from the conclusion of that meeting until the conclusion of the next Annual General Meeting of the Company.

In terms of the rule on Mandatory Audit Firm Rotation (MAFR) published by the Independent Regulatory Board for Auditors (IRBA) in compliance with section 10(1)(a) of the Auditing Profession Act, (No. 26 of 2005), an audit firm may not serve as the appointed auditor of a public interest entity for more than 10 consecutive financial years. This rule is effective for financial years of companies commencing on or after 1 April 2023. Following a comprehensive tender process, Ernst & Young Inc. (EY) was selected as the new auditor of the Company for the financial year ending 30 June 2024 and a non-binding advisory vote on the appointment of EY was tabled at the Company's 2021 Annual General Meeting. The appointment of EY will be recommended to shareholders at the Company's 2023 Annual General Meeting. A formal transition process will commence during 2023 whereby the recommended firm will observe the full audit cycle performed by the incumbent auditor. The appointment will be for the reporting period ending 30 June 2024. Refer to page 137 for further details in regard to the Audit and Risk Committee's review of the external auditor, and an update on the MAFR process.

## 3. Election of director

### Ordinary Resolution Number 3

**Resolved that** Ms S E N De Bruyn who retires as director in terms of clause 27.4.3.1 of the Memorandum of Incorporation and who has offered herself and is eligible for re-election, be and is hereby re-elected as a director of the Company.

## 4. Election of director

### Ordinary Resolution Number 4

**Resolved that** Ms M Lubbe who retires as director in terms of clause 27.4.3.1 of the Memorandum of Incorporation and who has offered herself and is eligible for re-election, be and is hereby re-elected as a director of the Company.

## 5. Election of director

### Ordinary Resolution Number 5

**Resolved that** Mr P J Moleketi who retires as director in terms of clause 27.4.3.1 of the Memorandum of Incorporation and who has offered himself and is eligible for re-election, be and is hereby re-elected as a director of the Company.

## 6. Election of director

### Ordinary Resolution Number 6

**Resolved that** Mr M Morobe who retires as director in terms of clause 27.4.3.1 of the Memorandum of Incorporation and who has offered himself and is eligible for re-election, be and is hereby re-elected as a director of the Company.

## 7. Election of director

### Ordinary Resolution Number 7

**Resolved that** Mr P J Neethling who retires as director in terms of clause 27.4.3.1 of the Memorandum of Incorporation and who has offered himself and is eligible for re-election, be and is hereby re-elected as a director of the Company.

## Additional information in respect of Ordinary Resolutions Numbers 3 to 7

In terms of the provisions of clause 27.4.3 of the Memorandum of Incorporation, one-third of the directors, or if their number is not three or a multiple of three, then the number nearest to but not less than one-third are required to retire annually at each AGM. Directors may offer themselves for re-election. Biographical details of all directors of the Company are set out on pages 92 to 95 of the Integrated Annual Report. The Board supports the re-election of all the aforementioned directors.



## 8. Election of member of the Audit and Risk Committee

### Ordinary Resolution Number 8

**Resolved that** subject to the passing of Ordinary Resolution Number 3, Ms S E N De Bruyn, being eligible and offering herself for re-election, be and is hereby re-elected as a member of the Audit and Risk Committee, until the next Annual General Meeting.

## 9. Election of member of the Audit and Risk Committee

### Ordinary Resolution Number 9

**Resolved that** Mr N P Mageza, being eligible and offering himself for re-election, be and is hereby re-elected as a member of the Audit and Risk Committee, until the next Annual General Meeting.

## 10. Election of member of the Audit and Risk Committee

### Ordinary Resolution Number 10

**Resolved that** subject to the passing of Ordinary Resolution Number 5, Mr P J Moleketi, being eligible and offering himself for re-election, be and is hereby re-elected as a member of the Audit and Risk Committee, until the next Annual General Meeting.

## 11. Election of member of the Audit and Risk Committee Ordinary Resolution Number 11

**Resolved that** Mr F Robertson, being eligible and offering himself for re-election, be and is hereby re-elected as a member of the Audit and Risk Committee, until the next Annual General Meeting.

### Additional information in respect of Ordinary Resolutions Numbers 8 to 11

In terms of the provisions of section 94(2) of the Companies Act, a public company shall at each Annual General Meeting elect an Audit Committee comprising at least three members. Brief *curricula vitae* of the independent non-executive directors proposed to be appointed to the Audit and Risk Committee appear on pages 93 and 94 of the Integrated Annual Report. As is evident from the *curricula vitae* of these directors, all of them have academic qualifications or experience in one or more of the following areas, i.e. economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resources.



