Remgro Limited

2018 INTEGRATED ANNUAL REPORT

CREATING SHAREHOLDER VALUE

SINCE 1948

Originally established in the 1940s by the late Dr Anton Rupert, Remgro's investment portfolio has evolved substantially and currently includes more than 30 investee companies.

INVESTOR TOOLS

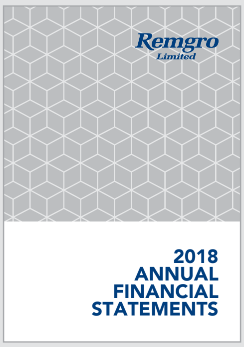
Cross-reference to relevant sections within this report

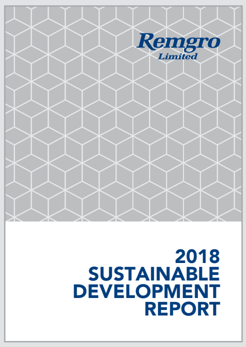
Download from our website: www.remgro.com

View more information on our website: www.remgro.com

MORE INFORMATION

This Integrated Annual Report is published as part of a set of reports in respect of the financial year ended 30 June 2018, all of which are available on the Company's website at www.remgro.com.





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REMGRO'S APPROACH TO REPORTING

The 2018 Integrated Annual Report provides a holistic view of Remgro's business model, how the Company is managed and also how it manages its investments. In this regard our main focus is to provide a complete analysis of our business to satisfy the information needs of key stakeholders that use the Integrated Annual Report.

The information presented thus aims to provide our stakeholders with a good understanding of the financial, social, environmental and economic impacts of the Group to enable them to evaluate the ability of Remgro to create sustainable value for our stakeholders.

In order to ensure that we address all the material issues that matter to us, our shareholders and other stakeholders, we also report on matters such as:

- Our business model;
- Our most significant business risks and opportunities, as identified through our integrated risk management process; and
- Governance processes.

This Integrated Annual Report was prepared in accordance with International Financial Reporting Standards, the Listings Requirements of the JSE Limited, as well as the Companies Act (No. 71 of 2008), as amended. Reporting on sustainable development was done based on the principles and recommendations as contained in the King IV Report on Corporate Governance for South Africa (2016) (King IV). The recommendations contained in the International Integrated Reporting Framework were also considered and applied wherever possible.

This Integrated Annual Report only includes an abridged version of the Sustainable Development Report as well as summary financial statements. The detailed Sustainable Development Report and Annual Financial Statements in respect of the year under review are available on the Company's website at www.remgro.com.

King IV, which was published on 1 November 2016, contains a set of principles that are fundamental to good governance, as well as related leading recommended practices. The JSE Limited has incorporated certain of King IV's recommended practices in the JSE Listings Requirements, with the effect that some of King IV's recommended practices are in fact mandatory in respect of companies listed on the JSE (such as Remgro). The Board is satisfied that the Company has applied the principles contained in King IV during the year under review. The Corporate Governance Report on page 55 explains how Remgro has applied the principles enumerated in King IV with reference to the practices applied by Remgro.

SCOPE AND BOUNDARIES OF OUR REPORT

Remgro is an investment holding company and accordingly all references to "the Group" in this context denote the Company and its subsidiaries. Disclosure is therefore limited to those entities where the Group exercises control over the financial and operating policies of such entities, save where those entities disclose the relevant information in their own publicised annual reports.

Remgro has only three main operating subsidiaries, i.e. RCL Foods Limited (RCL Foods), Distell Group Holdings Limited (Distell) and Wispeco Holdings Proprietary Limited (Wispeco). As RCL Foods and Distell are listed on the JSE, detailed information regarding their financial, sustainability and social performance is available on their websites at www.rclfoods.com and www.distell.co.za respectively.

Wispeco is an unlisted wholly owned subsidiary which is operated and managed on a decentralised basis as an independent entity with an autonomous Board of Directors. Based on the above, as well as the fact that Wispeco represents only 0.6% of Remgro's intrinsic net asset value, only summarised "non-financial" disclosure relating to social and environmental performance will be provided for Wispeco. This is in line with Remgro's reporting on the financial performance of its investee companies.

Following on the philosophy outlined above, Remgro manages all investee companies on the same decentralised basis, irrespective of whether they are subsidiaries, associates or joint ventures. Therefore data relating to the social and environmental performance of subsidiaries, associates and joint ventures, over which Remgro does not exercise operational control, are not covered in detail in this report. However, information is provided in instances where material sustainable development issues are at stake.

Except where otherwise indicated, all disclosures relating to social and environmental performance thus only relate to Remgro's activities at its head office in Stellenbosch.

EXTERNAL AUDIT AND ASSURANCE

The consolidated annual financial statements were audited by the independent external auditors, PricewaterhouseCoopers Inc., in accordance with International Standards on Auditing. The report of the external auditors in respect of the summary consolidated annual financial statements is included on page 112 of the Integrated Annual Report.

Various other voluntary external accreditation, certification and assurance initiatives are followed in the Group, complementing the combined assurance model as covered throughout the Integrated Annual Report. We believe that this adds to the quality and reliability of the information presented. Refer to the abridged Sustainable Development Report on page 77 for further details.

SIGNIFICANT EVENTS DURING AND AFTER THE END OF THE REPORTING PERIOD

On 11 May 2018 the competition authorities approved the restructuring of Distell ownership structure. Remgro retained its economic interest of 31.8% in Distell, but, in addition, received unlisted B shares, which in aggregate gives Remgro voting rights of 56.0% in Distell. Since Remgro holds the majority of voting rights, the investment in Distell is being consolidated at 31.8% with effect from 11 May 2018.

The competition authorities approved Unilever South Africa Proprietary Limited's (Unilever) acquisition of Remgro's 25.75% shareholding in Unilever in exchange for Unilever's Spreads business in Southern Africa, as well as a cash consideration of R4 900 million, representing a total transaction value of R11 900 million. This transaction valued the Unilever Spreads business at R7 000 million. The effective date of the transaction was 2 July 2018.

Refer to the reports of the Chief Executive Officer and Chief Financial Officer on pages 20 and 25 respectively for a brief summary of these transactions. Besides the transactions above, no significant events occurred during the reporting period or after the end of the reporting period, which may have a material impact on the size, structure or ownership of the Group.

SALIENT FEATURES

R256.97	+7.5%	+7.7%	+1.8%
INTRINSIC NET ASSET VALUE PER SHARE	ORDINARY DIVIDEND PER SHARE	HEADLINE EARNINGS PER SHARE excluding option remeasurement	HEADLINE EARNINGS PER SHARE

FINANCIAL

	Year ended 30 June 2018	Year ended 30 June 2017	% change
Headline earnings (R million)	**8 573**	8 221	*4.3*
– per share (cents)	**1 512.6**	1 485.5	*1.8*
Headline earnings, excluding option remeasurement (R million)	**8 312**	7 534	*10.3*
– per share (cents)	**1 466.5**	1 361.3	*7.7*
Dividends per share			
Ordinary (cents)	**532.00**	495.00	*7.5*
– Interim (cents)	**204.00**	194.00	*5.2*
– Final (cents)	**328.00**	301.00	*9.0*
Intrinsic net asset value per share (R)	**256.97**	251.48	*2.2*
Remgro share price at 30 June (R)	**204.29**	213.46	*(4.3)*
Percentage discount to intrinsic net asset value (%)	**20.5**	15.1	*35.8*

NON-FINANCIAL

	Year ended 30 June 2018	Year ended 30 June 2017
Spent on corporate social investment (CSI) (R million)		
– At the centre	**27**	23
– Share of CSI spend of investee companies	**167**	163
BBBEE scorecard contributor level	**8**	8
Continued participation in carbon disclosure project	**Yes**	Yes
Inclusion in FTSE/JSE Responsible Investment Index	**Yes**	Yes

GROUP PROFILE

OUR BUSINESS

Originally established in the 1940s by the late Dr Anton Rupert, Remgro's investment portfolio has evolved substantially and currently includes more than 30 investee companies. The Company is listed on the Johannesburg Securities Exchange (JSE) operated by the JSE Limited in South Africa under the "Industrial – Diversified Industrial" sector, with the share code "REM".

REMGRO* IS A

DIVERSIFIED INVESTMENT HOLDING COMPANY

*** OR THE COMPANY**

Our interests consist mainly of investments in the following industries:

BANKING Page 34

INDUSTRIAL Page 41

HEALTHCARE Page 36

INFRASTRUCTURE Page 46

CONSUMER PRODUCTS Page 38

MEDIA AND SPORT Page 50

INSURANCE Page 40

Group structure at 30 June 2018

REMGRO LIMITED (PRINCIPAL INVESTMENTS – EQUITY INTEREST HELD)

BANKING

RMH	28.2%
FirstRand	3.9%

HEALTHCARE

Mediclinic	44.6%

CONSUMER PRODUCTS

Unilever	25.8%
Distell	31.8%
RCL Foods	77.0%

INSURANCE

RMI Holdings	30.3%

INDUSTRIAL

Air Products	50.0%
Kagiso Tiso Holdings	36.3%
Total	24.9%
PGSI	37.7%
Wispeco	100.0%

INFRASTRUCTURE

Grindrod	23.0%
Grindrod Shipping	22.7%
CIV group	51.0%
SEACOM	30.0%

MEDIA AND SPORT

eMedia Investments	32.3%
Premier Team Holdings (Saracens)	50.0%
Blue Bulls	50.0%
Stellenbosch Academy of Sport	100.0%

OTHER INVESTMENTS

Business Partners	42.8%

TREASURY AND MANAGEMENT SERVICES

Millennia Jersey – Jersey	100.0%
Remgro Finance Corporation	100.0%
Remgro Healthcare Holdings	100.0%
Remgro International – Jersey	100.0%
Remgro Jersey GBP – Jersey	100.0%
Remgro Management Services	100.0%
V&R Management Services – Switzerland	100.0%

Company history

70 YEARS OF

DOING BUSINESS

1940s

Remgro's founding history goes back to the forties of the previous century when the founder of the Group, Dr Anton Rupert, established, the tobacco company Voorbrand, forerunner of Rembrandt Group Limited (Rembrandt) in Johannesburg, South Africa. Rembrandt was incorporated in 1948.

Rembrandt thus entered the South African cigarette and tobacco industry in 1948 and in the fifties expanded abroad through the establishment of various international partnerships.

Rembrandt's interests in the wine and spirits industry also date back to the 1940s when Dr Rupert and Mr D W R Hertzog founded Distillers Corporation.

1950s

Rembrandt was listed on the Johannesburg Stock Exchange in 1956.

1970s

In 1972, the overseas tobacco interests of Rembrandt were consolidated in Rothmans International, which was listed on the London Stock Exchange.

Since the 1970s Rembrandt expanded its interests outside tobacco, wine and spirits with investments in various other economic sectors in South Africa, amongst which were banking and financial services, mining, printing and packaging, medical services, engineering and food interests.

1980s

The separation of local and overseas interests was effected in 1988 with the founding of Compagnie Financière Richemont AG (Richemont) – a Swiss-listed luxury goods group that included brands such as Cartier, Dunhill and Mont Blanc which then also acquired a share in Rothmans International.

1990s

During 1993, Rembrandt co-founded South Africa's first cellular telephony company, Vodacom, which was eventually disposed of in 2006 by VenFin Limited (VenFin). In 1995, Rembrandt and Richemont consolidated their respective tobacco interests in Rothmans International, at the time the world's fourth largest cigarette manufacturer, which was then delisted, and then in 1999 merged these interests with those of British American Tobacco plc (BAT), the world's second largest cigarette producer. Since then the investment in BAT was held through a joint holding company in which Rembrandt (Remgro's predecessor) and Richemont held 33⅓% and 66⅔% respectively. Following the above restructuring, Rembrandt became a pure investment holding company.

2000

The restructuring of Rembrandt was advanced a step further in September 2000 when the South African holding structure, consisting of four listed companies, was collapsed into two listed companies, namely Remgro and VenFin. Following the restructuring, Remgro represented Rembrandt's established tobacco, financial services, mining and industrial interests, while the telecommunication and technology interests were housed in VenFin.

2008

During November 2008, Remgro unbundled its investment in BAT to its shareholders by way of an interim dividend *in specie* amounting to R55.2 billion. Following the BAT unbundling the Group's remaining interests consisted mainly of investments in banking and financial services, printing and packaging, motor components, glass products, medical services, mining, petroleum products, food, wine and spirits and various other trade mark products.

At 30 June 2018, the value of the unbundled BAT shares has increased to R140.8 billion.

2009

During November 2009 Remgro and VenFin merged again, adding media and technology interests to the Group's investments.

2016

Remgro subscribed for shares in Al Noor Hospitals Group plc (Al Noor) as part of the combination of Mediclinic International Limited (Mediclinic) and Al Noor. Remgro also facilitated Mediclinic's acquisition of a 30% stake in Spire Healthcare Group plc and subsequently participated in a Mediclinic rights issue.

2017

During October 2016 Remgro completed a rights issue for a total consideration of R9 945 million, in order to have cash resources and flexibility to capitalise on investment opportunities.

Our business model

HOW THE INVESTMENTS ARE MANAGED

Remgro has a few operating subsidiaries of which the material companies are RCL Foods (listed), Distell (listed) and Wispeco (unlisted). Due to its philosophy of decentralised management, these companies have autonomous boards of directors and management structures and Remgro only exerts its influence through non-executive representation on the boards of these companies.

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 its board representation in those investee companies. Where Remgro does not have board representation such investments are treated as portfolio investments.

Remgro manages its investments on a decentralised basis and its involvement is mainly focused on the provision of support rather than on being involved in the day-to-day management of business units of investees. 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 provided to the investee companies can either be in the form of strategic, financial and managerial support, or the creating of an environment for corporate transactions.

It should be emphasised that the above management philosophy is applied to all investee companies, irrespective of the level of influence that can be exercised.

Shareholder agreements are in place for Remgro's associates and joint ventures where there are also other major shareholders involved. These agreements protect its rights as shareholder and manage 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.

As a responsible shareholder of the investee companies, Remgro also exercises its shareholder rights 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, safety, health and environmental management, internal audit, ethics management, information management, stakeholder relationships, succession planning and sustainability.

OWNERSHIP STRUCTURE

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

ORDINARY SHARES OF NO PAR VALUE	B ORDINARY SHARES OF NO PAR VALUE
LISTED ON THE JSE	UNLISTED
529 217 007 ordinary shares of no par value Each ordinary share has one vote	39 056 987 B ordinary shares of no par value Each B ordinary share has ten 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 2018, the unlisted B ordinary shares were entitled to 42.53% (2017: 42.54%) of the total votes of shareholders of the Company.

An analysis of major shareholders appears on pages 125 and 126.

INVESTMENT PHILOSOPHY

Remgro invests in businesses that can 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 endeavours to add value where possible. The purpose is to ensure superior returns to shareholders by way of sustainable dividend and capital growth.

Remgro's investment strategy

- Emphasis on investments 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 other African countries through investee companies
- Will consider investments in other countries on an opportunistic basis
- Primary sector focus:
  - Consumer products
  - Infrastructure
  - Healthcare
  - Financial services

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
- Environmental footprint of the enterprise
- Viability of products and services and their life cycles
- Social responsibility awareness of the enterprise
- Barriers to entry

Understanding the business of an investment holding company

GENERAL

The business of an investment holding company differs substantially from that of an operating company. In the latter case products and/or services are being sold at a certain gross profit margin, thereby creating revenue and cash inflows for the entity concerned. Strong cash flows and shareholder value are accordingly created by increasing revenue, as well as by limiting expenditure and optimising operational efficiencies, thus increasing the net profit from which dividends can be paid to shareholders.

In the case of an investment holding company, no products and/or services are being sold. This, together with the specific accounting treatment that is required for different classes of investments in terms of International Financial Reporting Standards, has the effect that the net profit of an investment holding company is not always a fair reflection of its underlying cash flows and financial soundness. Similarly, the variance in net profit between reporting periods will not always be a good indication of the trend in dividends to be paid to shareholders. The value and performance of the underlying investments, rather than the activities at holding company level, will thus to a large extent determine the value created by investment holding companies for their shareholders, although dealmaking at holding company level also adds significant value, if done in a value-enduring method.

CAPITAL ALLOCATION

The most important function of an investment holding company is the allocation of capital. From a human capital allocation point of view, we must ensure that the best people manage the businesses we invest in. Financial capital needs to be allocated in the most efficient way. Capital is expensive and not infinite.

As we deal with an uncertain future, and inevitably base capital allocation models on certain assumptions about the future, we need a margin of safety in our investment decisions.

We need to be disciplined in our allocation of capital and, if we are wrong, we should act quickly and decisively.

The following capitals are furthermore deployed and the impact thereon measured in creating sustainable value: intellectual capital, our relationship capital, manufactured capital and our environmental capital.

HOW WE MAKE OUR MONEY

In order to understand how Remgro makes its money, one first needs to understand its reported results.

Remgro's statutory reported net profit consists primarily of the following:

- Consolidated results of its operating subsidiaries, i.e. RCL Foods, Distell and Wispeco;
- Equity accounted results of its investments in associates and joint ventures, e.g. Mediclinic, FirstRand, RMH and RMI, which are the four biggest contributors towards net profit;
- Profit/loss on the realisation of investments;
- Net impairment of investments;
- Dividends received from investee companies not classified as subsidiaries, associates and joint ventures, e.g. the Milestone China Funds and the Pembani Remgro Infrastructure Fund;
- Interest received;
- Interest paid;
- Net corporate costs, including remuneration and other benefits paid to employees; and
- Taxation.

