Remgro Limited

Climate Report

2025

Contents

Introduction

Climate change – a challenge for us all

South Africa – like much of the rest of the world – has experienced dramatic adverse weather events in recent years. These have left hundreds of people dead and even more homeless, destroying quality of life and development. In one series of floods in 2025, more than 100 people died in the Eastern Cape. Economic infrastructure, railway lines, roads and buildings – including many rural healthcare facilities, which will require millions of rands to rebuild – have been damaged, with significant business and human consequences. As these events continue to accelerate across the globe, the pressure to decarbonise and transition to a greener global economy is significant.

These weather events take place against a global backdrop of rising emissions and the need to limit global warming. The first official Global Stocktake of progress on the Paris Agreement, which was presented at COP28 (Conference of the Parties to the UN Framework Convention on Climate Change at its 28th sitting) in Dubai in 2023, highlighted that the target of halving global emissions by 2030 is unlikely to be met, and the need for additional finance and greater national ambitions is urgent. South Africa's new Nationally Determined Contribution (NDC) for the 2030 to 2035 period will be published in Q3 2025, ahead of COP30 in Brazil. This will set the national decarbonisation parameters. South Africa has a stated, cabinet-approved, ambition of net zero emissions by 2050. Remgro Limited (Remgro) supports efforts to reduce emissions.

At the same time, there is fear that the increasing global geopolitical turmoil, the trade and tariff wars, and the dramatic reduction in aid are real distractions from the focus and finance needed to transition the global economy to a more sustainable model, justly and with speed. The World Economic Forum (WEF) in its annual risk assessment has again identified significant threats for the near term, including extreme weather events, biodiversity loss and ecosystem collapse, and the failure of critical infrastructure.

It is within this context that Remgro is publishing its third Climate Report. This year's report again illustrates the stewardship approach which Remgro takes to promote more active management of climate-related issues. This report includes increased disclosure on climate-related risks and opportunities (CRROs), as well as a qualitative assessment of these. During the financial year, significant steps were taken to mature the understanding of CRROs within the portfolio.

Climate and our business

Remgro recognises that severe climate events, both locally and globally, impact its operations directly and indirectly by affecting its investments and the wider economy as resources are diverted to recovery and rebuilding.

The portfolio is also affected by chronic climatic changes taking place within South Africa, which impact water quality and availability, health and economic activity. The Group is focused on energy efficiency, increasing the use of renewable energy where possible, and thereby reducing energy consumption and resultant carbon emissions. The Group is aligned with South Africa's national commitments in support of the Paris Agreement and supports the UN 2030 Sustainable Development Goals. A number of its portfolio companies may be subject to the Sector Emission Targets (SETs) in line with the objectives of the Climate Change Act, which was promulgated on 17 March 2025, and other national policies and financial sector regulations for climate-related risk management and mandatory climate disclosure, which are all on the horizon.

Remgro's business model is to take equity positions in companies where it then demonstrates stewardship and seeks to influence ethical and aligned behaviour. While Remgro does not exert management or operational control over investment companies, and therefore cannot dictate policy or targets, it typically would have a strategic equity holding and reserves the right to nominate its investment managers or executives to serve as directors on the boards of these companies. As an investment holding company, Remgro has a portfolio of investments in companies mostly in South Africa and some internationally. In addition, Remgro Management Services Limited manages Remgro operations, heritage properties and facilities.

All the companies in Remgro's portfolio, which includes consumer products (agriculture, food and beverage sectors), industrial, infrastructure, healthcare and insurance, are affected by climate change impacts directly or indirectly, through impacts on the economy, jobs and social wellbeing and other natural resources. Remgro has a long-standing commitment to drive improved social and environmental impact across its value chain and grow opportunities for jobs and economic development. It invests in companies that will create value over the long term for shareholders and other stakeholders.

Remgro continues to make strides towards better disclosure of emissions by a wider group of its investee companies. This year, 12 entities in the Group (including Remgro at the centre) are included, representing 82% (2024: 71.9%) of intrinsic net asset value (INAV).

Reporting boundaries and companies included in the ESG stewardship programme

The ESG and sustainability maturity of the subsidiaries and portfolio companies varies. Therefore, they are included to the extent that data is available by indicator. Developing depth, maturity and consistency in their data is part of Remgro's ESG leadership stance. Improvements have been noted year-on-year, with the aim of covering 80% of INAV in the ESG reporting programme.

Remgro at the centre: Remgro Management Services Limited, including head office and other facilities.

Subsidiaries: Wholly owned subsidiaries or companies in which Remgro has a controlling stake, i.e. Siqalo Foods Proprietary Limited (Siqalo Foods), Wispeco Holdings Proprietary Limited (Wispeco), RCL Foods Limited (RCL Foods) and Rainbow Chicken Limited (Rainbow).

Portfolio companies: Companies in which Remgro holds a strategic stake, that are included in the ESG programme, i.e. Mediclinic Group Limited (Mediclinic), Heineken Beverages Holdings Limited (Heineken Beverages), OUTsurance Group Limited (OUTsurance Group), Maziv Proprietary Limited (Maziv) (a wholly owned subsidiary of Community Investment Ventures Holdings Proprietary Limited (CIVH)), PGSI Limited (PGSI), Pembani Remgro Infrastructure Managers Proprietary Limited (PRIM) and Air Products South Africa Proprietary Limited (Air Products).

Introduction (continued)

Qualitative assessment of climate-related risk is a maturing process and has been prioritised and supported from the Remgro centre, with reporting templates provided to investees to encourage the use of standardised definitions and methodologies and to support more frequent reporting. The data received in 2025 indicates that more of the companies in the portfolio are including climate-related risks, like water, energy and infrastructure, in their risk registers. Climate-related risks are increasingly prompting formal discussions of climate change and Environmental, Social and Governance (ESG) aspects at board level of investee companies. Some companies focus more directly on the related issues, such as water, and for others this is still a work in progress. Refer to the ESG and Sustainability Report on our website at www.remgro.com.

In 2025, training was provided to all Remgro investment managers and executives who serve on the boards of investee companies on climate-related scenario analysis. This will enable a greater emphasis on and improve understanding of climate-related exposures in the portfolio. Over the next few years, further scenario analysis improvements will be pursued.

Remgro continues to align with recognised best practice standards for its climate reporting. It has recently undertaken a gap analysis and is working to close those gaps over the next three years, or as regulation of climate disclosure increases. The Group recognises the need to demonstrate the progress it is making to minimise investment risk and maximise opportunities from the transition.