## 12. General authority to place 5% of the unissued ordinary shares under the control of the directors

### Ordinary Resolution Number 12

**Resolved that** the unissued ordinary shares in the authorised share capital of the Company be and is hereby placed under the control of the Board, who is hereby authorised, as a general authority in terms of the Memorandum of Incorporation, to allot and issue any such shares upon such terms and conditions as the Board in their sole discretion may deem fit, subject to the provisions of the Companies Act, the Memorandum of Incorporation and the Listings Requirements of the exchange operated by JSE Limited (JSE) (Listings Requirements), to the extent applicable, provided that this approval shall be valid only until the next Annual General Meeting of the Company and that the aggregate number of ordinary shares to be allotted and issued in terms of this Ordinary Resolution Number 12 is limited to 5% of the number of the unissued ordinary shares in the authorised share capital of the Company at the date of this Notice of AGM (being 23 539 150 ordinary shares).

### Additional information in respect of Ordinary Resolution Number 12

Clause 6.7 of the Memorandum of Incorporation provides that the Board may resolve to issue authorised shares, but only to the extent that such issue has been approved by the shareholders in general meeting, either by way of a general or specific authority. The purpose of Ordinary Resolution Number 12 is to provide such general authority, which shall remain subject to the provisions of and all limitations contained in the Companies Act, the Memorandum of Incorporation and the Listings Requirements, to the extent applicable. The authority in terms of Ordinary Resolution Number 12 cannot be used to issue shares for cash as contemplated in the Listings Requirements.



## 13. Non-binding advisory vote on Remuneration Policy Ordinary Resolution Number 13

**Resolved that** the Company's Remuneration Policy, as set out in the Remuneration Report from page 98 of the Integrated Annual Report, be and is hereby endorsed by way of a non-binding advisory vote.



## 14. Non-binding advisory vote on Remuneration Implementation Report Ordinary Resolution Number 14

**Resolved that** the Company's Implementation Report in regard to its Remuneration Policy, as set out in the Remuneration Report from page 111 of the Integrated Annual Report, be and is hereby endorsed by way of a non-binding advisory vote.



### Additional information in respect of Ordinary Resolutions Numbers 13 and 14

In terms of the Listings Requirements, the Company's Remuneration Policy and Implementation Report in regard to its Remuneration Policy must be tabled every year for separate non-binding advisory votes by the shareholders of the Company at the Annual General Meeting. In the event that any of Ordinary Resolutions Numbers 13 or 14 is voted against by 25% or more of the votes exercised on them, the Company shall engage with the dissenting shareholders in the manner set out in the Remuneration Report from page 98 of the Integrated Annual Report.



## 15. Approval of directors' remuneration

### Special Resolution Number 1

**Resolved that** directors' fees for services rendered (excluding VAT) as directors for the financial year ending 30 June 2023 be determined on the following basis:

Type of fee (Rand)	Proposed fee for the year ending 30 June 2023	Fee for the year ended 30 June 2022
Board member	<b>413 400</b>	390 000
Chairman of the Audit and Risk Committee	<b>340 000</b>	320 760
Member of the Audit and Risk Committee	<b>168 800</b>	159 300
Member of the Remuneration and Nomination Committee	<b>75 000</b>	70 740
Chairman of the Social and Ethics Committee	<b>137 400</b>	129 600
Member of the Social and Ethics Committee	<b>75 000</b>	70 740
Meeting fee for ad hoc committees	<b>31 800</b>	30 000

### Additional information in respect of Special Resolution Number 1

The reason for and the effect of Special Resolution Number 1 is to approve the remuneration payable by the Company to its directors for their services as directors of the Company in terms of section 66(9) of the Companies Act for the financial year ending 30 June 2023.

## 16. General authority to repurchase shares

### Special Resolution Number 2

**Resolved that** the Board be and is hereby authorised, by way of a renewable general authority in terms of the provisions of the Listings Requirements and as permitted in terms of the Memorandum of Incorporation, to approve the purchase of its own ordinary shares by the Company, or to approve the purchase of ordinary shares in the Company by any subsidiary of the Company, in terms of section 48 of the Companies Act, upon such terms and conditions as the Board may from time-to-time determine, provided that:

