

# ABRIDGED ESG and Sustainability Report

## ESG and sustainability highlights



Full-time **ESG and sustainability expert appointed to lead and guide ESG and sustainability strategy** across Remgro



Increased scope of **carbon reporting** to include six investee companies in Remgro's **environmental reporting boundary**



Inaugural climate change disclosures published aligned to **TCFD framework** recommendations



**Level 7** contributor status in terms of **BBBEE**



Developed **strategic ESG framework** to establish **environmental focus areas**



Group-wide collaboration on **social impact** and **CSI initiatives**



Implemented **ESG Investment Framework** and policy, including Standard Operating Procedure (SOP)



Remgro continues its inclusion in the **FTSE4Good Index Series**



ESG training rolled out to all **investment managers** via Remgro Group's **Investment Managers Conference**



Ongoing membership of the **Ethics Institute of South Africa**



**ESG baseline report** completed across Remgro's investee companies

View the full ESG and Sustainability Report online at [www.remgro.com](http://www.remgro.com).

Remgro's role is to **create sustainable** stakeholder value over the long term to deliver strong and sustainable financial returns for shareholders, including wider **prosperity, social progress** and a more **resilient** planet.

### Overview: our ESG and sustainability journey

As a values-led business from the outset, Remgro has long acknowledged its Environmental, Social and Governance (ESG) responsibility and is determined to play its role in delivering on them as the challenges associated become greater and more urgent. We are working across the Group to influence ESG activity and oversight throughout our value chain and use our investments to respond to the opportunities and challenges that can drive sustainable practices to improve the future of South Africa.

In 2021, Remgro committed to make ESG and the transition to corporate sustainability integral to its core strategy and the future success of the business. As a Company, we see our role as creating sustainable stakeholder value which delivers financial returns for shareholders, with wider prosperity, social progress and cognisance of our planet's environmental health.

The impacts of climate change necessitate alignment between business, society and the environment. This is why our own aims and actions include an ambition towards a net zero future in line with the goals of the Paris Agreement, along with the related role we play in supporting South Africa's national efforts to achieve the UN 2030 Sustainable Development Goals.

Remgro's own ESG ambitions and journey reflect South Africa's unique sustainability challenges and are designed to help address the opportunities and risks they present. Our support of South Africa's sustainability transition depends on our ability to achieve better social and environmental impacts, as a Company, across our value chain and through partnerships. This is aligned to our purpose to invest in companies which will accelerate the transition to a more sustainable future, one which enhances South Africa's prosperity by delivering shared value over the long term for our shareholders and other stakeholders alike.

We have identified three priorities for our ESG strategy which underpin and guide our ongoing sustainability journey across Remgro: sustainable investment stewardship; ESG action across Remgro; and unlocking shared value for South Africa.



Remgro's approach to ESG and sustainability is anchored in what we see as our critical stewardship role in managing our assets and the pursuit of new investments. Our responsible investment principles are at the cornerstone of our decision-making. This enables us to adhere to robust criteria for our investments that address some of South Africa's most material issues to deliver sustainable financial returns, whilst fostering a positive, measurable ESG impact that delivers shared value for all our stakeholders.

We strive to ensure that impact is purposefully integrated throughout the investment lifecycle and where sustainable value can be generated over the long term through a continuous focus and ongoing effort to improve ESG performance. This while ensuring financial sustainability as well as to seize the opportunities from the transition involved. Remgro is committed to helping our investee companies shape their approach to ESG to ensure our investments respond to the opportunities and challenges that will drive sustainability and deliver better environmental, social and economic outcomes throughout our ecosystem.

We believe the greatest progress in advancing Remgro’s sustainability agenda can be realised by influencing and supporting all our investee businesses across their value chains. We see implementation of ESG across Remgro and its value chain as critical.

Remgro is working across the Group to implement sustainable behaviour through ESG principles and the creation of consistent standards to achieve our common sustainability goals that collectively deliver greater and more measurable impact. Governance and climate risk mitigation practices are part of Remgro’s value chain activities as well as its investee companies’ ecosystems to drive progress towards net zero goals.

Although there is still much to do, we can already see progress with respect to climate action. Many of the companies in which Remgro invests have already set ESG targets regarding climate change and energy management. Nearly half of the 11 investee companies assessed have set net zero targets and seven have energy efficiency targets. Remgro plans to work with the remaining companies to support their ongoing implementing actions as well as the development of future targets in this respect.



Remgro has a crucial role to play in unlocking shared value that enables a more prosperous and equitable future for all South Africans. By creating inclusive socio-economic development and growth, we can help create meaningful impact across our stakeholders and positively contribute towards making a difference to society.

At Remgro, we recognise and affirm the importance of transformation and empowerment in the creation of access to equal opportunities for all South Africans. Hence, we are continuously striving towards improving our broad-based black economic empowerment (BBBEE) rating. We remain committed to creating a more equitable working environment built on diversity and inclusion, and seek to empower our employees through skills and talent development.

Our long track record helping communities is focused on unlocking shared value to create socio-economic development in a way that improves the lives of many aligned to the UN Sustainable Development Goals. This includes working in the communities where we serve with NGOs, as well as Corporate Social Investment (CSI) projects involved with enterprise and community development and the creation of opportunities for young people in education and training to eradicate poverty and enable sustainable livelihoods.

During 2023, Remgro facilitated a workshop for some of its investee companies to engage on their social impact initiatives and CSI plans, with the aim of exploring shared opportunities for collaboration. This dialogue is ongoing and Remgro plans further workshops to address other ESG topics to leverage experience, knowledge and best practice across the Group.