Climate governance

The Charter of the Social and Ethics Committee includes the mandate of oversight of CRROs. This committee, on behalf of the Board, provides oversight on the incorporation of the ESG and climate-related strategies and policies. Two other Board Committees, the Audit and Risk Committee and the Investment Committee, also incorporate ESG aspects into their oversight. The Investment Committee mandate specifies that the committee should incorporate ESG issues into its decision-making when evaluating investment opportunities. The Audit and Risk Committee includes oversight of all risk – including climate and ESG risk – as well as oversight of reporting and assurances. Two executive-level committees are responsible for defining and addressing ESG risks. These are the executive-level Operational ESG Committee and the Risk and Operational Committee. For a full description of the ESG and climate governance committee structure, see page 4 of the ESG and Sustainability Report. Further information is available in the Group's Corporate Governance Report and the Social and Ethics Committee Report on pages 72 to 85 and pages 86 to 87 of the Integrated Annual Report.

A survey of the governance structures within investee companies, particularly related to ESG and climate change, highlighted that most of the investee companies have ESG governance structures led by social and ethics committees or audit and risk committees. While climate change is increasingly a topic of discussion at investee company boards and committees and is formally part of those committees' mandates, the task of building understanding and oversight capacity is ongoing.

Climate
response strategy

Remgro supports the global climate goals as outlined in the Paris Agreement, and the critical need to combat climate change and foster a sustainable future. It has incorporated the focus of COP28 by prioritising energy efficiency and access to renewable energy in its goals.

The Group's climate-related ambition and strategy is achieved largely through influence and stewardship, and working with its portfolio to improve understanding of climate-related issues and related disclosures. It views this approach as key to building resilience and one which is resulting in both improved understanding and goal setting at the operational levels within the portfolio.

Regular engagements take place with key individuals in the portfolio to capacitate the investment managers and executives who represent Remgro on the various company boards to keep climate change progress on the agendas.

Through stewardship and influence, Remgro has encouraged them to establish formal governance structures for ESG issues, set baselines for energy consumption, energy efficiency and disclose on greenhouse gas (GHG) emissions, as well as assess opportunities for greater use of renewable energy. These steps have been linked to long-term executive incentive schemes. This approach has enabled Remgro to improve its carbon footprint disclosure (see below). There is an ongoing emphasis on improving both the breadth of data, with more companies reporting on Scope 3 emissions, as well as the credibility of data. Future targets include the increased use of internal or external assurance and verification.

In the second quarter of 2024, Remgro undertook its first analysis of CRROs to identify climate-related risks and vulnerabilities within the portfolio. As stated in the 2024 report, the identified risks were primarily physical risks (both acute and chronic). The 2024 analysis identified key catalysts for impact and provided a high-level assessment of what the transmission channels would be for future assessment of any significant impact on the Group's financials and strategy. The exercise was facilitated by external experts and included a desktop analysis, which explored the key sectors in which Remgro is invested and a review of investee company reports to identify areas of potential vulnerability to climate risks. In a facilitated discussion at the Operational ESG Committee, Remgro investment managers provided insights based on their sector knowledge, which were used to refine the study. In parallel, the investee companies were requested to provide insights into their governance structures, strategies and understanding of climate-related risks and their assessment of their top five risks.

At a high level, this analysis indicated a growing understanding of CRROs within the terms of reference of board committees such as ESG, risk, and social and ethics. Key companies within the portfolio are calculating and reporting their Scope 1 and 2 carbon emissions, with many still challenged with calculating Scope 3 emissions. The strategic impact on business models will be assessed during the 2025 financial year.

During the 2025 financial year, the Operational ESG Committee members and investment managers were taken through an executive-level training exercise on building climate-related scenarios, and a follow-up project for 2026 is described on page 4.

Remgro is committed to integrating climate considerations into investment practices as follows:

- Encouraging the use of renewable energy and energy efficiency: Subsidiary companies and those in the portfolio have been encouraged to undertake energy efficiency assessments and to evaluate increased use of renewable energy. Remgro has established a certified energy trading company, Energy Exchange of Southern Africa (Energy Exchange), which connects energy generators and energy off-takers through long-term power purchase agreements, providing supply certainty and encouraging investment in the development of new power generating plants.
- Risk management and assessment: Increasingly the Remgro Group is incorporating climate risk assessments into its investment decision-making processes and encouraging the portfolio companies to do the same. A survey conducted in 2025 has highlighted that most companies have started this process, and more are committed to undertaking future scenario-based risk assessments.
- Promoting green technologies: At the centre, Remgro is ensuring that its management of its corporate head office upholds green building principles. Portfolio companies are actively assessing energy-efficient solutions, waste reduction technologies, pollution prevention, water conservation and sustainable agricultural practices. A number of companies have invested significantly in renewable energy over the years.

Remgro's ambition is to contribute to sustainability through its wholly owned operations and subsidiaries and through specific stewardship actions with the companies in its investment portfolio. This is a journey that requires ongoing effort. Key steps are:

- Carbon footprint assessment: Regularly measuring and reporting the carbon footprint for Remgro at the centre and requiring subsidiaries and companies in the portfolio to measure their footprint in order to disclose Remgro-financed emissions in accordance with the GHG Protocol.
- Sustainability reporting: Remgro produces an annual ESG and Sustainability Report, aligned with best practice, which includes this climate-related report. An abridged Climate Report is also published in the Integrated Annual Report.
- Continuous improvement: Acknowledging that the path to sustainability and climate action requires ongoing effort, Remgro remains dedicated to refining its strategies and adopting best practices.
- Regularly reviewing the portfolio and working with those companies which may not yet be addressing climate-related issues, to encourage the measuring of their footprint, setting goals and increasing disclosure to shareholders. The Group has not yet set quantitative reduction targets, but is focused on improving the breadth and quality of reporting.

The Investment Committee, a subcommittee of the Board, is responsible for authorising new investments, extension and disposal of existing investments and making recommendations to the Board. The Investment Committee is also tasked with ensuring ESG matters are integrated into investment and management practices through its ESG Investment Framework in conjunction with the Social and Ethics and Operational ESG Committees.

The Remgro ESG Investment Framework, which was developed in 2023, is aligned with best practice.

This Framework is intended to:

- guide Remgro's consideration of ESG risks and opportunities in its investment decision-making and due diligence processes; and
- facilitate appropriate stewardship of ESG risks and opportunities in relation to Remgro's investments.

The Framework guides the investment team to consider material ESG risks and opportunities in the course of its due diligence process and in the monitoring of investments. Material risks are risks assessed by Remgro as having the potential to impact economic value as well as environmental and social value for Remgro and its stakeholders.

Climate
risk management

Remgro risk register

Work on the Remgro risk register (see page 6) to specifically address key ESG aspects, is ongoing. The current risk methodology used expands on the widely used PESTLE (Political, Economic, Society, Technology, Legislation and Environment) framework. This focused primarily on risks which impact Remgro and was informed by the material risks identified by its investee companies.

