

# CORPORATE GOVERNANCE

## Report

### Introduction

Remgro Limited (Remgro) is committed to the highest level of corporate governance, integrity and ethics. The Board of Directors of Remgro (the Board) is ultimately responsible for ensuring that corporate governance standards are set and met and is therein assisted by senior management, who aims to instil a culture of compliance and good governance and high performance in Remgro and its subsidiaries (Remgro Group).

The King IV Report on Corporate Governance for South Africa (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.

The Board is satisfied that Remgro has applied the principles contained in King IV during the year under review. This Corporate Governance Report explains in the form of a narrative account how Remgro has applied the principles enumerated in King IV with reference to the practices applied by Remgro. This report aims to provide Remgro's stakeholders with a good understanding of Remgro's governance structures and processes to enable them to evaluate the ability of Remgro to create and sustain value.

The Board confirms its compliance with the Companies Act (No. 71 of 2008), as amended (Companies Act) and the Company's Memorandum of Incorporation for the reporting period.

### Leadership

The Board endeavours to lead ethically and effectively in prioritising the following outcomes advocated by King IV: an ethical culture, good performance, effective control and legitimacy. This is underscored by sound and visible leadership, which is characterised by the ethical values of honesty, integrity, competence, responsibility, accountability, correctness, fairness, diversity and transparency. Sound corporate governance structures and processes are being applied and are considered by the Board to be pivotal to delivering sustainable value in the interest of all stakeholders, along with innovation and sound business acumen.

The Board is responsible for setting the direction on ethical standards, strategy and operations of the Remgro Group by applying integrated stakeholder thought processes harnessed by appropriate diversity, to build a sustainable business, while considering the impact of the Remgro Group's strategy on the economy, society and environment (collectively, the "triple context"). The Board is in the process of putting this ethical approach to building a sustainable business, which we have long pursued, into a practical, modern form by developing its approach to being a leader in Environmental, Social and Governance (ESG) and corporate sustainability in a South African context, and integrating and embedding ESG goals, standards and practices into the business strategy.

Remgro's ESG performance is now monitored at Board level and by its Strategic ESG Committee. The implementation of an ESG Charter and governance structures provides strategic direction and oversight in support of Remgro's commitment and that of its investee companies to ESG.

**As a responsible investor**, the Board advocates adherence to sound ethics and governance by all entities Remgro is invested in by using its significant influence to ensure that all Remgro's listed subsidiaries, joint ventures and associates endorse and apply the principles contained in King IV. Effective corporate governance forms part of Remgro's investment assessment criteria, which is further monitored on a continuous basis by non-executive board representation on its investee companies' boards. To this end, Remgro's corporate governance policies may be used as a benchmark, where appropriate.

Doing business ethically is one of Remgro's key objectives and is supported by the management of ethics as recorded in its Code of Ethics, which is strictly enforced. Effective leadership is to be exhibited in order to achieve Remgro's strategic objectives and positive outcomes.

Each individual member on the Board is suitably qualified and has extensive relevant experience. The Board, as a whole, is evaluated annually by its members.

To ensure that the individual directors exercise their powers and perform their functions in good faith and for a proper purpose, in the best interest of Remgro and with care, skill and diligence, Board members are required to disclose any potential conflict of interest which is to be considered at Board meetings, and are required to recuse themselves from relevant discussions when a conflict exists. Remgro has appointed an independent non-executive director as the Lead Independent Director (LID) to act as chairman during meetings in situations where the Chairman of the Board has a potential conflict of interest. The LID is involved in the evaluation of the Chairman.

Ethical and competent leadership committed to achieving the advocated outcomes of King IV, being **ethical culture, good performance, effective control and legitimacy.**

## Organisational ethics

The Board believes that ethical behaviour stems from appropriate value systems inherent to the people in Remgro's employ, as directed and supported by visible ethical leadership and a value-driven corporate culture. Leadership, based on ethical foundations, results in a culture of ethical and moral behaviour and compliance.

The Board, as part of its ethical leadership commitment, reviews its Legal Compliance Policy annually in light of King IV, and confirmed that there is sufficient management capacity and controls in place to ensure compliance with all relevant laws and salient industry practices.

The Board, however, retains the responsibility to establish and maintain a culture of integrity, competence, correctness, honesty, transparency, fairness, responsibility, diversity and accountability, to position Remgro as a trusted investment partner of choice.

Remgro has adopted a Code of Ethics that provides a framework of ethical practices and business conduct that is applicable to all directors and employees and addresses the key ethical risks of Remgro. The code is available to all employees on Remgro's intranet and a copy thereof is provided to all new employees. The Code of Ethics as well as a formal Gifts Policy provide strict policies regarding gifts, invitations or favours received from suppliers or any other party. The offering of benefits to gain unfair advantages is strictly prohibited.

Remgro's ethical standards are applied to the processes for the recruitment, evaluation of performance and reward of employees, as well as the sourcing of suppliers.

The Board provides for sanctions and remedies in instances where Remgro's ethical standards are breached. The actual adherence to ethical standards by employees and other stakeholders cannot be regulated, but stems from personal conviction. However, the Audit and Risk Committee monitors fraud risk and related processes and the Social and Ethics Committee monitors compliance with the Code of Ethics and addresses instances of non-compliance, should such ever occur.

The Company has effective anti-bribery, corruption and fraud prevention and detection processes and ensures compliance and risk mitigation. No investigations were required or performed during the reporting period.

Remgro has implemented a whistleblowing process to enable employees and third parties to report any perceived or alleged irregular or unethical behaviour in a confidential and controlled environment. Reports are monitored and managed with regular feedback to the Audit and Risk Committee. A 24-hour anonymous Ethics hotline is managed by an independent external service provider and can be accessed telephonically or via email. During the year under review no alleged incident involving Remgro, its employees or officers was received. Where calls are to be received which relate to alleged irregularities at investee companies, such calls will be directed to the appropriate governance structures at the respective investee companies via the Remgro representatives serving on the boards of these companies. Where instances are reported regarding external criminal activity which illegally uses the Remgro name or identity and/or those of its officers, we pro-actively take steps to reduce such risk profiles and report such instances to the SAPS and where possible support such investigations.

An overview of the key areas of focus relating to organisational ethics during the reporting period and planned areas of future focus are disclosed in the Social and Ethics Committee Report, read with the committee's charter.

## Responsible corporate citizenship

The Board is ultimately responsible for Remgro's corporate citizenship. This reflects Remgro's long-held belief that it has a fundamental responsibility to be a good corporate citizen, have clear principles of behaviour and a strong core value system. As a values-led business, Remgro acknowledges its social and environmental responsibility.

The Social and Ethics Committee assists the Board in ensuring that Remgro is and remains a good and responsible corporate citizen. In doing so, the committee works closely

with the newly formed Strategic ESG Committee which oversees Remgro's approach to ESG performance and stewardship through policies, frameworks, standards and guidelines, guided by local and international best practice.

The Board oversees and monitors, on an ongoing basis, how the consequences of Remgro's strategies, activities and outputs affect its status as a responsible corporate citizen. This oversight and monitoring function is performed in relation to the triple context within which Remgro operates and includes Remgro's contribution to sustainable social and economic development of the communities where it operates, including enterprise development and CSI initiatives which are aligned to the United Nations Sustainable Development Goals.

