

KEY OBJECTIVES and principal INTEGRATED RISKS

REMGRO'S KEY OBJECTIVES

Managing with a view to **maximise shared value creation** and **sustainable growth for all stakeholders**.

1

Remgro is an investment holding company committed to shaping its future and partner for South Africa's prosperity.

2

Our vision is to be the trusted investment company of choice that consistently creates sustainable stakeholder value.

3

Our critical role of stewardship of our investee companies and track record of prudent management and maintaining a strong financial position enables us to invest in a diverse portfolio of businesses that can deliver superior earnings and dividend growth over the long term for the benefit of all our credible stakeholders.

4

Our goal is to be a leader in the development of ESG and corporate sustainability and making it integral to our business.

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

DOING BUSINESS ETHICALLY

1

By always considering the impact of the Company's strategy on its commercial sustainability, the impact on the society in which it operates, as well as the environment, results in Remgro being a responsible corporate citizen and investor.

2

Leadership based on ethical foundations results in a culture of ethical and moral behaviour and compliance with laws, rules, codes and standards. Consistent achievement of objectives creates trust, whilst ethical environments also foster high staff morale.

3

By always striving to "do the right thing" Remgro positions itself as the trusted investment partner of choice.

PRINCIPAL INTEGRATED SUSTAINABILITY DRIVERS

1

Remgro's size and influence enables it to acquire significant stakes in entities that are big enough to have a material effect on Remgro's earnings and net asset value. Remgro's standing as a trusted investment company of choice that adheres to ESG and sustainability principles facilitates the building of strategic partnerships and its access to investment opportunities. In addition the distribution of mature investments to shareholders enables Remgro to unlock value and make the entity more agile in seeking suitable unlisted investment opportunities.

2

A strong low-geared statement of financial position enables Remgro to make new investments or to increase its stake in well-performing investments, or fund growth opportunities by means of shareholder loans. It furthermore enhances the business resilience of the Group in unstable global environments.

3

Remgro's stewardship of its investee companies through skilled and experienced executives is critical value-add and will furthermore advance its sustainability agenda to drive sustainable behaviour through ESG principles to achieve common and collective sustainability goals.

4

Remgro's focus on ESG principles, innovation and future developments serves as inputs in its Investment Framework and Mandate.

Principal integrated risks

Remgro's principal risks and opportunities are summarised below. A more comprehensive analysis of our risk management process is provided in the Risk and Opportunities Management Report, while our main financial risks, including those relating to the global economy and currencies, are disclosed in the CFO's Report. The impact of the Russia-Ukraine conflict and consequences of the Covid-19 pandemic and social stability, economic and political decline on external risk and opportunity along with the implications for Remgro's Six Capitals and risk appetite is also specifically addressed in the Risk and Opportunities Management Report on page 124.



KEY OBJECTIVE AND CONTEXT

Partnering for South Africa's prosperity. This includes the successful and sustainable performance of enterprise to enhance economic growth, create jobs, pay taxes, and collaborate for a successfully governed country to the benefit of its people.

To be a trusted investment company of choice that consistently creates sustainable value.

INTEGRATED RISKS/OPPORTUNITIES

Events such as Covid-19 pandemic, increasing global geo-political instability and adverse weather events and declining economies underlined and increased the inequalities in South Africa and globally.

Operational environment

South African country risk due to political instability, sustained social unrest, low economic growth, the increasing current account, increasing inflation and interest rates and budget deficits.

During the year under review these were further exacerbated by the Russia-Ukraine conflict and consequences of the global Covid-19 pandemic. In particular, regulatory response and socio-economic impacts, net of fiscal relief measures, impeded growth scenarios.

Trust

Globally investor trust is often lost due to a break-down in governance, poor ethics, corporate fraud and inconsistent experience in delivery against stated objectives.

Structure and performance

Investors require sustainable returns and the unlocking of value in Investment holding companies, commensurate with the risk profile of the investment made.

Investee company performance

Inability of boards of investee companies to identify and respond to disruptive technology risks timeously and opportunities or similar political, environmental, social, regulatory or economic developments in their markets.

Inadequate capacity to innovate can impede competitive ability.

To be a leader in the development of ESG and corporate sustainability in a South African context.

Over decades and at a global scale, poor or ill-informed governance coupled with population growth, industrialisation and increased consumption of natural resources, culminated in global warming, disruption of weather patterns, increased migration of people, massive pollution of the natural environment and other adverse impacts on our planet's ability to sustain this over time.

In response thereto governments, society, stakeholders, and investors are via regulation, improved technology, calls for increased transparency and reporting and expected behaviour changes as custodians for future generations endeavouring to slow down and, in time, reverse the trends to ensure a sustainable future.

RISK MITIGATION STRATEGIES

Remgro's values are based on doing the right thing and being a responsible corporate citizen.

ESG is intentionally incorporated into the business strategy to ensure that societal and environmental stakeholders are duly considered in the strategies, investment mandates and business models of the Group. Responsible behaviour by suppliers and service providers is incorporated into terms of engagement.

Focused stakeholder communication and engagement processes.

CSI and community initiatives.

The Board, as well as the boards of investee companies, are increasingly directing focus to addressing pressing issues such as foreign currency risk, social instability, power supply risk, water scarcity, legislation and regulatory aspects and increased crime, by means of strategic and/or control processes.

Increased emphasis on relationship capital and stakeholder interaction.

Remgro maintains its proud record of solid governance by means of visible ethical leadership, transparent and clear stakeholder communications, ensuring a sound risk and control environment and treating stakeholders with respect and consideration.

We strive for excellence in all we do and maintain a culture of accountability.

Remuneration principles are aligned with those of shareholders.

Investment strategies include focusing on optimising the investment portfolio and unlocking value for stakeholders.

The Board maintains a sound risk appetite and ensures that the Group is adequately structured and capitalised to ensure sustainability during adverse cycles and positioned for growth through prudent capital allocation and financial support of growing and performing investee companies.


Investment in human capital and the effective deployment of relationship capital and intellectual capital further supports growth in investee companies.

The Future Fit process overseen by the management board ensures an innovative and entrepreneurial spirit of high-performance and strength through inclusivity and diversity.

Representation on investee company boards ensures effective oversight and the support of high-performance, motivated, and ethical management teams.

The sustainability of the Company, including that of investee companies is dependent upon their ability to identify and respond to market trends and other disruptive impacts in the markets or their business model, which can materially impact their businesses.

Optimising the utilisation of human, intellectual, manufactured and relationship capital through Group collaboration.

Please refer to the ESG and Sustainability Strategy Overview and Abridged Sustainability Report which can be found on pages 64 and 68 of the Integrated Annual Report. 

Remgro has further emphasised the need to respond effectively and timely to ESG by intentionally incorporating ESG into its business model, strategies and operational activities of the Company and through shareholder rights and influence of investee companies embarked on a process to motivate the adoption of international best practice, benchmarking and monitoring enhanced governance, risk and opportunities management and related processes to give effect to its goal to be a leader in ESG by example and collaboration in areas outside its control.