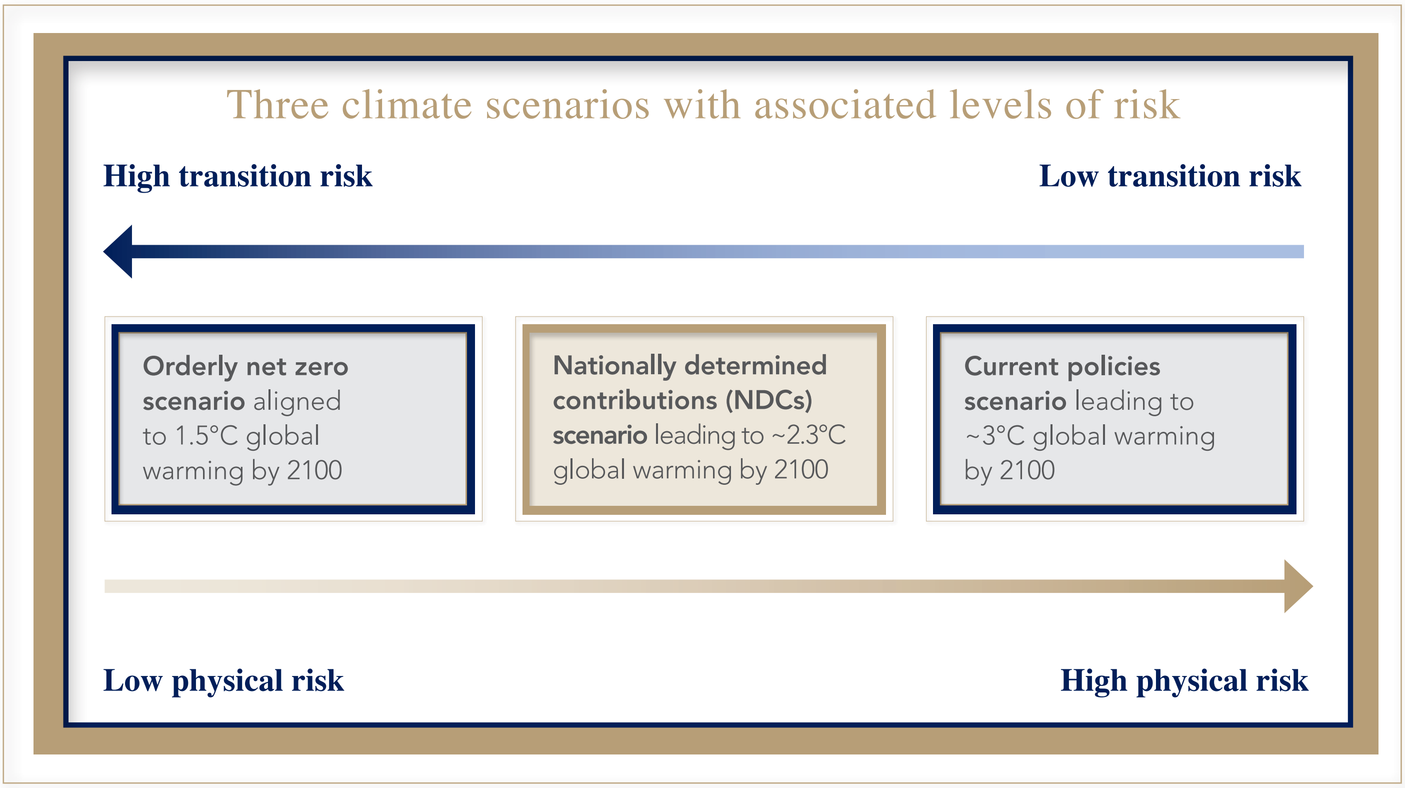
Global PESTLE risks, as utilised in the WEF Global Risk Report 2024, and ESG risks are inter-connected, as both frameworks help organisations understand and manage external challenges that can impact their operations and sustainability. The integration of PESTLE and ESG frameworks provides a comprehensive approach to risk management. For more on the enterprise risk management processes and ESG risks, refer to pages 112 and 117 in the Integrated Annual Report and the ESG and Sustainability Report which is published on Remgro's website at www.remgro.com.

Climate risk is inter-connected with other risk types typically managed by all organisations. This risk intersection for Remgro is in:

- **Investment risk**: An example is where actual returns are not aligned with expected returns as a result of infrastructure failure of the investee caused by extreme climate events, leading to production and operational outages for a long period of time. Another example is when higher costs and customer demand shifts lead to restrained cash flows or stranded assets.
- **Operational risk**: high costs of transition, either for shifting to lower-emission technologies or payment of higher carbon taxes. Own business disruptions caused by extreme weather events or supply chain disruptions.
- **Reputation, legal or third-party risk**: where an investee does not comply with regulations and can attract high fines and penalties, or where an investee publishes inaccurate information in the public domain (greenwashing) or where an investee company causes a significant environmental impact that affects people and other companies, leading to third-party class action.

Remgro's exposure to climate-related risk is transmitted through potential impacts on its investee companies, which face both physical risks linked to the Southern African environment, which is heating at faster rates than the global average, and the country's inherent water challenges, as well as transition risk resulting from regulatory change, consumer and market pressures, rising costs of finance and rising insurance costs as the number and severity of natural disasters increase. In the consumer goods field, declining disposable income after disasters hit has a secondary impact.

To improve its understanding of the risks associated with climate change, Remgro has started an initiative to improve the understanding of its executives and investment managers, and the subsidiary companies, of how climate change may play out under various internationally recognised scenarios, as shown in the graphic below. The project is outlined on pages 4 to 5.



Remgro climate change scenario analysis and climate-related risks and opportunities

In 2025, building on the solid foundation of previous years, Remgro embarked on a process to build capacity in its executive and investment managers to identify CRROs within the portfolio, as well as the use of different climate change scenarios to inform the Group's investment analysis. Transition risks and opportunities will be evaluated using three scenarios outlined by the Network for Greening the Financial System (NGFS), an international network of central banks and supervisors promoting the integration of climate-related and environmental risks into financial supervision and central banking.

- Physical will be evaluated using the work of the Intergovernmental Panel on Climate Change (IPCC), the World Bank's Climate Knowledge Data models, and localised predictions from the South African Council for Scientific and Industrial Research.
- The three scenarios include:
  - an orderly transition to net zero by 2050;
  - a climate change scenario based on NDCs committed by signatories to the Paris Agreement; and,
  - a "business as usual" scenario in which no additional climate action is introduced than that which has already been implemented by governments around the world.
- These scenarios broadly represent a scale of high to low transition risk and opportunity based on policy and regulatory changes, energy choices, technology disruption, and changing consumer/customer behaviour.