Remgro recognises that as a responsible steward of its investments, it can achieve the greatest progress in advancing its sustainability agenda by partnering with all investee companies across their value chains to influence and drive sustainable behaviour to achieve common and collective sustainability goals. Remgro is committed to helping those companies it invests in to shape their approach to corporate citizenship to ensure its investments reflect its ambition to create environmental, social and economic change throughout the entire ecosystem.

The Social and Ethics Committee is responsible for reviewing and recommending for approval the annual sustainability content included in Remgro's Integrated Annual Report or published on Remgro's website. The Social and Ethics Committee, per mandate, is also responsible for the monitoring of the effectiveness of the sustainable development practices of the Remgro Group, comprising Remgro and its subsidiaries, as set out below, thereby assisting the Board in achieving one of its values of doing business ethically.

Remgro's ESG and sustainable development practices include: ethics and compliance; corporate social investment (CSI); stakeholder relations; broad-based black economic empowerment (BBBEE); health and public safety; labour relations and working conditions; employment equity, training and skills development; management of the Remgro Group's environmental impacts, human rights and prohibition against child labour. The Social and Ethics Committee's oversight role 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.

Remgro reviews its Code of Ethics, Gifts Policy, Social Media Policy, HIV/Aids Policy and Safety, Health and Environmental Management Policy (SHE Management Policy) annually, in light of the principles and recommended practices of King IV.

The Social and Ethics Committee further monitors Remgro's participation and results achieved in external surveys, being the FTSE/JSE Responsible Investment Index and the CDP (formerly Carbon Disclosure Project). In this regard the Social and Ethics Committee notes the external recognition and achievements by the Remgro Group.

Remgro believes that honesty, correctness, courtesy, service, mutual support and trust incorporate the spirit in which it

strives to be a good corporate citizen. Workplace, economic, social and environmental sustainability practices, have always been part of Remgro's core values. The ESG and Sustainability Report provides a full understanding of Remgro's efforts to contribute to measurable positive social and environmental impact, alongside sustainable financial returns on the social and environmental front in order to achieve its key objectives of maximising value creation for all its stakeholders, while doing business ethically.

Corporate citizenship includes the commitment of a business to contribute to sustainable economic development and endorses the principle that no business exists in isolation but forms an integral part of the environment in which it operates. In its relationship with the community, Remgro strives to be a valued 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 CSI 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 and sport development.

Remgro aims to maintain a CSI spend of approximately 2.5% of its net free cash flow annually. In this regard, an official CSI 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, no donations are made to political parties or religious institutions. Remgro respects its employees' choice to participate in these institutions, but does not exercise a choice itself.

The Board believes that BBBEE is a social, political and economic imperative and it supports and encourages Remgro's subsidiaries', associates' and joint ventures' initiatives in this regard. To the extent that Remgro's subsidiaries, joint ventures and associates implement 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, Industry and Competition. In terms of the latest assessment of Remgro's BBBEE status performed during September 2022, Remgro, including its subsidiaries, Distell Group Holdings Limited (Distell), RCL Foods Limited (RCL Foods), Siqalo Foods Proprietary Limited (Siqalo Foods) and Wispeco Holdings Proprietary Limited (Wispeco), obtained a score of 80.05, thereby obtaining a level 4 contributor status.

As a **responsible investor**,  
the Board advocates adherence  
to **sound ethics and  
governance** by all entities  
Remgro is invested in.

Further, the Board has transformed over time. Six of the 11 non-executive directors (55%) are black persons, and seven of all 14 directors (50%) are black persons. On Management Board level, one of the five members (20%) is a black person. Remgro monitors and contributes to its investees' BBBEE performance through its board representation and participation and facilitation of corporate actions in these investee companies. Employment equity represents Remgro's most significant transformation challenge. An annual labour plan is submitted to the Department of Employment and Labour, wherein Remgro's transformation objectives are set out in detail. Although efforts are focused on improving black representation at Remgro's management level, low staff turnover and limited organic growth remain limiting factors.

Remgro complies with the requirements of the Skills Development Act (No. 97 of 1998), 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 Remgro is submitted to the Sector Education Training Authority.

As Remgro (excluding its subsidiaries Distell, RCL Foods, Siqalo Foods and Wispeco) is not an operating company, it has a small procurement function and its procurement profile is characterised by a high professional service component as opposed to materials purchased. Although the procurement function is small, Remgro strives to make use of BBBEE accredited vendors (level 3 and better) as far as possible.

In order to manage its impact on the environment, Remgro has implemented the Safety, Health and Environment (SHE) Management Policy, which is reviewed annually, and which applies to Remgro Management Services Limited (RMS). The Board is ultimately responsible for the implementation of the SHE Management Policy, but delegates its responsibilities to the Risk, Opportunities, Technology and Information Governance Operational Subcommittee (ROTIG) (which is a subcommittee of the Audit and Risk Committee) and the Social and Ethics Committee, which committees are responsible to review and recommend the approval of environmental procedures implemented and maintained by RMS. With regard to Distell, RCL Foods, Siqalo 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 their respective environmental and social management processes. During the year under review, Remgro established an Operational ESG Committee which reports to the Strategic ESG Committee.

The Board also focuses on legal and regulatory compliance as it 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 and associates endorse and apply the principles contained in King IV. The Board annually reviews the application status of King IV's principles.

Remgro's Tax Policy entrenches the Group's focus in managing Remgro's tax affairs to: (1) ensure full compliance with tax laws and regulations, in whichever jurisdiction Remgro has interests, (2) ensure that Remgro's tax affairs are congruent with responsible corporate citizenship, and (3) take account of related reputational repercussions. Remgro acknowledges that it has a responsibility not only to its shareholders, but to a larger group of stakeholders that includes tax authorities. In discharging this onus, Remgro co-operates with tax authorities by: (1) adhering both to the letter and spirit of the prevailing tax laws and regulations, and (2) cultivating accountable relationships with tax authorities.

The Board also ensures that Remgro complies with and adheres to the Constitution of South Africa, the law, leading standards, and adherence to its own codes of conduct and policies.

Further details regarding Remgro's sustainability practices, including an overview of the key areas of focus during the reporting period, highlights on sustainability and planned areas of future focus can be found in the Sustainability Report, which is available on Remgro's website.

## Strategy and performance

Remgro's Board is ultimately accountable for the performance of Remgro, appreciating that strategy, risk, performance and sustainability are inseparable. The Board provides strategic direction by proposing, discussing and questioning, whilst evaluating and approving, plans and strategies based on the values and objectives of Remgro and stakeholder interests and expectations. The Board monitors Remgro's ESG performance in conjunction with the Strategic ESG Committee. The Board furthermore oversees the Remgro Group's corporate actions via the Investment Committee, which is supported by an approved delegation of authority.

The Board's formal Board Charter, which is available on Remgro's website, defines key responsibilities of the Board, including *inter alia* directing the ethical standards, strategy and operations of the Remgro Group to build a sustainable business, while considering the impact of the Remgro Group's strategy on the triple context.

