



(Remgro or the Company)

**ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)
INVESTMENT POLICY**

ESG INVESTMENT POLICY

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1) Introduction

Remgro believes that high standards of corporate responsibility make good business sense and are necessary in order to protect and enhance investment returns. As such, Remgro intends to build trust and confidence through responsible and ethical practices and an appreciation of the impact that non-financial factors can have on value creation, environmental sustainability, long-term asset performance, and the health of society at large.

Remgro aims to play a leading role in the development of ESG and corporate sustainability in the South African context and is committed to ensuring ESG issues are identified and managed responsibly in its business activities and relationships.

Remgro is also committed to investing in businesses (“Investee Companies”) with the intention to contribute to measurable positive social or environmental, alongside financial, returns and strives to ensure that impact considerations are purposefully integrated throughout the investment lifecycle.

Remgro’s current investment approach

As stated in Remgro's reporting, its current investment approach is summarised as follows:

Investment philosophy

Remgro invests in businesses that are aligned with its values and purpose and that have the potential to deliver superior earnings, cash flow generation and dividend growth over the long term. This involves the acquisition of meaningful interests in companies in order to have significant influence. Sound management is an important investment criterion. Remgro focuses on the Southern African market, but international opportunities will be considered with reputable partners. Remgro forges strategic alliances on a partnership basis and adds value through its extensive network of human capital. The purpose is to grow Remgro’s intrinsic net asset value by investing in a good balance of young growth companies, network assets and more established cash-generating companies to ensure superior returns to shareholders by way of sustainable dividends and capital growth.

Remgro’s relationships with its Investee Companies are underpinned by the Remgro Limited Group Governance Framework which commits Remgro and its Investee Companies, *inter alia*, to the Sullivan Principles. These remain founding principles within the organisation’s ESG approach and are wholly consistent with the further advancement of Remgro’s ESG strategy.

Remgro’s investment strategy

The core elements of Remgro’s investment strategy include:

- Emphasis on investments that align with Remgro’s values and purpose that will make a significant contribution to Remgro’s earnings;
- 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 in other African countries through Investee Companies;
- Willingness to consider investments in other countries on an opportunistic basis;
- Focus on investments with a meaningful ESG strategy and impact;

- Public-private partnerships and/or in collaborative impact (ESG) opportunities; and
- Primary sector focus:
 - Healthcare;
 - Consumer products;
 - Financial services; and
 - Infrastructure.

Investment criteria

The core elements of Remgro's investment criteria include:

- Prevailing culture and ethics of the board and management team of the Investee Companies;
- 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; and
- Barriers to entry.

2) Purpose

This Policy is intended to:

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

Remgro commits to consider material ESG issues in the course of its due diligence process and in the monitoring of investments.

For the purposes of this policy "material ESG issues" are defined as issues determined by Remgro to potentially impact economic value as well as environmental and social value for Remgro and its stakeholders.

3) Scope

This policy will apply to all new investments considered by the Company. It further applies to existing investments to ensure that potential ESG risks and opportunities are appropriately managed within the Remgro philosophy, ethics, and risk appetite.

Where Remgro is a minority shareholder, or where other circumstances affect the Company's ability to assess, set, or monitor ESG-related performance goals, or where it will not necessarily be feasible to implement ESG-related principles, Remgro will make a judgement call based on the best available information and the known performance of the Investee Company in regard to ESG issues. It will take into account the ESG risk profile of any such investment in its approach to its portfolio management overall.

In cases where Remgro seeks to work with an Investee Company to mitigate any known risks or perceived lagging ESG practice, Remgro will institute compliance monitoring and remedial mechanisms.

4) Roles and responsibilities

Remgro's Investment Managers, Management Board, Investment Committee and the Board are responsible for ensuring that the consideration of ESG issues are integrated into investment and management practices in collaboration with the ESG Strategic- and ESG Operational Committees.

Remgro will ensure that necessary staff and other resources are dedicated to the tasks involved.

5) Goals

Remgro aims to play a leading role in the development of ESG and corporate sustainability in the South African context, making it integral to its business. Remgro has committed to enhancing its sustainability strategy and to approach ESG as a corporate priority, to create a consistent approach across the Group, that applies to current and new investments alike.

Remgro has implemented a Group-wide ESG remit and governance structure that provides strategic direction and oversight in support of Remgro's commitment, and that of its Investee Companies, to ESG.

As part of this process, Remgro will strive to influence the businesses in which its capital is invested, commit to continuous improvements with respect to managing ESG, and work over time to apply relevant international and national best practice standards with appropriate targets and timetables for achieving them.

Remgro and the Investee Companies will implement management systems which effectively address ESG risks and realise ESG opportunities as a fundamental part of the Company's value and will endeavour to:

- where appropriate, consider *inter alia* environmental, public health, safety, and social issues associated with target investments before and during the period of investment;
- minimise adverse impacts and enhance the positive effect of the Investee Companies on the environment and all stakeholders (including employees and any affected communities) as relevant and appropriate;
- encourage the Investee Companies to make efficient use of natural resources and to protect the environment wherever possible;
- support the reduction of greenhouse gas emissions and other harmful environmental activities in line with international and national policy goals and timetables;
- use governance structures that provide appropriate levels of oversight in the areas of audit, risk management, and potential conflicts of interest;
- comply with applicable national, state and local labour laws in the countries in which Remgro invests, and support the payment of competitive wages and benefits, and the provision of a healthy workplace, by Investee Companies to their employees;
- require the Investee Companies to work within a defined timeframe towards full compliance with applicable South African legislation, the International Labour Organization ("ILO") Core Labor Standards and ILO Basic Terms and Conditions of Work and to respect the International Bill of Human Rights¹ in line with the UN Guiding Principles on Business and Human Rights²;
- encourage the operation of the Investee Companies to be carried out in accordance

¹ The International Bill of Human Rights includes the United Nations ("UN") Universal Declaration of Human Rights and the International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights

² <http://www.business-humanrights.org>

with good international industry practices³, recognise and, as appropriate, promote the social aspects of the development impact of the Investee Companies; and

- consider the potential for positive impacts and opportunities from business activities (e.g., certifications to enter new markets, strengthening of supply chain structures/management).

6) Review dates and version control

This policy will be reviewed annually.

Approved by the Strategic ESG Committee and thereafter by the Remgro Board on 13 June 2022.

³ Including the range of internationally certifiable environmental standards issued by the International Organization for Standardization (“ISO”), the ISO 14000 series, notably including standards for environmental management systems (ISO 14001) and greenhouse gas emissions (ISO 14064-65), as may be amended from time to time. See www.iso.org.