Next steps (FY2026)

- Climate-related physical risks, including acute and chronic impacts, will be evaluated using the Representative Concentrated Pathways (RCPs) developed by the IPCC. RCPs align with differing global warming trajectories and are used to understand potential physical impacts in different geographies.
- Risks and opportunities will impact Remgro's diverse portfolio in different ways and in different geographies, and one of the outcomes will be a maturity index, based on in-depth analysis for each of the investees.
- Some of Remgro's investees are likely to be more vulnerable to transition risks, such as escalating carbon taxation costs on energy-intensive investees, whilst many of the fast-moving consumer goods (FMCG) investees are vulnerable to supply chain and direct operational risk of extreme weather events and changing climate trends.
- To start the process, an initial analysis has taken place on the wholly owned investees (Wispeco and Siqalo Foods) and all the FMCG subsidiaries, which are RCL Foods, Rainbow and Heineken Beverages. A parallel evaluation of water risk for Remgro's investees has been included in the analysis.
- This analysis will also be used to identify risks and opportunities that could have a material impact on Remgro's portfolio performance, and will undertake relevant climate-value at risk calculations to determine the financial extent of such risks and opportunities to the portfolio under the different scenarios.

A full portfolio analysis will inform all our investment managers. It will feed into our portfolio risk management processes and integrate into our overall strategic framework. Remgro will work directly with our investees identified at high risk, or with high opportunity, to ensure adequate mitigation actions are in place and/or to capture inherent climate-related opportunities.

Climate-related risks identified in the Remgro risk register, affecting most of the sectors in which Remgro has investments, are outlined in the table below. Priority focus areas from a climate risk and opportunities perspective are being further refined during the 2026 financial year in the deep dive scenario analysis.

Climate-related issues in the Remgro risk register

Risks	Sectors	Description	Risk Impact
Climate change	Healthcare, Food and beverages, Telecommunications, Aluminium, Insurance	Global warming due to GHG emissions, leading to extreme weather events, rising sea levels, and shifts in climate patterns.	Affects agriculture, infrastructure, health, and ecosystems globally. Can impact global financial system due to significant insurance claims.
Pollution	Healthcare, Food and beverages	Contamination of air, water, and soil through industrial waste, chemicals, and plastics.	Harms human health, biodiversity, and ecosystems; leads to regulatory penalties.
Biodiversity loss	Food and beverages	Extinction of species and loss of habitats due to deforestation, urbanisation, and climate change.	Disrupts ecosystems and services that are vital for human survival.
Water scarcity	Healthcare, Food and beverages, Aluminium	Insufficient freshwater resources due to overuse, pollution, infrastructure failure at municipal level and climate change.	Affects drinking water availability, agriculture, and industry; can lead to social unrest.
Soil degradation	Food and beverages	Loss of soil fertility and structure due to erosion, deforestation, and unsustainable agricultural practices.	Reduces agricultural productivity and threatens food security.
Energy transition	Aluminium, Food and beverages, Healthcare	Challenges associated with shifting from fossil fuels to renewable energy sources.	Can lead to economic disruptions and require significant investment in new technologies.
Air quality	Healthcare	Increased levels of pollutants in the air due to industrial emissions, vehicle exhaust, and other sources.	Affects public health, leading to respiratory diseases and increased healthcare costs.
Natural disasters	All sectors	Increased frequency and severity of natural disasters, such as hurricanes, floods, and wildfires, exacerbated by climate change.	Causes significant economic losses, displacement of populations, and strain on emergency services.
Food insecurity	Food and beverages	Rising global populations (expected to reach 9 billion people by 2050) will drive increased global food demand by 70%.	Topsoil erosion, over-production of fertile land, soil compaction, loss of fertility and surface crust formation further reducing the capacity and availability of arable land for food production purposes.
Geopolitical instability	All sectors and economies	Geopolitical risks posed by elections, polarisation and conflicts within and between states have inevitable knock-on effects on the economy, both globally and for individual countries. Geopolitical stresses, combined with climate change, are adding significantly to global migration.	Increased risks of social unrest and disruption in affected regions, which can threaten the safety and wellbeing of employees and communities. Additionally, companies may face reputational damage and operational challenges as they navigate complex regulatory environments and shifting public sentiment, ultimately affecting their ability to fulfil social commitments and maintain stakeholder trust.
Infrastructure challenges	All sectors	Infrastructure and buildings are increasingly threatened by extreme weather events such as flooding, sea level rise, and storm surges.	These events can cause extensive structural damage, leading to significant financial losses, disruption to the flow of goods and people, lowering economic productivity and increasing costs for businesses and consumers, leading to diversion of limited public funding from new infrastructure projects to rebuild damaged assets, creating an "infrastructure trap" that hinders long-term development and economic growth.

Physical risk

In recent years, temperature records have been surpassed. Extreme weather events across the world have led to a humanitarian crisis and migration pressures. Issues such as water scarcity, food insecurity, and energy transitions can influence regional stability. In the past two years, extreme weather has disrupted South Africa more frequently than expected, mirroring global climate trends. These events have a huge social impact, causing displacement and hundreds of deaths, and large-scale damage to infrastructure and residential properties, particularly of lower-income households, where every such loss is a major setback. Disrupted supply chain operations and production in general are severely impacted when these events occur.

South Africa faces severe climate-related risks: drought in the west, flooding in the east and south, and frequent heavy rains in the northeast, all leading to infrastructure damage and displacement. Key future threats include "day zero" water shortages in Gauteng, crop failures, extreme cyclones, and significant reductions in agricultural output. Climate impacts are projected to worsen income inequality, cause millions of displacements, and reduce GDP per capita for South Africa.

South Africa is an arid country with a cyclical pattern of rainy seasons and drought, now exaggerated by the changing climate. Water in all its aspects is a key risk facing Remgro investee companies and is included in the ESG risk register. Refer to page 7 of the ESG and Sustainability Report which is published on Remgro's website at www.remgro.com.

Water risk is exacerbated by climate change and the increased likelihood of extreme weather events such as flooding and/or drought, and local government water management challenges. Gauteng is particularly at risk as infrastructure failures in both water supply and distribution occur. Many of the investee companies have direct water vulnerabilities and dependencies. Economic disruption will impact the entire value chain.

Extreme heat and the growing length of heatwaves can potentially significantly affect several of the Remgro investments. The review covered the impact on the food and beverage sector companies, such as Heineken Beverages, and in the agricultural and food processing sector, such as RCL Foods and Siqalo Foods. Climate change impacts the successful growing of basic agricultural products, such as oil seeds, grapes and hops. Extreme heat is a factor that many other sectors have to consider, as it also impacts the productivity and health of outdoor workers, both in the agricultural sector and for example in the telecommunications field. The Maziv group (a wholly owned subsidiary of CIVH) have to consider such factors. Extreme heat in the manufacturing sector adds to the need for cooling and ventilation, ultimately having a financial impact as well as increasing emissions. Most investee companies are implementing energy efficiency measures or switching in part to renewable energy as a way of mitigating the risks of unpredictable energy supply in South Africa and managing some energy costs.