- this general authority shall be valid until the Company's next Annual General Meeting or for 15 months from the date of passing of this resolution, whichever period is shorter;
- the ordinary shares be purchased through the order book of the trading system of the JSE and done without any prior understanding or arrangement between the Company and/or the relevant subsidiary and the counterparty (reported trades are prohibited);
- an announcement complying with paragraph 11.27 of the Listings Requirements be published by the Company (i) when the Company and/or its subsidiaries have cumulatively repurchased 3% of the ordinary shares in issue as at the time when the general authority was given (the initial number) and (ii) for each 3% in the aggregate of the initial number of the ordinary shares acquired thereafter by the Company and/or its subsidiaries;
- the repurchase by the Company of its own ordinary shares shall not in the aggregate in any one financial year exceed 10% of the Company's issued ordinary share capital as at the beginning of the financial year, provided that the acquisition of ordinary shares as treasury shares by a subsidiary of the Company shall not be effected to the extent that in aggregate more than 10% of the number of issued ordinary shares of the Company at the relevant times are held by or for the benefit of the subsidiaries of the Company taken together;
- repurchases must not be made at a price more than 10% above the weighted average of the market value of the ordinary shares for the five business days immediately preceding the date on which the transaction is effected;
- at any point in time the Company may only appoint one agent to effect any repurchase on the Company's behalf or on behalf of any subsidiary of the Company;
- the Company and the Group will not repurchase ordinary shares during a prohibited period (as defined in the Listings Requirements) unless they have in place a repurchase programme where the dates and quantities of shares to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme (as required by the Listings Requirements) have been disclosed to the JSE, 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;
- prior to the repurchase, a resolution has been passed by the Board confirming that the Board has authorised the repurchase, that the Company and its subsidiaries satisfy the solvency and liquidity test contemplated in the Companies Act, and that since the test was done there have been no material changes to the financial position of the Group; and
- such repurchases will be subject to the applicable provisions of the Companies Act, the Memorandum of Incorporation, the Listings Requirements and the Exchange Control Regulations 1961.

It is the intention of the Board to use this general authority should prevailing circumstances (including the tax dispensation and market conditions) warrant it in their opinion.

The Company's directors undertake that they will not implement any such repurchases while this general authority is valid, unless –

- the Company and the Group will be able, in the ordinary course of business, to pay their debts for a period of 12 months after the date of the general repurchase;
- the assets of the Company and the Group will exceed their liabilities for a period of 12 months after the date of the general repurchase. For this purpose, the assets and liabilities are recognised and measured in accordance with the accounting policies used in the Company's latest audited Annual Group Financial Statements;
- the Company and the Group will have adequate share capital and reserves for ordinary business purposes for a period of 12 months after the date of the general repurchase; and
- the working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the general repurchase.

## **Additional information in respect of Special Resolution Number 2**

The reason for and the effect of Special Resolution Number 2 is to grant the Board a general authority to approve the Company's repurchase of its own ordinary shares and to permit a subsidiary of the Company to purchase ordinary shares in the Company.

For the purposes of considering Special Resolution Number 2 and in compliance with paragraph 11.26 of the Listings Requirements, the information listed below has been included in the Integrated Annual Report, in which this Notice of AGM is included, at the places indicated:



- Major shareholders (pages 163)
- Share capital of the Company (pages 54 of the Annual Financial Statements and 163 of the Integrated Annual Report)

The directors, whose names are set out on pages 92 to 95 of the Integrated Annual Report, collectively and individually accept full responsibility for the accuracy of the information contained in this Special Resolution Number 2 and certify, to the best of their knowledge and belief, that there are no other facts, the omission of which would make any statement false or misleading and that they have made all reasonable queries in this regard and that this resolution contains all information required by law and the Listings Requirements.

There has been no material change in the financial or trading position of the Company and the Group that has occurred since the end of the last financial period for which either audited Annual Financial Statements or unaudited interim reports have been published.

## **17. General authority to provide financial assistance for the subscription and/or purchase of securities in the Company or in related or inter-related companies**

### **Special Resolution Number 3**

**Resolved that** the Board be and is hereby authorised in terms of section 44(3)(a)(ii) of the Companies Act as a general approval (which approval will be in place for a period of two years from the date of adoption of this Special Resolution Number 3), to authorise the Company to provide financial assistance by way of a loan, guarantee, the provision of security or otherwise to any related and/or inter-related company of the Company ("related" and "inter-related" will herein have the meanings attributed to those terms in section 2 of the Companies Act) and/or to any financier of the Company or any of its related and/or inter-related companies for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company of the Company, or for the purchase of any securities of the Company or a related or inter-related company of the Company, on the terms and conditions and for the amounts that the Board may determine.

The Board undertakes that it will not adopt a resolution to authorise such financial assistance, unless the Board is satisfied that –

- immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test as contemplated in the Companies Act; and
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

The main purpose for this authority is to grant the Board the authority to authorise the Company to provide financial assistance to the financiers of the Group for the purposes of the subscription and/or purchase of securities in subsidiaries of the Company, to fund the activities of the Group.