The Board has delegated the formulation and development of Remgro's strategy to the Management Board and has approved the policies and operational plans developed by management to give effect to the approved strategy. The Management Board's mandate is available on Remgro's website. The Management Board is furthermore supported by various senior management work streams, including one focused on new and disruptive technologies, being part of its future scanning processes.

Remgro's Investment Committee and investment managers are responsible for ensuring that the consideration of ESG issues are integrated into investment and management practices in collaboration with the Strategic ESG and Operational ESG Committees. The development of an Investment Framework that intentionally provides for ESG considerations has embedded Remgro's sustainability ambitions as an integral part of Remgro's investment decision-making. Principles and evaluation criteria include ESG risks, impact considerations, value creation opportunities and sustainability for its current and potential investments.

The Board has approved, oversees and continually assesses Remgro's strategy, the risks, opportunities and other significant matters connected to the triple context in which Remgro operates; as well as the extent to which the proposed strategy depends on the resources and relationships connected to the various forms of capital (being financial, manufactured, human, intellectual, natural, social and relationship capital, as applicable) (capitals), the legitimate and reasonable needs, interests and expectations of stakeholders, and the increase, decrease or transformation of the various forms of capitals that may result from the execution of the proposed strategy.

As part of its oversight of performance, the Board is alert to the general viability of Remgro and its status as a going concern, which is considered at least twice a year. 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.

## Reporting

The Board has approved management's determination of the reporting frameworks, including reporting standards and legal compliance, such as *inter alia* the International Financial Reporting Standards, the JSE Listings Requirements, as well as the Companies Act and the principles of the International Integrated Reporting Framework to the extent applicable.

The Board has approved management's basis for determining materiality for the purpose of deciding which information should be included in external reports. The Board issues the following reports, which is included in the Integrated Annual Report: the Chairman's Report, the Chief Executive Officer's (CEO) Report, the Chief Financial Officer's (CFO) Report, the Report of the Board of Directors, the Corporate Governance Report, the Social and Ethics Committee Report, the Sustainability Report, the Risk and Opportunities Management Report, the Audit and Risk Committee Report and the Remuneration Report, in order to meet the legitimate and reasonable information needs of material stakeholders.

Remgro's Integrated Annual Report focuses on substance over form, and provides a holistic view of Remgro's business model, how Remgro is managed and also how it manages its investments. Remgro's main focus is to provide a complete analysis of its business to satisfy the information needs of key stakeholders that make use of the Integrated Annual Report.

Sufficient controls are in place to ensure relevant, reliable and accurate reporting. The Social and Ethics Committee is responsible to review and recommend for approval the annual sustainability content included in the Integrated Annual Report or published on Remgro's website. The Audit and Risk Committee reviews the entire Integrated Annual Report and makes a recommendation to the Board regarding same. An external audit and various other assurance processes are used, as disclosed herein, to ensure that information provided to stakeholders is reliable. The Board is satisfied with the integrity of its external reports.

Remgro ensures that the relevant corporate governance disclosures required in terms of King IV, the Integrated Annual Report, Annual Financial Statements and Remgro's external reports and key mandates and policies are made available to stakeholders, and are published on its intranet and/or its website (as appropriate). The Integrated Annual Report, which is a standalone report, only includes an abridged version of the Sustainability Report as well as summary financial statements. The detailed Sustainability Report and Annual Financial Statements in respect of the year under review are available on Remgro's website at [www.remgro.com](http://www.remgro.com). Remgro furthermore refers to its participation in the JSE Responsible Investment Index, which uses the FTSE Russell ESG Ratings, for disclosure benchmarking.

## Primary role and responsibilities of the Board

Remgro has a fully functional Board that leads and controls the Remgro Group. The Board Charter identifies, defines and records the responsibilities, functions and composition of the Board and serves as a reference for new directors. All directors of Remgro have endorsed the Board Charter, which is regularly reviewed to guide its effective functioning.

During the year under review, the Board reviewed its Board Charter, in light of the principles and recommended practices of King IV. The Board is satisfied that it has discharged its duties and obligations as described in the Board Charter during the year under review.

One of the key responsibilities of directors and members of senior management serving in a non-executive capacity on the boards of Remgro's subsidiaries and other investee companies is the promotion of good governance by these companies, including, where appropriate, the adoption and implementation of principles and controls included in Remgro's policies. The activities of the directors and senior management serving on the boards of investee companies are furthermore governed by formal guidelines as approved by the Board.

The Board meets at least five times a year and follows an annual work plan to ensure that all relevant matters are dealt with. The Chairman meets with Remgro's CEO in between meetings throughout the year to discuss important issues. Members of the Board and its subcommittees receive an agenda, together with supporting documentation, at least one week prior to each meeting to enable them to be fully prepared for meetings.

All directors have unlimited access to the services of the Company Secretary and senior management, as well as to all Remgro's company records. The Company Secretary provides continuous guidance on corporate governance-related matters.

The Board has approved the protocol to be followed in the event that it or any of its members or committees need to obtain independent, external professional advice at Remgro's expense, on matters within the scope of their duties, with prior notification to the CEO or the Company Secretary. The Board has also approved the protocol to be followed by its non-executive members for requisitioning documentation from, and arranging meetings with, management, i.e. by the relaying of requests to a member of the Management Board or the Company Secretary who will be responsible for providing the necessary documentation and/or arranging the necessary meetings.

## Board composition

### Composition

In compliance with the recommended practices of King IV, the Board consists of 14 directors, three of whom are executive and 11 of whom are non-executive directors. Seven of the non-executive directors are independent. The composition of the Board reflects a balance between executive and non-executive directors, in order to ensure that there is a clear separation of responsibilities so that no one individual has unfettered decision-making powers.

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.

Non-executive directors, on the other hand, are selected to serve on the Board for their broader knowledge, skills and experience, which is needed to govern Remgro, and they are expected to contribute effectively to decision-making and the formulation of policy.

The Board promotes diversity in its membership across a variety of attributes, including field of knowledge, skills and experience, age, culture, race and gender. The Remuneration and Nomination Committee has adopted a diversity policy. The policy on the promotion of diversity applies only to the Board and although formal targets are not set, the Remuneration and Nomination Committee pursues all opportunities to enhance the gender and race diversity of the Board. The Board has transformed, with six of the 11 non-executive directors (55%) being black persons, seven of all 14 directors (50%) being black persons, and two of all 14 directors (14%) being females and, on Management Board level, one of the five members (20%) is a black person and one of the five members is a female (20%).

The Board is satisfied that its current members possess the required collective knowledge, skills and experience to carry out its responsibilities, to achieve the Remgro Group's objectives and create shareholder value over the long term. Details on each individual director can be found on pages 92 to 95 of the Integrated Annual Report.



## Nomination, election and appointments

There is a formal and transparent process for appointments to the Board. The appointment of directors is a function of the entire Board, based on recommendations made by the Remuneration and Nomination Committee.

When considering nominations, the Board considers the collective knowledge, skills and experience required by the Board, the diversity of the Board and whether the candidate meets the appropriate fit and proper criteria.

The candidates for non-executive members of the Board must provide the Board with details of their professional commitments and confirm that the candidate has sufficient time available to fulfil the responsibilities as member of the Board. All nominated candidates' backgrounds are independently investigated, and their qualifications are independently verified.