Climate change has resulted in long-term drought in the central part of Southern Africa. Drought not only impacts food security but also increases the risk of fire. Although a small number of properties within the portfolio face fire risk, this is mitigated by actions already taken. Remgro is not widely exposed in the current high-risk fire zones within South Africa. This risk has to be periodically reassessed and considered from the perspective of the disruptive economic effects of fires. OUTsurance Group and the insurance sector are exposed to an increasing number of weather-related claims. Over recent years, floods, fire and drought have led to record claims in South Africa and Australia, where OUTsurance Group has a significant presence. For other companies within the portfolio, the access to and affordability of insurance cover for business disruption and direct impacts, and even the risk of uninsurable assets, are factors which are likely to be the subject of increasing focus in future.

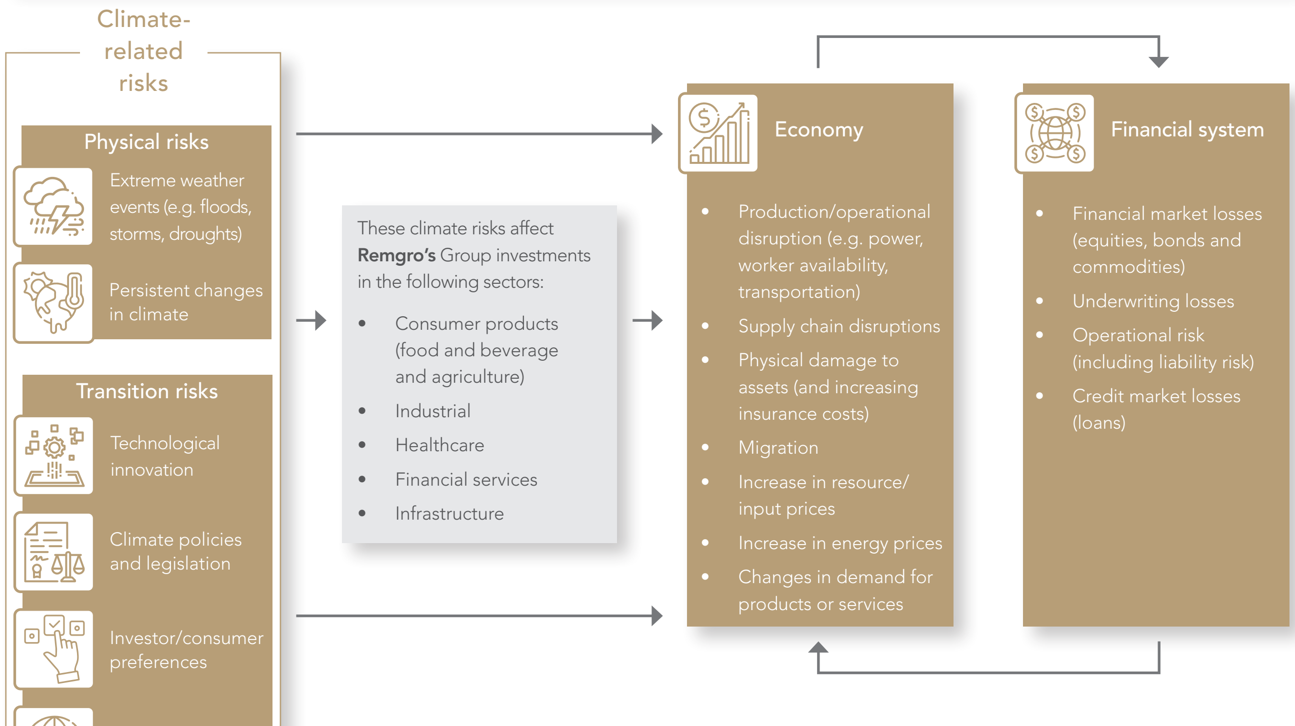
Transition risk

The climate geopolitical landscape is now more than ever before shaped by a complex interplay of environmental urgency, shifting global power dynamics and competing national interests. Traditional geopolitical threats like US – China tensions and the conflicts in the Middle East and Eastern Europe are diverting attention from resources for climate priorities. Leaders in government are reacting in extremely divergent ways, from publicly stepping back on commitments, to redefining climate action as a national, economic and security interest.

In South Africa, there is a renewed focus on carbon tax, with the issuance of the second phase of the Carbon Tax Act set for 1 January 2026, following the extension of Phase 1 to 31 December 2025. If the carbon tax rate increases as anticipated, it is expected to reach US$30/tonne by 2030 and US$100/tonne by 2050 in line with South Africa's commitments in the NDC. There is regulatory pressure for companies in the industrial, agricultural and other sectors to operate under declining emissions caps for South Africa to meet its commitments to the Paris Agreement. Failure to meet the carbon budgets will be linked to punitive carbon taxes, as set out in the national budget delivered in February 2024 and confirmed in 2025. A new NDC commitment will be published in Q3 of 2025 to cover the 2030 to 2035 period. It is anticipated that this will mean further pressure on South African corporates to contribute to the transition of the energy, transport and industrial sectors to less harmful energy sources and increase the use of renewable energy and energy efficiency gains.

The implementation of the Carbon Border Adjustment Mechanism (CBAM) in the European Union and the UK creates trade and export risks, especially for the iron, steel and cement industries. South Africa's carbon tax is significantly lower than that of the European Trading System, and the deficit added to the high fossil fuel-related emissions in South Africa may cause the African exports to drop by at least €2 billion. As the climate-related risks grow, the South African economy will be put under increasing pressure. The economic impact will further affect the food and beverage businesses that are linked to consumer spending.

Possible transmission from climate-related risks to financial system vulnerabilities



Physical and transition impacts are not just risks for the future; they are already impacting the economy and financial system today. Feedback loops between the financial system and the macroeconomy could further exacerbate these impacts and risks.

In response to these transition risks, many investee companies have invested in renewable energy projects or are evaluating opportunities to do so.

Remgro's Scope 3 emissions, which may appear to increase as more investee companies supply emission data, should begin to stabilise over the medium term, and then decline. This year, 12 companies (including Remgro at the centre) have been included in the carbon footprint, compared to nine in 2024.

Remgro has a licensed energy trading company, Energy Exchange, which plays a role in sourcing green energy from generators of renewable energy and supplying that energy on a contractual basis to companies which do not wish or are unable to invest in the technology, but wish to secure greener energy for their operations. For more details, visit the website www.exsa.io.

Scenario analysis

Our scenario analysis included an assessment of the resilience of companies to withstand the impacts of climate change and their ability to recover from events. The risk, impact and response scenarios that are detailed in the tables below have been approached from Remgro's perspective, based on Remgro's understanding of its investee companies. These scenarios will be reviewed and updated regularly. Risk response strategies were formulated through an optimal combination of defence mechanisms ranging from preventative to responsive and/or avoiding/shifting/mitigating risk through reconsideration of the investment portfolio, and with due consideration of the cost of risk versus the cost of risk response.