## Additional information in respect of Special Resolution Number 3

The reason for and the effect of Special Resolution Number 3 is to provide a general authority to the Board for the Company to provide financial assistance to its related and inter-related companies and/or the financiers of the Group for the purposes of the subscription for options and/or securities, issued or to be issued by the Company or its related or inter-related companies, or for the purchase of any securities of the Company or its related or inter-related companies, to fund the activities of the Group.

## 18. General authority to provide financial assistance to related and inter-related companies and corporations

### Special Resolution Number 4

**Resolved that** the Board be and is hereby authorised in terms of section 45(3)(a)(ii) of the Companies Act, as a general approval (which approval will be in place for a period of two years from the date of adoption of this Special Resolution Number 4), to authorise the Company to provide any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to such term in section 45(1) of the Companies Act) that the Board may deem fit to any related or inter-related company or corporation of the Company ("related" and "inter-related" will herein have the meanings attributed to those terms in section 2 of the Companies Act), on the terms and conditions and for the amounts that the Board may determine.

The main purpose for this authority is to grant the Board the authority to authorise the Company to provide intergroup loans and other financial assistance for purposes of funding the activities of the Group. The Board undertakes that –

- it will not adopt a resolution to authorise such financial assistance, unless the Board is satisfied that –
  - immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test as contemplated in the Companies Act; and
  - the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company; and
- written notice of any such resolution by the Board shall be given to all shareholders of the Company and any trade union representing any of its employees –
  - within 10 business days after the Board adopted the resolution, if the total value of the financial assistance contemplated in that resolution, together with any previous such resolution during the financial year, exceeds 0.1% of the Company's net worth at the time of the resolution; or
  - within 30 business days after the end of the financial year, in any other case.

### Additional information in respect of Special Resolution Number 4

The reason for and the effect of Special Resolution Number 4 is to provide a general authority to the Board for the Company to grant direct or indirect financial assistance to any company or corporation forming part of the Group, including in the form of loans or the guaranteeing of their debts.

### Notice to shareholders of the Company in terms of section 45(5) of the Companies Act of a resolution adopted by the Board authorising the Company to provide direct or indirect financial assistance to related and inter-related companies and corporations

- By the time this Notice of the AGM is delivered to shareholders, the Board will have adopted a resolution (section 45 Board Resolution) authorising the Company to provide, at any time and from time to time during the period commencing on the date on which Special Resolution Number 4 is adopted until the date of the next Annual General Meeting of the Company, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act to any one or more related or inter-related companies or corporations of the Company. The financial assistance will entail loans and other financial assistance to subsidiaries of the Company (being related or inter-related companies of the Company) for purposes of funding the activities of the Group.
- The section 45 Board Resolution will be effective only if and to the extent that Special Resolution Number 4 is adopted by the shareholders and the provision of any such financial assistance by the Company, pursuant to such resolution, will always be subject to the Board being satisfied that (1) immediately after providing such financial assistance, the Company will satisfy the solvency and liquidity test as referred to in section 45(3)(b)(i) of the Companies Act; and that (2) the terms under which such financial assistance is to be given are fair and reasonable to the Company as referred to in section 45(3)(b)(ii) of the Companies Act.
- Inasmuch as the section 45 Board Resolution contemplates that such financial assistance will, in the aggregate, exceed 0.1% of the Company's net worth at the date of adoption of such resolution, the Company hereby provides notice of the section 45 Board Resolution to shareholders. The Company does not have any employees represented by a trade union.

## 19. Report by Social and Ethics Committee



The Company's Social and Ethics Committee Report, included on page 132 of the Integrated Annual Report, read with the detailed Sustainability Report published on the Company's website at [www.remgro.com](http://www.remgro.com), will serve as the Social and Ethics Committee's report to the Company's shareholders on the matters within its mandate at the AGM. Any specific questions to the Committee may be sent to the Company Secretary prior to the AGM.

And to transact any other business that may be transacted at an Annual General Meeting.

## Notes to the notice to shareholders

### Record dates

The record date in terms of section 59 of the Companies Act for shareholders to be recorded on the securities register of the Company in order to receive this Notice of AGM is Friday, 21 October 2022.

The record date in terms of section 59 of the Companies Act for shareholders to be recorded on the securities register of the Company in order to be able to attend, participate and vote at the AGM is Friday, 25 November 2022, and the last day to trade in the Company's shares in order to be recorded on the securities register of the Company in order to be able to attend, participate and vote at the AGM is Tuesday, 22 November 2022.