As is evident from the above, the dividends received from operating subsidiaries, associates and joint ventures are not included in Remgro's reported net profit. Furthermore, any profit/loss on the realisation of investments are also excluded from reported headline earnings.

Being an investment holding company, however, and contrary to the treatment in terms of accounting standards, the best approximation of Remgro's profit at holding company level ("at the centre") should, in our view, thus comprise the following:

- Dividends received from investee companies;
- Interest received;
- Profit/loss on the realisation of investments;
- Net impairment of investments;
- Net corporate costs, including remuneration and other benefits paid to employees;
- Interest paid;
- Taxation paid; and
- Foreign exchange movements.

Furthermore, cash generated at the centre (mainly dividends and interest received and proceeds on the realisation of investments) is utilised for investing activities, interest paid and dividends paid to shareholders.

Given its nature as an investment holding company and the substantial amount of cash held and managed, the control of treasury risks are regarded as very important. This includes the management of movements in foreign exchange rates, which area is covered in more detail in the Chief Financial Officer's Report on page 25. Also refer to page 28 for a detailed analysis of "cash movement at the centre" for the year under review.

Remgro further measures its performance in terms of the increase in its intrinsic net asset value. This measures the growth in the underlying value of the various investee companies. Refer to the Chief Executive Officer's Report on page 20 for a detailed analysis of Remgro's intrinsic net asset value.

DISTRIBUTIONS TO SHAREHOLDERS

Dividends to shareholders are funded from dividend income and interest received at the centre.

In terms of normal dividends to shareholders, it is the Company's objective to provide shareholders with a consistent annual dividend flow which at least protects them against inflation, throughout the economic cycles.

As in the past, in special circumstances, the Company will consider other distributions in the form of special dividends, share buy-backs or the unbundling of investments to shareholders.

Key objectives and principal integrated risks

REMGRO'S KEY OBJECTIVES

Managing with a view to maximising value creation and sustainable growth

1

Remgro focuses on the creation of shareholder value and sustainable growth by investing in businesses that can deliver superior earnings and dividend growth over the long term.

2

This objective is underpinned by Remgro's investment philosophy and strategy and also its understanding of all risks and opportunities associated with the Group's investment portfolio and target markets, whilst seeking appropriate investment opportunities.

3

These risks and opportunities are continuously measured against the risk appetite and risk-bearing capacity determined by the Board.

Doing business ethically

1

By always considering the impact of the Company's strategy on its commercial sustainability, the indirect impacts on the society in which it operates, as well as the environment, results in 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

Thereby positioning the Company as an investment partner of choice.

PRINCIPAL INTEGRATED RISKS

Remgro's three principal risks are summarised below. A more comprehensive analysis of our risk management process is provided in the Risk Management Report, while our main financial risks, including those relating to the global economy and currencies, are disclosed in the Chief Financial Officer's Report.

	RISK	CONTEXT
1	Increased country risk due to social unrest, low economic growth, the increasing current account and budget deficits and the resultant impact of lowering sovereign credit ratings.	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.
2	Inability of boards of investee companies to timely identify disruptive technology risks and opportunities or similar developments in their markets.	The sustainability of investee companies is dependent upon their ability to identify market trends and disruptive technology which can materially impact their businesses.
3	The destruction of value due to poor management of existing investments, including management at investee company level. Non-identification and assessment of suitable investment opportunities.	The successful management of investments is dependent upon a proper understanding of the businesses of the investee companies and also on identifying the appropriate Remgro executives that will represent it on the boards of the investee companies. Creating "Alpha" requires effective organic growth and judicious corporate investments.

PRINCIPAL INTEGRATED SUSTAINABILITY DRIVERS

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

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 results. Remgro's standing as a responsible investor of choice facilitates 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.

3

The ability to add value to investee companies by means of skilled and experienced executives.

FIVE-YEAR REVIEW AND SHARE STATISTICS

CONSOLIDATED INCOME STATEMENTS

R million	Year ended 30 June 2018	Year ended 30 June 2017	Year ended 30 June 2016	Year ended 30 June 2015	Year ended 30 June 2014
Profit/(loss) before taking into account the following	**1 253**	886	(757)	1 680	(18)
Non-recurring and capital items and impairments	**4 986**	304	(105)	408	73
Consolidated profit/(loss) before tax	**6 239**	1 190	(862)	2 088	55
Taxation	**(423)**	(227)	21	(395)	(57)
Consolidated profit/(loss) after tax	**5 816**	963	(841)	1 693	(2)
Share in after-tax profit of equity accounted investments	**3 383**	7 545	6 250	7 228	6 853
Net profit after tax	**9 199**	8 508	5 409	8 921	6 851
Non-controlling interest	**(256)**	(77)	(45)	(206)	66
Attributable net profit for the period	**8 943**	8 431	5 364	8 715	6 917
Headline earnings	**8 573**	8 221	5 874	7 996	6 635
Headline earnings per share (cents)	**1 512.6**	1 485.5	1 119.6	1 555.0	1 292.4
Earnings per share (cents)	**1 577.9**	1 523.4	1 022.4	1 694.9	1 347.3
Dividends per share (cents)					
– Ordinary	**532**	495	460	428	389

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

R million	30 June 2018	30 June 2017	30 June 2016	30 June 2015	30 June 2014
Property, plant and equipment, biological agricultural assets and investment properties	**13 745**	6 797	6 607	6 317	6 157
Investments – Equity accounted	**73 722**	80 883	78 565	57 831	52 169
Other non-current assets	**23 086**	9 058	9 486	9 418	9 306
Current assets	**40 375**	22 317	14 442	21 126	11 876
Total assets	**150 928**	119 055	109 100	94 692	79 508
Total equity	**113 446**	95 302	81 657	75 917	68 634
Non-current liabilities	**25 891**	18 493	20 821	5 404	2 199
Current liabilities	**11 591**	5 260	6 622	13 371	8 675
Total equity and liabilities	**150 928**	119 055	109 100	94 692	79 508
Net asset value per share (Rand) (attributable to equity holders)					
– at book value	**173.04**	163.13	153.13	142.12	128.56
– at intrinsic value	**256.97**	251.48	306.44	288.89	245.96

CONSOLIDATED STATEMENTS OF CASH FLOWS

R million	Year ended 30 June 2018	Year ended 30 June 2017	Year ended 30 June 2016	Year ended 30 June 2015	Year ended 30 June 2014
Cash flow generated from returns on investments	**5 818**	5 434	4 387	5 226	4 380
Taxation paid	**(657)**	(363)	(328)	(397)	(135)
Cash available from operating activities	**5 161**	5 071	4 059	4 829	4 245
Dividends paid	**(2 934)**	(2 708)	(2 358)	(2 136)	(1 834)
Cash flow from operating activities	**2 227**	2 363	1 701	2 693	2 411
Net investing activities	**2 208**	(6 572)	(18 767)	(1 151)	(2 121)
Net financing activities	**78**	8 553	16 365	(1 349)	(818)
Net increase/(decrease) in cash and cash equivalents	**4 513**	4 344	(701)	193	(528)

SHARE STATISTICS

	Year ended 30 June 2018	Year ended 30 June 2017	Year ended 30 June 2016	Year ended 30 June 2015	Year ended 30 June 2014
Weighted number of unlisted B ordinary shares ('000)	**39 057**	38 171	36 244	35 506	35 506
JSE Limited					
Weighted number of Remgro ordinary shares in issue – excluding the unlisted B ordinary shares ('000)	**527 717**	515 252	488 384	478 695	477 898
Market capitalisation at end of period (R million) – ordinary shares only	**108 114**	112 967	122 519	123 134	110 654
Price (cents per share)					
– Last day of period	**20 429**	21 346	25 466	25 594	23 000
– Highest	**24 460**	27 026	28 106	28 190	23 000
– Lowest	**19 400**	20 273	21 455	21 850	18 000
Number of shares traded ('000)	**339 366**	328 691	281 917	202 660	254 250
Value of shares traded (R million)	**74 311**	74 685	70 671	58 994	39 935
Shares traded/weighted number of ordinary shares (%)	**64.4**	63.8	57.7	49.1	42.4
Number of transactions	**929 257**	1 122 177	859 300	780 733	501 423

DIRECTORATE AND MEMBERS OF COMMITTEES

NON-EXECUTIVE DIRECTORS

J P RUPERT (68)
APPOINTED: 18 August 2000
CHAIRMAN
Directorships: Mr Rupert is the Chairman of Compagnie Financière Richemont SA and the Chairman of Reinet Investments Manager SA, the management company of Reinet Investments S.C.A. He studied economics and company law at Stellenbosch University and has had an extensive career in international business, banking and finance. After working for Chase Manhattan Bank and Lazard Frères in New York he founded Rand Merchant Bank Limited in 1979. In 1985 he joined the Rembrandt Group. He holds honorary doctorates in Law, Economics and Commerce, is the Chancellor of Stellenbosch University and Chairman of the Peace Parks Foundation.

E DE LA H HERTZOG (68)
APPOINTED: 18 August 2000
DEPUTY CHAIRMAN
Directorships: Non-executive Chairman of Mediclinic International plc. He obtained a Master of Medicine degree, a Fellowship of the Faculty of Anaesthesiologists and a PhD (*honoris causa*). He is a past Chairman of the Council of Stellenbosch University and has served as non-executive Deputy Chairman of Remgro since June 2005.

J MALHERBE (62)
APPOINTED: 11 October 2006
DEPUTY CHAIRMAN
Directorships: Compagnie Financière Richemont SA, Pension Insurance Corporation Group Limited and Reinet Investments Manager SA. He qualified as a Chartered Accountant and worked with a predecessor firm of PricewaterhouseCoopers before joining Rand Merchant Bank Limited in 1985. He joined the Rembrandt Group in 1990 and was appointed as non-executive Co-Deputy Chairman of Remgro in November 2014.

EXECUTIVE DIRECTORS

J J DURAND (51)
CHIEF EXECUTIVE OFFICER
BAcc (Hons), MPhil (Oxon), CA(SA)
Years of service with the Group: 22
Directorships: Distell Group Holdings Limited, FirstRand Limited, Mediclinic International plc, RCL Foods Limited, RMB Holdings Limited and RMI Holdings Limited.

M LUBBE (48)
COMPLIANCE AND CORPORATE SOCIAL INVESTMENTS
BA
Years of service with the Group: 24
Directorships: Mrs Lubbe was appointed as executive director of Remgro in September 2016 and is responsible for Compliance and Corporate Social Investments of the Company. She acts as Board member of Remgro Limited's subsidiaries as well as the board of Historical Homes of SA Limited.

N J WILLIAMS (53)
CHIEF FINANCIAL OFFICER
BComm (Hons), CA(SA)
Years of service with the Group: 24
Directorships: Business Partners Limited, eMedia Investments Proprietary Limited and Total South Africa Proprietary Limited.

INDEPENDENT NON-EXECUTIVE DIRECTORS

S E N DE BRUYN (46)

APPOINTED: 16 March 2015

Directorships: Co-founder of Identity Capital Partners Proprietary Limited in 2008. She has 16 years' experience as a director of companies having served on the boards of FirstRand Limited, Anglo American Platinum Limited, Mr Price Group Limited and Dimension Data (South Africa) Proprietary Limited.
She is currently a non-executive Director of RMB Holdings Limited, RMI Holdings Limited and Discovery Limited.
Ms De Bruyn is also Chairman of the Ethos Mid Market Fund. She was previously a Trustee of the National Empowerment Fund and a member of the Presidential Working Group on BEE. Sonja has contributed to the debate on women's empowerment, BEE, transformation, privatisations and the economy through publications, articles and interviews. She is the Chairman of the Audit and Risk Committee and a member of the Social and Ethics Committee.

G T FERREIRA (70)

APPOINTED: 4 November 2009

LEAD INDEPENDENT DIRECTOR

Directorships: He has been involved in the financial services sector since graduating with commerce degrees from Stellenbosch University. Previous chairmanships include AIG (SA) Proprietary Limited, FirstRand Limited, FirstRand Bank Limited, Rand Merchant Bank Limited, RMB Holdings Limited, the Merchant Bankers Association of South Africa and RMI Holdings Limited. Previous directorships include Anglo American Corporation Limited, FirstRand Limited, First National Bank Limited, GlenRand MIB Limited, the Industrial Development Corporation, Lenco Limited, Malbak Limited and Momentum Life Limited. He is a member of the Investment Committee and the Remuneration and Nomination Committee.

P K HARRIS (68)

APPOINTED: 28 November 2001

Directorships: Non-executive Director of RMB Holdings Limited and RMI Holdings Limited. He graduated from Stellenbosch University with an MComm in Economics and Finance. He co-founded Rand Consolidated Investments, which merged with Rand Merchant Bank Limited in 1985. He was a founding board member of FirstRand after the merger of the financial services interests of Anglo American Corporation of South Africa and RMB Holdings Limited and CEO until his retirement in 2009. Mr Harris is a member of the Remuneration and Nomination Committee and the Investment Committee.

N P MAGEZA (63)

APPOINTED: 4 November 2009

Directorships: Previously the Chief Operations Officer of the Absa Group. He is a Chartered Certified Accountant and a Fellow of The Association of Chartered Certified Accountants (ACCA) UK, as well as a director of a number of companies including Anglo American Platinum Limited, MTN Group Limited, RCL Foods Limited and Sappi Limited. He has gained extensive experience through holding various executive positions in the audit, financial services and the transport and logistics sectors. He is a member of the Audit and Risk Committee and the Social and Ethics Committee.

P J MOLEKETI (61)

APPOINTED: 4 November 2009

Directorships: A former Deputy Minister of Finance of the Republic of South Africa and Gauteng Province MEC of Finance and Economic Affairs as well as a director of several companies listed on the JSE Limited. He is non-executive Chairman of Brait South Africa, the Development Bank of South Africa, Vodacom Group Limited and PPC Limited. He holds postgraduate economics and management qualifications from the University of London and Harvard Business School and has extensive international exposure, extensive strategic leadership skills and in-depth corporate governance experience in both the public and private sectors. He is a member of the Audit and Risk Committee.

M MOROBE (61)

APPOINTED: 18 June 2007

Directorships: In 2013, after finishing a seven-year stint as CEO of Kagiso Media Limited, Mr Morobe assumed the role of Chairman and National Director of the Programme to Improve Learner Outcomes (PILO). PILO is currently a lead service provider to the National Education Collaboration Trust. A committed social and development activist, Mr Morobe has since his release from Robben Island in 1982, continued to involve himself – apart from previous roles in the public service, Chairman and CEO of the Financial and Fiscal Commission (1994 – 2004) and private sector – with various social causes, mainly relating to youth development, environment and conservation. He served until 2015 on the boards of the Steve Biko Foundation, City Year South Africa and Food and Trees for Africa. He currently still serves as a non-executive Director on the board of WWF-SA and the DG Murray Trust. Mr Morobe was in 2014 also appointed to the Board of Directors of RMB Holdings Limited. He is Chairman of the Social and Ethics Committee.

F ROBERTSON (63)

APPOINTED: 28 March 2001

Directorships: Executive Chairman of Brimstone Investment Corporation Limited. Mr Robertson and his business partner formed Brimstone Investments Corporation Limited, which is now listed on the JSE Limited. He is also Chairman of Sea Harvest Group Limited, Lion of Africa Insurance Company Limited, Lion of Africa Life Assurance Company Limited and House of Monatic. He serves as non-executive Director on the boards of Aon Re Africa Proprietary Limited, Swiss Re Life, Health Africa Limited and ASX listed Mareterram Limited.
He also serves as Chairman of the Board of Trustees of the University of the Western Cape Foundation. Mr Robertson is the recipient of an Honorary Doctorate in Philosophy from the University of the Western Cape. He is a member of the Audit and Risk Committee and the Remuneration and Nomination Committee.

MEMBERS OF COMMITTEES

AUDIT AND RISK COMMITTEE

S E N De Bruyn (Chairman)
N P Mageza
P J Moleketi
F Robertson

INVESTMENT COMMITTEE

J P Rupert (Chairman)
J J Durand
G T Ferreira
P K Harris
J Malherbe
N J Williams

MANAGEMENT BOARD

J J Durand (Chairman)
P R Louw
M Lubbe
R S M Ndlovu
P J Uys
N J Williams

REMUNERATION AND NOMINATION COMMITTEE

J P Rupert (Chairman)
G T Ferreira
P K Harris
F Robertson

SOCIAL AND ETHICS COMMITTEE

M Morobe (Chairman)
S E N De Bruyn
P R Louw
N P Mageza
P J Uys

EXECUTIVE MANAGEMENT STRUCTURE

HOW REMGRO IS MANAGED

The Remgro Limited Board of Directors ultimately leads and controls the Group in all issues of a material or strategic nature, which can impact the reputation and performance of the Group. The Management Board is a subcommittee of the Remgro Board that is mainly responsible for determining policies, monitoring and managing existing investments, identifying and recommending new investment opportunities and executing the decisions and strategy of the Board. Other issues, as mandated by the Board, are dealt with at senior management level as permitted in terms of a formal delegation of authority that directs limits of delegation and approval mandates.

The Management Board, together with senior management, also aims to instil a culture of compliance and good governance throughout the Remgro Group. As at 30 June 2018 the Management Board comprised six members, being all three executive directors as well as Messrs Pieter Louw, Raymond Ndlovu and Pieter Uys.

The schematic presentation presented below in Figure 1 provides more detail on the day-to-day responsibilities and delegated authorities of the individual members of the Management Board.

