

ABRIDGED SUSTAINABLE DEVELOPMENT REPORT

“If business emphasises profit to the exclusion of social goals, it may find itself abandoned and destroyed by the people it has ignored.”

(Henry Ford II)

INTRODUCTION

Remgro’s current value system incorporates the guidelines drawn up by its founder, Dr Rupert, nearly 60 years ago for doing business successfully. These guidelines 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-man, 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

Remgro believes that these values incorporate the spirit in which it strives to be a good corporate citizen. 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 core values.

Remgro is fully committed to managing its business in a sustainable way and upholding the highest standards of ethics and corporate governance practices. While corporate governance, risk management and IT governance are addressed in the Corporate Governance and Risk Management Reports, the Sustainable Development Report provides a better understanding of Remgro’s efforts on the social and environmental front in order to achieve its key objectives of maximising value creation over the short, medium and long term, whilst doing business ethically. Refer to the table below for the external recognition and achievements during the reporting period in this regard.

SUSTAINABILITY HIGHLIGHTS

1

Successful participation in the JSE SRI Index since its inception in 2004

2

Continued participation in the Carbon Disclosure Project (CDP) and repeat achievement of listings in the Climate Disclosure and Performance Leadership Indices

3

Continued membership of the Ethics Institute of South Africa

4

Maintaining our level 5 contributor status in terms of the BBBEE scorecard

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 and Internal audit
Internal risk management	All key business risk areas	Internal management reviews, assisted by Remgro Risk and Internal audit
BBBEE level 5 contributor verification	Broad-based black economic empowerment	Empowerdex
External calculation of carbon footprint	Carbon footprint calculation	Carbon Calculated, assisted by an independent consultant

EXTERNAL ASSURANCE

We acknowledge the increasing requirements from investors and regulatory and other guidelines, such as King III 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, Carbon Disclosure Project (CDP) verification), as illustrated in the table above. 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 APPROACH TO SUSTAINABILITY

Remgro’s Board is ultimately accountable for the performance of the Company, appreciating that strategy, risk, performance and sustainability are inseparable. In this regard 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 role and function of this committee is dealt with in more detail in the Corporate Governance Report and the Social and Ethics Committee Report on pages 61 and 74 respectively.

ETHICS 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, transparency, fairness, responsibility and accountability in order to position the Company as an investment partner of choice. 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 are 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 provides strict policies regarding gifts, invitations or favours received from suppliers or any other party. The offering of favours to gain unfair commercial advantages is also strictly prohibited.

The Audit and Risk Committee monitors compliance with the code and addresses instances of fraud or irregularities. During the reporting period there were no incidents of fraud or irregularities.

The Company has implemented an **Ethics line** 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 line is managed by an independent third party and is available on a 24-hour basis. During the year under review no calls were received through the Ethics line that related to alleged governance breaches or ethical anomalies at Remgro. Where calls are received which relate to alleged irregularities at investee companies, such calls are directed to the appropriate governance structures at the respective investee companies via the Remgro representatives serving on the boards of these companies.

Remgro Ethics Hotline 0800 86 4726
or email ethicsline@kpmg.co.za

COMPETITION

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

COMPLIANCE

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

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:

- **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 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 strategy of Remgro with respect to stakeholder engagements, ensuring that a stakeholder-inclusive approach to corporate governance is followed.

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 many economic impacts on our stakeholders through, amongst other things, the generation and distribution of value, the creation of employment opportunities, remunerating our employees fairly and competitively, and our corporate social investment. We continuously manage these and engage with our stakeholders on matters relevant to them, as reported elsewhere in this report.



SHAREHOLDERS AND THE INVESTMENT COMMUNITY

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 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 general meetings where topical matters are discussed openly. Further interactions with institutional investors take place twice a year at the dial-in interim and final results presentations, where questions can be directed to the CEO and CFO. The investment community is also welcome to contact senior management directly.

The most recent and historic financial and other information are published on the Company's website at www.remgro.com.

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. 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 are not treated more favourably than ordinary shareholders.

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

INVESTEE COMPANIES AND OTHER SHAREHOLDERS OF SUCH INVESTEE COMPANIES

Remgro's performance is directly linked to the performance of the underlying investee companies and accordingly communication with those 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, as and when 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.

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 Sustainable Development Report published on the Company's website at 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 (if applicable), the stability and proven track record of the organisation and available support network.

As Remgro is an investment holding company its cost structure is 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 communication is on an ad hoc basis as and when the need arises and usually in the form of formal meetings. Regulatory bodies like National Treasury, the South African Reserve Bank (SARB) and the JSE Limited 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 implemented 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 and Industry. In terms of the latest assessment of Remgro’s BBBEE status performed during April 2015, Remgro obtained a score of 56.85, thereby retaining its level 5 contributor status. The details of the assessment are fully set out in Figure 1 and includes the BBBEE initiatives of Remgro’s main independent operating subsidiaries, RCL Foods (including Foodcorp and TSB Sugar) and Wispeco.