### Approvals required for resolutions

Ordinary Resolutions Numbers 1 to 14 contained in this Notice of AGM require the approval by more than 50% of the votes exercised on the resolutions by shareholders present or represented by proxy at the AGM, subject to the provisions of the Companies Act, the Memorandum of Incorporation and the Listings Requirements. Ordinary Resolutions Numbers 13 and 14 are non-binding advisory votes.

Special Resolutions Numbers 1 to 4 contained in this Notice of AGM require the approval by at least 75% of the votes exercised on the resolutions by shareholders present or represented by proxy at the AGM, subject to the provisions of the Companies Act, the Memorandum of Incorporation and the Listings Requirements.

Equity securities held by a share trust or scheme of the Company will not have their votes taken into account for the purposes of resolutions passed in terms of the Listings Requirements. Shares held as treasury shares may not vote on any resolution.

### Participation and voting by shareholders or proxies

- (i) The Company is pleased to offer shareholders an online voting facility during the AGM via the Lumi Platform for both shareholders attending the AGM in-person (physically) at the venue as well as those shareholders who will be attending the AGM via electronic communication.
- (ii) While voting on the day is possible, we encourage certificated shareholders and dematerialised shareholders with "own-name" registration attending either in-person or via electronic communication to cast their votes in respect of the business of the AGM in advance by completing and returning a proxy form. This will ensure that your vote will be counted whether or not you attend the AGM.
- (iii) A demonstration will be conducted for the convenience of shareholders attending the AGM in-person on how to use the Lumi Voting Devices. Shareholders are also referred to the "Electronic Participation Meeting Guide" published on the Company's website at [www.remgro.com](http://www.remgro.com) for instructions on electronic voting.
- (iv) In order to allow the voting preferences of all shareholders to be taken into account, voting will take place by way of a poll and accordingly every holder of ordinary shares will have one vote in respect of each ordinary share held and every holder of B ordinary shares will have 10 votes in respect of each B ordinary share held.
- (v) Shareholders are reminded that:
  - a shareholder entitled to attend and vote at the AGM is entitled to appoint one or more proxy(ies) to attend, participate, speak and vote at the AGM in their stead at the AGM. Shareholders are referred to the attached proxy form;
  - a proxy need not also be a shareholder(s) of the Company; and
  - in terms of section 63(1) of the Companies Act, any person attending or participating in a meeting of shareholders must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as shareholder or as proxy for a shareholder) has been reasonably verified.
- (vi) Certificated shareholders and dematerialised shareholders with "own-name" registration who are unable to attend the AGM and who wish to be represented at the AGM, must complete and lodge the attached proxy form in accordance with the instructions contained therein, so as to be received by Computershare Investor Services Proprietary Limited (Transfer Secretaries), at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa (Private Bag X9000, Saxonwold, 2132, South Africa), or via email at [proxy@computershare.co.za](mailto:proxy@computershare.co.za), in each case by no later than Monday, 28 November 2022, at 10:30 am for administration purposes, provided that any form of proxy not delivered to the Transfer Secretaries by this time may be emailed to the Transfer Secretaries (who will provide same to the chairman of the AGM) at any time before the AGM.

- (vii) Dematerialised shareholders without "own-name" registration who wish to attend the AGM in-person must request their CSDP or broker to provide them with the necessary letter of representation in accordance with the relevant custody agreement. Dematerialised shareholders without "own-name" registration who do not wish to attend the AGM but wish to be represented at the AGM must advise their CSDP or broker of their voting instructions. Such shareholders should contact their CSDP or broker with regard to the cut-off time for their voting instructions.
- (viii) [Electronic participation: As stated above, participation in the AGM will also be via electronic communication and shareholders wishing to attend the AGM via electronic means must follow the instructions for registration, attendance and participation set out below. The cost \(e.g. for mobile data consumption or internet connectivity\) of electronic participation in the AGM will be carried by the participant. The participant acknowledges that the electronic communication services are provided by third parties and indemnifies the Company and its directors/employees/company secretary/transfer secretaries/service providers against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the electronic services, whether or not the problem is caused by any act or omission on the part of the participant or anyone else. In particular, but not exclusively, the participant acknowledges that he/she will have no claim against the Company or its directors/employees/company secretary/transfer secretaries/service providers, IF HE/SHE IS UNABLE TO VOTE AND whether for consequential damages or otherwise, arising from the use of the electronic services or any defect in it or from total or partial failure of the electronic services and connections linking the participant via the electronic services to the AGM.](#)

[As indicated above, shareholders are advised to cast their votes in respect of the business of the AGM in advance by completing and returning a proxy form, and SHOULD TAKE NOTE THAT if the electronic equipment fail in any manner \(including as a result of loadshedding or a generator failure\), the shareholders cannot hold the Company responsible/liable for not being able to vote.](#)

## Registration to attend the AGM

- 1) Registering online by no later than 10:30 am on Monday, 28 November 2022

Shareholders who wish to attend the AGM (in-person or via electronic communication) can register online using the online registration portal at [www.smartagm.co.za](http://www.smartagm.co.za) to, *inter alia*, allow the Transfer Secretaries to arrange the participation of the shareholder at the AGM.