Committee structure

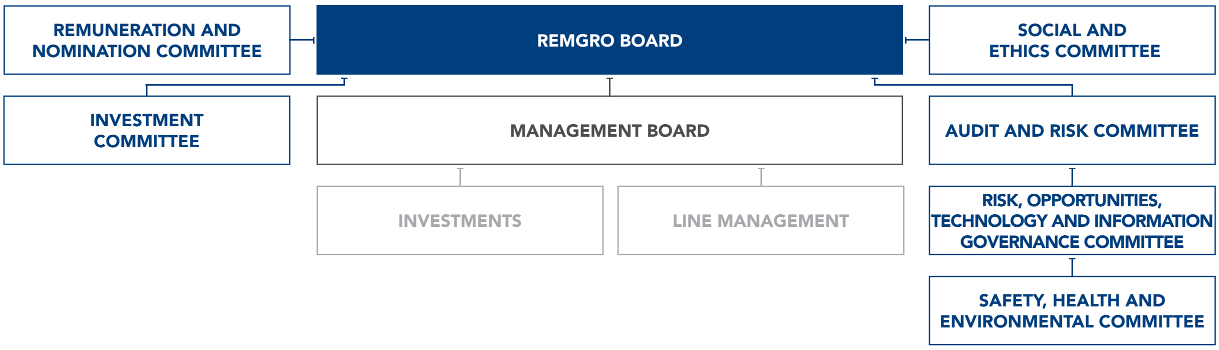
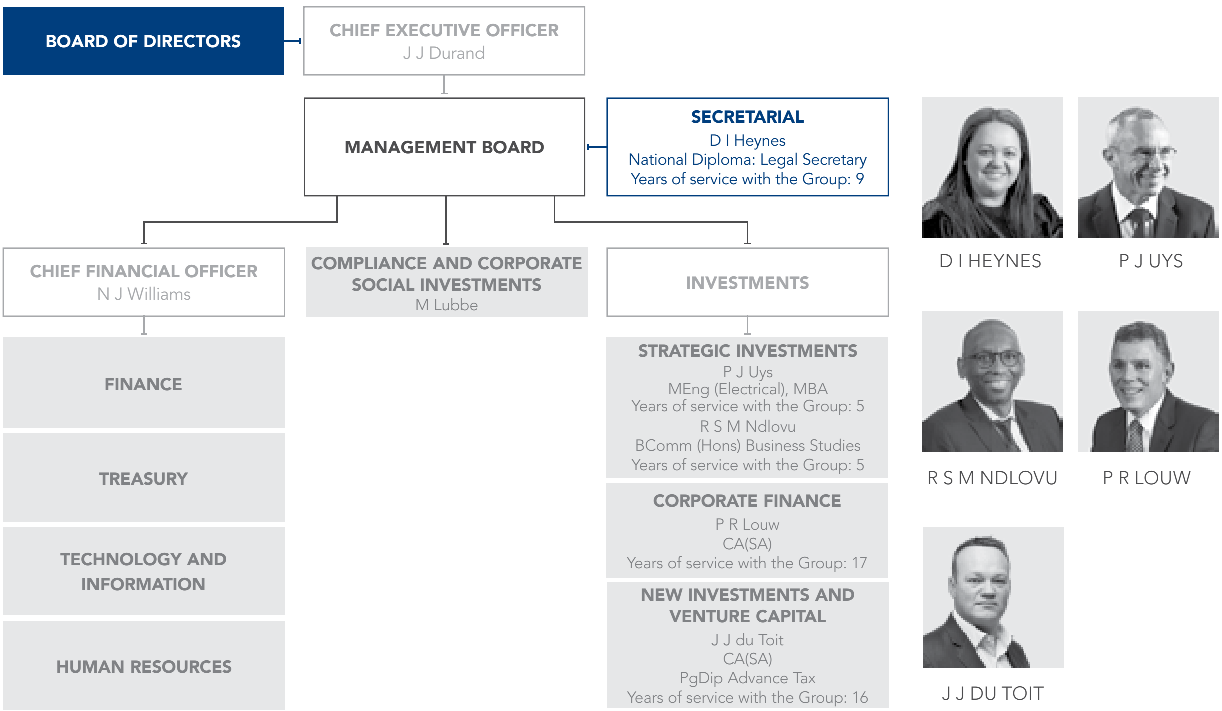


Figure 1



SHAREHOLDERS' DIARY AND COMPANY INFORMATION

DATES OF IMPORTANCE TO SHAREHOLDERS

Financial year-end	30 June
Annual General Meeting	Thursday, 29 November 2018

Financial reports

Announcement of interim results	March
Interim report	March
Announcement of annual results	September
Annual financial statements	October

Dividends

Interim dividend	
– declared	March
– paid	April
Final dividend	
– declared	September
– paid	November

Final dividend No. 36

Ordinary dividend per share	328 cents
Last day to trade in order to participate in the dividend	Tuesday, 13 November 2018
Shares trade ex dividend	Wednesday, 14 November 2018
Record date	Friday, 16 November 2018
Payment date	Monday, 19 November 2018

COMPANY INFORMATION

Company Secretary
D I Heynes

Business address and registered office
Millennia Park
16 Stellentia Avenue
Stellenbosch
7600

PO Box 456
Stellenbosch
7599

Transfer Secretaries
Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank
2196

PO Box 61051
Marshalltown
2107

Auditors
PricewaterhouseCoopers Inc.
Stellenbosch

Listing
JSE Limited
Sector: Industrial – Diversified Industrial

Sponsor
Rand Merchant Bank
(A division of FirstRand Bank Limited)

Website
www.remgro.com

CHAIRMAN'S REPORT

Remgro is fully committed to managing its business in a sustainable way and upholding the highest standards of ethics and corporate governance practices.

JOHANN RUPERT
CHAIRMAN

INTRODUCTION

In November 2008, almost 10 years ago, Remgro unbundled its investment in British American Tobacco (BAT) to its shareholders as a dividend *in specie*. Since then, Remgro's investment portfolio has continued to adapt and evolve.

During the last decade Remgro has demonstrated its ability to target strategic investments and divestments. This includes, amongst other investment activities, the merger with VenFin, adding media and technology interest to the Group's investments; participation in the FirstRand/RMH restructuring process, resulting in the listing of RMI Holdings; unbundling of mining interests to shareholders and supporting Mediclinic's expansion into new geographies.

Remgro's Internal Rate of Return from 28 October 2008 to 30 June 2018, assuming that dividends have been reinvested in Remgro shares, is 16.2% compounded per annum. The Remgro Group remains focused on investing for long-term growth. We are confident that the Company's assets are well positioned, with strong underlying cash flows, in this challenging economic environment.

FINANCIAL PERFORMANCE AND INVESTMENT ACTIVITIES

On 11 May 2018 the competition authorities approved the restructuring of Distell Group Limited's ownership structure. Remgro retained its economic interest of 31.8% in Distell Group Holdings Limited (Distell), but, in addition, received unlisted B shares, which in aggregate gives Remgro voting rights of 56.0% in Distell. Since Remgro holds the majority of voting rights, the investment in Distell is being consolidated at 31.8% with effect from 11 May 2018.

The competition authorities approved Unilever South Africa Holdings Proprietary Limited's (Unilever) acquisition of Remgro's 25.75% shareholding in Unilever in exchange for Unilever's Spreads business in Southern Africa, as well as a cash consideration of R4 900 million, representing a total transaction value of R11 900 million. This transaction valued the Unilever Spreads business at R7 000 million. The effective date of the transaction was 2 July 2018.

For the year to 30 June 2018, headline earnings increased by 4.3% from R8 221 million to R8 573 million, while headline earnings per share (HEPS) increased by 1.8% from 1 485.5 cents to 1 512.6 cents. The difference in the increase between headline earnings and HEPS is attributed to the impact of the rights issue during the comparative year.

Included in headline earnings for the year under review is a positive fair value adjustment amounting to R261 million (2017: R687 million), relating to the decrease in value of the bondholders' exchange option of the exchangeable bonds (option remeasurement). Excluding the option remeasurement, headline earnings increased by 10.3% from R7 534 million to R8 312 million, while HEPS increased by 7.7% from 1 361.3 cents to 1 466.5 cents.

Remgro's intrinsic net asset value per share increased by 2.2% from R251.48 at 30 June 2017 to R256.97 at 30 June 2018. The closing share price at 30 June 2018 was R204.29 (30 June 2017: R213.46), representing a discount of 20.5% (30 June 2017: 15.1%) to the intrinsic net asset value. As at 30 June 2018, 21% of Remgro's intrinsic net asset value was represented by unlisted investments (2017: 22%).

ECONOMIC COMMENTARY AND OUTLOOK

After the initial euphoria that greeted the rise of Cyril Ramaphosa to the highest office in the land, the second and third quarters of 2018 brought a stark reality check. The global environment suddenly deteriorated with asset prices in countries with external deficits and idiosyncratic risks, including South Africa, hardest hit. Domestically, a number of factors have pushed back the timing of a sustained upturn in business confidence. These include the shock GDP contractions in the first and second quarters of 2018. This meant that the South African economy suffered the first technical recession since the 2008/9 global financial crisis. Furthermore, a more realistic appraisal of the constraints faced by the Ramaphosa presidency and continued policy uncertainty may also be holding back confidence. Some overly alarmist commentary on the land debate, especially in the US press, may have added to the more negative international sentiment towards South Africa of late.

Indications are that global GDP growth remained firm in the first half of 2018. However, unlike in 2017 when the growth upturn was synchronised, a greater divergence has crept in with the US outperforming as the growth momentum in the Eurozone (EZ) slows. The US outperformance has resulted in a further widening in the gap between US and EZ short- and long-term interest rates. This helps to explain US dollar strength since early in the second quarter of 2018. Although the global economy remains on a firm footing, risks are rising. This largely stems from increased global trade tensions, mainly involving the US and China. Along with a tightening in global liquidity conditions as more countries raise policy interest rates, this should result in weaker global growth in future.

Against this backdrop, the short-term real GDP growth outlook for South Africa has been downscaled once again with growth now expected at around 1% for 2018 versus significantly more optimistic projections at the start of the year. Following a materially stronger move in the first quarter, the rand exchange rate was under heavy selling pressure during the second quarter and again since August. The renewed rand weakness was mainly driven by a much stronger US dollar, but weak domestic data releases and continued uncertainty on key policy issues (Land Reform and Mining Charter) may also have contributed. The most recent bout of rand weakness was sparked by contagion effects from the unfolding financial crises in Turkey and Argentina.

The weaker rand and the sustained high oil price are likely to add some pressure to the inflation outlook. However, subdued grain prices should help to keep food prices in check. Nevertheless, inflation risks are on the upside, implying that the next interest rate move by the South African Reserve Bank (SARB) is likely to be higher. The general consensus is for an unchanged repo rate through at least 2018, as the SARB tries to strike a balance between weak GDP growth and a rising inflation profile. However, there is a growing likelihood that the SARB could be forced into increasing the policy interest rate before the end of the year.

CORPORATE GOVERNANCE AND SUSTAINABILITY

Remgro is fully committed to managing its business in a sustainable way and upholding the highest standards of ethics and corporate governance practices. The Board of Directors is ultimately accountable for the performance of the Company, appreciating that strategy, risk, performance and sustainability are inseparable.

Our governance framework is based on the principles contained in the King IV Report on Corporate Governance for South Africa (2016) and we are satisfied that the Company has applied those principles during the year under review. We further believe that the Board's current members possess the required collective skills, experience and diversity to carry out its responsibilities to achieve the Group's objectives and create shareholder value over the long term.

CHANGES TO THE DIRECTORATE

Mr W E Bührmann has retired as an executive director from the Board of Remgro on 30 April 2018. He has reached his normal retirement age of 63 for executive directors.

The Board wishes to thank him for his valuable contribution over many years.

ACKNOWLEDGEMENTS

We extend our sincere appreciation to all who contributed to the performance of the Group over the past year: the shareholders for their continued confidence; the managing directors and all colleagues in the various investee companies for their co-operation and support; all other directors, officials and employees for their dedication; and all parties concerned for services rendered.

Johann Rupert.

Johann Rupert
Chairman

Stellenbosch
19 September 2018

CHIEF EXECUTIVE OFFICER'S REPORT

Remgro's intrinsic net asset value is the most appropriate indicator of the value added for our shareholders.

JANNIE DURAND
CHIEF EXECUTIVE OFFICER

INTRODUCTION

Remgro's intrinsic net asset value is the most appropriate indicator of the value added for our shareholders. For the year under review the intrinsic net asset value per share has increased by 2.2% from R251.48 at 30 June 2017 to R256.97 at 30 June 2018. Over the same period the JSE all share index has increased by 11.6%, while Remgro's share price decreased by 4.3%. Refer to the tables on page 22 where the relative performances are set out in more detail.

Whilst, for various reasons, the index comparison is not always applicable over single accounting periods, the long-term trends are used as part of Remgro's risk and opportunity process to retain focus on our commitment to stakeholders as stated in our investment philosophy.

This report aims to provide shareholders with a better understanding of the methodology behind the calculation of the intrinsic net asset value, especially relating to the valuation of our unlisted investments. A summary of our investing activities during the year under review is also provided.

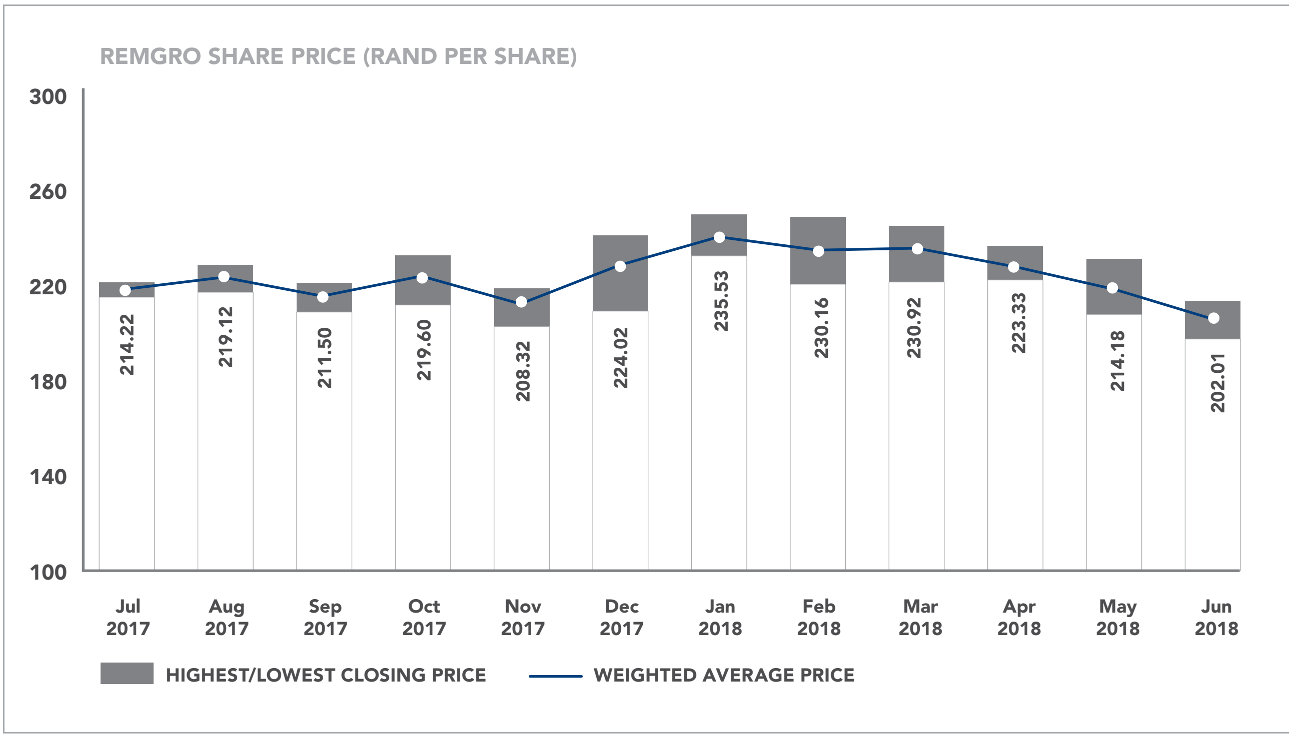
The intrinsic net asset value is also presented as part of the Group's segmental information in the audited annual financial statements.

INTRINSIC NET ASSET VALUE

The intrinsic net asset value of the Group includes valuations of all investments, incorporating subsidiaries and associates and joint ventures, either at listed market value or, in the case of unlisted investments, at directors' valuation. The net assets of other wholly owned subsidiaries consist mainly of monetary items (included at book value) and property (included at fair value).

The following factors are taken into account in determining the directors' valuation of unlisted investments:

- Cash flow projections
- Growth potential and risk
- Market value and earnings yield of similar listed shares, taking into account that the marketability of unlisted investments is limited and, in some cases, also the tradeability
- Profit history
- Underlying net asset value



It is Remgro's policy not to apply a control premium to the valuation of investments where it holds a majority interest. Where Remgro holds a minority interest a tradeability discount is applied.

Remgro's unlisted investments were valued as follows:

INVESTMENT	VALUATION METHODOLOGY
Air Products	Discounted cash flow method
Business Partners	Net asset value
CIV group	Discounted cash flow method
Kagiso Tiso Holdings	Sum-of-the-parts (external valuation)
PGSI	Discounted cash flow method
PRIF	Sum-of-the-parts
eMedia Investments	Comparable market price
SEACOM	Discounted cash flow method
Total	Discounted cash flow method
Unilever	Agreed transaction price (2017: Discounted cash flow method)
Wispeco	Discounted cash flow method

Refer to the table on page 24 for a detailed analysis of Remgro's intrinsic net asset value.