Material risk impact scenarios

1. Climate change risk overview

Section	Key information
Material issue	**Climate change** Risks: • Physical risks (weather events, droughts, heat impacts) • Transition risks (regulatory, technology, market shifts)
Contributing factors (PESTLE)	**Political:** Government response to decarbonisation, policy and regulatory changes, ineffective local government, deteriorating infrastructure, siloed government departments **Economic:** Costs of adaptation, carbon pricing, export penalties, funding constraints **Social:** Changing consumer sentiments, technical climate change skills, health risks for workers **Technology:** Shifts to low-carbon production, insurability issues **Legal:** New climate regulations (e.g. SA Climate Change Bill) **Environmental:** More frequent extreme weather, droughts, floods
Potential risk scenarios	**Chronic Risks:** • Long-term regulatory pressure and policy changes • Changing consumer and market sentiments • Changes in technology and insurability because of climate change **Acute Risks:** • Changes in global and regional geographic weather patterns, increasing droughts in areas and floods in other areas • Flooding, storms, extreme heat events disrupting operations and logistics
Likelihood	**Almost Certain –** Significant effects highly likely
Impact for investee companies	For Remgro, most impacts will be linked to its diversified portfolio of investments (different weightings and different types of impacts across portfolio) – impact on returns and growth prospects. **Physical Risks:** • Reduced agricultural/food sector output • Disrupted imports/exports (logistics and weather impacts) • Increased health risks for outdoor workers • Rising healthcare demand due to climate-related diseases **Transition Risks:** • SA Climate Change Bill enforcement • Carbon intensity penalties and export restrictions • G7 phase-out of coal by 2035 • Science-based net zero requirements • Indirect impacts from companies within investment portfolio
Severity	**Very High Impact:** • Affects product, process, people • Impacts entire value chain – entity, industry, region, country level
Immediacy/Irremediability	**Medium:** Some risks manageable with proactive adaptation, others unavoidable

2. Energy management risk overview

Section	Key information
Material issue	**Energy management** Risks: • Securing sufficient energy supply • Meeting energy reduction targets under growing regulatory pressure
Contributing factors (PESTLE)	**Political:** Ineffective governance, siloed government departments, policy uncertainty, deteriorating infrastructure **Economic:** Funding constraints, cost of energy, impact of load shedding **Social:** Population growth driving demand **Technology:** Energy management skills gaps, outdated infrastructure **Legal:** Changing regulations for decarbonisation **Environmental:** Weather changes impacting energy availability
Potential risk scenarios	**Chronic Risks:** • Ongoing load shedding • Long-term supply-demand imbalance with increasing population growth exceeding supply **Acute Risks:** • Extreme weather patterns disrupting energy supply chain • Extreme weather also affecting business operations and the supply chain
Likelihood	**Almost Certain –** Significant effects expected if no mitigation measures are taken
Impact for investee companies	**Financial and Market Impact:** • Increased operating costs to secure energy • Potential production losses due to energy shortages
Severity	**Very High Impact:** • Affects product, process, and people • Cascading effects on value chain, entity, industry, region and country level
Immediacy/irremediability	**Medium:** Risks can be mitigated with proactive planning, but not fully eliminated

3. Water management risk overview

Section	Key information
Material issue	**Water management** Risk: Fresh water supply unavailable or disrupted for extended periods
Contributing factors (PESTLE)	**Political:** Weak water governance, deteriorating infrastructure, lack of political will **Economic:** Funding constraints for infrastructure **Social:** Health impacts from water shortages/contamination **Technology:** Slow adoption of new water purification solutions **Legal:** Poor enforcement of water management regulations **Environmental:** Droughts, floods, and changing weather patterns
Potential risk scenarios	**Chronic Risk:** • Ongoing occurrences of water shortages due to failing infrastructure and poor management • Long-term contamination risks impacting communities • More frequent droughts and flooding
Likelihood	**Highly Likely** – Rising frequency and severity of water disruptions expected
Impact for investee companies	**Health and Financial Impact:** • Spread of diseases in affected communities • Increased costs to secure safe water supply • Potential production interruptions
Severity	**High Impact:** • Affects product, process, people • Direct impact on value chain participants
Immediacy/irremediability	**Medium:** Mitigation possible with infrastructure investment and contingency planning, but risk cannot be fully removed

The next steps involve analysing how various global scenarios may affect Remgro as a holding company. Initial findings suggest Remgro, like many South African companies, stands to gain from an orderly transition to a lower-emission global economy and improved access to international markets. As a responsible corporate citizen, Remgro is committed to supporting climate action that improves quality of life and minimises extreme weather impacts. The scenario where South Africa fails to meet climate commitments could result in job losses and pose significant challenges for vulnerable communities.

Targets and metrics

Remgro aims to play a responsible role in ESG and sustainability and to drive continued focus on specific ESG outcomes in its own operations and its investment portfolio. As an investment holding company, Remgro's goal setting and metrics will take into consideration its own operations, its independently managed subsidiaries and its portfolio of investee companies where it has a strategic shareholding.

The Group is on a decarbonisation pathway and has, for more than a decade, participated in the Carbon Disclosure Project (CDP), but has not yet set quantifiable emissions reduction targets for its operations or its portfolio. It has a stated intent to be carbon neutral.

GHG reduction targets update

Siqalo Foods:	• Scope 1 target was a 27% reduction in Scope 1 year-on-year emissions. Due to operational challenges and husk availability, this was not obtained. • Scope 2 target was a 17% reduction in Scope 2 emissions year-on-year. For FY25, Siqalo Foods achieved a 4% reduction. Primarily driven by lower solar yield.
RCL Foods:	• RCL Foods is currently completing a Scope 3 emissions inventory, which will inform the development of multiple reduction scenarios – each paired with a corresponding action plan, estimated financial investment, and timeline. These scenarios will include both intensity-based and absolute targets, with at least one aligned to the Science-Based Targets initiative (SBTi).
Rainbow:	• Goal in place to reduce GHG emissions by 10%. • Aligning with Phase 2 of the Carbon Tax Act, which increases the levy to R190/tonne CO_2e from 2026.
Wispeco:	• Wispeco hopes to develop an emission reduction plan in the coming year, as part of the Climate Change Bill compliance process. The focus in the past year has been on improving data correctness and completion prior to target setting.
Mediclinic:	• Mediclinic aims to become carbon neutral by 2030 (the boundary for carbon neutrality covers Scope 1 and 2 emissions). • Mediclinic's strategy to eliminate Scope 2 emissions, includes the use of renewable or clean energy, as well as reducing electricity use through behavioural change and energy-efficient technology. • Given the diverse geographies in which it operates, the availability and accessibility of renewable energy sources will be a critical factor, as it remains a key driver of carbon neutrality.
Maziv:	• Maziv has set an internal target of being carbon neutral by 2050. • In the past year, Scope 1 emissions intensity decreased year-on-year. • Maziv management is currently working on calculating Scope 3 emissions.