- 2) Registering via email by no later than 10:30 am on Monday, 28 November 2022

Shareholders who wish to attend the AGM (in-person or via electronic communication) can register by making a written application to so participate either in-person (physical) or via electronic communication, by email to [proxy@computershare.co.za](mailto:proxy@computershare.co.za), in order for the Transfer Secretaries to, *inter alia*, arrange such participation for the shareholder.

- 3) Registering after 10:30 am on Monday, 28 November 2022

Shareholders wishing to participate in and/or vote at the AGM may still register, as contemplated in 1 and 2 above, after 10:30 am on Monday, 28 November 2022, provided, that for those shareholders to participate in and/or vote at the AGM, those shareholders must be verified and registered (as required in terms of section 63(1) of the Companies Act by uploading their relevant verification documentation as more fully set out under Identification below) before the commencement of the AGM.

- 4) Registering at the venue of the AGM

Shareholders who wish to attend in-person and vote at the meeting, and who have not registered online, will be able to register at the venue from 9:30 to 10:15 am. In order to register at the venue, shareholders will be required to provide identification reasonably satisfactory to the Transfer Secretaries, as more fully set out under Identification below. Once registered to the satisfaction of the Transfer Secretaries, such shareholders will be able to participate in and vote at the AGM.

## Electronic attendance at the AGM

Once registered in accordance with the instructions above, shareholders attending via electronic communication will be required to connect to the AGM through the Lumi website by following the steps set out at [www.smartagm.co.za](http://www.smartagm.co.za). Shareholders are referred to the "Electronic Participation Meeting Guide" published on the Company's website at [www.remgro.com](http://www.remgro.com) for further instructions relating to the electronic participation.



The Transfer Secretaries will by no later than 5:00 pm on Tuesday, 29 November 2022, notify eligible shareholders of the access details through which eligible shareholders can participate electronically in and/or vote at the AGM.

Shareholders participating in the AGM in this manner may still appoint a proxy to vote on their behalf at the AGM.

Guests will be able to access the AGM at [www.smartagm.co.za](http://www.smartagm.co.za) by selecting the applicable meeting and clicking on LUMI PLATFORM LINK. The option, "I am a Guest" must be selected on the login screen. Guests will be prompted to complete all the relevant fields including title, first name, last name and email address. Please note, guests will not be able to ask questions or vote at the AGM.

## Identification

In terms of section 63(1) of the Companies Act, all AGM participants will be required to provide identification reasonably satisfactory to the Transfer Secretaries, as follows:

- Participants registering to participate in the AGM using the online registration method contemplated above, by uploading the relevant documentation via the online registration portal; or
- Participants registering to participate in the AGM by submitting the written application contemplated above, by submitting the relevant documentation by email to proxy@computershare.co.za; or
- Participants attending the AGM in-person and who have not registered online, by furnishing the relevant documentation to the Transfer Secretaries at the AGM venue.

The Transfer Secretaries must be reasonably satisfied that the right of that person to attend, participate in and vote at the AGM as a shareholder or a proxy or representative of a shareholder, has been reasonably verified.

Acceptable forms of identification include valid South African driver's licences, green barcoded identity documents or barcoded identification smart cards, issued by the South African Department of Home Affairs, and passports.

## Questions

The Company appreciates that the AGM presents an opportunity for shareholders to receive an update on the Company and to ask questions to the Board. To facilitate engagement between shareholders attending in-person and those attending via electronic communication, the Company will allow questions to be raised at the meeting by shareholders attending in person or submitted via text by shareholders attending via electronic communication.

We would like to respond to as many shareholders' questions as possible and therefore encourage shareholders to submit the questions that they wish to raise at the AGM in advance of the AGM by sending them by email to the Company Secretary at ddreyer@remgro.com, by no later than 10:30 am on Tuesday, 29 November 2022, in order to ensure that your questions are addressed at the AGM.

By order of the Board.



D I Dreyer  
Company Secretary

Stellenbosch  
26 September 2022

# **Remgro**

## **Limited**

(Incorporated in the Republic of South Africa)  
(Registration number 1968/006415/06)  
(Share code: REM ISIN: ZAE000026480)  
(the Company)

### **Form of proxy**

This form of proxy is only for use by:

1. Registered shareholders who have not yet dematerialised their Remgro Limited ordinary shares; and
2. Registered shareholders who have already dematerialised their Remgro Limited ordinary shares and are registered in their "own names" in the Company's uncertificated securities register.\*

\* See explanatory note 3 overleaf.

