

CORPORATE GOVERNANCE REPORT

GOVERNANCE FRAMEWORK

Remgro is committed to the highest level of corporate governance, integrity and ethics. The Board of Directors (the Board) is ultimately responsible for ensuring that governance standards are met and it is therein assisted by senior management who aim to instil a culture of compliance and good governance throughout the Remgro Group. This is underscored by sound and visible leadership characterised by the ethical values of responsibility, accountability, fairness and transparency. Sound corporate governance structures and processes are being applied and are considered by the Board to be pivotal to delivering sustainable growth in the interest of all stakeholders.

The Board 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, joint ventures and associated companies endorse the principles contained in the King Report on Governance for South Africa 2009 (King III). Effective corporate governance forms part of Remgro's investment assessment criteria which are further monitored on a continuous basis by non-executive board representation on those investee companies' boards.

Remgro is an investment holding company and accordingly all references to "the Group" in this context denote the Company and its wholly owned subsidiaries. Remgro's main wholly owned operating subsidiary is Wispeco. Wispeco is operated and managed as an independent entity with an autonomous board of directors, however, the composition of its board does not comply with the independence requirements of King III due to the size of the business. Remgro's representatives on the board of that company, however, ensure that sound corporate governance and sustainability practices are followed by Wispeco through the adoption and implementation of Remgro's policies, processes and procedures.

Remgro's other wholly owned subsidiaries, excluding Wispeco referred to above, are not operating companies and are administered by Remgro Management Services Limited (RMS). The members of Remgro's Management Board are also the directors of RMS. RMS renders management and support services to Remgro and certain of its subsidiaries, joint ventures and associates and partially recovers its costs through fees for services rendered. The net costs of RMS are part of the corporate costs of Remgro.

The Board is satisfied that Remgro has met the majority of the principles contained in King III throughout the year under

review. When a principle of King III has not been adhered to as specified, this is explained where relevant. **For ease of reference, however, a summary of all the principles of King III that were not applied is presented below.**

- The Chairman of the Board, Mr Johann Rupert, is not an independent non-executive director but, given his knowledge of the business and his commercial experience, the Board deems this arrangement not only as appropriate but also essential for achieving the business objectives of Remgro.
- The Chairman of the Board acts as *ex officio* chairman of the Remuneration and Nomination Committee. Although he is not independent the Board is supportive of his chairmanship of the Remuneration and Nomination Committee given the necessity to align the Company's remuneration approach with corporate strategy. The Chairman receives no remuneration or fees from Remgro.
- The Board and subcommittees are evaluated annually, but have decided not to disclose the overview of the appraisal process, results and action plans in the integrated report due to the potential sensitive nature thereof.
- In terms of the Board's annual evaluation process, directors are not evaluated individually. Independent non-executive directors are, however, evaluated individually with regard to their independence and specifically the independence of the directors serving on the Board for more than nine years.
- In terms of King III, the integrated report should disclose the terms of reference of the Board committees; however, only a summary of the terms is disclosed in the integrated report. The complete terms of reference of Board committees are available on the Company's website at www.remgro.com.
- The Board does not believe that directors should earn attendance fees in addition to a base fee. Many directors add significant value to the Group outside of the formal Board and Committee meetings, sometimes greater than they might do within the confines of a formal meeting.
- The Board does not intend to ask the shareholders for non-binding approval for Remgro's remuneration policy. The rationale and basis for the Group's executive remuneration policy is carefully considered by the Remuneration and Nomination Committee and is disclosed in the Integrated Annual Report.
- The Board does not intend to institute a formal dispute resolution process as it believes that the existing processes within the Group operate satisfactorily and do not require a more formal and separate mechanism. Shareholders have remedies in terms of the Companies Act.



- The King III Report recommends that the Company's Sustainable Development Report be audited by an independent external professional party. Remgro's Sustainable Development Report has not been audited but verification of the key sustainability indicators has been obtained through agreed upon procedures performed by internal audit and independent service providers.

An index on the Company's application of each King III principle is published on the Company's website at www.remgro.com.

The Board is further satisfied that the Company has met the requirements of the Companies Act (No. 71 of 2008), as amended (Companies Act), and the Listings Requirements of the JSE Limited. Compliance with all relevant laws, regulations, accepted standards or codes is integral to the Group's risk management process and is monitored on a continuous basis. As in previous years there has been no major non-compliance by, or fines or prosecutions against the Group during the year under review.

Remgro measures the effectiveness of its governance processes by means of continuous successful participation in the JSE's Socially Responsible Investment (SRI) Index since the launch thereof in May 2004. In this regard the governance practices of RCL Foods Limited, being Remgro's largest and only listed subsidiary, as well as those of Wispeco, are incorporated.

BOARD OF DIRECTORS

BOARD CHARTER AND RESPONSIBILITIES

The Board has adopted a formal charter which has been implemented to:

- identify, define and record the responsibilities, functions and composition of the Board, and
- serve as a reference for new directors.

All directors of Remgro have endorsed the charter and a copy of the charter is available for inspection on Remgro's website.

Key responsibilities in terms of the charter include the following:

- ensuring that the Board's composition incorporates the necessary skills and experience;
- appointment of new directors;
- the annual appointment and evaluation of the Chief Executive Officer and the Chief Financial Officer;
- addressing all aspects that are of a strategic or material nature or that can impact the reputation of Remgro;

- directing the ethical standards, strategy and operations of the Group to build a sustainable business, while considering the short- and long-term impact of the Group's strategy on the economy, society and the environment;
- monitoring compliance with laws and regulations and codes of best business practice;
- ensuring that relevant and accurate information is timeously communicated to stakeholders;
- ultimate responsibility for the strategic direction, risk appetite, performance and affairs of Remgro;
- approval of new investments or extension of existing investments for amounts more than R500 million, as well as the disposal of existing investments for amounts more than R500 million;
- monitoring the operational and investment performance of Remgro;
- empowerment of executive management to implement operational and investment plans and strategies in terms of delegated authorities;
- risk management and IT governance;
- ensuring that sustainability reporting is integrated with financial reporting;
- the promotion of good governance by its subsidiaries, including the adoption and implementation of Remgro's policies, processes and procedures by subsidiaries;
- ensure that the remuneration of directors and senior management is determined in terms of the remuneration policy;
- at least twice a year, consider the going concern status of Remgro.

The Board is satisfied that it has discharged its duties and obligations as described in the Board charter during the past financial year. Only minor amendments were made to the Board charter during the year under review.

Remgro has a fully functional Board that leads and controls the Group. All issues of a material or strategic nature, or which can impact on the reputation of the Group, are referred to the Board. 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 meets at least five times a year and follows an annual work plan to ensure that all relevant matters are dealt with. Members of the Board and subcommittees receive an agenda, together with supporting documentation, at least one week prior to each meeting in order to enable them to be fully prepared. All directors have unlimited access to the services of the Company Secretary and senior management, as well as to all company records.

COMPOSITION OF THE BOARD

Details of the directors of the Company appear on pages 14 to 15 of the Integrated Annual Report.

The composition of the Board reflects a balance of executive and non-executive directors, of whom the majority are independent, in order to ensure that there is a clear balance of authority so that no one individual has unfettered decision-making powers. As at year-end the Board consisted of three executive and eleven non-executive directors of whom eight were independent. Non-executive directors are selected to serve on the Board for their broader knowledge and experience and are expected to contribute effectively to decision-making and the formulation of policy. 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.