A brief professional profile of each candidate standing for election at the Annual General Meeting (AGM), including details of existing professional commitments, accompanies the notice of the AGM, together with a statement from the Board confirming that it supports the candidate's election and/or re-election.

Newly appointed directors follow an extensive induction programme coordinated by the Company Secretary upon their appointment, to ensure that they are able to make a meaningful contribution in a shorter amount of time. The induction programme includes the provision of an induction pack consisting of, *inter alia*, agendas and minutes of the two most recent Board and subcommittee meetings, the latest Annual Financial Statements and Integrated Annual Report, Remgro's Code of Ethics, induction meetings with executive directors and senior management (if requested) as well as information on the JSE Listings Requirements. This process ensures that new directors obtain a good understanding of Remgro's core business and their fiduciary duties.

Regular briefings on legal and corporate governance developments, and risks and changes in the external environment of Remgro, are provided to directors.

In terms of the Memorandum of Incorporation of Remgro, 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 or her office for a period of three years since his or her last election shall retire at such meeting.

Nomination for re-election only occurs after the evaluation of the performance of the Board and is therefore based on the director's past performance, including attendance at Board meetings and its committee meetings, the director's contribution and his or her objectivity of business judgement calls. The Board has established a succession plan for its directorship.

## Independence and conflicts

The independence of non-executive directors who are categorised as independent is reviewed annually and the independence of independent non-executive directors who have served on the Board for more than nine years is subject to a review by the Board. The Board assesses independence in light of any interest, position, association or relationship, which when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in the decision-making of a non-executive director who is categorised as independent. The tenure of each director is disclosed on pages 92 to 95 of the Integrated Annual Report.



Each director must submit to the Board a declaration of all financial, economic and other interests held in Remgro by the director and his or her related parties whenever there are significant changes and as soon as they become aware of it. At the beginning of each Board meeting, Board members and committee members are also required to disclose any conflict of interest in respect of a matter on the agenda. Any such conflicts are proactively managed as determined by the Board, subject to legal provisions.

All information not disclosed publicly, which directors acquire in the performance of their duties must be treated as confidential and may not be used for personal advantage or for the advantage of third parties. In this regard, directors must comply with, *inter alia*, Remgro's Code of Ethics, the provisions of the Financial Market Act (No. 19 of 2012) (regarding "inside information"), and the JSE Listings Requirements (regarding "price-sensitive information"), in any disclosure of information, dealings in securities and the disclosure of such dealings.

## Chairman

The Chairman is elected by the Board on an annual basis, along with a deputy chairman. The roles and responsibilities of the Chairman are documented in the Board Charter and are separate from that of the CEO.

The Chairman of the Board, Mr Johann Rupert, is not an independent non-executive director. The Board acknowledges the recommended practice of King IV to appoint an independent non-executive director as Chairman, but given his knowledge of the business and his commercial experience and 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 for achieving the business objectives of Remgro. However, in compliance with King IV and the JSE Listings Requirements, the Board has appointed Ms S E N De Bruyn as the 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 responsibilities of the LID are documented in the Board Charter. The LID is appointed by the Board on an annual basis.

The Board is satisfied with the number of outside professional positions that the Chairman holds and is confident that such positions do not hinder him from performing his duties. The Board has established a succession plan for the position of chairman.

## Committees of the Board

The Board delegates certain roles and responsibilities to individual directors and to standing or *ad hoc* board committees. The Board, however, understands that delegation of its responsibilities to a committee or a particular director will not by or of itself constitute a discharge of the Board's accountability.

Specific responsibilities are delegated to the Board's subcommittees, which have defined tasks in terms of approved mandates. The delegation to committees has been recorded by means of formal terms of reference for each committee, which terms of reference are reviewed annually by the Board. Feedback on the committees' activities is submitted to the Board at each Board meeting following the relevant committee meeting.

Members of the executive and senior management are invited to attend committee meetings either by standing invitation or on an *ad hoc* basis to provide pertinent information and insights in their areas of responsibility.

## Audit and Risk Committee

Remgro has appointed an Audit and Risk Committee, which consists of four suitably skilled and experienced independent non-executive directors. One of the members of the committee is appointed by the Board to chair the committee.

## Attendance at meetings of members

	Board	Audit and Risk Committee	Remuneration and Nomination Committee	Social and Ethics Committee	Management Board	Investment Committee	Strategic ESG Committee
<b>Number of meetings held</b>	<b>5</b>	<b>4</b>	<b>2</b>	<b>3</b>	<b>12</b>	<b>1</b>	<b>2</b>
<b>Attendance by directors</b>							
<b>Non-executive directors</b>							
J P Rupert	5		2			1	
J Malherbe	5					1	
P J Neethling <sup>(1)</sup>	5						
A E Rupert	5						
<b>Independent non-executive directors</b>							
S E N De Bruyn	5	4	2	3			2
N P Mageza	5	4		3			
P J Moleketi	5	4	2				
M Morobe	5			3			2
G G Nieuwoudt	5					1	
K S Rantloane	5					1	2
F Robertson <sup>(2)</sup>	5	3	2				
<b>Executive directors and Management Board</b>							
J J Durand	5				12	1	
P R Louw				3	12		
M Lubbe	5				12		2
P J Uys				3	10		2
N J Williams	5				12	1	

<sup>(1)</sup> Mr P J Neethling was appointed as alternate member to Mr J P Rupert on the Investment Committee effective 23 March 2022. There has been no physical meeting since his appointment.

<sup>(2)</sup> Mr F Robertson was appointed as a member of the Investment Committee effective 21 September 2021. There has been no physical meeting since his appointment.

The Audit and Risk Committee is responsible for the oversight of Remgro Group's Integrated Annual Report, internal financial controls and accounting systems, internal audit, external audit, risk and opportunities management, the consolidated financial statements and any other intended releases of price-sensitive information for external distribution or publication, including those required by any regulatory or statutory authority. The Audit and Risk Committee is responsible to ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities.

The responsibilities of the Audit and Risk Committee are codified in a formal terms of reference, which is reviewed at least annually and which is available on Remgro's website. During the year under review, the Board reviewed the terms of reference of the Audit and Risk Committee, in light of the principles and recommended practices of King IV. An Audit and Risk Committee Report is published each year describing how the committee has discharged its duties.

The Board believes that the current members of the Audit and Risk Committee are suitably skilled and experienced. The CEO and CFO are not members of the Audit and Risk Committee, but attend meetings by invitation, if needed, to contribute pertinent insights and information.

The Audit and Risk Committee annually performs a review of Remgro's CFO and the finance function. Remgro has appointed an executive financial director, being the CFO of Remgro (Mr Neville Williams). The Audit and Risk Committee is satisfied as to the appropriateness of the expertise and experience of the financial director.

The Audit and Risk Committee meets at least annually with the internal and external auditors, respectively, without management being present, to facilitate an exchange of views and concerns that may not be appropriate for discussion in an open forum.