For completion by the aforesaid registered shareholders who hold ordinary shares of the Company (shareholder) and who are unable to attend the 2022 Annual General Meeting of the Company to be held on Wednesday, 30 November 2022, at 10:30 am, at The Lord Charles Hotel, Corner of Main Road and Broadway Boulevard, Somerset West, 7130 and via electronic communication (the AGM).

I/We \_\_\_\_\_

of (address) \_\_\_\_\_ contact details (telephone number) \_\_\_\_\_

being the holder(s) of \_\_\_\_\_ ordinary shares in the Company, hereby appoint (see instruction 1 overleaf)

1. \_\_\_\_\_ or, failing him/her,
2. \_\_\_\_\_ or, failing him/her,
3. the chairman of the AGM, as my/our proxy to attend, speak and vote for me/us and on my/our behalf or to abstain from voting at the AGM and at any adjournment thereof, as follows (see note 2 and instruction 2 overleaf):

	Insert an "X" or the number of votes exercisable (one vote per ordinary share)		
<b>Ordinary resolutions</b>	In favour of	Against	Abstain
1. Approval of Annual Financial Statements			
2. Reappointment of auditor			
3. Election of director – Ms S E N De Bruyn			
4. Election of director – Ms M Lubbe			
5. Election of director – Mr P J Moleketi			
6. Election of director – Mr M Morobe			
7. Election of director – Mr P J Neethling			
8. Election of member of the Audit and Risk Committee – Ms S E N De Bruyn			
9. Election of member of the Audit and Risk Committee – Mr N P Mageza			
10. Election of member of the Audit and Risk Committee – Mr P J Moleketi			
11. Election of member of the Audit and Risk Committee – Mr F Robertson			
12. General authority to place 5% of the unissued ordinary shares under the control of the directors			
13. Non-binding advisory vote on Remuneration Policy			
14. Non-binding advisory vote on Remuneration Implementation Report			
<b>Special resolutions</b>			
1. Approval of directors' remuneration			
2. General authority to repurchase shares			
3. General authority to provide financial assistance for the subscription and/or purchase of securities in the Company or in related or inter-related companies			
4. General authority to provide financial assistance to related and inter-related companies and corporations			

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2022

Signature(s) \_\_\_\_\_

Assisted by \_\_\_\_\_  
(where applicable)

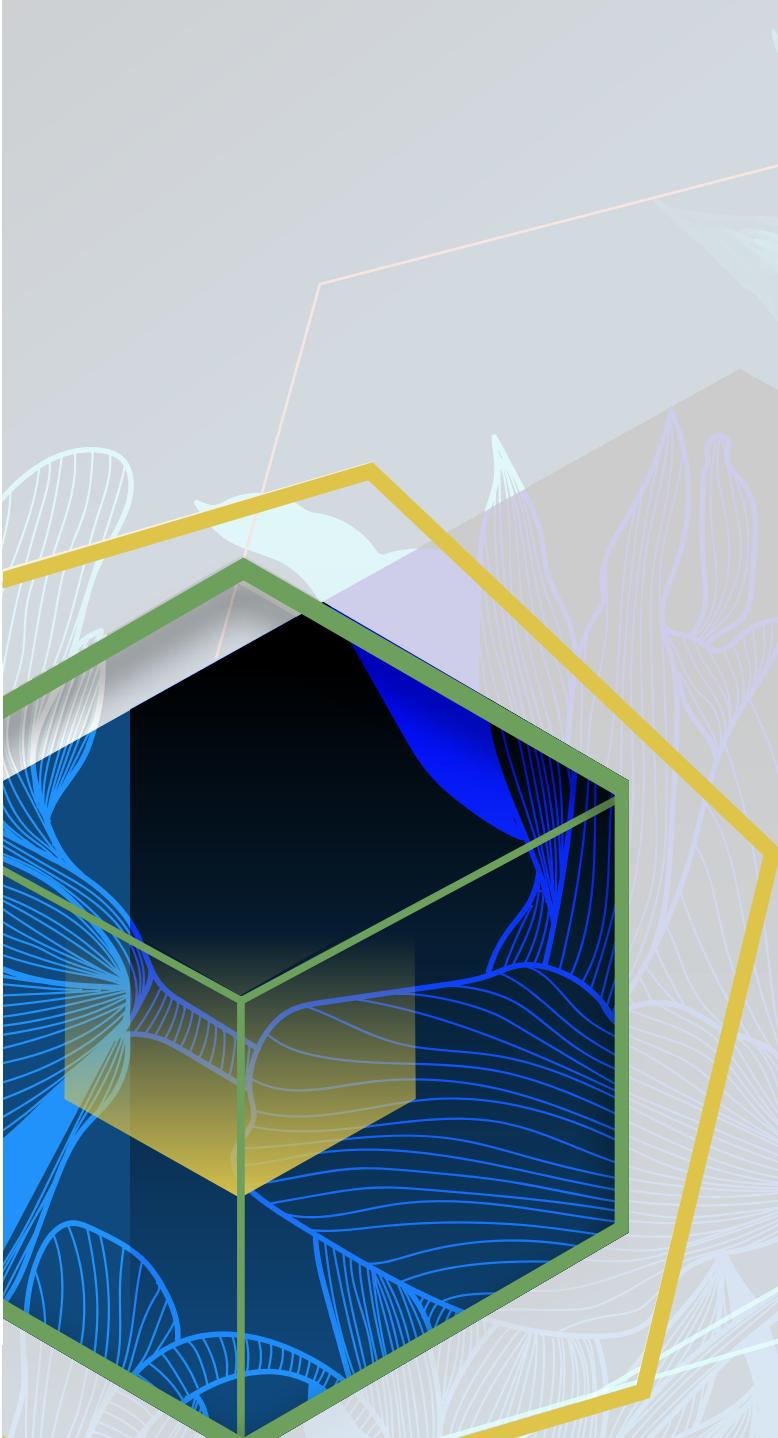
Please read the notes and instructions overleaf.