It should be noted that the code system (BBBEE points) was amended by the Department of Trade and Industry – the amendments, which became effective on 11 October 2014, significantly change the manner in which a firm’s BBBEE status (or level) will be calculated, as the number of BBBEE points required to achieve a particular BBBEE level has been increased. These changes will materially affect Remgro’s BBBEE rating and status for the 2016 reporting year.

EQUITY OWNERSHIP

Verification of BBBEE ownership is governed by the Codes of Good Practice on BBBEE (the Code) which were gazetted on 9 February 2007 in terms of Section 9(1) of the Broad-Based Black Economic Empowerment Act (No. 53 of 2003). The methodology followed for the verification and certification of Remgro’s contributions to BBBEE ownership was taken from the provisions of Code Series 100, Statement 102 – Recognition of Sale of Assets.

It should be noted that, in addition to the above, there is also black ownership included in the shareholdings in Remgro held by institutional investors (refer to page 111 where Remgro’s major shareholders are disclosed). Due to the fact that the records of the ultimate beneficiaries of these shareholdings are not readily available by race and gender, it was not quantified.

Although Remgro’s BBBEE score includes the initiatives of RCL Foods and Wispeco, the discussion below regarding the other elements of the generic scorecard criteria only relate 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” on the next page.

Figure 1

BBBEE SCORECARD

Element	Indicator	Weighting	Score
Equity ownership	Percentage share of economic benefits	20	9.46
Management control	Percentage black persons in executive management and/or executive board committees	10	3.17
Employment equity	Weighted employment equity analyses	15	2.67
Skills development	Skills development expenditure as a proportion of total payroll	15	7.91
Preferential procurement	Procurement from black-owned and empowered enterprises as a proportion of total assets	20	13.64
Enterprise development	Average value of enterprise development contribution as a percentage of the target of 3% of net profit after tax	15	15.00
Socio-economic development	Corporate social investment for the benefit of black persons	5	5.00
Total score		100	56.85

MANAGEMENT CONTROL

The composition of Remgro's Board is structured in such a way as to ensure that the collective skills and experience of directors are suitable to carry out its responsibilities and to achieve the Company's objectives. The Board transformed considerably during the past years, with five of the eleven non-executive directors (45%) being black. On Management Board level, one of the five members is also black.

EMPLOYMENT EQUITY

Employment equity represents Remgro's most significant transformation challenge. An annual labour plan is submitted to the Department of Labour where Remgro's transformation objectives are set out in detail. 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 82.

Remgro's summarised employment equity report as at 31 August 2015 is presented in Figure 2 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 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. Remgro purchases more than half of its goods and services from BBBEE-accredited vendors. The improvement of the preferential procurement score remains a focus area for Remgro.

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 83.

BBBEE AT INVESTEE COMPANIES

Remgro monitors and contributes to its investees' BBBEE performance 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 32.

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 Sustainable Development Report published on the Company's website at www.remgro.com.

Figure 2

SUMMARISED EMPLOYMENT EQUITY REPORT (as at 31 August 2015)

Occupational levels	Male				Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	1	0	4	0	0	0	0	0	0	5
Senior management	1	1	0	12	0	0	0	3	0	0	17
Professionally qualified and experienced specialists and mid-management	0	1	2	19	1	1	0	8	0	0	32
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	4	6	1	10	0	8	1	30	0	0	60
Semi-skilled and discretionary decision-making	18	24	0	1	7	9	0	0	0	0	59
Unskilled and defined decision-making	0	0	0	0	0	0	0	0	0	0	0
Total permanent	23	33	3	46	8	18	1	41	0	0	173
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	23	33	3	46	8	18	1	41	0	0	173

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 174 people being employed as at 30 June 2015 (2014: 173 employees). Refer to Figure 3 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 6.4%, compared to 9.8% for the comparative year to 30 June 2014. The turnover rates were calculated by using the total number of employees at year-end. By only taking into account resignations (thus avoidable employee turnover), the above numbers reduce to 2.9% for 2015 and 4.0% for 2014.

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. In this regard the Company will at all times endeavour to appoint the best candidate in a position. Remgro believes that all persons are entitled to equal employment opportunities and, accordingly, no unfair discrimination against employees or applicants based on gender, race, religion or any other factor is allowed.

EMPLOYMENT EQUITY

Remgro endorses the principles of the Employment Equity Act, 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 loyalty. Special attention is given to those groups which, because of historic reasons, may be in a disadvantaged position.

EMPLOYEE REMUNERATION

Our objective is to reward our employees fairly and competitively, according to their capabilities, skills, responsibilities 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 approach for directors and members of the Management Board. Refer to the Remuneration Report on page 85 where Remgro’s remuneration approach is set out in detail.