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.

The Board will not comprise fewer than six or more than nineteen directors, or any other number as the Board may from time to time determine. The Board is satisfied that its current members possess the required collective skills and experience to carry out its responsibilities, to achieve the Group's objectives and create shareholder value over the long term. In terms of the Memorandum of Incorporation of the Company 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 office for a period of three years since his last election shall retire at such meeting.

The roles and responsibilities of the Chairman of the Board and the Chief Executive Officer are separated. The Chairman, the Deputy Chairmen, the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) are all elected and/or appointed on an annual basis.

As mentioned earlier, the Chairman of the Board is not an independent director. The Board acknowledges the principle in the King Report to appoint an independent non-executive director as Chairman but, given 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. In compliance with King III and the JSE Listings Requirements, the Board has

appointed Mr G T Ferreira as Lead Independent Director (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 LID is appointed by the Board on an annual basis.

The CEO, Mr Jannie Durand, is responsible for the day-to-day management of the Company and he is assisted in this regard by Mr Leon Crouse (CFO). Between the two of them they have 48 years of service working for Remgro and Remgro-related businesses.

EVALUATION OF THE BOARD, SUBCOMMITTEES AND INDIVIDUAL DIRECTORS

The Board and subcommittees are evaluated annually by their members. The results of these evaluations are not disclosed in the Integrated Annual Report, but the nomination for reappointment of directors only occurs after the evaluation of the performance of the Board. The Board determines its functions, duties and performance criteria, as well as those for subcommittees, to serve as a benchmark for the performance appraisals.

The Board is satisfied with the independence of independent non-executive directors, including the independence of Messrs Fred Robertson and Paul Harris, who have served on the Board for 14 years. Based on the evaluation there is no evidence of any circumstances and/or relationships that will impair their judgement, and their independence is in no way affected by the length of service.

INDUCTION OF NEW DIRECTORS

Newly appointed Board members are formally informed of their fiduciary duties by the Company Secretary. Upon their appointment directors receive an induction pack consisting of, inter alia, agendas and minutes of the two most recent Board and subcommittee meetings (if applicable), latest annual financial statements and Integrated Annual Report, the Company's code of conduct regarding insider trading, Group structure, Board charter and subcommittee mandates, etc. in order to inform them of existing matters and risks that are currently being addressed as well as to provide them with a general understanding of the Group. New Board members are also invited to have induction meetings with executive directors and senior management. In addition new members will also receive information on the JSE Listings Requirements and the obligations therein imposed upon directors.

Members of the Board, subcommittees and individual directors are entitled to seek independent professional advice concerning the affairs of the Group, at the Company's expense, with prior notification to the CEO or Company Secretary.

COMPANY SECRETARY'S ROLE AND RESPONSIBILITIES

All directors have unlimited access to the services of the Company Secretary, Mrs Mariza Lubbe, who is responsible to the Board for ensuring that proper corporate governance principles are adhered to and that Board orientation or training is given when appropriate.

The Company Secretary is furthermore responsible for ensuring the proper administration of the proceedings and matters relating to the Board, the Company and the shareholders of Remgro in accordance with applicable legislation and procedures.

The Board annually evaluates the competence and effectiveness of the Company Secretary, as required by the JSE Listings Requirements. The evaluation process includes an assessment by each Board member of the Company Secretary's eligibility, skills, knowledge and execution of duties. The Board has considered and is satisfied that the Company Secretary is competent and has the necessary experience to effectively execute her duties. A brief curriculum vitae of the Company Secretary is included in the Integrated Annual Report on page 16.

The Board confirms that the Company Secretary maintains an arm's length relationship with the Board and the directors, taking into account that the Company secretary is not a director of the Company and is not related to any of the directors.

BOARD COMMITTEES

The Board has established subcommittees to assist it in discharging its duties and responsibilities. Each committee has its own mandate/terms of reference that defines its powers and duties. Copies of these mandates and terms of reference, which are reviewed on an annual basis, are available on Remgro's website.

The minutes of committee meetings are included in the agendas of subsequent Board meetings and issues that require the Board's attention or a Board resolution are highlighted and included as separate agenda items. Notwithstanding the delegation of functions to Board committees, the Board remains ultimately responsible for the proper fulfilment of such functions, except for the functions of the Audit and Risk Committee relating to the appointment, fees and terms of engagement of the external auditor.

REMUNERATION AND NOMINATION COMMITTEE

The committee consists of four non-executive directors, three of whom are independent. The Company Chairman, Mr Johann Rupert, is also the chairman of the committee, while the Head of Human Resources acts as secretary.

The CEO attends all committee meetings by invitation. The composition of and attendance at committee meetings are set out on page 67.

Meetings of the committee are held periodically (but at least once a year) in order to advise 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's remuneration principles are set out in the Remuneration Report on pages 85 to 92 of the Integrated Annual Report. As mentioned earlier the Board does not intend to ask shareholders for a non-binding advisory vote on the Company's remuneration policy at the forthcoming Annual General Meeting on 23 November 2015.

AUDIT AND RISK COMMITTEE

The committee is governed by a mandate that includes the recommendations of King III and the requirements of the Companies Act. The committee consists of four independent non-executive directors, elected by Remgro's shareholders on recommendation by the Board, and is chaired by Mr Herman Wessels. The committee meets at least four times a year and the CEO, CFO and the head of internal audit attend all meetings, ex officio. The composition of and attendance at committee meetings are set out on page 67.

The main role of the committee is to assist the Board in discharging its responsibilities regarding the following:

- risk management;
- internal controls;
- internal financial controls, accounting systems and information;
- the effectiveness of the CFO and financial function;
- accounting policies;
- internal and external audit;
- information technology systems;
- protection of assets;
- public reporting; and
- to monitor compliance with laws, rules, codes of conduct and standards.

The annual appointment of the external auditor, the approval of its terms of engagement and audit approach, as well as the approval of fees relating to audit services and non-audit services are also performed by this committee. These responsibilities apply to Remgro and its subsidiaries administered by RMS.

The Audit and Risk Committee of Remgro's only remaining wholly owned operating subsidiary, Wispeco, reports to the Group's Audit and Risk Committee at each meeting by way of including its minutes of meetings in the agenda.

The Audit and Risk Committee meets at least once per year with the external and internal auditors and executive management to ensure that their efforts relating to risk management and internal control are properly coordinated.

The committee furthermore evaluates the effectiveness of its subcommittee, the Risk and IT Governance Committee. This committee's mandate includes the maintenance of the Risk Management Policy and plan, establishment and maintenance of an operational risk register, information technology risk management, legal compliance and occupational health and safety. A Financial Statements Committee, which is not an official subcommittee of the Audit and Risk Committee, was also established. Its tasks include the revision of Remgro's Integrated Annual Report (including the annual financial statements) prior to submission thereof to the Audit and Risk Committee. Both of these committees are chaired by Remgro's CFO, Mr Leon Crouse, and the chairman of the Audit and Risk Committee attends the meetings by invitation.

The committee is also responsible for ensuring that the combined assurance model introduced by King III is applied to provide a coordinated approach to all assurance activities. In particular the committee:

- will ensure that the combined assurance received is appropriate to address all the significant risks facing the Company; and
- monitors the relationship between the external service providers and the Company.