GHG reduction targets update

PGSI:	• Targeted energy reduction objective of 20% by 2030 (compared to its 2021 baseline) and Scope 1 and 2 CO_2 emission reduction target of 20% by 2030. • Scope 1 carbon emissions results, as independently verified and submitted to the Department of Forestry, Fisheries and Environment (DFFE) were below the aggregated budgeted values for 2021, 2022, 2023 and 2024. The actual aggregated four-year total was 728 530 tonnes CO_2e against an approved budget of 771 116 tonnes CO_2e, which is 6% below its allocated carbon budget target. • Indirect Scope 2 CO_2 emissions in 2024 were below the internal targets set for all nine PG Group's manufacturing and processing plants measured. • PGSI remains on track to meet its 20% reduction target by 2030 as further significant reductions in Scope 1 and Scope 2 emissions are anticipated by 2027/2028 due to combustion efficiency gains as a result of SP4 and SP3 float lines upgrades of PSG in Springs, as well as the switch to renewable energy at its Shatterprufe (SX) plants in Port Elizabeth.
Heineken Beverages:	The climate action plan includes: • Reach net zero across their value chain by 2040. • Reduce Scope 3 FLAG (Forest, Land and Agriculture) emissions by 30% and non-FLAG by 25% by 2030. • For 2024, Heineken Beverages produced 87.5 kilotonnes of CO_2e, which is lower than the targeted 103.5 kilotonnes projected. Heineken Beverages reduced its carbon emissions by 45% from 2023 to 2024. This is the result of Heineken Beverages optimising existing processes and committing to renewable energy solutions such as purchasing international renewable energy certificates (iRECs).
Air Products:	• Goal in place to reduce total GHG emissions by 33% by 2030 (baseline year 2021).
OUTsurance Group:	• Target of net zero emissions by 2050 throughout the value chain, Scope 1, 2 and 3. • The strategy to reach net zero includes the following focus areas: – Reducing company-controlled own operations emissions per employee by 50% by 2030 against the 2018 baseline year. – Limiting environmental impact by managing and reducing the carbon footprint of own operations per employee, with electricity and business fuel consumption the largest opportunities in terms of the journey to net zero by 2050. – Continuing environmental sustainability projects, building on the success of previous effort, such as water consumption, waste management, environmental clean-up and recycling efforts. – Offering information and leadership to stakeholders through collaboration and communication, supported by appropriate reporting and disclosures.

Disclosure

As a Group, Remgro has reported its GHG emissions to the CDP since 2010, receiving recognition for its disclosure and inclusion in the Climate Disclosure Leadership Index. The aim is to extend its own environmental reporting to ultimately include as many companies from its portfolio as possible based on the materiality of its holdings.

As a diversified investor, Remgro has investee companies in different sectors, of different sizes and with differing impacts on the environment. Remgro's ultimate aim is to account for the majority of its portfolio, including those with the largest environmental footprints, within its own environmental reporting boundaries. This is a strategic process of expanded inclusion of investee companies over the next number of years.

Twelve companies, representing 82% of INAV, (including Remgro at the centre) have been included in this year's carbon footprint (2024: nine). The following companies have provided emissions data: Remgro at the centre, Mediclinic, Heineken Beverages, RCL Foods, Siqalo Foods, OUTsurance Group, Air Products, Wispeco, PRIM, PGSI, Maziv (a wholly owned subsidiary of CIVH) and Rainbow. The reporting boundaries have been set out on page 1 of this report.

The change in boundaries for this report (inherent to our business) and the intended future incorporation of additional investee company data pose some challenges for long-term comparability. Maturity in carbon accounting within the investee companies is varied but improving. Not all of these numbers have been externally verified. If the numbers change following verification, they will be restated.

Remgro anticipates that there will be ongoing improvements in the number, quality and verification of disclosures in future reports.

Climate reporting methodology

Remgro closely monitors developments in environmental reporting protocols for financial services industries, investment holding companies and the sectors in which its investee companies operate. This includes trends in GHG reporting and the setting of various environmental targets.

Remgro applies the principles of Partnership for Carbon Accounting Financials (PCAF), as recommended by the GHG Protocol (the most widely used carbon accounting methodology). Under PCAF guidance, investment companies should account for their investee companies' direct operational GHG emissions (including emissions from electricity consumption), attributable to the percentage share (either equity or debt) that the company holds in the investee companies. This is Enterprise Value Including Cash (EVIC), which is the value of the enterprise less cash. These emissions are collected under a specific investment category (Greenhouse Gas Protocol: Scope 3 Category 15) and are separate from the direct emissions of the investment company itself. The PCAF approach allows investors to account for their investee companies' emissions, while eliminating any possibility of "double accounting" for the same emissions between two or more entities.

Remgro's 2025 CDP submission was filed in September. It is based on the 2024 carbon footprint, due to the diverse year-ends of the companies in the portfolio. For Remgro's 2025 carbon footprint, investee companies' Scope 1 and Scope 2 emissions are reported as per the PCAF methodology. Scope 3 category 3 (fuel and energy) was also included in accordance with PCAF guidance for those investees that reported Scope 3 (Mediclinic, OUTsurance, Siqalo Foods and Wispeco). Scope 1, 2 and 3 emissions from Remgro at the centre, Air Products, Heineken Beverages, Maziv, Mediclinic, OUTsurance Group, PRIM, PGSI, RCL Foods, Rainbow, Siqalo Foods and Wispeco amounted to 1 935 305 tonnes CO_2 equivalent (tCO_2e) (2024: 1 575 991 tCO_2 restated). This is apportioned to Remgro in accordance with Remgro's percentage share of the investee companies' EVIC. This will be the first time that Remgro includes Rainbow, PRIM and Heineken Beverages in its environmental reporting boundary (for the 2026 CDP submission). The consolidated 2025 Remgro PCAF carbon footprint report will be verified by an independent third-party verifier.

Remgro Group's GHG emissions data

GHG Protocol carbon footprint: Remgro's investee companies (reported at 100%) emissions in tonnes CO_2e:

Entity	Reporting Period	Scope 1 2025	Scope 1 2024 Restated	Scope 1 2024	Scope 2 (market-based) 2025	Scope 2 (market-based) 2024 Restated	Scope 2 (market-based) 2024
Remgro at the centre[1]	FY25 (Jul 24 – Jun 25)	**2 287**	1 723	1 723	**1 971**	2 099	2 048
Air Products[1]	FY24 (Oct 23 – Sep 24)	**61 351**	60 845	60 315	**1 096 540**	1 166 908	1 166 908
Heineken Beverages	CY24 (Jan 24 – Dec 24)	**70 926**	N/R	N/R	**6 134**	N/R	N/R
Maziv (CIVH)	FY25 (Apr 24 – Mar 25)	**4 539**	6 099	6 099	**13 885**	11 066	11 066
Mediclinic[1]	CY24 (Jan 24 – Dec 24)	**34 276**	42 549	42 549	**146 818**	140 348	140 348
OUTsurance Group	FY25 (Jul 24 – Jun 25)	**802**	814	814	**8 366**	9 085	9 085
PRIM	FY24 (Jan 24 – Dec 24)	**–**	N/R	N/R	**50**	N/R	N/R
PGSI	FY24 (26 Dec 23 – 25 Dec 24)	**179 615**	179 741	179 579	**137 587**	140 648	140 648
Rainbow	FY25 (Jul 24 – Jun 25)	**156 408**	N/R	N/R	**224 051**	N/R	N/R
RCL Foods[2]	FY24 (Jul 23 – Jun 24)	**526 316**	526 316	526 170	**621 687**	621 687	474 482
Siqalo Foods[1]	FY25 (Jul 24 – Jun 25)	**14 608**	12 829	12 829	**17 439**	18 037	17 754
Wispeco[1, 2]	FY24 (Jul 23 – Jun 24)	**14 633**	14 633	14 576	**29 398**	29 398	34 719