RELATIVE PERFORMANCE OF INTRINSIC NET ASSET VALUE AND REMGRO INTERNAL RATE OF RETURN (IRR)

The tables below compare the relative performance of the Remgro intrinsic net asset value per share with certain selected JSE indices. Dividends paid by Remgro were not taken into account.

	30 June 2018	30 June 2017	30 June 2016	30 June 2015	30 June 2014
Intrinsic net asset value – Rand per share	**256.97**	251.48	306.44	288.89	245.96
JSE – All share index	**57 611**	51 611	52 218	51 807	50 945
– Fin & Ind 30 index	**78 391**	73 184	73 134	71 344	63 467
– Financial 15 index	**16 139**	14 470	14 715	16 498	14 501
– Healthcare	**6 800**	7 538	10 025	9 765	8 307
Remgro share price (Rand)	**204.29**	213.46	254.66	255.94	230.00

Relative performance	Year 30 June 2018 (% year on year)	Period from 28 October 2008 to 30 June 2018 (% compounded per annum)
Intrinsic net asset value	**2.2**	**12.2**
JSE – All share index	**11.6**	**12.4**
– Fin & Ind 30 index	**7.1**	**16.0**
– Financial 15 index	**11.5**	**11.7**
– Healthcare	**(9.8)**	**18.5**
Remgro share price	**(4.3)**	**13.3**

The following table compares Remgro's IRR with that of certain selected JSE indices. For this purpose it has been assumed that dividends have been reinvested in either Remgro shares or in the particular index, depending on the specific calculation.

	IRR from 28 October 2008 to 30 June 2018 (% compounded per annum)
JSE – All share index	**15.7**
– Fin & Ind 30 index	**19.3**
– Financial 15 index	**16.4**
– Healthcare	**20.1**
Remgro share	**16.2**

The following table compares the value at 30 June 2018 of R100 invested on 28 October 2008 in either the relevant index or a Remgro share. For this purpose it has been assumed that dividends have been reinvested in either Remgro shares or in the particular index, depending on the specific calculation.

	R100 invested on 28 October 2008 until 30 June 2018 (Rand)
JSE – All share index	**410**
– Fin & Ind 30 index	**552**
– Financial 15 index	**435**
– Healthcare	**589**
Remgro share	**429**

INVESTMENT ACTIVITIES

On 11 May 2018 the competition authorities approved the restructuring of Distell Group Limited's (previously listed Distell) multi-tiered ownership structure. In terms of the restructuring, Remgro exchanged its 50.0% shareholding in Remgro-Capevin Investments Proprietary Limited (RCI) for additional ordinary shares in Capevin Holdings Limited (Capevin) (the RCI Exchange). The RCI Exchange increased Remgro's interest in Capevin from 19.0% to 59.5%. Following the RCI Exchange, Remgro exchanged its entire Capevin shareholding for ordinary shares in Distell Group Holdings Limited (Distell), a new listed entity which is substantially similar to the previously listed Distell. Remgro also received unlisted B shares in Distell, which shares are linked to the Distell ordinary shares acquired by Remgro by virtue of the RCI Exchange, resulting in Remgro replicating RCI's 52.8% voting rights in the previously listed Distell. The unlisted B shares only carry voting rights in Distell and have no economic participation. The restructuring had no impact on Remgro's intrinsic net asset value and Remgro retained its 31.8% economic interest in Distell, but increased its voting rights in Distell to 56.0%.

The competition authorities approved Unilever South Africa Holdings Proprietary Limited's (Unilever) acquisition of Remgro's 25.75% shareholding in Unilever in exchange for Unilever's Spreads business in Southern Africa, as well as a cash consideration of R4 900 million, representing a total transaction value of R11 900 million. This transaction valued the Unilever Spreads business at R7 000 million. The effective date of the transaction was 2 July 2018.

On 19 September 2017 and 12 March 2018 RMI Holdings declared its final dividend for the year ended 30 June 2017 and interim dividend for the six months ended 31 December 2017 respectively. Both dividends included an alternative to the cash dividend of either receiving a scrip distribution or reinvesting the cash dividend by subscribing for new RMI Holdings ordinary shares. Remgro elected the reinvestment alternative and reinvested cash dividends amounting to R471 million for 11 888 562 new RMI Holdings ordinary shares.

On 19 June 2018 Grindrod Limited (Grindrod) distributed its shipping division to its shareholders as a dividend *in specie*. Grindrod shareholders received 1 Grindrod Shipping Holdings Limited (Grindrod Shipping) share for every 40 Grindrod shares held and, accordingly, Remgro received 4 329 580 Grindrod Shipping shares. Grindrod Shipping listed on the NASDAQ on 18 June 2018 with a secondary inward listing on the JSE on 19 June 2018.

The following table represents the cash effects of Remgro's investing activities for the year to 30 June 2018. These activities exclude the investing activities of Remgro's operating subsidiaries, i.e. RCL Foods Limited, Distell Group Holdings Limited and Wispeco Holdings Proprietary Limited.

Investments made and loans granted	R million
Existing investee companies	
RMI Holdings	471
Invenfin	129
PRIF	43
Premier Team Holdings	30
Other	35
	708

Investments sold and loans repaid	R million
Unilever (loan)	541
Kagiso Infrastructure Empowerment Fund	277
Milestone Capital Funds (offshore)	61
Other	4
	883

INVESTMENT COMMITMENTS

The table below summarises the investment commitments of Remgro as at 30 June 2018.

Investment commitments	R million
PRIF	358
CIV group	327
Milestone Capital Funds (offshore)	65
Other	74
	824

Jannie Durand
Chief Executive Officer

Stellenbosch
19 September 2018

INTRINSIC NET ASSET VALUE

R million	30 June 2018 Book value	30 June 2018 Intrinsic value	30 June 2017 Book value	30 June 2017 Intrinsic value
Banking				
RMH	**15 385**	**30 123**	14 016	23 350
FirstRand	**5 486**	**14 045**	5 010	10 365
Healthcare				
Mediclinic	**29 373**	**31 329**	33 763	41 568
Consumer products				
Unilever	**3 588**	**11 900**	3 737	10 702
Distell[(1)]	**9 110**	**9 674**	3 727	9 556
RCL Foods	**8 128**	**11 534**	7 553	10 173
Insurance				
RMI Holdings	**8 479**	**17 285**	7 277	17 532
Industrial				
Air Products	**1 026**	**4 158**	1 047	4 298
KTH	**1 964**	**2 218**	1 684	2 466
Total	**2 007**	**2 382**	1 640	2 167
PGSI	**692**	**692**	643	643
Wispeco	**874**	**984**	821	1 368
Infrastructure				
Grindrod	**1 624**	**1 624**	1 915	1 915
Grindrod Shipping	**623**	**623**	–	–
CIV group	**2 301**	**4 940**	2 242	4 829
SEACOM	**353**	**870**	321	896
Other infrastructure interests	**256**	**256**	520	520
Media and sport				
eMedia Investments	**866**	**866**	1 147	1 424
Other media and sport interests	**223**	**268**	365	319
Other investments	**4 060**	**4 196**	3 947	3 932
Central treasury				
Cash at the centre[(2)]	**13 704**	**13 704**	12 223	12 223
Debt at the centre	**(14 097)**	**(14 097)**	(13 907)	(13 907)
Other net corporate assets	**2 073**	**2 536**	2 741	3 164
Intrinsic net asset value (INAV)	**98 098**	**152 110**	92 432	149 503
Potential CGT liability[(3)]		**(6 438)**		(7 010)
INAV after tax	**98 098**	**145 672**	92 432	142 493
Issued shares after deduction of shares repurchased (million)	**566.9**	**566.9**	566.6	566.6
INAV after tax per share (Rand)	**173.04**	**256.97**	163.13	251.48
Remgro share price (Rand)		**204.29**		213.46
Percentage discount to INAV		**20.5**		15.1

(1) *The prior year includes the investment in Capevin Holdings Limited.*
(2) *Cash at the centre excludes cash held by subsidiaries that are separately valued above (mainly RCL Foods, Distell and Wispeco).*
(3) *The potential capital gains tax (CGT) liability is calculated on the specific identification method using the most favourable calculation for investments acquired before 1 October 2001 and also taking into account the corporate relief provisions. Deferred CGT on investments "available-for-sale" is included in "other net corporate assets" above.*
(4) *For purposes of determining the intrinsic net asset value, the unlisted investments are shown at directors' valuation and the listed investments are shown at stock exchange prices.*

CHIEF FINANCIAL OFFICER'S REPORT

Remgro's headline earnings, excluding option remeasurement, increased by 10.3%.

NEVILLE WILLIAMS
CHIEF FINANCIAL OFFICER

INTRODUCTION

Due to Remgro being an investment holding company, traditional measurements of performance, such as sales or gross profit, are not meaningful criteria for evaluating the Group's performance. However, management uses "headline earnings", "intrinsic net asset value" and "cash at the centre" to evaluate the performance of the Group on a continuous basis and hence these concepts are used throughout the Integrated Annual Report to provide shareholders with a better understanding of our results.

RESULTS

HEADLINE EARNINGS

For the year to 30 June 2018 headline earnings increased by 4.3% from R8 221 million to R8 573 million, while headline earnings per share (HEPS) increased by 1.8% from 1 485.5 cents to 1 512.6 cents. The difference in the increase between headline earnings and HEPS is attributed to the impact of the rights issue during the comparative year.

Included in headline earnings for the year under review is a positive fair value adjustment amounting to R261 million (2017: R687 million), relating to the decrease in value of the bondholders' exchange option of the exchangeable bonds (option remeasurement). Excluding the option remeasurement, headline earnings increased by 10.3% from R7 534 million to R8 312 million, while HEPS increased by 7.7% from 1 361.3 cents to 1 466.5 cents. The increase in headline earnings, excluding option remeasurement, is mainly due to higher earnings from the banking and insurance platforms, RCL Foods, Total and higher finance income, offset by a lower contribution from Mediclinic as well as transaction costs incurred on the Distell ownership restructuring and the Unilever Spreads business acquisition.

COMMENTARY ON REPORTING PLATFORMS' PERFORMANCE

BANKING

The headline earnings contribution from the banking division amounted to R3 525 million (2017: R3 163 million), representing an increase of 11.4%. FirstRand and RMH reported headline earnings growth of 11.6% and 11.4% respectively. On a normalised basis, which excludes certain non-operational and accounting anomalies, and is a better reflection of underlying performance, both FirstRand and RMH reported earnings growth of 7.9%. These increases are mainly due to growth in both net interest income, underpinned by good growth in advances and deposits, and non-interest revenue due to strong growth in fee and commission income. This growth in earnings was partly offset by an increase in non-performing loans due to the constrained macro-economic environment resulting in an increase in credit impairment charges.

HEALTHCARE

Mediclinic's contribution to Remgro's headline earnings amounted to R1 556 million (2017: R1 875 million), representing a decrease of 17.0%. It should be noted that all the Al Noor facilities were rebranded to Mediclinic and therefore Mediclinic's contribution for the year under review included an accelerated amortisation charge of R171 million relating to the Al Noor trade name. Mediclinic's contribution also included a derecognition charge of R114 million in respect of unamortised finance expenses relating to the refinancing of Hirslanden's debt. Excluding the impact of the accelerated amortisation and derecognition of unamortised finance expenses, Mediclinic's contribution to Remgro's headline earnings would have decreased by 1.8% from R1 875 million to R1 841 million. The strengthening of the rand against the Swiss franc, British pound and United Arab Emirates dirham also had a negative impact on Mediclinic's contribution. In British pound terms Mediclinic's contribution, excluding the accelerated amortisation and derecognition of unamortised finance expenses, increased by 4.9% mainly due to a stronger performance by the Southern Africa and Middle East operating divisions, offset by a lower contribution from Hirslanden and a decrease in the equity accounted earnings from Spire. Hirslanden's results were impacted by a subdued market, the continued change in insurance mix and the evolving changes in the regulatory environment, while Spire's contribution to Mediclinic's results included a provision of £9 million for the potential cost of a settlement relating to civil litigation against a consultant who previously had practicing privileges at Spire and a charge relating to a decision to cease the provision of radiotherapy services at the Spire Specialist Cancer Care Centre in Baddow (Essex).

CONSUMER PRODUCTS

The contribution from consumer products to Remgro's headline earnings amounted to R1 605 million (2017: R1 354 million), representing an increase of 18.5%.

RCL Foods' contribution to Remgro's headline earnings increased by 52.6% to R647 million (2017: R424 million). This increase is mainly due to the recovery in the Chicken business

SALIENT FEATURES

	Year ended 30 June 2018	Year ended 30 June 2017	% change
Headline earnings (R million)	**8 573**	8 221	*4.3*
– per share (cents)	**1 512.6**	1 485.5	*1.8*
Headline earnings, excluding option remeasurement (R million)	**8 312**	7 534	*10.3*
– per share (cents)	**1 466.5**	1 361.3	*7.7*
Earnings (R million)	**8 943**	8 431	*6.1*
– per share (cents)	**1 577.9**	1 523.4	*3.6*
Dividends per share (cents)			
Ordinary	**532.00**	495.00	*7.5*
– Interim	**204.00**	194.00	*5.2*
– Final	**328.00**	301.00	*9.0*
Intrinsic net asset value per share (Rand)	**256.97**	251.48	*2.2*

CONTRIBUTION TO HEADLINE EARNINGS BY REPORTING PLATFORM

R million	Year ended 30 June 2018	% change	Year ended 30 June 2017
Banking	**3 525**	*11.4*	3 163
Healthcare	**1 556**	*(17.0)*	1 875
Consumer products	**1 605**	*18.5*	1 354
Insurance	**1 228**	*18.0*	1 041
Industrial	**971**	*29.5*	750
Infrastructure	**57**	*58.3*	36
Media and sport	**(47)**	*19.0*	(58)
Other investments	**66**	*(5.7)*	70
Central treasury			
– Finance income	**524**	*50.1*	349
– Finance costs	**(891)**	*1.3*	(903)
– Option remeasurement	**261**	*(62.0)*	687
Other net corporate costs	**(282)**	*(97.2)*	(143)
Headline earnings	**8 573**	*4.3*	8 221
Option remeasurement	**(261)**		(687)
Headline earnings, excluding option remeasurement	**8 312**	*10.3*	7 534

Refer to the composition of headline earnings on page 31 for further information.

unit, strong volume performances in the Dressings, Pet Food and Pies categories, lower interest costs and a tax credit of R64 million relating to an energy efficiency allowance in the Sugar business unit. The improvement from the Chicken business unit resulted from a revised business model, lower feed prices and improved realisations. The increase was dampened by the impact of listeriosis within the business unit, amounting to an estimated negative impact of R158 million. The Sugar operations experienced challenging market conditions due to low international prices, a relatively strong currency and a significant volume of dumped imports.

Unilever's contribution to Remgro's headline earnings increased by 11.1% to R499 million (2017: R449 million). This increase is mainly due to an improvement in gross margins as a result of tighter spend management.

Distell's contribution to headline earnings, which includes the investment in Capevin Holdings, amounted to R459 million (2017: R481 million). Distell's results for the year under review were negatively impacted by once-off losses and write-offs amounting to R78 million (2017: R22 million) in its associate, Tanzania Distilleries Limited, following a sachet ban and excise duty dispute. The comparative year included a reversal of a provision for interest payable in respect of an extended excise duty dispute of R42 million. Distell reported headline earnings growth, adjusted for foreign exchange movements, retrenchment and group restructuring costs, as well as the aforementioned once-off items, of 5.2%, mainly driven by a 10.4% increase in revenue achieved across all regions and categories.

INSURANCE

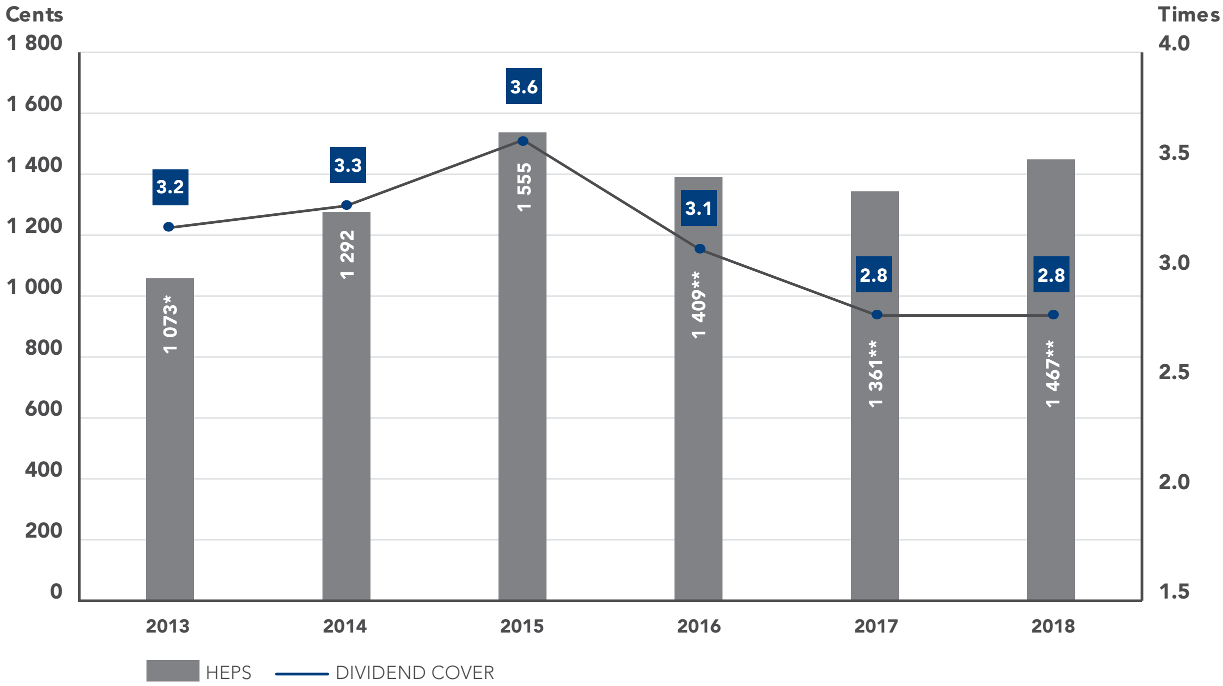
RMI Holdings' contribution to headline earnings increased by 18.0% to R1 228 million (2017: R1 041 million). On a normalised basis, RMI Holdings reported an increase of 14.8% in earnings mainly due to the contributions from Discovery (up 16.2%), OUTsurance (up 11.5%) and the newly acquired Hastings, partly offset by higher funding costs relating to the Hastings acquisition and a lower contribution by MMI (down 12.4%). The strong result by Discovery was driven by both established and emerging businesses, while OUTsurance's results were impacted by favourable claims conditions throughout all major operations. MMI's results were negatively impacted by the continued challenging macro-economic environment, as well as operational shortcomings in the Momentum and Metropolitan retail divisions.