The committee's report describing how it 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 2015 is included in the Integrated Annual Report on pages 95 to 96.

INVESTMENT COMMITTEE

The Investment Committee comprises four non-executive directors, of whom two are independent, as well as the Chief Executive Officer and the Chief Financial Officer. The committee is chaired by Mr Johann Rupert and meets when required for significant investment decisions. The composition of and attendance at committee meetings are set out on page 67.

The duties and responsibilities of the committee are:

- to consider and, if appropriate, approve:
 - new investments up to an amount of not more than R500 million;
 - the extension of existing investments for amounts between R100 million and R500 million;
 - the disposal of existing investments up to an amount of not more than R500 million; and
- to consider and make recommendations to the Board regarding investment decisions amounting to more than R500 million.

During the year under review no physical meetings were held by the Investment Committee and all decisions were approved by written resolution.

MANAGEMENT BOARD

The Management Board consists of all three executive directors as well as two members of senior management, Messrs Neville Williams and Pieter Uys. The committee meets on a monthly basis and the duties and responsibilities of committee members are in addition to their duties and responsibilities as members of the Board (in the case of members who are directors) and/or their other duties as executives. The composition of and attendance at committee meetings are set out on page 67.

The key duties and responsibilities of the committee are as follows:

- development of operational and investment plans and strategies for Remgro for submission to the Board and the implementation thereof once approved;
- evaluating and monitoring of existing Group investments;
- extension of existing investments up to an amount of not more than R100 million;
- recommendation of all new investments and extension of existing investments for more than R100 million to the Investment Committee and the Board for approval;
- appropriate reporting in respect of existing investments to the Board;
- nomination of representatives of Remgro as directors on the boards of investee companies, for approval by the Board.

SOCIAL AND ETHICS COMMITTEE

The committee's responsibilities are governed by a formal mandate as approved by the Board and the main objectives of the committee are to:

- assist the Board in monitoring the Group's performance as a good and responsible corporate citizen by the monitoring of its sustainable development practices; and
- perform the statutory duties of a Social and Ethics Committee in terms of the Companies Act and other functions assigned to it by the Board.

The composition of and attendance at committee meetings are set out on page 67.

The committee's report describing how it 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 2015 is included in the Integrated Annual Report on pages 74 to 75.

DEALING IN SECURITIES

In accordance with the Listings Requirements of the JSE, the Company has adopted a code of conduct for insider trading. During price-sensitive or closed periods directors and designated employees are prohibited from dealing in Remgro's securities. In terms of the Group's policy closed periods lasts from the end of a financial reporting period until the publication of financial results for that period. A closed period is also applicable when the Company has issued a cautionary announcement to its shareholders.

Directors and designated employees may only deal in Remgro's securities outside the closed period, with the approval of the Chairman or the Chief Executive Officer. In addition, directors and designated employees are prohibited from dealing in the securities of listed investee companies unless permission has been obtained from the Chairman or the Chief Executive Officer.

CONFLICTS OF INTERESTS

Mechanisms are in place to recognise, respond to and manage any actual, potential or perceived conflicts of interest. Directors are required to disclose their personal financial interests, and those of persons related to them, in contracts or other matters in which Remgro has a material interest or which are to be considered at a Board meeting. Where a potential conflict of interest exists, directors are expected to recuse themselves from relevant discussions and decisions.

All information acquired by directors in the performance of their duties, which is not disclosed publicly, is treated as confidential. Directors may not use, or appear to use, such information for personal advantage or for the advantage of third parties.

All directors of the Company are required to comply with the Remgro Code of Ethics, the provisions of the Financial Markets Act, 2012 and the requirements of the JSE Limited regarding inside information, dealings in securities and the disclosure of such dealings.

The activities and conduct of executive directors and senior management who act in a non-executive capacity on the boards of investee companies are governed by formal guidelines as approved by the Board.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has implemented a comprehensive risk management system, which incorporates continuous risk assessment, evaluation and internal control embedment. The Group's reporting on its risk management process and systems of internal control is included in the Risk Management Report on page 68 of the Integrated Annual Report.

EXTERNAL AUDIT

In terms of the JSE Listings Requirements, the external auditor of all listed companies and their major subsidiaries should be accredited with the JSE. Remgro's external auditor, PricewaterhouseCoopers Inc. is accredited as such with the JSE. The external auditor attends all Audit and Risk Committee meetings and has direct access to the chairman of the Audit and Risk Committee and the Chairman of the Group.

Non-audit services provided by the external auditor are approved by the Audit and Risk Committee and relate mainly to tax matters. These services are effected by a department that is independent of the audit partners.

INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

The Board acknowledges the importance of keeping shareholders and the investor community informed of developments in Remgro's business. Communication with shareholders is based on the principles of timely, balanced, clear and transparent information. Both positive and negative aspects of

ATTENDANCE AT MEETINGS

	Board	Audit and Risk Committee	Remuneration and Nomination Committee	Social and Ethics Committee	Management Board
Number of meetings held⁽¹⁾	5	4	2	2	11
Attendance by directors					
Non-executive directors					
J P Rupert	5	-	2	-	-
E de la H Hertzog	5	-	-	-	-
J Malherbe	5	-	-	-	-
Independent non-executive directors					
G T Ferreira	5	-	2	-	-
P K Harris	5	-	2	-	-
N P Mageza	5	4	-	-	-
P J Moleketi	4	4	-	-	-
M Morobe	5	-	-	-	-
F Robertson	5	4	2	-	-
S E N de Bruyn Sebotsa ⁽²⁾	1	-	-	-	-
H Wessels	5	4	-	2	-
Executive directors and Management Board					
J J Durand	5	-	-	-	11
W E Bührmann	5	-	-	-	11
L Crouse	5	-	-	-	11
P J Uys	-	-	-	2	11
N J Williams	-	-	-	2	10

⁽¹⁾ All decisions taken by the Investment Committee during the year under review were approved by written resolution.

⁽²⁾ Ms S E N de Bruyn Sebotsa was appointed as a director with effect from 16 March 2015 and attended all the Board meetings since her appointment.

financial and non-financial information are provided. 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 most recent and historic financial and other information is also published on the Company's website. Further information regarding Remgro's initiatives on communication with all of its stakeholders is provided in the Sustainable Development Report.

BUSINESS RESCUE PROCEEDINGS

An internal business rescue policy has been formulated and approved by the Board. Given the nature of Remgro as an investment holding company, the actual consideration of Business Rescue Proceedings is part of the legal compliance policy approved by the Board.

Business Rescue Proceedings at investee companies are the responsibility of the boards of these entities as required by the Companies Act. Remgro has, as part of its risk management framework, processes in place to timeously identify and address underperforming investments.

RISK MANAGEMENT REPORT

INTRODUCTION

The Board is ultimately accountable for the risk management process and system of internal control within Remgro. The Board has documented a comprehensive Risk Management Policy and plan which has been implemented by management. This incorporates continuous risk identification and assessment and internal control embedment as well as risk reduction and insurance strategies.

The Audit and Risk Committee is mandated to monitor the effectiveness of the risk management process and systems of internal control and is supported in this regard by its subcommittee, the Risk and IT Governance Committee. 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 management philosophy as these ensure entrepreneurial flair, sound corporate reputation and effective governance.