The Audit and Risk Committee has, during the year under review, nominated independent external auditors, PricewaterhouseCoopers Inc. (PwC), approved its fee and determined its terms of engagement. The appointment was presented to the shareholders of Remgro at the AGM for approval. The Committee is satisfied that Remgro's external auditors are independent of Remgro and are thereby able to conduct their audit functions without any undue influence. The designated external audit partner rotates every five years. PwC has been the auditor of the Company for 54 years. The business of the Company was previously transacted through Rembrandt Group Limited of which, based on available statutory records, PwC and its predecessor firms have been the external auditor for 74 years. The committee is satisfied with PwC's independence from the Company, notwithstanding its tenure as external auditor.

In terms of the requirements of the Independent Regulatory Board for Auditors (IRBA), the Company is obliged to rotate its external auditor for the 2024 financial year. Following a comprehensive tender process during the 2021 financial year, the Audit and Risk Committee recommended to appoint Ernst & Young Inc. (EY) as the new external auditors of Remgro, with effect from the financial year ending 30 June 2024. An indicative non-binding advisory vote to appoint EY, with effect from the 2024 financial year, was tabled at Remgro's AGM held on 25 November 2021. At the meeting, 99.72% of the ordinary shareholders, which excludes the votes of the B ordinary shareholders, voted in favour of the appointment

of EY, with effect from the 2024 financial year. The ordinary resolution to affect the statutory appointment would only serve at the Company's 2023 AGM. Subject to the passing of the relevant ordinary resolutions at the Company's 2022 AGM, the incumbent external auditor of the Company, PwC, will continue to act as external auditor of the Company for the financial year ending 30 June 2023.

The Audit and Risk Committee meets at least four times during a reporting period. The effectiveness of the Audit and Risk Committee is evaluated on an annual basis by way of self-evaluation and an evaluation by the Board.

The Audit and Risk Committee provides feedback to the Board at each board meeting following an Audit and Risk Committee meeting. Reporting to shareholders is done through the Audit and Risk Committee Report included in the Integrated Annual Report on pages 137 to 139.

The Audit and Risk Committee is satisfied that Remgro has established appropriate financial reporting procedures and that those procedures are operating; and the committee is satisfied that it has fulfilled its responsibilities in terms of its terms of reference. The Board is also satisfied that the Audit and Risk Committee has executed its responsibilities.

## Social and Ethics Committee

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 Social and Ethics Committee oversees and reports on Remgro's ethics, sustainable development and stakeholder relationships; and ensures that Remgro is and remains a good and responsible corporate citizen. The role and responsibilities of the Social and Ethics Committee are codified in a charter (which is available on Remgro's website), which charter is reviewed at least annually; and was reviewed during the reporting period, in light of the principles and recommended practices of King IV. A Social and Ethics Committee Report is published each year describing how the committee has discharged its duties.

The Social and Ethics Committee currently consists of five members, which include executive and non-executive members, with a majority being independent non-executive directors. The Board believes that the current members of the committee are suitably skilled and experienced.

The Social and Ethics Committee meets at least twice during a reporting period. The effectiveness of the Social and Ethics Committee is evaluated on an annual basis by way of self-evaluation and an evaluation by the Board.

Reporting to shareholders is done through the Social and Ethics Committee Report, which is included on pages 132 to 133. The Social and Ethics Committee is satisfied that it has fulfilled its responsibilities in terms of its charter. The Board is also satisfied that the Social and Ethics Committee has executed its responsibilities.

## Remuneration and Nomination Committee

The Remuneration and Nomination Committee consists of four members. All members of the Remuneration and Nomination Committee are non-executive directors, with the majority being categorised as independent. The Chairman acts as *ex officio* chairman of the Remuneration and Nomination Committee.



Although he is not independent, the Board is supportive of his chairmanship given the necessity to align Remgro's remuneration approach with corporate strategy, and the fact that he receives no remuneration from Remgro.

The Remuneration and Nomination Committee meets at least once a year. The CEO attends all meetings of the committee *ex officio*. The Remuneration and Nomination Committee's mandate (which is available on Remgro's website) is reviewed annually and the committee's effectiveness is assessed in terms thereof. The Remuneration and Nomination Committee is satisfied that it has fulfilled its responsibilities in terms of its terms of reference. The Board is also satisfied that the Remuneration and Nomination Committee has executed its responsibilities.

## Performance evaluations

The Board and the independence of the independent non-executive directors are evaluated annually by the LID and the Board. The performance of directors is not evaluated on an individual basis. The subcommittees of the Board are self-evaluated annually by their members with feedback to the Board, as well as by the Board itself.

The Board determines its functions, duties and performance criteria (which *inter alia* takes the principles and recommended practices of King IV into consideration), as well as those for subcommittees, to serve as a benchmark for the performance appraisals. The Board has decided not to disclose the overview of the appraisal process, results and action plans in the Integrated Annual Report due to the potential sensitive nature thereof.

The Board, led by the Lead Independent Director (LID), considered the independence of the independent, non-executive directors, and is satisfied with their independence, including the independence of Messrs Fred Robertson (appointed 28 March 2001), Murphy Morobe (appointed 18 June 2007), Peter Mageza (appointed 4 November 2009) and Jabu Moleketi (appointed 4 November 2009) who each has served on the Remgro Board for more than nine years. Based on an evaluation of the aforementioned directors, there is no evidence of any circumstances or relationships that will impair their judgement, and the Board is satisfied that their independence is in no way affected by their length of service.

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.

As mentioned above, the Board has appointed a LID to lead the evaluation of the Chairman's performance.

The Board is satisfied that the evaluation process has the effect of continuously improving Remgro's performance and effectiveness.

## Appointment and delegation to management

The Board delegates authority in a manner that articulates its direction on reservation and delegation of power. The Board ultimately leads and controls the Remgro Group in all issues of a material or strategic nature, which can impact the reputation and performance of the Remgro Group. 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 is satisfied that its delegation of authority contributes to role clarity and the effective exercise of authority and responsibilities.

## Management Board

The Management Board is a subcommittee of the Board that is mainly responsible for determining policies, monitoring and managing existing investments, identifying and recommending new investment opportunities and executing the decisions and strategy approved by the Board. The Management Board's mandate is available on Remgro's website. During the year under review, the Board reviewed the Management Board's mandate, in light of the principles and recommended practices of King IV.

The Management Board currently comprises five members, being all three executive directors on the Board as well as Messrs Pieter Louw and Pieter Uys. The CEO is the chairman of the Management Board. The Management Board meets on a monthly basis to ensure the proper execution of its responsibilities. The effectiveness of the Management Board is evaluated on an annual basis by way of a self-evaluation process and an evaluation by the Board.

## Investment Committee

The Investment Committee is a subcommittee of the Board that is responsible for considering and approving new investments, the extension and disposal of existing investments, and to consider and make recommendations to the Board regarding all other investments falling outside its mandate, which mandate is available on Remgro's website. The Investment Committee is responsible for ensuring that ESG issues are integrated into investment and management practices through its Investment Framework in collaboration with the Strategic ESG and Operational ESG Committees. During the year under review, the Board reviewed the Investment Committee mandate, in light of the principles and recommended practices of King IV.

The Investment Committee comprises seven members (with one member having an Alternate), being five non-executive directors as well as the CEO and CFO. The chairman of the Board is the chairman of the Investment Committee. The Investment Committee meets on an ad hoc basis. The effectiveness of the Investment Committee is evaluated on an annual basis by way of a self-evaluation process and an evaluation by the Board.

