

# Our BUSINESS MODEL

## How the investments are managed

Remgro has a few operating subsidiaries of which the material companies are Distell (listed), RCL Foods (listed), Sigalo Foods (unlisted) and Wispeco (unlisted). Remgro's other investments comprise both listed and unlisted companies that are not controlled by Remgro and which are mostly associates and joint ventures due to the significant influence or joint control exercised by Remgro through board representation in those investee companies.

Notwithstanding the level of influence or control, Remgro has adopted a philosophy of decentralised management, which means that its investee companies have autonomous boards of directors and management structures, while Remgro exerts its influence through non-executive representation on the boards of these companies. Remgro's involvement is thus mainly focused on the provision of support and oversight rather than on being involved in the day-to-day management of its investee companies.

The Remgro Limited Board considers it in the best interest of all the parties concerned to respect the decentralised business model and the fact that these businesses are conducted in separate legal entities. The support derived by investee companies from Remgro as a shareholder includes strategic direction, patient financial capital, managerial support through access to Remgro's broad and diverse network of human capital, and the creation of an environment conducive for corporate transactions. The support provided by Remgro serves to enable investee companies to achieve their relevant growth strategies and targets.

Shareholder agreements are in place for Remgro's associates and joint ventures where there are also other major shareholders involved. These agreements serve as a mechanism to protect Remgro's rights as a shareholder and manage any associated risks. In terms of these agreements Remgro has decision-making involvement for a defined list of material matters of the businesses of these entities, such as the appointment or removal of directors, capital structure, business strategy, large capital expenditure and mergers, acquisitions and disposals.

Where Remgro does not have the right to board representation, such investments are classified as portfolio investments (investments at fair value through other comprehensive income).

As a responsible steward of its investee companies, Remgro also exercises its influence to ensure, as far as possible, that the entities concerned adhere to its requirements in respect of matters such as governance, internal controls, financial management, risk management, legal compliance, social responsibility, safety, health and environmental management, internal audit, ethics management, information management, stakeholder relationships, succession planning and sustainability. To further advance our sustainability agenda, Remgro aims to partner with all its investee companies across their value chains to encourage and influence sustainable behaviour through Environment, Social and Governance (ESG) principles that seek to achieve common and collective sustainability goals.

## Ownership structure

Remgro's issued share capital consists of two classes of shares, as follows:

### ORDINARY SHARES OF NO PAR VALUE

Listed on the JSE

529 217 007 ordinary shares of no par value

Each ordinary share has one vote

### B ORDINARY SHARES OF NO PAR VALUE

Unlisted

39 056 987 B ordinary shares of no par value

Each B ordinary share has 10 votes

All of the unlisted B ordinary shares are held by Rupert Beleggings Proprietary Limited, a company incorporated in South Africa which is the holding vehicle for the Rupert family interests in Remgro. As at 30 June 2022, the unlisted B ordinary shares were entitled to 42.66% (2021: 42.62%) of the total votes of shareholders of the Company.



An analysis of major shareholders appears on pages 163 and 164.

## Investment philosophy

Remgro invests in reputable businesses that are aligned with its values and purpose, with sound management teams that have the potential to deliver superior earnings, sustainable cash flow generation and dividend growth over the long term. Remgro forges strategic alliances on a partnership basis and adds value through its extensive network of human capital.

As a key part of its purpose, 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's investment framework now provides clear guidelines for investment decisions in line with its ESG ambitions.

ESG considerations have been purposefully integrated throughout the investment lifecycle and where sustainable value can be generated over the long term. This ensures that the businesses in which Remgro's capital is invested commit to continuous improvements of ESG and work to apply relevant global best practice with appropriate targets and timelines to achieve them.

Remgro has committed to hold itself to account by benchmarking progress and transparently using data to disclose where it has moved forward and achieved results and where it has more work to do on its ESG journey.

## Investment criteria (inter alia)

- Prevailing culture and ethics of the Board and management team
- Expected return on investment in excess of Remgro's internal hurdle rate
- ESG strategy and impact of the enterprise, and an ESG profile in accordance with Remgro's requirements and standards
- Viability of products and services and their life cycles
- Barriers to entry

## Remgro's investment strategy

- Investments that align with Remgro's values and purpose to create sustainable stakeholder value
- Emphasis on investments that deliver superior financial returns and contribute to measurable positive social and/or environmental impact
- Significant influence and board representation are integral
- Preference for unlisted investments
- Investments in entities where Remgro can identify sustainable value over the long term
- Focus on South African investments and other African countries through investee companies
- Will consider investments in other countries on an opportunistic basis
- Primary sector focus:
  - Healthcare
  - Consumer products
  - Financial services
  - Infrastructure