INDUSTRIAL

Total's contribution to Remgro's headline earnings amounted to R501 million (2017: R224 million). Included in the contribution to headline earnings for the year under review are favourable stock revaluations amounting to R216 million (2017: unfavourable stock revaluations of R82 million). These revaluations are the result of the volatility in the Brent Crude price and the rand exchange rate. Excluding these revaluations, the contribution decreased by 6.9% from R306 million to R285 million.

Remgro's share of the results of KTH amounted to R55 million (2017: R34 million). This increase is mainly due to lower finance costs as a result of the repayment of debt following the disposal of the investment in Exxaro Resources Limited.

DIVIDEND COVER (HEPS: HEADLINE EARNINGS PER SHARE)



* *HEPS, excluding Mediclinic refinancing cost (restated)*
** *HEPS, excluding once-off costs and option remeasurement*

Air Products' and Wispeco's contribution to headline earnings amounted to R289 million and R122 million respectively (2017: R298 million and R169 million), while PGSI contributed R4 million to Remgro's headline earnings (2017: R25 million).

INFRASTRUCTURE

Grindrod's contribution to Remgro's headline earnings amounted to a loss of R46 million (2017: a loss of R48 million), impacted by stock impairments in the rail assembly business due to the closure of this business unit. This decrease was partly offset by improved results across core businesses mainly due to increased commodity demand and stronger drybulk shipping rates.

For the year under review the CIV group contributed R48 million to headline earnings (2017: R110 million). This decrease is mainly due to higher finance costs and depreciation due to increased infrastructure spend. Despite the decrease in earnings, the CIV group's monthly annuity income increased to R138 million (2017: R115 million).

Remgro's share of SEACOM's profit amounted to R15 million (2017: loss of R33 million). This increase is mainly due to improved results in South Africa and Kenya, as well as a once-off realisation of deferred revenue relating to the early termination of long-term contracts.

MEDIA AND SPORT

Media and sport primarily consist of the interests in eMedia Investments and various sport interests, including interests in rugby franchises, as well as the Stellenbosch Academy of Sport.

eMedia Investments' contribution to Remgro's headline earnings decreased to R1 million (2017: R49 million). This decrease is mainly due to a significant decline in licence revenue resulting from a renegotiated DStv agreement, and the continued investment in the Openview platform.

OTHER INVESTMENTS

The contribution from other investments to headline earnings amounted to R66 million (2017: R70 million), of which Business Partners' contribution was R65 million (2017: R54 million).

CENTRAL TREASURY AND OTHER NET CORPORATE COSTS

Finance income amounted to R524 million (2017: R349 million). This increase is mainly due to higher average cash balances as a result of the Remgro rights issue in the comparative year. Finance costs amounted to R891 million (2017: R903 million). The positive fair value adjustment of R261 million (2017: R687 million) relates to the decrease in the value of the exchange option of the exchangeable bonds. Other net corporate costs amounted to R282 million (2017: R143 million). The increase in other net corporate costs is mainly due to transaction costs amounting to R109 million, incurred on the Distell ownership restructuring and the Unilever Spreads business acquisition.

EARNINGS

Earnings increased by 6.1% to R8 943 million (2017: R8 431 million). This increase is mainly due to the profit realised on the Distell restructuring transaction of R5 150 million, as well as the increase in headline earnings as explained above. This increase is partly offset by Remgro's portion of the impairments of Mediclinic's investments in Hirslanden and Spire of R5 257 million, as well as the lower positive fair value adjustment, relating to the decrease in value of the exchange option of the exchangeable bonds of R261 million (2017: R687 million).

CASH AT THE CENTRE AND FOREIGN EXCHANGE RATES

On 30 June 2018 Remgro's cash at the centre amounted to R13 704 million (2017: R12 223 million), of which 33% was invested offshore (2017: 35%). The cash is held in different currencies of which approximately 67% was held in SA rand, 30% in USA dollar and 3% in British pound.

Foreign exchange profits amounting to R205 million (2017: losses of R414 million) were accounted for during the year under review, mainly as a result of the weakening of the SA rand against the USA dollar from R13.11 = $1.00 at 30 June 2017, to R13.71 = $1.00 at 30 June 2018. For accounting purposes these exchange movements are accounted for directly in equity.

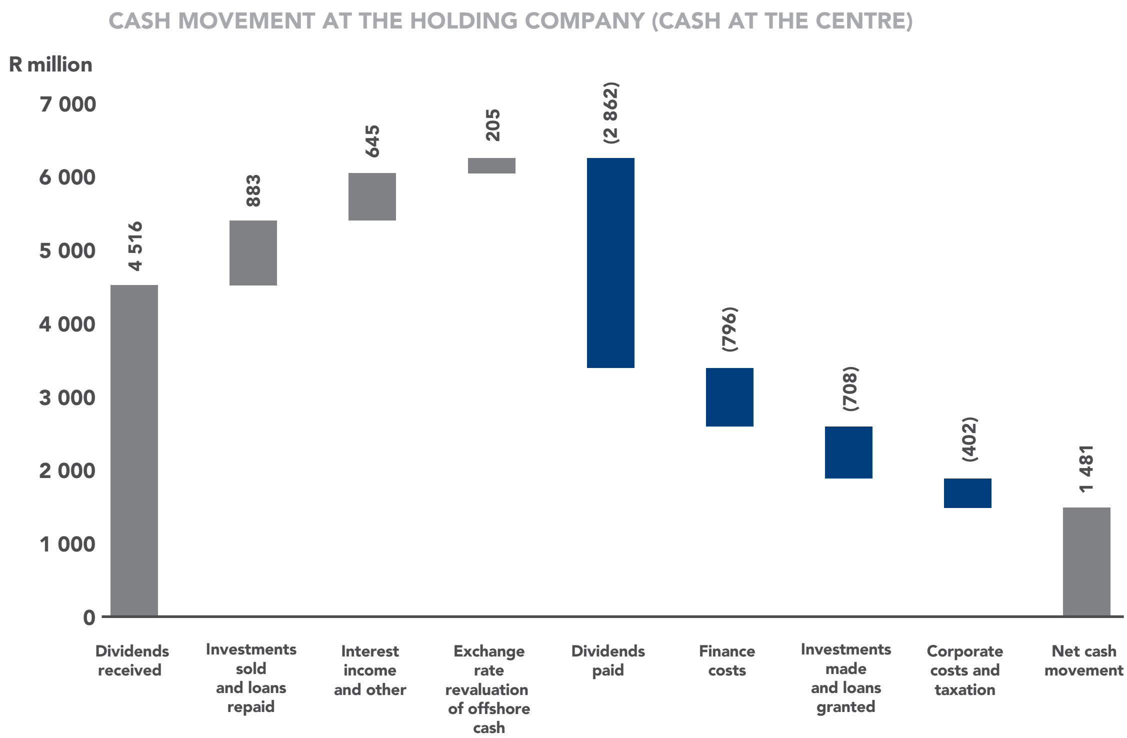
Remgro's offshore cash is earmarked for potential new investments and the expansion of existing offshore investments (USA dollar), as well as to service foreign debt (British pound).

EXTERNAL FUNDING

On 13 January 2016 Remgro (through its wholly owned subsidiary, Remgro Healthcare Holdings Proprietary Limited (Remgro Healthcare)) issued fixed rate cumulative redeemable preference shares amounting to R3.5 billion to fund its participation in a Mediclinic International Limited rights issue as part of the Spire acquisition. These preference shares have a tenure of four years and the dividend rate is fixed at 7.7%, payable semi-annually.

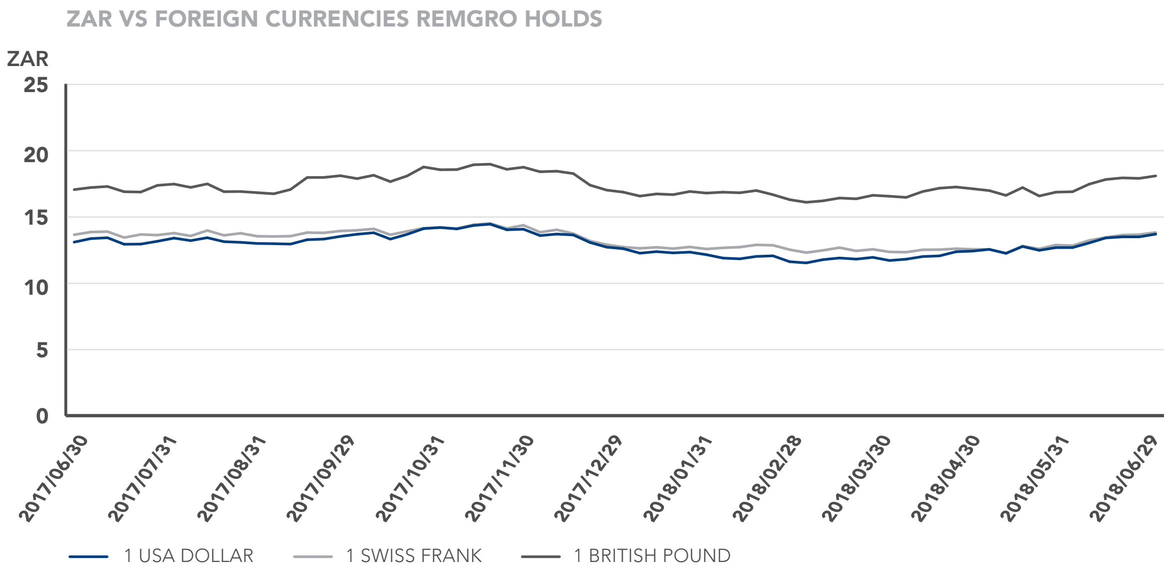
On 16 March 2016 and 22 March 2016 Remgro issued further fixed rate cumulative redeemable preference shares (through its wholly owned subsidiary, Remgro Healthcare) amounting to R4.4 billion and exchangeable bonds (through its wholly owned subsidiary, Remgro Jersey GBP Limited) amounting to £350.0 million, respectively, to fund the Al Noor/Mediclinic transaction. The preference shares have a tenure of five years and a fixed dividend rate of 8.3%, payable semi-annually, while the exchangeable bonds have a tenure of five years and a fixed coupon rate of 2.625%, payable semi-annually. The exchangeable bonds are exchangeable into approximately 30.9 million Mediclinic shares and/or cash, and the exchange price for the bonds is £11.3086 per Mediclinic share, representing a 30% premium above the weighted average price on the London Stock Exchange (LSE) between launch and pricing of the bond offering. Upon exchange or

	30 June 2018 Currency value million	Exchange rate	R million	30 June 2017 R million
USA dollar	302.7	13.7095	4 149	3 862
British pound	19.0	18.0986	344	388
Swiss franc	0.4	13.8316	6	5
SA rand			9 205	7 968
			13 704	12 223



Closing exchange rates	30 June 2018	30 June 2017	Movement %
USD/ZAR	13.7095	13.1062	*(4.6)*
GBP/ZAR	18.0986	17.0648	*(6.1)*
CHF/ZAR	13.8316	13.6612	*(1.2)*

Average exchange rates	Year ended 30 June 2018	Year ended 30 June 2017	Movement %
USD/ZAR	12.8506	13.5915	*5.5*
GBP/ZAR	17.2904	17.2386	*(0.3)*
CHF/ZAR	13.2329	13.7121	*3.5*



redemption of the bonds, Remgro will have the discretionary right to deliver an amount in cash or shares or a combination of cash and shares. The bonds were included for trading on the open market (Freiverkehr) segment of the Frankfurt Stock Exchange on 23 March 2016. On 30 June 2018 the bonds traded at 97.17% of nominal value.

DIVIDENDS

The final dividend per share was determined at 328 cents (2017: 301 cents). Total ordinary dividends per share in respect of the year to 30 June 2018 therefore amounted to 532 cents (2017: 495 cents).

The dividend is covered 2.8 times by headline earnings against 3.0 times the previous year.

INTRINSIC NET ASSET VALUE

Remgro's intrinsic net asset value per share at 30 June 2018 was R256.97 compared to R251.48 on 30 June 2017. Refer to the Chief Executive Officer's Report on page 20 for a detailed discussion regarding Remgro's intrinsic net asset value and its relative performance with certain selected JSE indices.

ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The accounting policies have been consistently applied to both years presented, with the exception of the adoption of the amendments to *IAS 7: Cash flow statements*, *IAS 12: Income taxes* and *IFRS 12: Disclosure of interest in other entities*.

The implementation of these interpretations and amendments had no impact on the results of either the current or prior years.

RISK AND OPPORTUNITIES MANAGEMENT

The Company has implemented a comprehensive Risk and Opportunities Management Policy that is based on the principles of the international COSO (Committee of Sponsoring Organisations of the Treadway Commission) Enterprise Risk Management – Integrated Framework and complies with the recommendations of the King IV Report on Corporate Governance for South Africa (2016). A comprehensive risk and opportunities management structure furthermore ensures the effective and efficient management of risk and opportunities within the Group.

Remgro's risk and opportunities management process is summarised in the Risk and Opportunities Management Report on page 68, as well as in note 13 to the comprehensive annual financial statements on page 83 that is published on the Company's website at www.remgro.com.

Neville Williams
Chief Financial Officer

Stellenbosch
19 September 2018

COMPOSITION OF HEADLINE EARNINGS

R million	Year ended 30 June 2018	% change	Year ended 30 June 2017
Banking			
RMH	**2 486**	*11.4*	2 232
FirstRand	**1 039**	*11.6*	931
Healthcare			
Mediclinic	**1 556**	*(17.0)*	1 875
Consumer products			
Unilever	**499**	*11.1*	449
Distell[(1)]	**459**	*(4.6)*	481
RCL Foods	**647**	*52.6*	424
Insurance			
RMI Holdings	**1 228**	*18.0*	1 041
Industrial			
Air Products	**289**	*(3.0)*	298
KTH	**55**	*61.8*	34
Total	**501**	*123.7*	224
PGSI	**4**	*(84.0)*	25
Wispeco	**122**	*(27.8)*	169
Infrastructure			
Grindrod	**(46)**	*4.2*	(48)
CIV group	**48**	*(56.4)*	110
SEACOM	**15**	*145.5*	(33)
Other infrastructure interests	**40**	*471.4*	7
Media and sport			
eMedia Investments	**1**	*(98.0)*	49
Other media and sport interests	**(48)**	*55.1*	(107)
Other investments	**66**	*(5.7)*	70
Central treasury			
Finance income	**524**	*50.1*	349
Finance costs	**(891)**	*1.3*	(903)
Option remeasurement	**261**	*(62.0)*	687
Other net corporate costs	**(282)**	*(97.2)*	(143)
Headline earnings	**8 573**	*4.3*	8 221
Weighted number of shares (million)	**566.8**	*2.4*	553.4
Headline earnings per share (cents)	**1 512.6**	*1.8*	1 485.5

(1) *Includes the investment in Capevin Holdings Limited.*

INVESTMENT REVIEWS

BANKING

HEALTHCARE

CONSUMER PRODUCTS

INSURANCE

INDUSTRIAL

INFRASTRUCTURE

MEDIA AND SPORT

OTHER INVESTMENTS

INVESTING IN SECTORS

THAT HAVE A SOLID TRACK RECORD

Banking

CONTRIBUTION TO HEADLINE EARNINGS	30 June 2018 R million	30 June 2017 R million
RMH	**2 486**	2 232
FirstRand	**1 039**	931
	3 525	3 163

RMH

28.2%

EFFECTIVE INTEREST

PROFILE

RMH is the biggest shareholder in FirstRand Limited (FirstRand), South Africa's largest banking group, with a 34% stake. RMH is the founding shareholder of FirstRand and views this as its core asset. On a selective basis, RMH invests in other banking and property businesses.

MAJOR GEOGRAPHIC PRESENCE

AFRICA: South Africa (directly)

Refer to FirstRand for indirect exposure.