## Valuation committee

The Valuation committee has been established as a subcommittee of the Audit and Risk Committee with effect from 28 May 2021. The Committee assists the Audit and Risk Committee in determining and recommending the valuations of Remgro's unlisted investments and the internal valuations of Remgro's material investments, to the Board.

During the year under review, the Audit and Risk Committee reviewed the Valuation Committee mandate.

The Valuation Committee comprises seven members, being five non-executive directors as well as the CEO and CFO and is chaired by an independent non-executive director. The majority of the members of the Committee are independent. The Valuation Committee meets at least twice during a reporting period.

## Environmental, Social and Governance Committees

The Board established Strategic and Operational ESG Committees with effect from 25 November 2021. Their purpose is to assist the Board in providing direction and fulfil oversight responsibilities with respect to the implementation and development of Remgro's ESG strategy and its ambition to achieve and be recognised for best practice in ESG and sustainability. Its remit shall include topics such as climate change impacts, energy and natural resources conservation, environmental and supply chain sustainability, human rights, diversity and inclusion, and other ESG issues that are or might become relevant and material to Remgro and its investee companies.

The Strategic ESG Committee is a subcommittee of the Board comprising five members, including three independent non-executive directors as well as the Chairman of the Operational ESG Committee and the Board director responsible for Compliance and CSI. The Committee meets quarterly.

The Operational ESG Committee is a subcommittee of the Strategic ESG Committee and comprises members of the Management Board and senior management. The Committee meets monthly.

During the year under review, the Board reviewed the Strategic ESG Committee Charter and the Operational ESG Committee Terms of Reference.



Reporting to shareholders is achieved through the Abridged Sustainability Report which can be found on pages 68 to 77.

## CEO and CFO roles

The CEO and the CFO are appointed by the Board on an annual basis and are *ex officio* members of the Board. The CEO, Mr Jannie Durand, is responsible for the day-to-day management of Remgro and he is assisted in this regard by Mr Neville Williams, the CFO of Remgro. Between them they have 54 years of service working for Remgro and Remgro-related businesses, and are both individuals with the necessary competence, character and authority and are adequately resourced to fulfil their roles.

The CEO is responsible for leading the implementation and execution of approved strategy, policy and operational planning and serves as the chief link between the Management Board and the Board. The CEO is accountable and reports to the Board and the Board evaluates the CEO's performance annually. The CEO and the CFO take up additional professional

positions, the majority of which can be found on page 95 of the Integrated Annual Report.



The Board has a succession plan, which is reviewed periodically, for the position of CEO and the remaining members of the Management Board, in order to ensure continuity of executive leadership.

## Company Secretary

The appointment of the Company Secretary has been approved by the Board and the Board is responsible for the removal of the Company Secretary. Ms Danielle Dreyer is the Company Secretary of Remgro and is a full-time employee of Remgro.

The Company Secretary has unfettered access to the Board but is not a member of the Board. The Company Secretary is responsible for providing guidance to the Board collectively, and to the directors individually, with regards to their duties, responsibilities and powers and making them aware of legislation and regulations relevant to Remgro. All directors have unlimited access to the services of the Company Secretary. The Board is satisfied that the arrangements in place to access these services are effective.

The Company Secretary is furthermore responsible to ensure that proper corporate governance principles are adhered to and that Board orientation or training is given, when appropriate, based on annual performance evaluations. The Company Secretary ensures the proper administration of the proceedings and matters relating to the Board, Remgro and the shareholders of Remgro in accordance with applicable legislation and procedures.

The Company Secretary reports to the Board through the Chairman on all statutory duties and functions performed in connection with the Board. Regarding other duties and administrative matters, the Company Secretary reports to executive management.

The Board conducts an annual evaluation of the Company Secretary's competence, qualifications and experience, as required by the JSE Listings Requirements. The evaluation process includes an assessment by each member of the Board of the Company Secretary's eligibility, skills, knowledge and execution of duties. The Board is satisfied that the Company Secretary has the necessary competence, qualifications, experience, gravitas and objectivity to provide independent guidance and support at the highest level of decision-making in Remgro.

## Risk and opportunities governance

The Board is ultimately accountable for the Remgro Group's risk and opportunities management process and system of internal control. The Board has implemented and maintained a comprehensive risk and opportunities management system, which incorporates continuous risk and opportunity identification and assessment, evaluation and internal control embedment.

The risk and opportunities management process entails the planning, arranging and controlling of activities and resources to minimise the negative impacts of risks to levels that can be tolerated by Remgro, as well as to optimise the opportunities presented by certain risks. In addition, the processes assess strategic risk and the alignment of strategy to the mission and vision of Remgro. As Remgro is an investment holding company, the risk and opportunities management

process takes cognisance of risks and opportunities within Remgro as well as the risks and opportunities inherent to its investment portfolio.

The Board has evaluated and agreed on the nature and extent of the risks that Remgro is willing to take in pursuit of its strategic objectives. The Board formalises and approves risk appetite, risk-bearing capacity and risk tolerance levels on an annual basis.

The Audit and Risk Committee is integral in the implementation of the enterprise-wide Risk and Opportunities Management Policy, as it is mandated by the Board to monitor the risk and opportunities management processes and systems of internal control for Remgro and its wholly owned subsidiaries. The Audit and Risk Committee provides feedback to the Board on the effectiveness of the Remgro Group's risk and opportunities management processes, at least annually.

The Risk and Opportunities Management Policy defines the objectives, methodology, processes and responsibilities of the various management role players in Remgro. The Risk and Opportunities Management Policy seeks to, *inter alia*, assess the risks and opportunities emanating from the triple context in which Remgro operates and the capitals that Remgro use and affect to optimise resilience, performance and resource deployment. The Risk and Opportunities Management Policy is subject to annual review and any proposed amendments are submitted to the Audit and Risk Committee for consideration and thereafter for recommendation to the Board for approval. During the year under review, the Board reviewed the Risk and Opportunities Management Policy in light of the principles and recommended practices of King IV and the current COSO Enterprise Risk Management Framework.

The Audit and Risk Committee has assigned oversight of the operational risk and opportunities management function to the ROTIG Committee, which is a subcommittee of the Audit and Risk Committee. The mandate of the ROTIG Committee includes the maintenance of the Risk and Opportunities Management Policy, establishment of an operational risk and opportunities register, technology and information risk management, legal compliance and occupational health and safety. During the year under review, the Audit and Risk Committee reviewed the ROTIG Committee's mandate in light of the principles and recommended practices of King IV.

An annual independent internal audit review is done regarding the effectiveness of the ROTIG Committee, which is part of the risk and opportunities management process approved by the Board. The ROTIG Committee furthermore assessed its performance against its mandate and reported the positive results of this assessment to the Audit and Risk Committee.

The ROTIG Committee is chaired by the CFO and the 15 other members are all senior managers of Remgro. The chairman of the Audit and Risk Committee has a standing invitation to attend the meetings as an *ex officio* member to ensure the effective functioning of this committee and that appropriate risk information is shared with the committee.

The Remgro Group's risk and opportunities assessment, which includes all companies in the Remgro investment portfolio, is assessed by the Management Board.