Entity	Reporting Period	Scope 3[3] 2025	Scope 3[3] 2024 Restated	Scope 3[3] 2024	Outside of Scopes[4] 2025	Outside of Scopes[4] 2024 Restated	Outside of Scopes[4] 2024
Remgro at the centre	FY25 (Jul 24 – Jun 25)	**2 048**	2 462	2 450	**–**	2	–
Air Products	FY24 (Oct 23 – Sep 24)	**N/R**	N/R	N/R	**N/R**	N/R	N/R
Heineken Beverages	CY24 (Jan 24 – Dec 24)	**N/R**	N/R	N/R	**N/R**	N/R	N/R
Maziv (CIVH)	FY25 (Apr 24 – Mar 25)	**143**	N/R	N/R	**N/R**	N/R	N/R
Mediclinic	CY24 (Jan 24 – Dec 24)	**97 889**	117 128	117 128	**3 578**	2 790	2 790
OUTsurance Group	FY25 (Jul 24 – Jun 25)	**5 825**	6 087	6 087	**–**	5	5
PRIM	FY24 (Jan 24 – Dec 24)	**N/R**	N/R	N/R	**N/A**	N/A	N/A
PGSI	FY24 (26 Dec 23 – 25 Dec 24)	**N/R**	N/R	N/R	**N/R**	N/R	N/R
Rainbow	FY25 (Jul 24 – Jun 25)	**N/R**	N/R	N/R	**N/R**	N/R	N/R
RCL Foods[2]	FY24 (Jul 23 – Jun 24)	**N/R**	N/R	N/R	**N/R**	N/R	N/R
Siqalo Foods	FY25 (Jul 24 – Jun 25)	**4 708**	4 885	1 607	**15 165**	16 889	16 889
Wispeco[2]	FY24 (Jul 23 – Jun 24)	**22 497**	22 497	17 068	**N/R**	–	–

Entity	Reporting Period	Emissions contribution 2025[5]	Emissions contribution 2024 Restated[6]	Emissions contribution 2024
Remgro at the centre	FY25 (Jul 24 – Jun 25)	**–**	–	–
Air Products	FY24 (Oct 23 – Sep 24)	**1 157 892**	1 227 754	1 227 224
Heineken Beverages	CY24 (Jan 24 – Dec 24)	**77 060**	N/R	N/R
Maziv (CIVH)	FY25 (Apr 24 – Mar 25)	**18 424**	17 165	17 165
Mediclinic	CY24 (Jan 24 – Dec 24)	**228 235**	182 897	182 897
OUTsurance Group	FY25 (Jul 24 – Jun 25)	**10 183**	9 899	9 899
PRIM	FY24 (Jan 24 – Dec 24)	**50**	N/R	N/R
PGSI	FY24 (26 Dec 23 – 25 Dec 24)	**317 202**	320 389	320 227
Rainbow	FY25 (Jul 24 – Jun 25)	**380 459**	N/R	N/R
RCL Foods[2]	FY24 (Jul 23 – Jun 24)	**1 148 003**	1 148 003	1 000 652
Siqalo Foods	FY25 (Jul 24 – Jun 25)	**51 919**	30 866	30 583
Wispeco[2]	FY24 (Jul 23 – Jun 24)	**53 814**	44 031	49 294

N/R not reported and/or relevance not determined   *N/A not applicable*

(1) *Remgro FY24, Siqalo Foods FY24, Mediclinic CY24, Air Products FY2024 and Wispeco FY24 carbon footprint data has been verified. At the time of reporting, all remaining investees had not yet been verified but, with the exception of Rainbow, have undergone some external assessment.*

(2) *Two investees (RCL Foods and Wispeco) have reported prior year numbers for Remgro's 2025 emissions reporting. A one-year lag has been implemented to allow necessary time for these companies to complete their carbon footprint and potentially also submit verified results.*

(3) *Scope 3 emissions are voluntarily reported and include different emissions located within a company's upstream and downstream value chain. These value chain emissions are not comprehensively reported by Remgro's investee companies and are largely dependent on available data from third-party suppliers and customers. Where possible, Scope 3 upstream fuel and energy emissions have been included in Remgro's emissions contribution in accordance with PCAF guidance for 2025, resulting in increased emissions contribution for those investees.*

(4) *Outside of Scopes includes emissions accounted for by the direct CO_2 impact of burning biomass and biofuels, where the Scope 1 impact of these fuels has been determined to be net zero. It also includes non-Kyoto Protocol fugitive emissions outside of the GHG Protocol, such as R22 Freon air-conditioning gas refills. Where reported (Mediclinic and Siqalo Foods), these emissions have been included in Remgro's emissions contribution in accordance with PCAF guidance for 2025, resulting in increased emissions contribution for those investees.*

(5) *Emissions contribution for FY25 for Mediclinic, OUTsurance Group, Siqalo Foods and Wispeco includes Outside of Scopes emissions, as well as relevant Scope 3 emissions related to fuel and energy in accordance with PCAF.*

(6) *Prior year emissions for Remgro at the centre, Air Products, PGSI, RCL Foods, Siqalo Foods and Wispeco were restated in 2025, due to further information becoming available during the Remgro verification.*

Remgro's portion of investee companies' Scope 1 and 2 GHG emissions (tonnes CO_2e)

Entity	Remgro GHG PCAF portion 2025	2024 Restated	EVIC[1] 2025
Air Products FY24	**577 599**	612 627	**50%**
Heineken Beverages CY24	**11 122**	N/R	**14%**
Maziv (CIVH) FY25	**5 937**	5 556	**32%**
Mediclinic CY24	**77 280**	59 986	**34%**
OUTsurance Group FY25	**3 067**	2 976	**30%**
PRIM FY24	**12**	N/R	**25%**
PGSI FY24	**68 898**	69 590	**22%**
Rainbow FY25	**285 340**	N/R	**75%**
RCL Foods FY24	**795 329**	745 376	**69%**
Siqalo Foods FY25	**51 099**	29 887	**98%**
Wispeco FY24	**53 325**	43 708	**99%**

N/R *not reported and/or relevance not determined*
(1) *EVIC = Enterprise value including cash.*

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