

REMGRO'S APPROACH TO REPORTING

The 2018 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 presented thus aims to provide our stakeholders with a good understanding of the financial, social, environmental and economic impacts of the Group to enable them to evaluate the ability of Remgro to create sustainable 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 and opportunities, 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 as contained in the King IV Report on Corporate Governance for South Africa (2016) (King IV). The recommendations contained in the International Integrated Reporting Framework were also considered 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.

King IV, which was published on 1 November 2016, contains a set of principles that are fundamental to good governance, as well as related leading recommended practices. The JSE Limited has incorporated certain of King IV's recommended practices in the JSE Listings Requirements, with the effect that some of King IV's recommended practices are in fact mandatory in respect of companies listed on the JSE (such as Remgro). The Board is satisfied that the Company has applied the principles contained in King IV during the year under review. The Corporate Governance Report on page 55 explains how Remgro has applied the principles enumerated in King IV with reference to the practices applied by Remgro.

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 has only three main operating subsidiaries, i.e. RCL Foods Limited (RCL Foods), Distell Group Holdings Limited (Distell) and Wispeco Holdings Proprietary Limited (Wispeco). As RCL Foods and Distell are listed on the JSE, detailed information regarding their financial, sustainability and social

performance is available on their websites at www.rclfoods.com and www.distell.co.za respectively.

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 represents only 0.6% 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 112 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 77 for further details.

SIGNIFICANT EVENTS DURING AND AFTER THE END OF THE REPORTING PERIOD

On 11 May 2018 the competition authorities approved the restructuring of Distell ownership structure. Remgro retained its economic interest of 31.8% in Distell, but, in addition, received unlisted B shares, which in aggregate gives Remgro voting rights of 56.0% in Distell. Since Remgro holds the majority of voting rights, the investment in Distell is being consolidated at 31.8% with effect from 11 May 2018.

The competition authorities approved Unilever South Africa Proprietary Limited's (Unilever) acquisition of Remgro's 25.75% shareholding in Unilever in exchange for Unilever's Spreads business in Southern Africa, as well as a cash consideration of R4 900 million, representing a total transaction value of R11 900 million. This transaction valued the Unilever Spreads business at R7 000 million. The effective date of the transaction was 2 July 2018.

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.