The risk management process in Remgro comprises the arrangement of resources to ensure the achievement of 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.

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 JSE-listed entities and the relevant information is readily available to stakeholders, or the materiality of such information is deemed insufficient to warrant detailed disclosure. As a result, this report contains risk management information of the Company, Remgro Management Services Limited (Remgro's service company) and V&R Management Services AG*.

** A wholly owned subsidiary, registered and managed in Switzerland, rendering bookkeeping and treasury services for Remgro's foreign subsidiaries and third parties.*

RISK MANAGEMENT PROCESS

The Risk 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 III. This policy defines the objectives, methodology, process and responsibilities of the various risk management role players in the Company. The Risk 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 management process takes cognisance of risks and opportunities within the Company as well as the risks and opportunities inherent to its investment portfolio.

The following table sets out the key control objectives and related controls of the Company.

KEY CONTROL OBJECTIVES	KEY CONTROLS
The appointment and retention of suitably skilled and experienced directors and officers possessing the required values and drive.	<p>Effective functioning of the Remuneration and Nomination Committee.</p> <p>Performance assessments and committee evaluations.</p> <p>Strong ethical leadership.</p>
Ethical and visible leadership via governance structures and related processes.	<p>Embedded system of values and ethics and maintenance thereof via visible leadership.</p> <p>Formalised ethics policies and codes of conduct.</p> <p>Corporate culture focused on excellence in execution and fairness in dealing.</p> <p>Comprehensive and King III compliant corporate governance structures and systems.</p>
Adoption and implementation of appropriate long-term strategy within approved risk appetite duly communicated and delegated to the executive.	<p>Effective Management Board supported by executive management and an experienced investment division.</p>
Maintaining the significance of Remgro's corporate presence in the investment environment as this enables it to acquire meaningful stakes in selected investment opportunities.	<p>A conservative business approach with long-term investment criteria focused on growth, sustainability and liquidity.</p> <p>Corporate actions are aligned with the long-term strategy and responsible investment criteria.</p>
Ensuring that opportunity risks are managed to avoid lost investment opportunities that meet Remgro's stringent investment criteria.	<p>Good corporate reputation and brand as investor of choice.</p> <p>Skilled and experienced investment division with efficient operational processes and controls.</p> <p>Effective support structures and negotiation processes supported by proven due diligence processes.</p>
Available liquidity to fund new investments and further support successful investments.	<p>Conservative cash administration and well-managed and secure treasury environment.</p>
Effective group structuring to house existing and new investments.	<p>Appropriate control structures supported by skilled and experienced legal and corporate tax specialists.</p>
Effective management of underlying investments and ensuring that Remgro's investment criteria are maintained and the Group's rights are protected.*	<p>Comprehensive shareholder agreements are concluded at time of investment.</p> <p>This facilitates effective control or significant influence over the executive management teams in the underlying investee companies and ensures that strategies, goals and deliverables are met and that salient risks are duly managed.</p> <p>Detailed reporting, review and management structures are implemented to ensure timely, accurate and reliable information used in decision-making processes.</p> <p>The early identification of abnormal investee risk profiles through internal processes.</p>

* 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 CONTROL OBJECTIVES	KEY CONTROLS
<p>Effective internal operations, including secretarial, financial, human resources and all other departmental activities in the service company and wholly owned subsidiaries under the control of the management of the service company.</p>	<p>Skilled and experienced managers regularly review policies and practices governing internal controls designed to ensure the consistent achievement of relevant objectives.</p>
<p>Given the significance of treasury, the following salient objectives are integrated into the Treasury Committee's (a management committee chaired by the CFO, also comprising the CEO and other senior managers) mandate:</p> <ul style="list-style-type: none"> • 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 • Information is secured • FAIS (Financial Advisory and Intermediary Services Act, 2002) and FICA (Financial Intelligence Centre Act, 2001) legislation is complied with • The following treasury risks are specifically managed: <ul style="list-style-type: none"> – Liquidity risk – Instrument risk (derivatives) – 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 	<p>A formalised Treasury Policy is maintained by the Treasury Committee and amendments are submitted to the Board for approval.</p> <p>Skilled staff is employed in the treasury department and comprehensive internal controls are deployed and complied with.</p> <p>The treasury department is subject to quarterly FAIS and FICA reviews from the FSB (Financial Services Board) approved external compliance officer. In addition, the treasury department (back and front office) are subject to regular internal audit reviews and a year-end review by the external auditor.</p>
<p>Accurate, transparent and reliable reporting and interaction with stakeholders.</p>	<p>Formalised stakeholder and communication policies.</p>
<p>Full compliance with taxation and other relevant legislation and industry practices.</p>	<p>Effective internal financial controls.</p> <p>Comprehensive combined assurance plans and processes.</p> <p>Structured and considered integrated reporting.</p>
<p>Reliable and secure information systems to support business objectives and requirements.</p>	<p>Employment of tax experts and consultation with independent tax and legal professionals.</p> <p>Legal Compliance Policy linked to expert legal advice.</p>
<p>Due consideration and support to sustainability matters such as BBBEE, environmental management and social corporate support.</p>	<p>Effective outsource agreement with a credible vendor and service levels supporting cost-efficient, secure and available systems and networks.</p> <p>IT Governance Policy supported by procedures over key activities such as business continuity, information security, and document retention and user acceptable usage policies.</p> <p>Formalised Social Support Policy and Process.</p> <p>Effective Social and Ethics Committee.</p> <p>BBBEE policies and mandates.</p> <p>Safety, health and environmental management included under the ambit of the Risk and IT Governance Committee with formalised policies.</p> <p>Successful participation in JSE Sustainability Index (JSE-SRI) and Carbon Disclosure Project (CDP).</p>
<p>Remgro, being a responsible investor, ensures that proper corporate governance is implemented and maintained in all entities it invests in via the above processes.</p>	

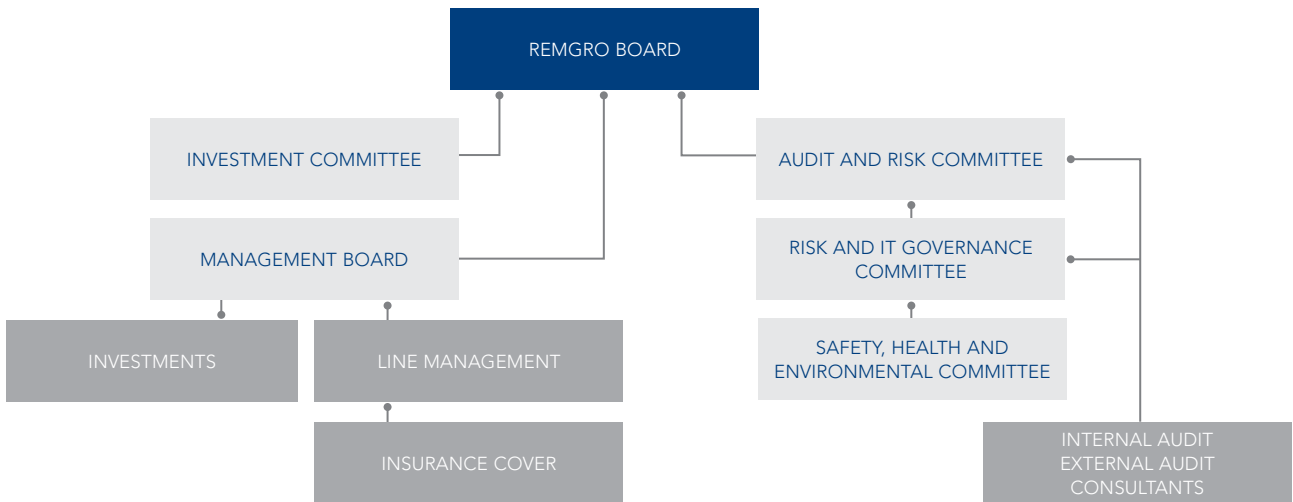
RISK MANAGEMENT STRUCTURE

The following structure has been implemented in the Company to ensure the effective and efficient management of risk within the Company.