CORPORATE INFORMATION

Market cap at 30 June 2018
R106 993 million

Listed on the JSE Limited

Chief Executive Officer
H L Bosman

Remgro nominated directors
J J Durand, F Knoetze (alternate)

Website
www.rmh-online.co.za

FINANCIAL HIGHLIGHTS

	Year ended 30 June 2018 R million	%
Headline earnings	8 851	12
Normalised earnings	8 815	8

SUSTAINABILITY MEASURES

Refer to FirstRand as RMH is only an investment holding company.

RMB HOLDINGS LIMITED (RMH)

RMH's main asset is a fully diluted interest of 34% in FirstRand, and its performance is therefore primarily related to that of FirstRand. The RMH strategy also includes investments in the property sector with a long-term capital growth focus. These investments are housed in a wholly owned subsidiary, RMH Property Holdings Proprietary Limited (RMH Property), managed by a dedicated investment team. During the financial year, RMH Property expanded its core partnership by acquiring a direct interest in Atterbury Europe.

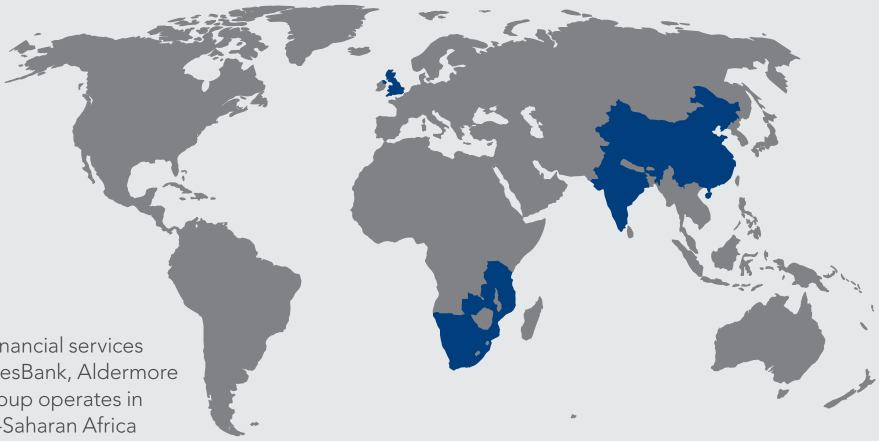
RMH's contribution to Remgro's headline earnings for the year under review increased to R2 486 million (2017: R2 232 million) due to good operational performance of FirstRand. FirstRand's contribution to RMH's normalised earnings amounted to R8 995 million (2017: R8 334 million), while RMH Property contributed a normalised earnings of R16 million (2017: R8 million).

FIRSTRAND

3.9%

EFFECTIVE DIRECT INTEREST

(total effective interest: 13.5%)



PROFILE

FirstRand's portfolio of integrated financial services businesses comprises FNB, RMB, WesBank, Aldermore and Ashburton Investments. The group operates in South Africa, certain markets in sub-Saharan Africa and the UK, and offers a universal set of transactional, lending, investment and insurance products and services. FirstRand can provide its customers with differentiated and competitive value propositions due to its unique and highly flexible model of leveraging the most appropriate brand, distribution channel, licence and operating platform available within the portfolio. This approach, which is underpinned by the disciplined allocation of financial resources and enabled by disruptive digital and data platforms, allows the group to fully optimise the franchise value of its portfolio.

MAJOR GEOGRAPHIC PRESENCE

AFRICA: South Africa, Tanzania, Zambia, Mozambique, NBLS countries, Nigeria

OTHER: China, United Kingdom, India

CORPORATE INFORMATION

Market cap at 30 June 2018
R358 390 million

Listed on the JSE Limited

Chief Executive Officer
A P Pullinger

Remgro nominated directors
J J Durand, F Knoetze

Website
www.firstrand.co.za

FINANCIAL HIGHLIGHTS

	Year ended 30 June 2018 R million	%
Operating income	84 724	9
Operating profit	36 262	9
Headline earnings	26 509	12
Normalised earnings	26 411	8

SUSTAINABILITY MEASURES

CSI/Training spend
R1 286 million

Number of employees
44 916

BBBEE status
Level 2

Environmental aspect
Total emissions of tonnes CO_2e (scope 1, 2 and 3)
Carbon emissions (tonnes, South Africa only): 258 858

FIRSTRAND LIMITED (FIRSTRAND)

FirstRand's contribution to Remgro's headline earnings represents Remgro's 3.9% direct interest in FirstRand and excludes the indirect contribution from FirstRand through Remgro's 28.2% interest in RMH. The contribution of FirstRand to Remgro's headline earnings for the year under review increased to R1 039 million (2017: R931 million).

FirstRand's headline earnings for its year ended 30 June 2018 increased by 12% to R26 509 million (2017: R23 762 million), as its businesses delivered quality top-line growth and superior return on equity. The group's net interest income and non-interest revenue grew by 10% and 7% respectively year on year, while operating expenses increased by 9%.

The group believes that normalised earnings more accurately reflect operational performance and therefore headline earnings are adjusted to take into account non-operational items and accounting anomalies.

FirstRand's normalised earnings for the year under review increased by 8% to R26 411 million (2017: R24 471 million). FNB's contribution to normalised earnings increased by 16% to R14 877 million (2017: R12 801 million). The results reflect another strong operating performance from its domestic franchise, driven by strong non-interest revenue growth on the back of ongoing customer gains and increased transactional volumes, and high quality net interest income growth, particularly from deposit generation. FNB's rest of Africa portfolio showed an improved performance year on year.

RMB contributed R7 327 million (2017: R6 919 million) to FirstRand's normalised earnings, representing an increase of 6% from the previous year, driven by good growth in high quality earnings and solid operational leverage. WesBank's contribution to normalised earnings decreased by 9% to R3 626 million (2017: R3 996 million), with both the South African retail and UK vehicle asset finance businesses posting declines in profits, whilst the personal loans business performed strongly and corporate delivered a solid performance.

Healthcare

CONTRIBUTION TO HEADLINE EARNINGS	30 June 2018 R million	30 June 2017 R million
Mediclinic	**1 556**	1 875

MEDICLINIC INTERNATIONAL

44.6%

EFFECTIVE INTEREST

PROFILE

Mediclinic's business consists of the provision of comprehensive, high-quality hospital services on a cost-effective basis in Southern Africa, the United Arab Emirates, Switzerland and the United Kingdom.

MAJOR GEOGRAPHIC PRESENCE

AFRICA: South Africa

OTHER: Switzerland, United Arab Emirates, United Kingdom

CORPORATE INFORMATION

Market cap at 30 June 2018
£3 882 million/R70 323 million

Primary listing:
London Stock Exchange
Secondary listing: JSE Limited

Chief Executive Officer
R van der Merwe

Remgro nominated directors
J J Durand, P J Uys (alternate)

Website
www.mediclinic.com

FINANCIAL HIGHLIGHTS

	Year ended 31 March 2018 £ million	%
Revenue	2 870	4.4
Operating profit	(288)	(179.6)
Adjusted earnings	221	0.4

SUSTAINABILITY MEASURES

CSI/Training spend
£46 million

Number of employees
31 504

BBBEE status
Level 5

Environmental aspect
Scope 1 and 2 emissions of 173 302 tonnes CO_2e

MEDICLINIC INTERNATIONAL PLC (MEDICLINIC)

Mediclinic has a March year-end and therefore the results for the 12 months to 31 March 2018 have been equity accounted in Remgro's results for the year under review. Mediclinic's contribution to Remgro's headline earnings for the year under review amounted to R1 556 million (2017: R1 875 million).

Mediclinic's turnover for the financial year ended 31 March 2018 increased by 4% to £2 870 million (2017: £2 749 million). Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 3% from £501 million to £515 million, while underlying margins declined from 18.2% to 17.9%.

Mediclinic has an interest of 100% in Hirslanden, the holding company of the largest private hospital group in Switzerland. Hirslanden's revenue for the year under review increased by 2% to CHF1 735 million (2017: CHF1 704 million) and adjusted EBITDA was 7% lower at CHF318 million (2017: CHF340 million). The adjusted EBITDA margin decreased from 20.0% to 18.3% due to decreased revenue from changes in the regulatory environment and insurance mix and continued investment costs relating to a strategic programme. This was offset by cost management programmes and efficiency savings.

Mediclinic Southern Africa's revenue increased by 5% to R15 106 million (2017: R14 367 million) for the year under review, mainly due to a 6.7% increase in the average income per bed-day. Adjusted EBITDA increased by 6% to R3 245 million (2017: R3 049 million), resulting in the underlying EBITDA margin increasing from 21.2% to 21.5% due to cost management and efficiency initiatives, partly offset by the ongoing shift in mix towards medical versus surgical cases and lower patient volumes.

At 31 March 2018, Mediclinic Middle East owned and operated six hospitals and 22 clinics with a total of 748 beds in Dubai and Abu Dhabi. Revenue increased by 1% to AED3 134 million (2017: AED3 109 million) for the year under review. Adjusted EBITDA increased by 9% to AED397 million (2017: AED364 million), while the adjusted EBITDA margin increased from 11.7% to 12.7%. These increases were due to efficiency and cost management initiatives, as well as increased patient volumes.

The group is well positioned to continue to drive long-term value for its shareholders with a well-balanced portfolio of global operations in all three attractive healthcare markets. Together with the investment in Spire Healthcare Group plc, this portfolio provides the group with a sound platform for sustainable long-term performance.

Consumer products

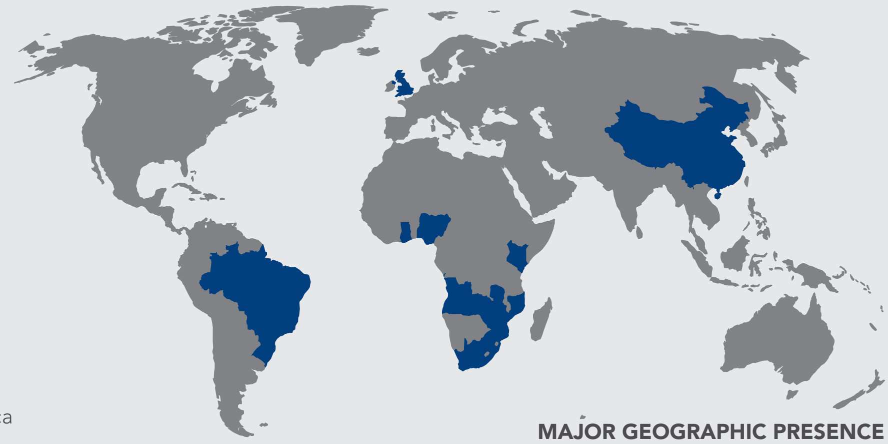
CONTRIBUTION TO HEADLINE EARNINGS	30 June 2018 R million	30 June 2017 R million
Unilever*	499	449
Distell	459	481
RCL Foods	647	424
	1 605	1 354

* *Effective 2 July 2018, Unilever repurchased Remgro's interest in the company for a total consideration amounting to R11.9 billion. The consideration consists of Unilever's Spreads business (owning brands like Rama, Stork and Flora) in Southern Africa and R4.9 billion cash.*

DISTELL

31.8%

EFFECTIVE INTEREST



PROFILE

Distell produces and markets fine wines, spirits and flavoured alcoholic beverages in South Africa and internationally.

MAJOR GEOGRAPHIC PRESENCE

AFRICA: South Africa, Angola, Ghana, Kenya, Mozambique, Nigeria, Tanzania, Zambia, Zimbabwe

OTHER: UK/Europe, Taiwan, China, Brazil

CORPORATE INFORMATION

Market cap at 30 June 2018
R30 399 million

Listed on the JSE Limited

Chief Executive Officer
R M Rushton

Remgro nominated directors
J J Durand, P R Louw (alternate)

Website
www.distell.co.za

FINANCIAL HIGHLIGHTS

	Year ended 30 June 2018 R million	%
Revenue	24 231	10.4
Operating profit	2 388	1.8
Headline earnings	1 466	(5.6)

SUSTAINABILITY MEASURES

CSI/Training spend
R56 million

Number of employees
4 751

BBBEE status
Level 4

Environmental aspect
Scope 1 and 2 emissions of 322 253 tonnes CO_2e

DISTELL GROUP LIMITED (DISTELL)

Distell has a June year-end and therefore its results for the 12 months ended 30 June 2018 have been included in Remgro's results for the year under review. Distell's contribution to Remgro's headline earnings for the year under review decreased by 4.6% to R459 million (2017: R481 million).

Distell's reported headline earnings for its year ended 30 June 2018 decreased by 5.6% to R1 466 million (2017: R1 553 million), mainly due to the stronger rand and certain non-recurring items, while normalised headline earnings adjusted for foreign exchange movements increased by 5.2% to R1 682 million (2017: R1 599 million).

Distell reported for its year ended 30 June 2018 that turnover increased by 10.4% to R24 231 million (2017: R21 940 million), while revenue excluding excise duty increased by 7.7%. Sales volume and revenue growth in the South African market increased by 4.4% and 10.1%, respectively. Distell's ready-to-drink (RTD) portfolio delivered strong growth in the face of increased competition. The spirit and wine categories also showed continued growth.

African markets, outside South Africa, delivered revenue growth of 19.5% on sales volume growth, which were up 7.0% largely due to the inclusion of KWA Holdings E.A. Limited since its acquisition during April 2017. Focus markets on the continent also recorded strong growth. Volumes in international markets outside Africa grew by 1.8% driven by Europe, Latin America and Asia-Pacific, as well as Travel Retail, with ciders and RTDs delivering strong growth.

RCL FOODS

77.0%

EFFECTIVE INTEREST

PROFILE

RCL Foods is a holding company with diversified interests that focuses on three segments: Consumer (Chicken, Grocery, Pies, Beverages and Speciality business units), Sugar & Milling (Sugar, Animal Feed and Millbake business units) and Logistics.

MAJOR GEOGRAPHIC PRESENCE

AFRICA: South Africa, eSwatini, Namibia, Botswana, Uganda

CORPORATE INFORMATION

Market cap at 30 June 2018
R14 987 million

Listed on the JSE Limited

Chief Executive Officer
M Dally

Remgro nominated directors
H J Carse, J J Durand, P R Louw

Website
www.rclfoods.com

FINANCIAL HIGHLIGHTS

	Year ended 30 June 2018 R million	%
Revenue	24 426	(2.1)
Operating profit	2 046	17.0
Headline earnings	922	178.7

SUSTAINABILITY MEASURES

CSI/Training spend
R56 million

Number of employees
20 581

BBBEE status
Level 3

Environmental aspect
Scope 1 and 2 emissions of 1 004 193 tonnes CO_2e

RCL FOODS LIMITED (RCL FOODS)

For the year ended 30 June 2018, RCL Foods' headline earnings increased by 52.6% to R838 million (2017: R549 million). Remgro's share of the headline earnings of RCL Foods amounted to R647 million (2017: R424 million) for the year under review.

The improvement in the company's headline earnings was driven by the recovery in the Chicken business unit, strong volume performances in Dressings, Pet Food and Pies categories, lower interest costs and a tax credit related to an energy efficiency allowance in the Sugar business unit.

The 2018 financial year has presented significant challenges such as the impact of the listeriosis crisis and Avian Influenza on the Chicken business unit, and the impact of dumped imports on the Sugar business unit. Some welcome relief came to the business in the form of lower input costs, as the effects of the 2016/2017 drought dissipated. This translated to lower revenue growth, but had a positive impact on margins. Competition remained vigorous across all RCL Foods' markets.

RCL Foods' revenue for the year ended June 2018 declined 2.1% to R24.4 billion (2017: R25.0 billion), largely due to the reduced consequential category (mainly Individually Quick Frozen (IQF)) and other commodity lines) volumes in the Chicken business unit following its restructure in February 2017. EBITDA improved by 17.0% to R2 046 million from R1 748 million, with the associated margin improving 1.4% to 8.4%.

Consumer's improved result was driven by a recovery in the Chicken business unit, and gains in key groceries categories. Sugar & Milling's decline was mainly due to lower prices in the Sugar business unit and operational challenges in Baking. Logistics benefited from new business and cost-saving initiatives which offset the reduced Chicken business unit loads through the network, post the Chicken restructure in February 2017.

R million	June 2018	June 2018 margin %	June 2017	June 2017 margin %	*% change*	*Margin % change*
EBITDA	2 046	*8.4*	1 748	*7.0*	*17.0*	*1.4*
– Consumer	985	*7.7*	507	*3.8*	*94.3*	*3.9*
– Sugar & Milling	869	*6.4*	1 036	*7.2*	*(16.1)*	*(0.8)*
– Logistics	204	*10.3*	203	*10.0*	*0.5*	*0.3*
– group	(12)		2			

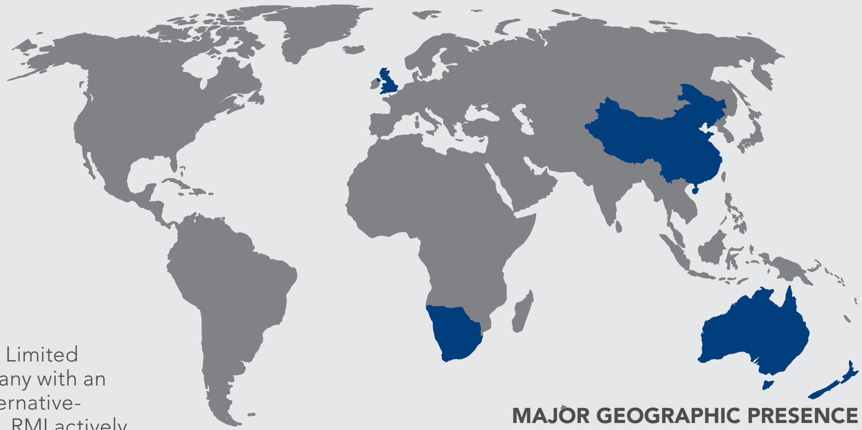
Insurance

CONTRIBUTION TO HEADLINE EARNINGS	30 June 2018 R million	30 June 2017 R million
RMI Holdings	1 228	1 041

RMI OPTIMISE DIVERSIFY MODERNISE

30.3%

EFFECTIVE INTEREST



PROFILE

Rand Merchant Investment Holdings Limited (RMI) is an investment holding company with an investment team of experienced, alternative-thinking financial services specialists. RMI actively partners smart and industry-changing management teams by being a shareholder of influence.

