

ESG and SUSTAINABILITY STRATEGY OVERVIEW

Why we are doing this

Since its inception, Remgro has always strived to be a values-led business. These values continue to inspire and drive Remgro to act as a good corporate citizen for the benefit of all stakeholders.

Remgro believes that high standards of corporate responsibility build trust, make good business sense and are necessary in order to protect and enhance investment returns. Responsible and ethical business practices form the foundation for sustained shared value creation, environmental sustainability, long-term asset performance and the health (or wellbeing) of society at large.

As part of its responsibility to run its business sustainably, Remgro believes it must continue to align with the broader societal and environmental context to influence and enable solutions to some of the most pressing issues facing South Africa today. As the country walks the long road to recovery and rebuilding of the economy post-Covid-19, Remgro is committed to playing its part in creating a sustainable future and supporting South Africa's national endeavours to achieve the UN 2030 Sustainable Development Goals.

Remgro is committed to developing an environmental, social and governance (ESG) strategy that reflects South Africa's unique sustainability challenges and to address the opportunities and risks they present.

Remgro believes this will enable it to support the just sustainability transition in South Africa where it aspires to take a leadership role, by achieving better social and environmental impacts, but also to deliver enhanced prosperity for its own stakeholders, by anticipating and responding to these.

This means that we believe in enhancing socio-economic development for a more equitable and inclusive society that benefits from unlocking shared value creation.

Transformation and empowerment are critical to the future of South Africa. Remgro's focus on diversity, equality and inclusion is designed to attract, develop and retain the best talent through access to equal opportunities. By focusing on skills and talent development, Remgro aims to create an equitable working environment built on diversity and inclusion, enhancing the potential of people's livelihoods.

From an environmental perspective, addressing the urgent challenge of climate change and better managing the risks it already presents is an imperative for Remgro. Remgro is determined to support South Africa's commitments under the Paris Agreement, aligning with global industry metrics and best practice to do this, and continuing our ongoing work with our communities to support their efforts too.

Remgro will also be working with the companies in which it invests to address the impact of climate change, reducing exposure to risk and leveraging the market opportunities that present themselves.

Remgro seeks opportunities that minimise the adverse impacts and enhance the positive effects on the environment and all stakeholders, including employees and affected communities. As part of its strategy, Remgro intends to make efficient use of natural resources, protect the environment and support the reduction of greenhouse gas emissions in line with international and national policy goals and timetables.

What we have achieved over the past year

When Remgro stated its commitment in 2021 to become a leader in the development of ESG and corporate sustainability in a South African context, the starting point was its own history of corporate citizenship.

Building on a track record of success in community initiatives in particular, and its long-standing principles for responsible and ethical business, Remgro has spent the last year focused on enhancing the development of its ESG and sustainability approach.

A range of activities has been undertaken to ensure Remgro has a strategy that reflects both its heritage and ambitions given the importance and urgency of addressing the transition to sustainability in South Africa.

This work will ensure that ESG and sustainability considerations are integral to the business and build on national and international best practice as it is further developed in years to come and put into effect.

Governance and oversight

Remgro has established clear Board-level governance mechanisms, procedures and policies, and enhanced its capacity to develop and implement these in practice.

In 2021, Remgro established the Strategic ESG Committee, a Board sub-committee to provide oversight and guidance to the Remgro Board on the appropriateness, adequacy and effectiveness of Remgro's ambitions, strategy, management, operational resources and disclosures related to ESG.

The Strategic ESG Committee is supported by the Operational ESG Committee, responsible for ensuring the availability of appropriate resourcing and execution of Remgro's ESG strategy as it develops. Qualitative ESG measures have been incorporated into long-term incentive structures to incentivise and motivate management in driving Remgro's ESG strategy.

The Company has also undertaken materiality analyses and assessments of selected investee companies and established the ESG footprint of Remgro and these investee companies, which will inform priorities for action as the ESG strategy is rolled out.

Investment management and stewardship

Remgro recognises the critical role of stewardship of its investments to support its ESG and sustainability strategy. As a key part of its decision-making on new and existing investments, Remgro has increased its focus on how it manages its assets and pursues investments in businesses with the aim to contribute to measurable positive social and/or environmental impact, alongside financial returns.