In the structure below the function of the Chief Risk Officer is shared amongst the following individuals:

- The Chief Executive Officer reports directly to the Board on an ongoing basis as regards the risks that may impact the effective and efficient execution of its strategy.

- The Chief Financial Officer, as chairman of the Risk and IT Governance Committee, is responsible for the induction of risk management into the daily activities of the Company, including the drafting, review and maintenance of the Risk Register and Risk Management Policy and plan.
- The head of internal audit attends meetings of the Risk and IT Governance Committee and renders independent assurance regarding the effectiveness of this committee’s activities as well as the 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.

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 STeFI (Short Term Fixed Interest) or LIBOR (London Interbank Offered Rate), as well as compliance with minimum 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.

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 loss 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 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 wealth.

The following qualitative and quantitative factors are considered by the Board in evaluating risk appetite:

- risk and return profile of the current investment portfolio;
- availability of cash resources and other liquid (available for sale) assets;
- available funding opportunities;
- risk return profile of prospective opportunities;
- financial ratios relevant to measuring performance, including inter alia:
 - Intrinsic Net Asset Value (IAV)
 - return on IAV relative to comparable risk investments
 - dividend policy;
- international and local economic cycles and trends;
- foreign currency rates and trends; and
- materiality of risks with reference to the IAV of the Group.

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 intrinsic net asset value composition, i.e. equity investments, net excess cash and the 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 management process is furthermore also externally focused to ensure the timely identification of new emerging risks and the assessment of the effectiveness of risk responses thereto.

IT GOVERNANCE

The Company reviews its IT 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 IT Use policy and information confidentiality policies.

The head of IT reports to the Group Financial Manager and IT-related matters are addressed by an IT Steering Committee comprising of senior management. The IT risk register is considered by the Risk and IT Governance Committee and progress on IT- and control-related projects are monitored via the Risk and IT Governance Committee by the Audit and Risk Committee.

The Company has outsourced its IT operations to a credible service provider via a comprehensive Service Level Agreement. The Service Level Agreement of the operator, which deals with, inter alia, key deliverables such as system and user support, system availability, logical security, virus protection, telephony and other general controls, is reviewed annually and compliance monitored.

The IT risk management process is included into the combined assurance process of the Company. A business continuity plan has been formalised and successful tests performed on the back-up and disaster recovery process.

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 that all relevant laws and salient industry practices are complied with.

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 Risk and IT Governance 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 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 augment deficiencies when they are detected. This system is benchmarked against the COSO (Committee of Sponsoring Organisations of the Treadway Commission) Internal Control – Integrated Framework.

The internal audit function is employed by Remgro Management Services Limited and the head of internal audit, 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 III 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 IIA. This comprises a self-assessment process with Independent External Validation being performed by an international external audit firm, other than the Group's external auditors, over a three-year rotational cycle.

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 whilst 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 internal audit department also renders independent internal audit and risk management services to certain Group companies who elect to outsource the function.

When required, specialist skills are insourced to assist with information technology and forensic services.

EFFECTIVENESS OF RISK 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 internal control process and risk management process 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.

SOCIAL AND ETHICS COMMITTEE REPORT

The Social and Ethics Committee (the committee) assists the Board in monitoring Remgro’s performance as a good and responsible corporate citizen. 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 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 2015.

COMMITTEE MEMBERS AND ATTENDANCE AT MEETINGS

The committee comprises three suitably skilled and experienced members appointed by the Board, as set out in the table below. The chairman of the committee is Mr Herman Wessels, an independent non-executive director. In terms of the committee’s mandate, at least two meetings should be held annually.

COMPOSITION OF THE COMMITTEE

Committee member*	Number of meetings held	Number of meetings attended
H Wessels (chairman)	2	2
N J Williams	2	2
P J Uys	2	2

* Abridged curriculum vitae of all the directors of the Company are set out on pages 14 to 15 of the Integrated Annual Report, while the qualifications of Messrs N J Williams 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 16.

ROLE AND RESPONSIBILITIES

The committee’s role and responsibilities are governed by a formal mandate as approved by the Board. The mandate is subject to an annual review by the Board.

The main objective of the committee is to assist the Board in monitoring the Group’s performance as a good and responsible corporate citizen. This is done by monitoring the sustainable development practices of the Group as set out below, thereby assisting the Board in achieving one of its values of doing business ethically.

Since the disposal of TSB to RCL Foods during January 2014, Remgro’s main wholly owned operating subsidiary is Wispeco. Wispeco has established its own Social and Ethics Committee which operates independently from this committee. Remgro’s representatives on the board of Wispeco also attend the meetings of that committee, *ex officio*. The minutes of these

meetings, as well as those of the Social and Ethics Committee of RCL Foods are included in the agenda of this committee as a standing item.

The committee is satisfied that it has fulfilled all its duties during the year under review, 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 sustainable development performance and for making recommendations to management and/or the Board in this regard. During the year, the committee reviewed its mandate, as well as the Company’s Code of Ethics, Gifts Policy, Social Media Policy and HIV/Aids Policy. Minor amendments to the committee’s mandate were approved by the Board upon recommendation of the committee.

MONITORING OF SUSTAINABLE DEVELOPMENT PRACTICES

In the execution of its duties, the committee has reviewed the 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; and
- management of the Group’s environmental impacts.

The committee’s monitoring 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, the environment, health and public safety, consumer relationships, as well as labour and employment. The report on the application of the King III principles as published on the Company’s website, was also reviewed and approved by the committee.

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 76 of the Integrated Annual Report.

PUBLIC REPORTING AND ASSURANCE

The committee, together with the Audit and Risk Committee, is responsible for reviewing and approving the sustainability content included in the Integrated Annual Report and published on the Company’s website, as well as determining and making recommendations on the need for external assurance of the Group’s public reporting on its sustainable development performance. The committee has reviewed the content of the abridged Sustainable Development Report included in the Integrated Annual Report and the detailed Sustainable Development Report published on the Company’s website, and has 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 23 November 2015. In the notice of the Annual General

Meeting included in the Integrated Annual Report on page 114, shareholders are referred to this report by the committee, read with the detailed Sustainable Development Report published on the Company’s website. Any specific questions to the committee may be sent to the Company Secretary prior to the meeting.



Herman Wessels
Chairman of the Social and Ethics Committee

Stellenbosch
 17 September 2015

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.

INVESTEY COMPANIES AND OTHER SHAREHOLDERS OF SUCH INVESTEY 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.