MAJOR GEOGRAPHIC PRESENCE

AFRICA: South Africa, BLNS countries

OTHER: China, United Kingdom, Australia, New Zealand, Singapore

CORPORATE INFORMATION

Market cap at 30 June 2018
R57 026 million

Listed on the JSE Limited

Chief Executive Officer
H L Bosman

Remgro nominated directors
J J Durand, F Knoetze (alternate)

Website
www.rmih.co.za

FINANCIAL HIGHLIGHTS

	Year ended 30 June 2018 R million	%
Income	14 173	1
Headline earnings	4 081	19
Normalised headline earnings	4 473	15

SUSTAINABILITY MEASURES

Refer to websites of major underlying investments as RMI is an investment holding company.

www.discovery.co.za

www.mmiholdings.com

www.outsurance.co.za

RMI HOLDINGS LIMITED (RMI)

RMI's contribution to Remgro's headline earnings for the year under review increased to R1 228 million (2017: R1 041 million).

The underlying investments of RMI (with percentage interest in brackets) include Discovery (25.0%), MMI Holdings (26.2%), OUTsurance (88.6%), Hastings (29.9%), RMI Investment Managers (100%), AlphaCode and its first two next-generation investments, Merchant Capital (25.1%) and Entersekt.

Discovery services the healthcare funding and insurance markets in South Africa, the United Kingdom, United States of America, China, Australia and Singapore. MMI was formed from the merger of Metropolitan and Momentum, focusing on long-term insurance, short-term insurance, asset management, healthcare administration and employee benefits. OUTsurance is a direct personal lines and small business short-term insurer and has also expanded into Australia and New Zealand under the Youi brand. RMI Investment Managers continues to build out its portfolio of affiliate asset managers as it looks to identify, partner and grow world-class asset managers, while Merchant Capital is launching new products and partnerships to further entrench itself into the SME segment. Hastings is a UK-listed short-term insurer.

RMI's headline earnings for the year ended 30 June 2018 increased by 19% to R4 081 million (2017: R3 441 million). However, RMI believes that normalised earnings more accurately reflect operational performance, and therefore headline earnings are adjusted to take into account non-recurring items and accounting anomalies. RMI's normalised earnings for the year under review increased by 15% to R4 473 million (2017: R3 897 million).

Discovery's contribution to normalised earnings increased by 16% to R1 356 million (2017: R1 167 million). The increase was driven by a 9% increase in net insurance premium revenue to R32.3 billion. Total new business annualised premium income increased by 10% to R16.1 billion.

Hastings posted strong results and continued profitable growth in a competitive market, with gross written premiums increasing by 5% and net revenue by 9%. It contributed R778 million (4 months ended 30 June 2017: R246 million) to RMI's normalised earnings.

MMI Holdings' contribution to RMI's normalised headline earnings amounted to R715 million (2017: R816 million). The decreased contribution is due to the continued challenging macro-economic environment and operational shortcomings in the Momentum and Metropolitan retail divisions.

The normalised earnings contribution from OUTsurance increased by 27% to R2 661 million (2017: R2 103 million), mainly due to favourable claims conditions throughout all major operations and higher associate earnings from its indirect interest in Hastings.

Industrial

CONTRIBUTION TO HEADLINE EARNINGS	30 June 2018 R million	30 June 2017 R million
Air Products	289	298
KTH	55	34
Total	501	224
PGSI	4	25
Wispeco	122	169
	971	750

50%

EFFECTIVE INTEREST

PROFILE

Air Products produces oxygen, nitrogen, argon, hydrogen and carbon dioxide for sale in gaseous form by pipeline under long-term contracts to major industrial users. Air Products also distributes industrial gases and chemicals, together with ancillary equipment, to the merchant market. The other 50% of the ordinary shares is held by Air Products and Chemicals Incorporated, a USA company.

MAJOR GEOGRAPHIC PRESENCE

AFRICA: South Africa, Zambia

CORPORATE INFORMATION

Equity valuation at 30 June 2018
R8 316 million

Unlisted

Chief Executive Officer
R Richardson

Remgro nominated directors
H J Carse, J J du Toit

Website
www.airproductsafrica.co.za

FINANCIAL HIGHLIGHTS

	Year ended 30 September 2017 R million	%
Revenue	2 835	5.2
Operating profit	857	3.5
Headline earnings	579	2.1

SUSTAINABILITY MEASURES

CSI/Training spend
R5 million

Number of employees
570

BBBEE status
Level 7

AIR PRODUCTS SOUTH AFRICA PROPRIETARY LIMITED (AIR PRODUCTS)

Air Products has a September year-end, but its results for the 12 months ended 31 March 2018 have been included in Remgro's results for the year under review. Air Products' contribution to Remgro's headline earnings for the period under review decreased by 3.0% to R289 million (2017: R298 million).

Turnover for Air Products' twelve months ended 31 March 2018 increased by 3.7% to R2 894 million (2017: R2 791 million), while the company's operating profit for the same period decreased by 0.2% to R855 million (2017: R857 million).

Air Products is the largest manufacturer of industrial gases in Southern Africa and also imports and distributes a variety of specialty gases and chemical products that are supplied to a wide range of industries including steel, chemicals, oil refining, resource minerals, glass, pulp and paper, food packaging as well as general manufacturing, fabrication and welding.

The period under review saw difficult trading conditions with depressed demand for the company's products in most sectors of the business.

36.3%

EFFECTIVE INTEREST

PROFILE

KTH is an established black economic controlled company with a focus on investment banking services, media and strategic investments. Its major investments include Kagiso Media Limited, MMI Holdings Limited and Servest Group Proprietary Limited.

MAJOR GEOGRAPHIC PRESENCE

AFRICA: South Africa, Ghana, Nigeria

CORPORATE INFORMATION

Equity valuation at 30 June 2018
R6 108 million

Unlisted

Chief Executive Officer
M Danisa

Remgro nominated directors
J J du Toit, P J Uys

Website
www.kagiso.com

FINANCIAL HIGHLIGHTS

	Year ended 30 June 2018 R million	%
Income	1 620	(5.4)
Operating profit	507	(45.4)
Headline earnings	157	60.2

SUSTAINABILITY MEASURES

CSI/Training spend
R4 million

Number of employees
32

KAGISO TISO HOLDINGS PROPRIETARY LIMITED (KTH)

KTH is a leading black-owned investment company with a strong and diversified asset portfolio covering the resources, industrial, services, media, financial services and healthcare sectors.

KTH's contribution to Remgro's headline earnings for the year amounted to R55 million (2017: R34 million). The increase in KTH's headline earnings was mainly driven by the net decrease in finance costs to R208 million (2017: R373 million) as a results of debt repayments made during the period, as well as its net attributable share of positive fair value adjustments on its equity investment in Exxaro Resources Limited (R139 million). This was offset by a loss recognised on the MMI Holdings Limited preference share investment (R48 million).

KTH's earnings for the year amounted to R738 million (2017: R157 million). Income from equity accounted investments increased to R1 207 million (2017: R119 million), mainly due to increased profits from Servest Group Proprietary Limited (R962 million) from the disposal of a significant foreign operation, as well as increased contributions from Fidelity Bank (Ghana) due to improved performance over the period. Other than Servest and Fidelity, the major contributors to the equity accounted earnings during the reporting period was Aurora Wind Power Proprietary Limited, MMI Holdings Limited and XK Platinum Partnership. The current difficult macro-economic conditions had an impact on other equity accounted investments, resulting in lower contributions compared to the comparative period.

TOTAL

24.9%

EFFECTIVE INTEREST

PROFILE

Subsidiary of Total (France). Total's business is the refining and marketing of petroleum and petroleum products in South Africa, as well as distribution to neighbouring countries. The company holds a 36% equity interest in National Petroleum Refiners of South Africa Proprietary Limited (Natref).

MAJOR GEOGRAPHIC PRESENCE

AFRICA: South Africa, Botswana, Namibia and eSwatini

CORPORATE INFORMATION

Equity valuation at 30 June 2018
R9 566 million

Unlisted

Chief Executive Officer
P Y Sachet

Remgro nominated directors
R Ndlovu, N J Williams

Website
www.total.co.za

FINANCIAL HIGHLIGHTS

	Year ended 31 December 2017 R million	%
Turnover	56 423	14.0
Operating profit	2 056	21.0
Headline earnings	1 528	12.7

SUSTAINABILITY MEASURES

CSI/Training spend
R61 million

Number of employees
766

BBBEE status
Level 2

Environmental aspect*
Scope 1 and 2 emissions of 2 645 tonnes CO_2e

* *Excludes emissions from Natref*

TOTAL SOUTH AFRICA PROPRIETARY LIMITED (TOTAL)

Total has a December year-end, but its results for the 12 months to 30 June 2018 have been included in Remgro's results for the year under review. Total's contribution to Remgro's headline earnings for the year under review amounted to R501 million (2017: R224 million).

The results were impacted by favourable stock revaluations of R1 205 million (2017: R454 million, unfavourable), as the international oil price increased from US$46.5 per barrel, at 30 June 2017, to US$75.8 per barrel at 30 June 2018.

Total's turnover for the 12 months ended 30 June 2018 increased by 10.7% to R59 637 million (2017: R53 866 million).

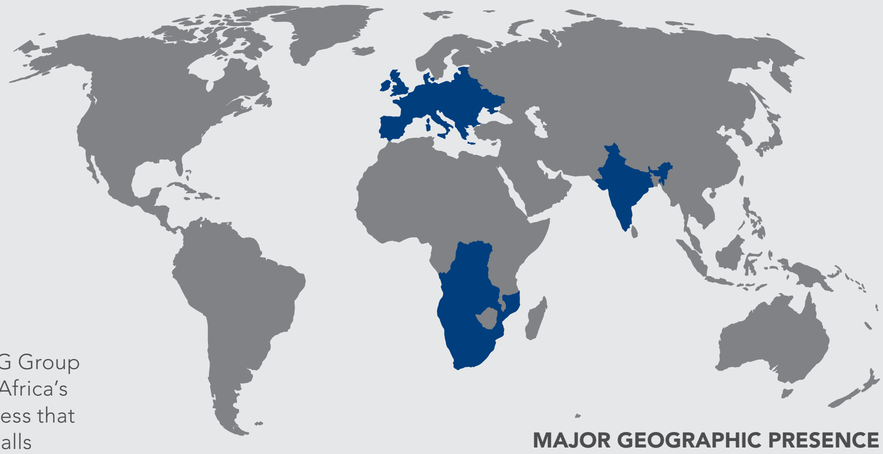
The increase in turnover is mainly due to increased volumes sold in the mining and commercial sectors.

The company has continued with its investments regarding health, safety, environment and quality (HSEQ) constraints to comply with increased stringent legislation and developing group requirements. The key focus areas are environmental compliance as well as health and safety compliance by our staff, transporters and construction contractors.

Natref experienced lower refining margins compared to previous period due to the impact of a major planned shutdown during October and November 2017, other unplanned shutdowns and a less favourable economic environment.

37.7%

EFFECTIVE INTEREST



PROFILE

PGSI holds an interest of 90% in PG Group Holdings. The PG Group is South Africa's leading integrated flat glass business that manufactures, distributes and installs high-performance automotive and building glass products.

MAJOR GEOGRAPHIC PRESENCE

AFRICA: South Africa, Botswana, Lesotho, Namibia, eSwatini, Mozambique, Angola, DRC, Zambia, Tanzania, Malawi

OTHER: Exports to India and Europe

CORPORATE INFORMATION

Equity valuation at 30 June 2018
R1 834 million

Unlisted

Chief Executive Officer
C Bromley

Remgro nominated directors
S J de Villiers, J J du Toit

Website
www.pggroup.co.za

FINANCIAL HIGHLIGHTS

	Year ended 25 December 2017 R million	%
Revenue	4 082	(3.8)
Operating profit	107	(62.1)
Headline earnings	44	(62.7)

SUSTAINABILITY MEASURES

CSI/Training spend
R3 million

Number of employees
4 354

BBBEE status
Level 4

Environmental aspect
Total GHG emissions of 177 187 tonnes CO_2e

PGSI LIMITED (PGSI)

PGSI has a December year-end, but its results for the 12 months ended 30 June 2018 have been included in Remgro's results for the year under review. PGSI's contribution to Remgro's headline earnings for the year under review amounted to R4 million (2017: R25 million).

PGSI's turnover for the period under review of R4 175 million was flat on the prior period (2017: R4 173 million). The group's normalised operating profit, which excludes the impact of asset impairments, decreased from R206 million to R89 million. It has been a particularly challenging year mainly due to the effects of a stronger rand and significant competition from low priced imported product. The lackluster demand in the construction and automotive markets has been exacerbated by the continuing impact of this competition on both price and volumes in domestic markets. Equally, the profitability of export sales have also been impacted by the strong rand.

The group's main operating subsidiary in South Africa, PG Group, manufactures and supplies glass for the building and automotive industries. A 10% shareholding in PG Group was sold to a BEE Trust during the reporting period. The building sector remains depressed, and the building glass businesses reported a decline in profits during the period driven by weak domestic demand and growing pressure on selling prices in a competitive and oversupplied market. Overcapacity in global markets contributed to increased glass volumes being imported into South Africa. The Africa businesses, which have shown robust growth over the past few years, reported a decline in profitability with many regions being impacted by weaker economic activity and political instability, and the impact of rand imported supplies having to compete with cheaper imports from elsewhere in the world.

The market conditions in the automotive businesses also remain difficult. This sector has been negatively impacted by economic pressures on consumers, lower claims from the Insurance sector and mixed demand in export markets. The relatively stronger rand negatively impacted automotive export profitability. Supplies to local automotive assembly operations have been challenged by very competitive pricing, especially out of China. The margins are compressed with the Original Equipment Manufacturers benchmarking prices with global competitors who have the advantage of better economies of scale. New local vehicle sales have shown marginal growth over the past 12 months after a three-year trend of negative growth.

While the economic climate remains challenging, the group has made good progress in the areas of cost reduction, manufacturing quality and performance efficiencies. This has established a better strategic base for future growth. The initiatives to focus on market requirements and improve the service offering to its customers are progressing well.

WISPECO Aluminium

100%

EFFECTIVE INTEREST

PROFILE

Wispeco's main business is the manufacturing and distribution of extruded aluminium profiles used mainly in the building, engineering and durable goods sectors.

MAJOR GEOGRAPHIC PRESENCE

AFRICA: South Africa, Namibia

CORPORATE INFORMATION

Equity valuation at 30 June 2018
R984 million

Unlisted

Chief Executive Officer
H Rolfes

Remgro nominated directors
S J de Villiers, J J du Toit

Website
www.wispeco.co.za

FINANCIAL HIGHLIGHTS

	Year ended 30 June 2018 R million	%
Revenue	2 266	1.5
Operating profit	167	(28.3)
Headline earnings	122	(28)

SUSTAINABILITY MEASURES

CSI/Training spend
R7 million

Number of employees
1 495

BBBEE status
Level 7

Environmental aspect
Scope 1 and 2 emissions of 44 863 tonnes CO_2e

WISPECO HOLDINGS PROPRIETARY LIMITED (WISPECO)

Wispeco's turnover for the year ended 30 June 2018 increased by 1.5 % to R2 266 million (2017: R2 232 million). Demand for aluminium extrusions in Southern Africa was subdued and price competition was intense. Although import tariffs on aluminium extrusions were increased by 10% during the year, the effect on local extruders was moderated by the subsequent strengthening of the rand. Margins reduced as raw material costs increased whilst selling prices remained largely flat. This caused headline earnings for the year under review to decrease by 28% to R122 million (2017: R169 million).

Efficiency improvement remains a critical focus area throughout the business. Various projects are under way to improve throughput and reduce costs in all operating divisions. Investment in state-of-the-art plant and processes forms part of Wispeco's drive to remain a world-class manufacturer of aluminium extrusions. The company utilised its capacity and flexibility to offer short make-to-order lead times and maximise customer service.

The company's *Crealco* range of architectural products is the benchmark in Southern Africa for aluminium used in buildings and is the preferred choice in specification by architects and building designers. The *Crealco* range is continuously being improved whilst supported by certified software solutions allowing creative yet cost-effective designs as well as compliance under the building regulations.

Internally and externally focused training and skills development initiatives lie at the heart of Wispeco's sustainability and social responsibility. Externally focused initiatives include the upskilling of disabled and previously disadvantaged youths with the aim of finding employment in the aluminium industry. Internal training targets productivity improvement and includes various learnerships to support company growth.

Infrastructure

CONTRIBUTION TO HEADLINE EARNINGS	30 June 2018 R million	30 June 2017 R million
Grindrod	**(46)**	(48)
CIV group	**48**	110
SEACOM	**15**	(33)
Other	**40**	7
	57	36

GRINDROD LIMITED

GRINDROD SHIPPING

23.0%

EFFECTIVE INTEREST

PROFILE

Grindrod is an integrated freight logistics provider and its business involves the movement of cargo by road, rail and air, utilising specialised assets and infrastructure, including vehicles, locomotives, ports, terminals, warehouses and depots. Grindrod Bank is the third business unit in the Grindrod group.