Remgro's internal audit division is an effective independent appraisal function and forms an integral part of the enterprise-wide risk and opportunities management system that provides assurance on the effectiveness of Remgro's system of internal control. The Audit and Risk Committee has, during the year under review, evaluated reports on the effectiveness of the systems of internal controls conducted by the internal audit function, considered information provided by management and held discussions with the external auditor on the results of their audit.

Further details on Remgro's risk management function are contained in the Risk and Opportunities Management Report, which is included on pages 124 to 131. The Audit and Risk Committee is satisfied that the system, as well as the process of risk and opportunities management, is effective.

Remgro has a duly constituted Safety, Health and Environment Committee, as required by the Occupational Health and Safety Act (No. 85 of 1993). The committee is a subcommittee of the ROTIG Committee and ensures that Remgro 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. It further monitors environmental practices.

An overview of the key areas of focus during the reporting period, planned areas of future focus as well as the objectives, and the key risks that Remgro faces are contained in the Risk and Opportunities Management Report.

## Technology and information governance

The Board and executive management are well informed about the role of technology and information and its impact on Remgro's business, taking into account the relatively limited technology needs of an investment holding company.

The ROTIG Committee considers the technology and information risk register on a regular basis, while the progress on technology and information and control-related projects are monitored directly by the Audit and Risk Committee itself. The Board exercises oversight over these committees and is satisfied that technology and information is properly managed and that it is aligned with the objectives of the Remgro Group's business.

Remgro has a Technology and Information Governance Policy that is reviewed annually, amongst others, in light of the principles and recommended practices of King IV and is supplemented by governance-based policies such as the Technology and Information Acceptable Use Policy and Information Security Policy.

The head of Technology and Information reports to the Remgro CFO and technology and information-related matters are addressed by a Technology and Information Steering Committee, comprising the head of Technology and Information and six other members of senior management. This committee also reports to the ROTIG Committee on the progress regarding technology and information-related projects. The ROTIG Committee in turn considers and monitors the progress on technology and information-related projects. The Technology and Information Steering Committee is also responsible for monitoring adherence to the Technology and Information Governance



Policy. The head of Legal was appointed as the Information Officer in terms of the Protection of Personal Information Act 4 of 2013 (POPIA) and its regulations. The project introduced to ensure POPIA compliance will report to the Technology and Information Steering Committee in line with the committee's role to lead and promote technology and information governance.

Remgro has outsourced its technology and information operations to credible service providers through comprehensive Service Level Agreements. The Service Level Agreements of the service providers, which deal with, *inter alia*, key deliverables such as system and user support, system availability, cyber risk management, virus protection, telephony and other general controls, are reviewed annually and their compliance monitored. Technology and information service management is based on the international Information Technology Infrastructure Library (ITIL) framework. The services of a Security Operations Centre were also implemented to monitor cyber risk.

Technology and information risk management is fully integrated and included in Remgro's combined assurance process. A business continuity plan has been formalised and successful tests performed on the back-up and disaster recovery processes. Detailed feedback on the Remgro Group's technology and information risks is provided to the ROTIG Committee and the Audit and Risk Committee.

Information security policies are in place throughout Remgro regulating, *inter alia*, the processing and protection of own and third-party information. When required, specialist skills are insourced to assist with information technology services.

An overview of the key areas of focus during the reporting period and planned areas of future focus can be found in the Risk and Opportunities Management Report on page 124.



## Compliance

Compliance with laws, rules, regulations and relevant codes is integral to Remgro's risk and opportunities management process. The Audit and Risk Committee is responsible to, *inter alia*, ensure that an appropriate compliance framework is in place, that non-compliance is reported and to review any major breach of relevant legal and regulatory requirements. The Social and Ethics Committee has also been mandated to monitor the effectiveness of compliance management in the Remgro Group.

The Audit and Risk Committee monitors compliance with the Code of Ethics and addresses instances of fraud or irregularities. The Remgro Group has an effective anti-corruption, fraud prevention and detection process and ensures compliance and risk mitigation. There were no alleged incidents, pertaining to Remgro, its officers and employees, reported during the year.

During the year under review, the Board has reviewed Remgro's Legal Compliance Policy and Framework in light of the principles and recommended practices of King IV. The Board has confirmed that there is sufficient management capacity and controls in place to ensure that all relevant laws and industry practices are complied with. The Legal Compliance Policy and Framework identifies which non-binding rules, codes and standards have been adopted by Remgro.

The legal department updates management regularly on all changes in relevant legislation and regulations and legal compliance is managed and monitored on an ongoing basis and reported on to the Audit and Risk Committee.

Compliance controls also vest with senior management, who are required to report to the ROTIG Committee on a regular basis regarding their compliance using a control self-assessment methodology. This process is incorporated into the annual combined assurance plan.

The Company Secretary is responsible for providing guidance to the Board collectively and to the directors individually, with regards to their duties, responsibilities and powers; making them aware of legislation and regulations relevant to Remgro. The Company Secretary is responsible to ensure the proper administration of Board proceedings and matters in accordance with applicable legislation and procedures.

Legal compliance is a standing agenda item for Board meetings. Feedback on the Remgro Group's legal and regulatory risks is provided to the Audit and Risk Committee on a regular basis. The Board oversees that compliance is understood not only for the obligations it creates, but also for the rights and protections it affords, that compliance management is to be understood taking a holistic view of how applicable laws and non-binding rules, codes and standards relate to one another; and that compliance entails continual monitoring of the regulatory environment and appropriate responses to changes and developments.

Ms Mariza Lubbe, as an executive director, is responsible for compliance and corporate social investments. In her duties relating to compliance she monitors Remgro's responsibilities in terms of the Companies Act, the JSE Listings Requirements and King IV, as well as the proper and lawful implementation of Remgro's corporate actions.

## Remuneration

Remgro's Remuneration and Nomination Committee is responsible for, *inter alia*, the establishment of a remuneration policy, overseeing the setting and administering of the remuneration of all directors, Management Board members and other employees, as well as the compensation of non-executive directors (which compensation is ultimately approved by the shareholders by special resolution before payment thereof).

The Remuneration and Nomination Committee advises 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 has a formal Remuneration Policy that sets out the remuneration principles for the organisation as a whole. The Remuneration Policy is aligned with Remgro's approach of rewarding all employees fairly and competitively, according to their capabilities, skills, responsibilities and level of performance. The level of salaries to employees is one of a number of elements in its strategy to retain, motivate and, where necessary, recruit high-quality people.

The Remuneration Report provides an overview and understanding of Remgro's remuneration principles, policy and practices. The remuneration of directors and prescribed officers is disclosed in the Remuneration Report on page 98. The Board 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 paid to non-executive directors is thus a fixed annual fee. The only exception to this principle is the attendance fee per meeting applicable to the Investment committee. The requisite number of Investment committee meetings cannot be determined at the start of a financial year, and to prevent Board members being remunerated for a function that could occur occasionally the Remuneration committee approved a fixed fee per meeting attended. This was decided as many directors add significant value to the Remgro Group outside of the formal Board and committee meetings, sometimes greater than they might do within the confines of a formal meeting.

With effect from 2017, Remgro tables its Remuneration Policy and Remuneration Implementation Report for separate non-binding advisory votes by shareholders at its AGMs. In the event of a 25% or more dissenting vote on the Remuneration Policy or Remuneration Implementation Report (or both) the Remuneration and Nomination Committee will engage with the dissenting shareholders as recommended by King IV.