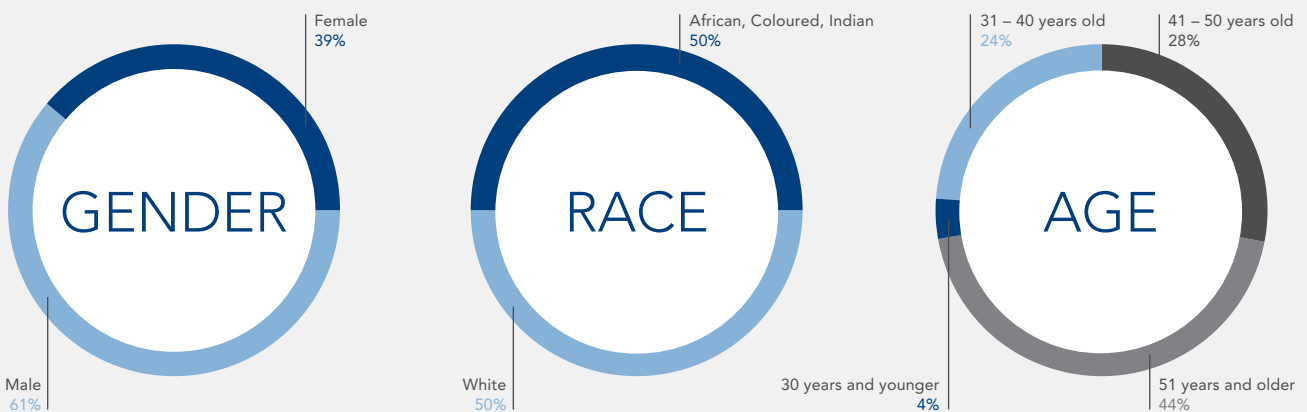
Remgro offers retirement benefits to its employees in the form of a defined-benefit (closed fund) and a defined-contribution fund that are administered independently of the finances of the Company. In addition, employees are also offered medical insurance and study assistance.

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:

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 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

REMUNERATION REPORT

INTRODUCTION

The remuneration report provides an overview and understanding of Remgro's remuneration principles, policy and practices with specific reference to executive and non-executive directors and members of the Management Board. The information provided in this report has been approved by the Board on recommendation by the Remuneration and Nomination Committee.

REMUNERATION AND NOMINATION COMMITTEE

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 that directors and executives are remunerated fairly and responsibly and that the disclosure of directors' remuneration is accurate, complete and transparent.

The committee is governed by a mandate that incorporates the recommendations of King III and serves to assist members of this committee in the execution of their role and responsibilities.

The members of the committee for the year under review were:

- Mr J P Rupert (chairman)
- Mr P K Harris
- Mr G T Ferreira
- Mr F Robertson

The Board acknowledges the principle in King III that the Chairman of the Board should not be the chairman of the Remuneration and Nomination Committee but, given the necessity to align the Company's remuneration approach with corporate strategy, this arrangement is deemed appropriate.

The committee met twice during the year and details on the attendance of the meetings are set out in the Corporate Governance Report on page 67.

The terms of reference set out in the mandate of the committee include 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
- Ensure that formal 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 setting and administering of remuneration of all directors, Management Board members and other employees
- Oversee the establishment of a remuneration policy
- Advise on the remuneration of non-executive directors
- Ensure that the remuneration, in cash, share appreciation rights (SARs) and other elements, meets Remgro's needs and strategic objectives
- Oversee the preparation and recommending to the Board the remuneration report to be included in the Integrated Annual Report

The committee is satisfied that it has carried out its responsibilities for the year in compliance with its mandate.

REMUNERATION APPROACH

Remgro has a Remuneration Policy for directors and members of the Management Board. The remuneration policy is aligned with the Company's approach of rewarding directors and senior executives fairly and competitively, according to their capabilities, skills, responsibilities and level of performance. It aims at supporting the Company's remuneration principles of:

- Retaining the services of existing directors and senior management
- Attracting potential directors and senior managers
- Providing directors and senior management with remuneration that is fair and just
- Ensuring that no discrimination occurs
- Recognising and encouraging exceptional and value-added performance
- Ensuring that remuneration structures are consistent with the Company's long-term requirements
- Protecting the Company's rights by means of standard contracts of employment

It should be noted that, as in the past, the Board will not ask shareholders for non-binding approval of the Company's remuneration policy at the Annual General Meeting on 23 November 2015.

EXECUTIVE DIRECTORS AND MEMBERS OF THE MANAGEMENT BOARD

These employees are rewarded by means of a two-tier approach in Remgro's remuneration structures which entails:

FIXED PAY

This element, referred to as total guaranteed package, consists of components such as salary, cash or car allowance and the Company's contributions towards retirement funding and the medical aid scheme.

As part of the annual review process by the Remuneration and Nomination Committee (the committee), guaranteed packages are benchmarked against the upper quartile of the market for comparable companies as indicated per independent survey(s). The services of an independent remuneration consultancy are contracted for this purpose.

The annual review is based on the executive's level of responsibility, his/her overall performance and the achievement of specific agreed objectives. The CEO, who attends all committee meetings by invitation, can propose increases to the guaranteed packages, excluding his own, during such review meetings.

During the year under review, the executive directors and members of the Management Board received an average salary increase of 11.7% (2014: 7.5%), compared to an average salary increase paid to general staff of 7.1% (2014: 7.1%). The main reason for the higher average increases awarded to executive directors and members of the Management Board compared to that of the general staff in 2014, was the once-off adjustment to the guaranteed package of Mr Jannie Durand in order to adjust his package to a market-related level.

VARIABLE PAY

It is important to note that, due to the nature of the Company's operation as an investment holding company and in order to align the interests of management with those of shareholders, no short-term incentives are paid to executives.

Remgro currently has one long-term incentive plan, i.e. the Remgro Equity Settled Share Appreciation Right Scheme

(the SAR Scheme). The SAR Scheme is an equity settled scheme and has the aim of retaining the services of executives by incentivising them based on long-term growth in the market capitalisation of the Company. This approach ensures alignment between personal wealth creation and corporate strategy. All permanent employees of the Company participate in the SAR Scheme.

Participants in the SAR Scheme are remunerated with Remgro shares to the value of the appreciation of their rights to a specific number of Remgro ordinary shares that must be exercised within a period of seven years after the grant date. The earliest intervals at which the SARs are exercisable are as follows:

- One-third after the third anniversary of the grant date
- Two-thirds after the fourth anniversary of the grant date
- The remainder after the fifth anniversary of the grant date

No specific performance criteria are stipulated. Awards to executives in terms of the SAR Scheme are made from time to time by the committee and such awards are usually based on a multiple of the total guaranteed package.

No award will be made to a single participant if at the time of or as a result of the making of such grant, the aggregate number of Remgro ordinary shares in respect of which any unexercised SARs granted to the participant may be exercised, shall exceed 2 197 399 Remgro ordinary shares.

Similarly, no award will be made if at the time of or as a result of the making of such grant, the aggregate number of Remgro ordinary shares in respect of which any unexercised SARs may be exercised, shall exceed 21 000 000 Remgro ordinary shares.

For detail of the current status of awards that were made to executive directors and members of the Management Board in terms of the SAR Scheme, refer to pages 90 to 92.