## Notes

1. A shareholder entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a registered shareholder of the Company.
2. On a poll, every holder of ordinary shares shall be entitled to one vote per ordinary share held and every holder of B ordinary shares shall be entitled to 10 votes per B ordinary share held.
3. Shareholders whose uncertificated shares are registered in their "own name" are shareholders who elected not to participate in the Issuer-Sponsored Nominee Programme and who appointed Computershare Investor Services Proprietary Limited as their Central Securities Depository Participant (CSDP) with the express instruction that their uncertificated shares are to be registered in the electronic uncertificated securities register **in their own names**.

## Instructions on signing and lodging 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 overleaf, with or without deleting "the chairman of the AGM", but any such deletion must be initialled by the shareholder. Should this space(s) be left blank, the proxy will be exercised by the chairman of the AGM. The person whose name appears first on the form of proxy and who participates in the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
2. A shareholder's voting instructions to the proxy must be indicated by the insertion of an "X", or the number of votes which that shareholder wishes to exercise, in the appropriate spaces provided overleaf. Failure to do so will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/she thinks fit in respect of all the shareholder's exercisable votes. A shareholder or his/her proxy is not obliged to use all the votes exercisable by him/her or by his/her proxy, but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the shareholder or by his/her proxy.
3. 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.
4. The completed forms of proxy must be lodged with the Transfer Secretaries of the Company, Computershare Investor Services Proprietary Limited at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa, or posted to the Transfer Secretaries at Private Bag X9000, Saxonwold, 2132, South Africa, or via email at [proxy@computershare.co.za](mailto:proxy@computershare.co.za), to be received by them not later than Monday, 28 November 2022, at 10:30 am (South African time) for administrative purposes, provided that any form of proxy not delivered to the Transfer Secretaries by this time may be emailed to the Transfer Secretaries (who will provide same to the chairman of the AGM) at any time before the AGM.
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 Transfer Secretaries or waived by the chairman of the AGM.
6. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
7. The appointment of a proxy in terms of this form of proxy is revocable in terms of the provisions of section 58(4)(c) read with section 58(5) of the Companies Act (No. 71 of 2008), as amended, and accordingly 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.
8. The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this form of proxy must be initialled by the signatory(ies).
9. The chairman of the AGM may accept any form of proxy which is completed other than in accordance with these instructions provided that he is satisfied as to the manner in which a shareholder wishes to vote.

A central graphic element consists of a dark blue hexagon with a green border, set against a background of stylized, wavy blue and white lines. A yellow line forms a path or boundary around the hexagon, ending in a sharp point that pierces the top edge of the hexagon.

MORE ON OUR  
STORY TO BE  
REVEALED IN  
**2023**

[www.remgro.com](http://www.remgro.com)

Designed and produced by GreymatterFinch.

This report is printed on Korea Neo Art Matt.

Neo Art Matt is FSC® certified stock.

GREY MATTER FINCH # 16021

**More information**

This Integrated Annual Report is published as part of a set of reports in respect of the financial year ended 30 June 2022, all of which are available on the Company's website.