To this end, Remgro has reviewed its Investment Mandate and developed an Investment Policy and Investment Framework. The development of an investment framework that incorporates ESG considerations has placed its sustainability ambitions at the cornerstone of Remgro's investment decision-making.

Evaluation of ESG risks, impact considerations, value creation opportunities and sustainability have been purposefully integrated throughout the investment lifecycle to identify where sustainable value can be generated over the long term.

Remgro's investment managers and Investment Committee are now responsible for ensuring that the consideration of ESG issues is integrated into investment and management practices in collaboration with the Strategic ESG and Operational ESG Committees.

In support of its investee companies, Remgro will implement management systems which effectively address ESG risks, realise ESG opportunities and establish mechanisms for collaboration, sharing of ideas, information and best practice, with a view to achieving the greatest impacts from its efforts.

Remgro intends to make **efficient use of natural resources**, protect the environment and support the reduction of greenhouse gas emissions **in line with international and national policy goals** and timetables.

Corporate Social Responsibility

Remgro has also continued its ongoing activities in this area, working with communities across South Africa to support their development and ensure that its own direct operations and activities reflect its goals in the area of ESG and Sustainability.

For more information on the Corporate Social Responsibility of the company, visit the Remgro website www.remgro.com for the full Sustainability Report.

Future priorities

In the near term, Remgro's focus is on embedding ESG strategically and operationally into the business and in the stewardship of its investments to create sustainable stakeholder value. It is committed to achieving this by encouraging consistent standards across Remgro and its investee companies that achieve common and collective ESG and sustainability goals.

Remgro recognises that to be a responsible business steward, it must work with all its investee companies on this critical agenda to secure greater environmental sustainability and enhance socio-economic development that enables more inclusive growth and unlocks shared value.

Remgro will be working with its investee companies to encourage and influence implementation across its sustainability initiatives to deliver greater impact and scale through coordinated, consistent solutions, as well as enhanced transparency through the application of relevant standards.

Remgro's best practice of stewardship includes the creation of a schedule to measure its ESG progress, reporting against defined targets and metrics. As part of this process, Remgro will strive to influence the businesses in which its capital is invested to commit to continuous improvements of ESG, particularly regarding environmental and social matters, and work to apply relevant global and industry best practice with appropriate targets, timetables and disclosures to achieve them.

Remgro will also work with other stakeholders and experts to ensure that its investments, strategy and business operations reflect its goal to create a sustainable and more equitable future in South Africa.

Tracking progress

A key component of Remgro's ESG strategy is to provide transparent and accurate disclosures on its metrics and the improvements made against internationally recognised standards.

Remgro has put in place plans, policies and procedures to ensure its investments work to these ends and will engage with its colleagues, partners and other stakeholders on this important journey.

Further developments of Remgro's ESG strategy in the coming year include establishing priorities and metrics for performance assessment. These will be determined with reference to the Principles for Responsible Investment (PRI), the International Finance Corporation (IFC) Environmental and Social Performance Standards, the emerging International Sustainability Standards Board (ISSB) work, BBBEE and other appropriate South African frameworks relevant to environmental, social and community developments.

By seeking to align with the Task Force for Climate-Related Financial Disclosures (TCFD) framework to address climate change effectively across its entire portfolio, the continued ambition will be to minimise investment risk and maximise opportunities from the transition.

Remgro will develop a common set of metrics and targets to better link opportunities between financial performance indicators and climate-related risk mitigation practices. This will be embedded across its value chain activities throughout the organisation and investee companies' ecosystems to influence progress towards the Paris Agreement's zero net emissions goal.

Remgro will continue to set goals that will enable a solid governance foundation to enable Remgro and its investee companies to develop ESG objectives that will support its ambition to become a leader in the development of ESG and corporate sustainability in a South African context. This is imperative to ensure Remgro continues to move forward along its ESG journey and makes a meaningful, practical and sustainable impact that contributes to how it fulfils its purpose.

Remgro will ensure that its **investments, strategy and business operations reflect its goal** to create a **sustainable and more equitable future** in South Africa.