If it is assumed that all of the participants to the SAR Scheme exercise all options awarded to them on 1 July 2015, Remgro will have to deliver 1.5 million shares in order to settle its obligations. This calculation is based on Remgro's closing share price on 30 June 2015 of R255.94. A 10% increase or decrease in the Remgro share price will require the number of shares to be delivered to be 1.7 million shares and 1.3 million shares, respectively.

At 30 June 2015 Remgro held sufficient treasury shares to settle its obligations to deliver shares to the SAR Scheme participants.

The different components of the remuneration paid as described above, are summarised in the table below.

Element	Purpose	Performance period and measures	Operation and delivery
Total guaranteed package	Reflects market value of role and individual performance	Reviewed annually based on performance and market surveys	Benchmarked against upper quartile of the market of comparable companies
Long-term variable	Alignment with shareholder interests	Annually and 3 – 5 year vesting period	As determined by the committee

CONTRACTS OF EMPLOYMENT

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. 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.

NON-EXECUTIVE DIRECTORS' REMUNERATION

INDEPENDENT NON-EXECUTIVE DIRECTORS

Independent non-executive directors do not have any employment contracts and do not receive any benefits associated with permanent employment. Furthermore, they do not participate in the Company's long-term incentive plan.

The Board, on recommendation by the Remuneration and Nomination Committee, 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 payable to non-executive directors will thus, as in the past, be a fixed annual fee. The fee structure is reviewed annually on 1 July subject to prior approval by shareholders at the Company's Annual General Meeting. The fees are market related and take into account the nature of Remgro's operations. Remgro also pays for all travelling and accommodation expenses reasonably and properly incurred in order to attend meetings.

The annual fees payable to independent non-executive directors for the period commencing on 1 July 2014 were approved by shareholders on 25 November 2014.

NON-INDEPENDENT NON-EXECUTIVE DIRECTORS

Remgro has three non-independent non-executive directors, i.e. Mr J P Rupert, Dr E de la H Hertzog and Mr J Malherbe. Effective 31 August 2012, Dr Hertzog retired from his executive role at Mediclinic International Limited (Mediclinic).

Until his retirement Dr Hertzog's remuneration was borne by both Mediclinic (65%) and Remgro (35%). A portion of the latter, as approved by shareholders annually, was regarded as director's fees. Since his retirement Dr Hertzog receives the approved annual director's and committee fees paid to independent non-executive directors. Mr Rupert receives no emoluments from Remgro, while Mr Malherbe also receives the approved annual director's and committee fees paid to independent non-executive directors.

In terms of King III and the JSE Listings Requirements, a director shall not be regarded as independent if he has been employed by the Company or the Group in any executive capacity during the preceding three financial years. Accordingly, Dr Hertzog is still regarded as a non-independent non-executive director.

As in the case of independent non-executive directors, these directors do not participate in the Company's long-term incentive plan. It should, however, be noted that, subsequent to the acquisition of VenFin Limited during November 2009, Remgro SARs were awarded to Mr J Malherbe to compensate him for the cancellation of the VenFin Share Appreciation Right Scheme. Mr Malherbe does not qualify for any further allocation of SARs.

Details of the fee structure payable to non-executive directors for the years ended 30 June 2015 and 30 June 2014 are presented in the table below.

Type of fee (R)	Fee for the year ended 30 June 2015	Fee for the year ended 30 June 2014
Board member	245 000	228 000
Chairman of the Audit and Risk Committee	165 000	153 000
Member of the Audit and Risk Committee	83 000	77 000
Member of the Remuneration and Nomination Committee	41 000	38 000
Chairman of the Social and Ethics Committee	41 000	38 000

The proposed fee structure payable to non-executive directors for the year ending 30 June 2016 is presented in the table below.

Type of fee (R)	Proposed fee for the year ending 30 June 2016
Board member	300 000
Chairman of the Audit and Risk Committee	200 000
Member of the Audit and Risk Committee	100 000
Member of the Remuneration and Nomination Committee	50 000
Chairman of the Social and Ethics Committee	50 000

Details of the remuneration paid to executive directors and fees paid to non-executive directors for the year under review, are set out on the following page. The current status of all offers made to the above groups in terms of the SAR Scheme is also presented.

The information for Messrs N J Williams and P J Uys, who are members of the Management Board and also prescribed officers in terms of the Companies Act, are presented separately.



DIRECTORS' EMOLUMENTS

(The information on pages 89 to 92 was audited)

Fixed pay

R'000	30 June 2015					30 June 2014				
	Fees	Salaries	Retire- ment fund	Other benefits ⁽⁷⁾	Total	Fees	Salaries	Retire- ment fund	Other benefits ⁽⁷⁾	Total
Executive										
W E Bührmann	245	2 649	574	280	3 748	228	2 492	489	266	3 475
L Crouse	245	6 254	1 289	297	8 085	228	5 842	1 204	279	7 553
J W Dreyer ⁽¹⁾	–	–	–	–	–	114	1 409	279	28	1 830
J J Durand	245	9 204	1 874	302	11 625	228	7 617	1 556	283	9 684
Subtotal	735	18 107	3 737	879	23 458	798	17 360	3 528	856	22 542
Non-executive (independent)										
G T Ferreira	286	–	–	–	286	266	–	–	–	266
P K Harris	286	–	–	–	286	266	–	–	–	266
N P Mageza ⁽²⁾	328	–	–	–	328	305	–	–	–	305
P J Moleketi	328	–	–	–	328	305	–	–	–	305
M Morobe	245	–	–	–	245	228	–	–	–	228
F Robertson	369	–	–	–	369	343	–	–	–	343
S E N de Bruyn Sebotsa ⁽³⁾	61	–	–	–	61	–	–	–	–	–
H Wessels ⁽⁴⁾	556	–	–	–	556	535	–	–	–	535
Subtotal	2 459	–	–	–	2 459	2 248	–	–	–	2 248
Non-executive (non-independent)										
E de la H Hertzog ⁽⁵⁾	245	–	–	–	245	228	–	–	–	228
J Malherbe	245	–	–	–	245	228	–	–	–	228
J P Rupert ⁽⁶⁾	–	–	–	–	–	–	–	–	–	–
Subtotal	490	–	–	–	490	456	–	–	–	456
Total	3 684	18 107	3 737	879	26 407	3 502	17 360	3 528	856	25 246

⁽¹⁾ Mr J W Dreyer retired as executive director with effect from 31 December 2013.

⁽²⁾ During the year under review Mr N P Mageza also received R455 000 (2014: R389 000) as director's fees from RCL Foods Limited, a subsidiary company of Remgro Limited.

⁽³⁾ Ms S E N de Bruyn Sebotsa was appointed as independent non-executive director with effect from 16 March 2015.

⁽⁴⁾ In addition to his director's fees and fee as chairman of the Audit and Risk Committee and chairman of the Social and Ethics Committee, an amount of R105 000 was also paid to Mr H Wessels during the year under review (2014: R116 100) for his attendance of meetings of subcommittees of the Audit and Risk Committee.

⁽⁵⁾ With effect from 31 August 2012 Dr E de la H Hertzog retired from his executive role at Mediclinic International Limited (Mediclinic). Until his retirement, his remuneration was borne by both Mediclinic (65%) and Remgro (35%). In terms of King III and the JSE Listings Requirements, a director shall not be regarded as independent if he has been employed by the Company or the Group in any executive capacity during the preceding three financial years. Accordingly, Dr Hertzog is still regarded as a non-independent non-executive director.

