

# Key objectives and principal integrated risks

## Remgro's key objectives

- 1** Remgro focuses on the **creation of shareholder value** and **sustainable growth** by investing in a portfolio of businesses that can deliver superior earnings and dividend growth over the long term.
- 2** This **objective** is underpinned by Remgro's **investment philosophy** and **strategy** and also its understanding of all risks and opportunities associated with the Group's investment portfolio and target markets, whilst seeking appropriate investment opportunities.
- 3** These **risks and opportunities** are continuously measured against the risk appetite and risk-bearing capacity determined by the Board.
- 4** Focus on **innovation** and **emerging trends** informs Remgro's investment strategy.

Managing with a view to **maximise value creation** and **sustainable growth**

## Doing business **ethically**

- 1** By always considering the impact of the Company's strategy on its commercial sustainability, the indirect impact on the society in which it operates, as well as the environment, results in Remgro being a responsible corporate citizen and investor.
- 2** Leadership based on ethical foundations results in a culture of ethical and moral behaviour and compliance with laws, rules, codes and standards. Consistent achievement of objectives creates trust, whilst ethical environments also foster high staff morale.
- 3** By always striving to "do the right thing" Remgro positions itself as the trusted investment partner of choice.

## Principal integrated risks

Remgro's four principal risks and opportunities are summarised below. A more comprehensive analysis of our risk management process is provided in the Risk and Opportunities Management Report, while our main financial risks, including those relating to the global economy and currencies, are disclosed in the CFO's Report. The impact of the Covid-19 pandemic on external risk and opportunity along with the implications for Remgro's Six Capitals and risk appetite is also specifically addressed in the Risk and Opportunities Management Report on page 82.



	Risk/Opportunity	Context
1	<p>South African country risk due to sustained social unrest, low economic growth, the increasing current account and budget deficits and the resultant impact of lowering sovereign credit ratings.</p> <p>During the year under review these were further exacerbated by the global Covid-19 pandemic. In particular, regulatory response and socio-economic impacts, net of fiscal relief measures, impeded growth scenarios.</p>	<p>The Board, as well as the boards of investee companies, are increasingly directing focus to addressing pressing issues such as foreign currency risk, social instability, power supply risk, water scarcity, legislation and regulatory aspects and increased crime, by means of strategic and/or control processes.</p> <p>Increased emphasis on relationship capital and stakeholder interaction.</p>
2	<p>Inability of boards of investee companies to identify and respond to disruptive technology risks timeously and opportunities or similar political, environmental, social, regulatory or economic developments in their markets.</p> <p>Inadequate capacity to innovate can impede competitive ability.</p>	<p>The sustainability of the Company, including that of investee companies is dependent upon their ability to identify and respond to market trends and other disruptive impacts in the markets or their business model, which can materially impact their businesses.</p> <p>Optimising the utilisation of human, intellectual, manufactured and relationship capital.</p>
3	<p>The destruction of value due to poor management of existing investments, including management at investee company level.</p> <p>Non-identification and assessment of suitable investment opportunities.</p>	<p>The successful management of investments is dependent upon a proper understanding of the businesses of the investee companies and also on identifying the appropriate Remgro executives that will represent it on the boards of the investee companies.</p> <p>Creating "Alpha" requires effective organic growth and judicious corporate investments.</p>
4	<p>Remgro seeks suitable investment opportunities, taking cognisance of its risk appetite and available investment capacity to give effect to its investment mandate and value creation strategy.</p>	<p>During the prior year Remgro unbundled its interest in RMB Holdings Limited. This, along with the financial impact of Covid-19 on various investees and potential investment opportunities required a reflection on risk appetite and forward-looking indicators.</p> <p>Remgro has various projects focused on, <i>inter alia</i>, Environmental, Social and Governance Practices (ESG), business resilience, stakeholder relations, human capital enhancement and innovation.</p>

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

	Principal integrated sustainability drivers
1	<p>Remgro's size and influence enables it to acquire significant stakes in entities that are big enough to have a material effect on Remgro's results. Remgro's standing as a responsible investor of choice facilitates investment opportunities.</p>
2	<p>A strong low-g geared statement of financial position enables Remgro to make new investments or to increase its stake in well-performing investments, or fund growth opportunities by means of shareholder loans.</p>
3	<p>Remgro has the ability to add value to investee companies by means of skilled and experienced executives.</p>
4	<p>Remgro's focus on innovation and future developments serves as inputs in its Investment Mandate.</p>