## Governance and oversight

Remgro’s Strategic ESG Committee, a Board sub-committee established in 2021, continues to provide oversight and guidance to the Board regarding all matters related/relating to ESG, supported by the Operational ESG Committee. The Strategic ESG Committee plays an important role in supporting the Board in overseeing and monitoring Remgro’s ESG performance and stewardship through policies, frameworks, standards and guidelines.

As part of its established Board-level governance mechanisms, procedures and policies, Remgro has implemented several initiatives to integrate ESG across the Group and its investee companies in support of Remgro’s sustainability ambitions. Progress in this regard continues to inform performance and incentive mechanisms for management.

The ESG Risk Management Framework ensures ESG risk and opportunities, along with impact and considerations are integrated into the risk and opportunities management practices in setting sustainable, value-generating strategies.

As part of Remgro’s focus on sustainable investment stewardship aligned to its sustainability ambitions, an integral part of its investment decision-making is informed by the ESG Investment Framework which includes criteria regarding ESG risk, impact considerations, value creation opportunities and sustainability of its current and potential investments.

Implementation of the ESG Investment Framework is supported by Standard Operating Procedures (SOP) to enable the various governance structures and investment teams to apply the ESG framework consistently and effectively across all investee companies.

Remgro also expanded its baseline ESG footprint report to include more investee companies than the previous year to better monitor adoption and progress of sustainable practices across the Group.

## Our progress over the last year

In 2021, Remgro introduced ESG frameworks and governance structures to provide strategic direction and stewardship at a Group and company level to influence ESG performance, monitored at Board level and by our Strategic ESG and Operational ESG Committees. Over the course of this year, Remgro has been facilitating collaboration between our investee companies in various areas, including human resources, CSI and ESG.

One of the elements in creating a Group-wide ESG framework has been the assessment of the level of ESG maturity throughout Remgro's investee companies, which will be used to assist Remgro with future ESG reporting as well as ESG target setting.

In 2022, Remgro commissioned a baseline ESG footprint report. This entailed obtaining certain qualitative and quantitative information from selected investee companies. During this process, Remgro assessed the latest leading best practice related to stewardship and has incorporated some of those principles into the baseline questionnaires and to inform target setting discussions.

In 2023, the exercise was repeated through an updated ESG questionnaire where the information was fed into an ESG footprint report, used to gauge progress year on year. The focus areas include climate change and energy, water management, waste management, diversity and inclusion, social impact, employee relations, health and safety, supply chain and procurement, as well as governance. Feedback demonstrated good progress regarding the amount of ESG information that the investee companies are measuring and tracking. In addition, Remgro and its investee companies have implemented numerous ESG processes since the baseline ESG footprint report was issued in June 2022 and improvements were noted in many areas.

For example, several companies reported reduced Scope 1 and 2 emissions and improved BBBEE ratings. Some also enhanced their ESG governance structures over the last year, including reviewing and renewing the sustainability strategy, approving a climate change strategy and roadmap, launching a new Responsible Sourcing Policy or starting to roll out a climate responsibility questionnaire to all suppliers in order to develop a strategy for emission reduction across the supply chain. Additional initiatives included implementing Environmental Management System training (ISO14001) and finalising the employee relations policies and strategy.

As part of our role as a sustainable investment steward, Remgro also initiated an Investments Portfolio Managers' Conference and implemented a series of Investments Portfolio Managers' Workshops to engage on ESG. A key component of this was the introduction of a SOP for our investment managers to integrate ESG into their investment decisions.

In 2023, Remgro also appointed a dedicated senior ESG and sustainability manager to guide and lead the development and implementation of its ESG and sustainability strategy.

Remgro's ESG and sustainability journey is ongoing, but we are committed to providing transparent and accurate disclosures on our metrics and the progress we make against best practice standards – and underline where we have more work to do, both with regards to our goals and targets, but also in delivery of those already set. Our goals for performance will drive ongoing investment and innovation that reflect our sustainability ambitions across Remgro.



In line with expectations of how ESG performance should be reported upon in practice, Remgro aims to provide transparent and accurate disclosures on its metrics and improvements made against best practice. In the 2022 Integrated Annual Report, we committed to the creation of a schedule to measure Remgro's ESG progress, reporting against defined targets and metrics. In fulfilment of our commitment, this year Remgro has prepared disclosures aligned to Task Force on Climate-Related Financial Disclosures (TCFD) framework recommendations.

As a market-driven initiative to develop recommendations for voluntary and consistent climate-related financial risk disclosures, this is helping us to address climate change effectively across the Remgro Group and the companies in which it invests to minimise investment risk and maximise opportunities from the transition.

Remgro is also establishing priorities and metrics for performance assessment as part of its ESG strategy 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.

In addition, the updated ESG footprint report conducted during the first half of the 2023 calendar year will be used by Remgro to set further ESG targets and aid the expansion of ESG reporting across the Group over the course of the coming year.

## Corporate Social Responsibility

Since our inception, Remgro has been a values-led business which inspires the way we act as a good corporate citizen in the communities where we operate. Remgro continues to work with communities across South Africa to support their development and ensure that its own direct operations and activities are aligned to its ESG and sustainability goals. We measure impact using the United Nations Sustainable Development Goals.

**For more information on the Corporate Social Responsibility of the Company, visit the Remgro website [www.remgro.com](http://www.remgro.com) for the full ESG and Sustainability Report.**