⁽⁶⁾ Mr J P Rupert receives no emoluments.

⁽⁷⁾ Benefits include medical aid contributions and vehicle benefits.

Remgro Equity Settled Share Appreciation Right Scheme

– Share appreciation rights (SARs)

Participant	Balance of SARs accepted as at 30 June 2014	Fair value of SARs			Number of SARs exercised	Date exercising SARs	Share price on exercise date	Increase in value ⁽³⁾ (R'000)	Balance of SARs accepted as at 30 June 2015
		SARs accepted during the year ⁽¹⁾	of SARs on offer date (R'000)	Offer price (Rand)					
Executive									
W E Bührmann	124 771			65.50	124 771	13/10/2014	225.04	19 906	–
	23 548			97.55					23 548
	98 817			147.25					98 817
	25 485			191.70					25 485
		8 958	615	253.53					8 958
L Crouse	418 108			65.50	418 108	07/10/2014	238.60	72 374	–
	51 865			97.55					51 865
	283 952			147.25					283 952
	79 144			191.70					79 144
		23 587	1 618	253.53					23 587
J J Durand	108 236			78.30	108 236	03/11/2014	252.98	18 907	–
	7 572			75.38	7 572	03/11/2014	252.98	1 345	–
	235 895			97.55	78 633	03/11/2014	252.98	12 222	157 262
	271 258			147.25					271 258
	93 128			191.70					93 128
		108 468	7 442	253.53					108 468
J W Dreyer ⁽²⁾	90 090			65.50	90 090	01/07/2014	230.00	14 820	–
Subtotal	1 911 869	141 013	9 675		827 410			139 574	1 225 472
Non-executive									
J Malherbe	50 506			78.30					50 506
	6 949			75.38					6 949
Subtotal	57 455	–	–		–			–	57 455
Total	1 969 324	141 013	9 675		827 410			139 574	1 282 927

⁽¹⁾ SARs were offered on 26 November 2014.

⁽²⁾ Mr J W Dreyer retired as executive director with effect from 31 December 2013. In terms of the rules of the SAR Scheme, participants going into retirement are entitled to exercise all their SARs granted to them at any time within twelve months after the date of retirement or before the expiry of the SAR period (being seven years from the grant date), whichever is the earlier.

⁽³⁾ It refers to the increase in value of the SAR Scheme shares of the indicated participants from the offer date to the date of payment and delivery.

REMUNERATION REPORT / GOVERNANCE AND SUSTAINABILITY

Remgro Equity Settled Share Appreciation Right Scheme

– Share appreciation rights (SARs)

Participant	Balance of SARs accepted as at 30 June 2013	Fair value of SARs			Number of SARs exercised	Date exercising SARs	Share price on exercise date	Increase in value ⁽³⁾ (R'000)	Balance of SARs accepted as at 30 June 2014
		SARs accepted during the year ⁽¹⁾	of SARs on offer date (R'000)	Offer price (Rand)					
Executive									
W E Bührmann	98 405			64.00	98 405	30/09/2013	194.60	12 852	–
	124 771			65.50					124 771
	23 548			97.55					23 548
	98 817			147.25					98 817
L Crouse		25 485	1 386	191.70					25 485
	418 108			65.50					418 108
	51 865			97.55					51 865
	283 952			147.25					283 952
J J Durand		79 144	4 303	191.70					79 144
	108 236			78.30					108 236
	7 572			75.38					7 572
	235 895			97.55					235 895
J W Dreyer ⁽²⁾	271 258			147.25					271 258
		93 128	5 064	191.70					93 128
J W Dreyer ⁽²⁾	180 180			65.50	90 090	17/10/2013	201.50	12 252	90 090
Subtotal	1 902 607	197 757	10 753		188 495			25 104	1 911 869
Non-executive									
J Malherbe	50 506			78.30					50 506
	6 949			75.38					6 949
Subtotal	57 455	–	–		–			–	57 455
Total	1 960 062	197 757	10 753		188 495			25 104	1 969 324

⁽¹⁾ SARs were offered on 4 December 2013.

⁽²⁾ Mr J W Dreyer retired as executive director with effect from 31 December 2013. In terms of the rules of the SAR Scheme, participants going into retirement are entitled to exercise all their SARs granted to them at any time within twelve months after the date of retirement or before the expiry of the SAR period (being seven years from the grant date), whichever is the earlier.

⁽³⁾ It refers to the increase in value of the SAR Scheme shares of the indicated participants from the offer date to the date of payment and delivery.

PRESCRIBED OFFICERS

Fixed pay

R'000	30 June 2015				30 June 2014			
	Salaries	Retire- ment fund	Other benefits ⁽¹⁾	Total	Salaries	Retire- ment fund	Other benefits ⁽¹⁾	Total
P J Uys	4 383	869	299	5 551	3 930	796	281	5 007
N J Williams	2 345	465	299	3 109	2 188	434	281	2 903
Total	6 728	1 334	598	8 660	6 118	1 230	562	7 910

⁽¹⁾ Benefits include medical aid contributions and vehicle benefits.

⁽²⁾ Both Messrs P J Uys and N J Williams are members of the Management Board, as well as the Social and Ethics Committee.

Variable pay – long-term incentive plan

Remgro Equity Settled Share Appreciation Right Scheme

– Share appreciation rights (SARs)

Participant	Balance of SARs accepted as at 30 June 2014	Fair value of SARs				Date exercising SARs	Share price on exercise date	Increase in value ⁽²⁾ (R'000)	Balance of SARs accepted as at 30 June 2015
		SARs accepted during the year ⁽¹⁾	on offer date (R'000)	Offer price (Rand)	Number of SARs exercised				
P J Uys	218 400			183.15				218 400	
	3 325			191.70				3 325	
N J Williams		14 774	1 014	253.53				14 774	
	18 076			78.30				18 076	
	38 652			97.55	12 884	06/11/2014	255.75	2 038	
	81 901			147.25				81 901	
	22 221			191.70				22 221	
Total	382 575	16 430	1 127	253.53			2 038	400 895	

⁽¹⁾ SARs were offered on 26 November 2014.

⁽²⁾ It refers to the increase in value of the SAR Scheme shares of the indicated participants from the offer date to the date of payment and delivery.

Participant	Balance of SARs accepted as at 30 June 2013	Fair value of SARs				Date exercising SARs	Share price on exercise date	Increase in value ⁽²⁾ (R'000)	Balance of SARs accepted as at 30 June 2014
		SARs accepted during the year ⁽¹⁾	on offer date (R'000)	Offer price (Rand)	Number of SARs exercised				
P J Uys	218 400			183.15				218 400	
		3 325	181	191.70				3 325	
N J Williams	7 555			75.38	7 555	04/10/2013	194.61	901	
	36 152			78.30	18 076	11/12/2013	197.00	2 146	
	4 259			82.60	4 259	04/10/2013	194.61	477	
	38 652			97.55				38 652	
	81 901			147.25				81 901	
Total	386 919	25 546	1 389	191.70	29 890		3 524	382 575	

⁽¹⁾ SARs were offered on 4 December 2013.

⁽²⁾ It refers to the increase in value of the SAR Scheme shares of the indicated participants from the offer date to the date of payment and delivery.