

# REMGRO'S APPROACH TO REPORTING

The 2017 Integrated Annual Report provides a holistic view of Remgro's business model, how the Company is managed and also how it manages its investments. In this regard our main focus is to provide a complete analysis of our business to satisfy the information needs of key stakeholders that use the Integrated Annual Report.

The information provided thus aims to provide our stakeholders with a good understanding of the financial, social, environmental and economic impacts of the Group to enable them to evaluate the ability of Remgro to create and sustain value for our stakeholders.

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

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

This Integrated Annual Report was prepared in accordance with International Financial Reporting Standards, the Listings Requirements of the JSE Limited, as well as the Companies Act (No. 71 of 2008), as amended. Reporting on sustainable development was done based on the principles and recommendations regarding integrated sustainability reporting as contained in the King Report on Governance for South Africa 2009 (King III). The recommendations contained in the International Integrated Reporting Framework were also noted and applied wherever possible.

This Integrated Annual Report only includes an abridged version of the Sustainable Development Report as well as summary financial statements. The detailed Sustainable Development Report and Annual Financial Statements in respect of the year under review are available on the Company's website at [www.remgro.com](http://www.remgro.com).



Remgro has applied the majority of the principles contained in King III – a summary of all King III principles that were not applied is presented in the Corporate Governance Report on page 57. An index on the application of all King III principles is published on the Company's website at [www.remgro.com](http://www.remgro.com).



The King Report on Corporate Governance™ for South Africa 2016 (King IV) was published on 1 November 2016 and it is effective for financial years of organisations commencing on or after 1 April 2017. The Company will implement and report on the King IV requirements in its 2018 Integrated Annual Report. However, the JSE Limited (JSE) made amendments to section 3.84 of the Listings Requirements relating to certain governance practices extracted from King IV, which are mandatory for listed companies to comply with. A summary of these amendments to the Listings Requirements and page references to the application thereof are on page 58.



## SCOPE AND BOUNDARIES OF OUR REPORT

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

Remgro only has two main operating subsidiaries, i.e. RCL Foods Limited (RCL Foods) and Wispeco Holdings Proprietary Limited (Wispeco). As RCL Foods (a 77% subsidiary) is listed on the JSE, detailed information regarding its financial, sustainability and social performance is available on its website at [www.rclfoods.com](http://www.rclfoods.com).

Wispeco is an unlisted wholly owned subsidiary which is operated and managed on a decentralised basis as an independent entity with an autonomous board of directors. Based on the above, as well as the fact that Wispeco only represents 1.0% of Remgro's intrinsic net asset value, only summarised "non-financial" disclosure relating to social and environmental performance will be provided for Wispeco. This is in line with Remgro's reporting on the financial performance of its investee companies.

Following on the philosophy outlined above, Remgro manages all investee companies on the same decentralised basis, irrespective of whether they are subsidiaries, associates or joint ventures. Therefore data relating to the social and environmental performance of subsidiaries, associates and joint ventures, over which Remgro does not exercise operational control, are not covered in detail in this report. However, information is provided in instances where material sustainable development issues are at stake.

Except where otherwise indicated, all disclosures relating to social and environmental performance thus only relate to Remgro's activities at its head office in Stellenbosch.

## EXTERNAL AUDIT AND ASSURANCE

The consolidated annual financial statements were audited by the independent external auditors, PricewaterhouseCoopers Inc., in accordance with International Standards on Auditing. The report of the external auditors in respect of the summary consolidated annual financial statements is included on page 103 of the Integrated Annual Report.



Various other voluntary external accreditation, certification and assurance initiatives are followed in the Group, complementing the combined assurance model as covered throughout the Integrated Annual Report. We believe that this adds to the quality and reliability of the information presented. Refer to the abridged Sustainable Development Report on page 72 for further details.



## SIGNIFICANT EVENTS DURING AND AFTER THE END OF THE REPORTING PERIOD

During October 2016 Remgro completed a rights issue whereby 48 110 637 new ordinary shares and 3 550 635 new B ordinary shares were issued at a subscription price of R192.50 per share for a total consideration of R9 944.8 million.

During June 2017 it was announced that Distell Group Limited (Distell) will restructure its ownership structure into a new listed entity. Remgro will retain its economic interest of 31.8%, but will, in addition, receive unlisted B shares, which will in aggregate give Remgro voting rights of 56.0%. The effective date of the transaction, which is still subject to a number of conditions precedent, is expected to be during the second half of the 2018 financial year.

Refer to the reports of the Chief Executive Officer and Chief Financial Officer on pages 20 and 25 respectively for a brief summary of these transactions. Besides the transactions above, no significant events occurred during the reporting period or after the end of the reporting period, which may have a material impact on the size, structure or ownership of the Group.