Remgro's Remuneration Policy and Remuneration Implementation Report were tabled for separate non-binding advisory votes at Remgro's AGM held on 25 November 2021. At the meeting, 69.91% and 88.17% of the ordinary shareholders, which excludes the votes of the B ordinary shareholders, voted in favour of the Remuneration Policy and Remuneration Implementation Report, respectively.

## Assurance

### Combined assurance

The Board acknowledges its accountability to its 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 and

Carbon Disclosure Project verification). Remgro believes that these assurance methods provide the necessary assurance over the quality and reliability of the information presented. The different options and levels of independent assurance available are continuously being reassessed to ensure optimised assurance.

The consolidated Annual Financial Statements of Remgro were audited by the independent external auditors, PricewaterhouseCoopers Inc., in accordance with International Standards on Auditing. Remgro acknowledges the increasing requirements from investors and regulatory and other guidelines, such as King IV and the integrated reporting guidelines, for the external assurance of selected non-financial information.

The Audit and Risk Committee is responsible to ensure that the combined assurance model is applied to provide a coordinated approach to all assurance activities, and that the combined assurance received is appropriate to address all the significant risks facing Remgro. It is also responsible to monitor the relationship between external service providers and Remgro. Various other voluntary external accreditation, certification and assurance initiatives are followed in the Remgro Group.

Remgro has implemented an enterprise-wide risk and opportunities management system that forms part of the overall combined assurance plan. Technology and information risk and opportunities management is fully integrated and included in Remgro's combined assurance process.

The Board is satisfied that a combined assurance model is applied which incorporates and optimises the various assurance services and functions so that these support the objectives for assurance.

The Board's direction takes into account legal requirements in relation to assurance and whether assurance should be applied to the underlying data used to prepare a report, or to the process for preparing and presenting a report, or both. In determining how to assure external reports, consideration is given to whether the nature, scope and extent of assurance are suited to the intended audience and purpose of a report; and the evaluation of the underlying subject matter of the report. The Board is satisfied that the external reports of Remgro meet the recommended practices of King IV.

### Internal audit

Internal audit forms an integral part of Remgro's enterprise-wide risk and opportunities management system to provide assurance on the effectiveness of Remgro's risk and opportunities management process and system of internal control. The internal audit function is independent from management with unfettered access to the Audit and Risk Committee and executive management.

Remgro's Chief Audit Executive (CAE) provides an annual written assessment to the Audit and Risk Committee on the effectiveness of the Remgro Group's governance, the control environment and system of internal controls and risk and opportunities management. The Audit and Risk Committee is satisfied with the independence, quality and scope of the internal audit process.

Reports on the effectiveness of Remgro's internal controls are included in the Risk and Opportunities Management Report and the Audit and Risk Committee Report. The Audit and Risk Committee has, *inter alia*, considered the reports from the internal and external auditors and satisfied itself about the adequacy and effectiveness of the Remgro Group's systems of internal control.



During the year under review, the Audit and Risk Committee reviewed the Internal Audit Mandate for approval by the Board, in light of the principles and recommended practices of King IV.

The Board continuously monitors that the internal audit follows a comprehensive quality assurance and improvement process, regularly reviews Remgro's risk profile and approves the risk-based annual internal audit work plan accordingly.

The Audit and Risk Committee has appointed Mr Deon Annandale as Remgro's CAE. The Board is satisfied with the attributes, objectivity and independence of the CAE, and that the CAE has the necessary gravitas and competence. The CAE is invited to attend meetings of the Management Board, as and when required, in addition to standing invitations to the ROTIG, Operational ESG and Treasury Committees' meetings and the investment strategy conference.

An external, independent quality review of the internal audit function is conducted at least once every three years.

## Stakeholder-inclusive approach

The Board is the ultimate custodian of its corporate reputation and stakeholder relationships. Remgro's relationship with all its stakeholders is based on the following values that are entrenched and supported by Remgro's Code of Ethics: integrity, competence, responsibility, accountability, fairness and transparency. Remgro has adopted a stakeholder policy, which sets out the approach and strategy of Remgro with respect to stakeholder engagements, ensuring that the approach takes into account corporate governance guidelines.

During the year under review, the Board reviewed the Group governance framework, which articulates and gives effect to its direction on relationships and the exercise of authority across the Remgro Group, in recognising group companies as being stakeholders of Remgro.

Remgro's main stakeholders are its shareholders and the investment community, its employees, its investee companies and the other shareholders of such investee companies, the community and environment in which it operates, its suppliers and service providers and the South African Government and regulatory bodies. The expectations of these stakeholders are taken into account in determining the areas reported on throughout the ESG and Sustainability Report.

Effective communication with shareholders and other stakeholders is fundamental in maintaining Remgro's reputation as an investment partner of choice. 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.

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 AGMs where topical matters are discussed openly. Further interactions with institutional

investors take place at least twice a year at the dial-in interim and final results presentations, where questions can be directed to the CEO and CFO. Outside of these, the management team from time to time participates in our investor platforms where focused engagements are held in order to ensure alignment with our investor community and that the Remgro equity story is widely understood and reflected in prevailing capital markets valuations. Remgro aims to continually improve on our communications, messaging and disclosure as a catalyst to enable our shareholders to understand management's view on value. We believe transparent communication also better positions us to enlist wider institutional coverage and in turn provide us increased visibility to international capital markets for greater investment. We, however, remain disciplined to balance our need to communicate with the investor community with the need to avoid information asymmetry and to ensure compliance with relevant disclosure requirements and regulations in terms of our Listings Requirements. To this end, our shareholders and the investment community at large are encouraged to contact our Remgro investor relations manager directly for any investor related queries. The investor relations contact details are available on the investor segment of the Company's website.

The Board is available to engage at the AGM of Remgro and to respond to shareholders' queries on how the Board executed its governance duties. The designated partner of the external audit firm also attends the AGM. The results of Remgro's AGM are publicly available on the Stock Exchange News Service (SENS).

Remgro, like other organisations, has many economic impacts on its stakeholders through, *inter alia*, the generation and distribution of value, the creation of employment opportunities, remunerating employees fairly and competitively, paying taxes and CSI initiatives. Remgro continuously manages these impacts and engages with stakeholders on matters relevant to them.

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 shareholders that may be to their detriment. In this regard Remgro has appointed a LID to act as chairman during meetings in situations when the Chairman has a conflict of interest.

The Board has not instituted a formal dispute resolution process in relation to shareholders, as it believes that the existing processes within the Remgro Group operate satisfactorily and do not require a more formal and separate mechanism. In addition, shareholders may use relevant remedies in terms of the Companies Act.

An overview of the key areas of focus during the reporting period and planned areas of future focus in relation to stakeholder inclusivity can be viewed in the Abridged Sustainability Report on page 68.

## Conclusion

The Board is satisfied with the application by Remgro of the principles enshrined in King IV and has demonstrated its application of the 16 applicable King IV principles herein. Remgro is committed to ensuring that corporate governance is adhered to and that corporate governance processes are continuously reviewed to ensure that it remains effective and compliant.