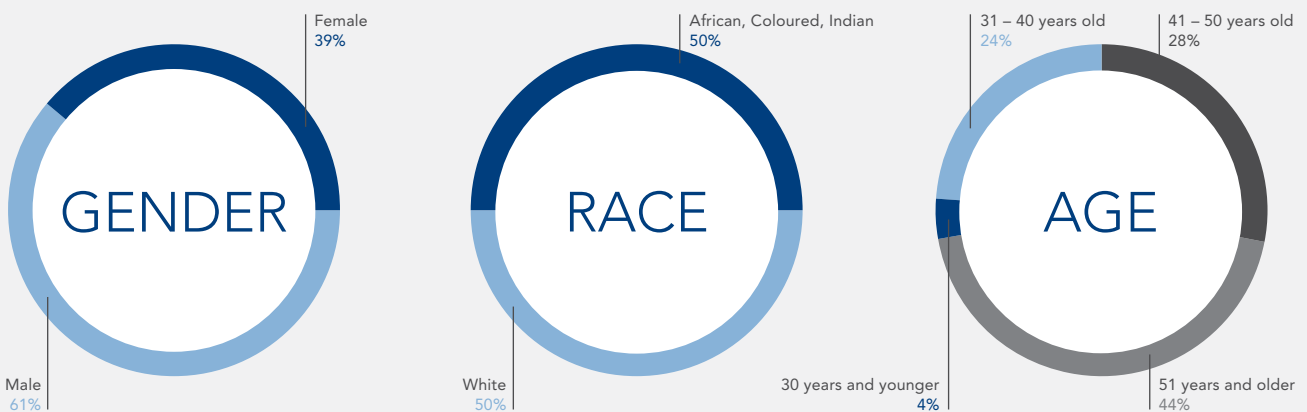
Remgro offers retirement benefits to its employees in the form of a defined-benefit (closed fund) and a defined-contribution fund that are administered independently of the finances of the Company. In addition, employees are also offered medical insurance and study assistance.

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, no prescribed training programmes are promoted. Individuals are, however, encouraged to attend training programmes which

Figure 3

COMPOSITION OF EMPLOYEES (as at 30 June 2015)



will better equip them to do their jobs. During the past few years numerous workshops and training sessions on King III, the Companies Act and the Competition Act were held to ensure that its directors and management are equipped to implement and practise sound corporate governance at all levels where they are involved.

HEALTH AND SAFETY

The Company has a duly constituted Health and Safety Committee, as required by the Occupational Health and Safety Act. The committee is a subcommittee of the Risk and IT Governance Committee 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.

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 policies and strategies is monitored against best practice standards. More information regarding the management of HIV/Aids by Remgro’s operating subsidiaries is provided in the section on “Sustainability at operating subsidiaries” in the detailed Sustainable Development Report published on the Company’s website at www.remgro.com.

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 can choose to participate.

INVESTING IN THE COMMUNITY

Remgro’s corporate social investment 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
- Sport development

Remgro aims to maintain a corporate social investment (CSI) spend of approximately 2.5% of its net free cash flow annually. In this regard an official donations 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 spending amounted to R18 million (2014: R23 million), as set out in the table below.

	Year 30 June 2015 R million	Year 30 June 2014 R million
Summary of CSI spend		
Community development	6	8
Cultural development	2	3
Entrepreneurship, training and education	6	9
Environment	1	1
Healthcare	1	1
Sport development	2	1
	18	23

Further details regarding Remgro’s CSI initiatives can be found in the detailed Sustainable Development Report published on the Company’s website at www.remgro.com.



SUSTAINABILITY AT OPERATING SUBSIDIARIES

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



Please refer to the detailed Sustainable Development Report published on the Company's website at www.remgro.com for further details regarding the social and environmental performance of these subsidiaries.

ENVIRONMENT

Remgro recognises that the operations of its various subsidiaries impact the environment while, at the same time, these operations are dependent on critical environmental services such as potable water, fertile soil and clean air. It also acknowledges that climate change and environmental degradation pose a risk to areas of Remgro's operations, while increased consumer awareness and changing demand for goods with low environmental impact can provide opportunities to explore and capture new markets. Hence, Remgro continuously analyses its impact on the environment; its response to changing environmental realities; and the pursuit of new opportunities that might arise as a result of responsible environmental management. Of priority is a focus in all subsidiaries on issues relating to carbon emissions, energy, water and waste management.

In order to manage its impact on the environment, Remgro has implemented an Environmental Management Policy (the Policy). The Policy includes Remgro Management Services Limited (RMS – its service company), RCL Foods and Wispeco. The Remgro Board is ultimately responsible for the implementation of the Policy, but has delegated its responsibilities to the Risk and IT Governance Committee who is responsible to review and recommend the approval of environmental procedures implemented and maintained by RMS. With regard to RCL 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 its respective environmental management processes.

Further details regarding Remgro's initiatives to minimise its impact on the environment is presented in the detailed Sustainable Development Report published on the Company's website at www.remgro.com.



FEEDBACK

We welcome any feedback on Remgro's sustainable development practices and this report. In this regard please contact:

The Company Secretary
 Mariza Lubbe
 Tel: +27 (0)21 888 3311, Fax: +27 (0)86 581 0061
 Email: ml@remgro.com
 Postal address: PO Box 456, Stellenbosch 7599