Grindrod Shipping is a shipping service provider and owns a fleet of freight ships.

MAJOR GEOGRAPHIC PRESENCE

AFRICA: South Africa, Mozambique

OTHER: Asia

CORPORATE INFORMATION

Market cap at 30 June 2018
R7 064 million

Listed on the JSE Limited

Chief Executive Officer
M J Hankinson

Remgro nominated directors
P J Uys, R Ndlovu (alternate)

Website
www.grindrod.co.za

FINANCIAL HIGHLIGHTS*

	Year ended 31 December 2017 R million	%
Revenue	**3 059**	**(7.0)**
Operating profit	**426**	**(6.8)**
Headline earnings	**571**	**173.2**

* *From continuing operations.*

SUSTAINABILITY MEASURES

CSI/Training spend
R16 million

Number of employees
6 286

BBBEE status
Level 2

Environmental aspect
Scope 1 and 2 emissions of 664 715 tonnes CO_2e

GRINDROD LIMITED (GRINDROD)

Grindrod has a December year-end, however its results for the 12 months to 30 June 2018 have been included in Remgro's results for the year under review. The company's contribution to Remgro's headline earnings for the year under review amounted to a loss of R46 million (2017: a loss of R48 million).

Headline earnings from continuing businesses, i.e. excluding the shipping business, improved during the first half of 2018, increasing from R232 million to R285 million. The Maputo Port continued to benefit from the 75km access channel dredge that was completed in 2017, as well as buoyant chrome and ferrochrome markets. Coal volumes also increased by 36% at the Matola terminal. The logistics business continues to be constrained by challenging market conditions, while the financial services business reported consistent growth.

Capital expenditure for the six months to 30 June 2018 amounted to R476 million, of which 71% was expansionary and the remainder for maintenance and replacement projects.

Grindrod successfully implemented the spin-off and separate listing on the NASDAQ of its shipping business (with a secondary listing on the JSE) during the year under review. This will enable the business to act with strategic focus on its freight and financial services businesses.

Grindrod Shipping's results include the release of a R2.8 billion foreign currency translation gain following the spin-off of the shipping business. The business benefited from its exposure to the dry-bulk spot market, which improved on the comparative period, whilst tanker market rates were under pressure; reporting in the first half a headline loss of R116 million, 14.7% lower than the comparative period loss of R136 million, excluding listing transaction costs. With its reputation and modern eco-friendly fleet, the business is well positioned to grow.

Community Investment Ventures Holdings

DFA OPEN ACCESS NETWORK

51.0%

EFFECTIVE INTEREST

PROFILE

CIV Holdings is an investment holding company with its major asset (100%) being Dark Fibre Africa (DFA) that builds, owns, maintains and monitors its fibre-optic network and related infrastructure.

MAJOR GEOGRAPHIC PRESENCE

AFRICA: South Africa

CORPORATE INFORMATION

Equity valuation at 30 June 2018
R9 679 million

Chief Executive Officer of DFA
M W Mulder

Remgro nominated directors
R Ndlovu, P J Uys

Website
www.dfafrica.co.za

FINANCIAL HIGHLIGHTS

	Year ended 31 March 2018 R million	%
Revenue	1 917	17.5
Operating profit	592	38.3
Headline earnings	31	(79.7)

SUSTAINABILITY MEASURES

CSI/Training spend
R15 million

Number of employees
672

BBBEE status
Level 4

COMMUNITY INVESTMENT VENTURES HOLDINGS PROPRIETARY LIMITED (CIV GROUP)

Remgro has an effective interest of 51.0% in the CIV group, as at 30 June 2018, which is active in the telecommunications and information technology sectors. The key operating company of the group is DFA, which constructs and owns fibre-optic networks.

The CIV group has a March year-end and therefore its results for the 12 months ended 31 March 2018 have been included in Remgro's results for the year under review. The CIV group's contribution to Remgro's headline earnings for the year under review amounted to R48 million (2017: R110 million).

DFA's revenue for the financial year ended 31 March 2018 increased by 17.5% year on year to R1 916 million (2017: R1 630 million) mainly as a result of solid growth of 29% in annuity revenue. DFA's EBITDA for the period under review increased by 11.0% to R1 189 million (2017: R1 071 million). The current book value of the fibre-optic network is in excess of R8 billion. DFA has thus far secured an annuity income in excess of R138 million per month (2017: R115 million), with the majority thereof being on long-term contracts with customers. The decreased contribution in headline earnings is mainly due to higher finance costs due to higher gearing.

DFA owns fibre network rings in Johannesburg, Cape Town, Durban, Midrand, Centurion and Pretoria, as well as rings in smaller metros, such as East London, Polokwane, Tlokwe, Emalahleni and George, to name a few. The company also installs Fibre-to-the-Business (FTTB) and Fibre-to-the-Home (FTTH) networks. At 31 March 2018, a total distance of 10 554 km (31 March 2017: 9 854 km) of fibre network had been completed in the major metropolitan areas and on long-haul routes. The network uptime for the year under review was 99.9868%.

The DFA revenue model adapts to the customers' needs, and DFA offers flexible payment profiles, with a mix of an upfront amount and a monthly annuity, or solely annuity based with multi-year contracts of mostly up to 15 years. The future value of the current annuity contracts (including orders) is in excess of R12.5 billion.

During June 2018, the CIV group acquired 34.9 % of Vumatel. Vumatel is a leader in the FTTH market. Vumatel's FTTH network spans over 8 000 kilometres over a residential area footprint which it leases to Internet Services Providers (ISPs), who in turn sell Internet products to the consumer. Vumatel complements the CIV group's existing portfolio and significantly strengthens its ability to continue providing increased broadband and Internet access to schools, homes and businesses in South Africa.

SEACOM

30%

EFFECTIVE INTEREST

PROFILE

SEACOM provides high-capacity local and international fibre-optic connectivity, Internet and cloud services to the wholesale and enterprise markets in Southern and East Africa.

MAJOR GEOGRAPHIC PRESENCE

AFRICA: South Africa, Mauritius, Mozambique, Tanzania, Kenya, Uganda

CORPORATE INFORMATION	FINANCIAL HIGHLIGHTS	SUSTAINABILITY MEASURES
Equity valuation at 30 June 2018 R2 900 million **Unlisted** **Chief Executive Officer** B Clatterbuck **Remgro nominated directors** H J Carse, P J Uys **Website** www.seacom.mu	SEACOM is a private company and its detailed financial information is not disclosed due to restrictions on disclosure as agreed among its shareholders.	**CSI/Training spend** R3 million **Number of employees** 234 **BBBEE status** Level 5

SEACOM CAPITAL LIMITED (SEACOM)

Remgro has an effective economic interest of 30% in SEACOM, which operates an international and local fibre-optic network to connect Southern and Eastern Africa with Europe and Asia.

SEACOM has a December year-end, but the results for the 12 months to 30 June 2018 have been included in Remgro's results for the year under review. SEACOM's contribution to Remgro's headline earnings for the year under review amounted to R15 million (2017: R33 million loss). The improved profitability is due to growth in the enterprise market segment, once-off revenue on long-term contracts and the containment of operating and overhead costs. The company also generates strong cash flows.

SEACOM provides high-capacity international and local bandwidth services to customers in the form of International Private Line, IP Transit, Internet access and cloud services. These services are sold under 12 to 36-month lease contracts, as well as 10 to 15-year indefeasible right of use (IRU) contracts, which generally include annual maintenance charges over the term. Revenue from IRUs is accounted for over the full term of each respective contract.

SEACOM maintains a proactive approach to ensuring profitability by expanding its network and products to meet market demand, and introducing a more diversified product range that allows it to capture increased market share by offering a better value proposition.

The company continues to expand and grow business in the Enterprise market where metro and last-mile fibre solutions are offered to business customers, providing Internet, Metro Ethernet and cloud services.

Increasing use of data and cloud services is ensuring that demand continues to grow. SEACOM's ability to adapt to the rapidly evolving data market, and to respond to an ever-increasing demand for faster and more reliable data services, is critical to maintain its ongoing competitive positioning.

SEACOM continues to grow its market share through a combination of strong organic growth and acquisition.

OTHER INFRASTRUCTURE INTERESTS

PRIMCO AND PRIF

PEMBANI • REMGRO

PEMBANI REMGRO INFRASTRUCTURE FUND I

25% (PRIMCO) & **16.2%** (PRIF)
EFFECTIVE INTEREST

PROFILE

Pembani Remgro Infrastructure Managers Proprietary Limited (PRIMCO) is the advisor to Pembani Remgro Infrastructure Fund I (PRIF), a fund focusing on private sector investment in infrastructure across the African continent.

Website: www.pembani-remgro.com

Media and sport

CONTRIBUTION TO HEADLINE EARNINGS	30 June 2018 R million	30 June 2017 R million
eMedia Investments	1	49
Other	(48)	(107)
	(47)	(58)

32.3%

EFFECTIVE INTEREST

PROFILE

eMedia Investments has a range of media interests, of which e.tv is the most significant. eMedia Investments is the only independent free-to-air television broadcaster in South Africa.

MAJOR GEOGRAPHIC PRESENCE

AFRICA: South Africa

CORPORATE INFORMATION

Equity valuation at 30 June 2018
R2 194 million

Unlisted

Acting Chief Executive Officer
T G Govender

Remgro nominated directors
H J Carse, N J Williams

Website
www.etv.co.za

FINANCIAL HIGHLIGHTS

	Year ended 31 March 2018 R million	%
Revenue	2 196	(15.0)
Operating profit	(11)	(103.6)
Headline earnings	4	(97.4)

SUSTAINABILITY MEASURES

CSI/Training spend
R32 million

Number of employees
1 442

BBBEE status
Level 2

Environmental aspect
Scope 1 and 2 emissions of 5 831 tonnes CO_2e

eMEDIA INVESTMENTS PROPRIETARY LIMITED (eMEDIA INVESTMENTS)

Remgro has an effective interest of 32.3% in eMedia Investments that has a range of media interests, which include South Africa's only private free-to-air television channels (e.tv, eMovies, eExtra, eToonz and eBella), eNews Channel Africa (eNCA), free-to-air satellite platform Openview, Gauteng-based radio station, Yfm, and various studio facilities and production businesses.

eMedia Investments has a March year-end and therefore its results for the year to 31 March 2018 have been included in Remgro's results for the period under review. eMedia Investments' contribution to Remgro's headline earnings for the period under review amounted to R1 million (2017: R49 million).

During the year under review, eMedia Investments' results were negatively impacted by a new agreement with Multichoice, which significantly reduced licence fee revenue, additional investment in the Openview platform, a once-off write down of movie inventory of R69 million and an 11% increase in programming costs and other cost of sales. This was partly offset by a 5% increase in advertising revenue.

e.tv's share of broadcast audience remains under pressure mostly due to the popularity of the SABC's locally produced dramas. The company is limited by its production budget and profitability to produce equivalent content, but is confident that its current schedule should arrest any significant decline.

eSat.tv (eNCA) continues to perform well and continues to be the most watched 24-hour news channel in South Africa with just under 50% of the market share.

eMedia Investments' results include operating losses of R367 million (2017: R395 million) from the Openview platform. The Openview platform has increased the number of activated set-top boxes to 1 149 217 (31 March 2017: 778 493). This platform currently attracts 3.5% of the television audience in South Africa and break-even is expected at around 6%. The investment in Openview provides the company with strategic flexibility and is part of its plans to address the challenges of the impending digital transition.

OTHER MEDIA AND SPORT INTERESTS

THE BLUE BULLS COMPANY PROPRIETARY LIMITED (BLUE BULLS)

50%
EFFECTIVE INTEREST

PROFILE

Blue Bulls manages the Blue Bulls professional Rugby Union, Loftus Versfeld and certain amateur and management actions and activities of the Blue Bulls Rugby Union.

Website: www.thebulls.co.za

PREMIER TEAM HOLDINGS LIMITED (PTH) AND SARACENS COPTHALL LLP

50%
EFFECTIVE INTEREST

PROFILE

PTH is a sports and leisure group based in the United Kingdom.

Saracens Copthall owns a sport stadium in North West London.

Website: www.mbnpromotions.co.uk

STELLENBOSCH ACADEMY OF SPORT

100%
EFFECTIVE INTEREST

PROFILE

Stellenbosch Academy of Sport provides local and international sport teams and athletes with a world-class training and preparation environment.

Website: www.sastraining.co.za

Other investments

CONTRIBUTION TO HEADLINE EARNINGS	30 June 2018 R million	30 June 2017 R million
Business Partners	**65**	54
Other	**1**	16
	66	70

42.8%

EFFECTIVE INTEREST

PROFILE

Business Partners is principally engaged in investing capital, knowledge and skill in viable small and medium sized enterprises (SMEs). The company invests in SMEs by providing funding, support and mentoring to entrepreneurs.

MAJOR GEOGRAPHIC PRESENCE

AFRICA: South Africa, Kenya, Namibia, Zambia, Malawi, Rwanda

CORPORATE INFORMATION

Equity valuation at 30 June 2018
R1 150 million

Unlisted

Chief Executive Officer
B Bierman

Remgro nominated directors
F Knoetze, R Ndlovu, N J Williams

Website
www.businesspartners.co.za

FINANCIAL HIGHLIGHTS

	Year ended 31 March 2018 R million	%
Revenue	**616**	**0.5**
Operating profit	**294**	**0.7**
Headline earnings	**151**	**18.9**

SUSTAINABILITY MEASURES

CSI/Training spend
R8 million

Number of employees
264

BBBEE status
Level 8

Environmental aspect
Scope 1 and 2 emissions of 140 476 tonnes CO_2e saved

BUSINESS PARTNERS LIMITED (BUSINESS PARTNERS)

Business Partners has a March year-end and therefore its results for the 12 months to 31 March 2018 have been equity accounted in Remgro's results for the year under review. Headline earnings attributable to Remgro for the year under review amounted to R65 million (2017: R54 million).

Business Partners' headline earnings for the 12 months ended 31 March 2018 amounted to R151 million (2017: R127 million), an increase of 18.9%, while profit attributable to shareholders increased by 5.4% to R218 million. The increase is mainly due to higher investment income and property revenue, as well as prudent cost management, which was partially offset by higher credit losses.

The risk in the investment portfolio has increased over the period. Investments with repayment obligations in arrear increased from 20% of the investment portfolio at 31 March 2017 to 21.4% at 31 March 2018, a reflection of the adverse economic and difficult trading conditions experienced by SMEs.

During the year under review, funding for 295 (2017: 327) investment transactions amounting to R1 049 million (2017: R1 147 million) was approved.

In providing financial support to SME entrepreneurs, the company's key development impact objective is the employment that is facilitated or unlocked by the capital provided. Business Partners facilitated 11 601 job opportunities during the year in review (2017: 12 395).

CAXTON CTP LIMITED (CAXTON) (Indirectly held through FundCo and BidCo structure)

5.8%
EFFECTIVE INTEREST

PROFILE
Caxton is one of the largest publishers and printers of books, magazines, newspapers and commercial print in South Africa.
Website: www.caxton.co.za

GEMS III (GEMS)

8.2%
EFFECTIVE INTEREST

PROFILE
GEMS, based in Hong Kong, is a private equity fund management group that makes investments in the Asia Pacific region.
Website: www.gems.com.hk

INVENFIN PROPRIETARY LIMITED (INVENFIN)

100%
EFFECTIVE INTEREST

PROFILE
Invenfin focuses on smaller early-stage investments.
Website: www.invenfin.com

MILESTONE CAPITAL II, III, MILESTONE CAPITAL INVESTMENTS HOLDINGS AND MILESTONE CAPITAL STRATEGIC HOLDINGS

8.1%, 28.1%, 7.5% & 36.1%
EFFECTIVE INTEREST

PROFILE
Milestone Capital, based in mainland Hong Kong, is a China-focused private equity investment firm.
Website: www.mcmchina.com

VERITAS

3.7%
EFFECTIVE INTEREST

PROFILE
Veritas is Israel's oldest venture capital firm and primarily invests in seed-stage technology companies.
Website: www.veritasvc.com

Corporate finance

CONTRIBUTION TO HEADLINE EARNINGS	30 June 2018 R million	30 June 2017 R million
Central treasury		
– Finance income	524	349
– Finance costs	(891)	(903)
– Option remeasurement	261	687
Net corporate cost	(282)	(143)
	(388)	(10)

MILLENNIA JERSEY LIMITED – JERSEY, REMGRO FINANCE CORPORATION PROPRIETARY LIMITED, REMGRO HEALTHCARE HOLDINGS PROPRIETARY LIMITED, REMGRO INTERNATIONAL LIMITED – JERSEY, REMGRO JERSEY GBP LIMITED – JERSEY, REMGRO MANAGEMENT SERVICES LIMITED AND V&R MANAGEMENT SERVICES AG – SWITZERLAND

100%
EFFECTIVE INTEREST

PROFILE

Responsible for Remgro's central treasury function as well as management and support services.

Unlisted companies

Finance income amounted to R524 million (2017: R349 million). This increase is mainly due to higher average cash balances as a result of the Remgro rights issue in the comparative year. Finance costs amounted to R891 million (2017: R903 million). The positive fair value adjustment of R261 million (2017: R687 million) relates to the decrease in the value of the exchange option of the exchangeable bonds. Other net corporate costs amounted to R282 million (2017: R143 million). The increase in other net corporate costs is mainly due to transaction costs amounting to R109 million, incurred on the Distell ownership restructuring and the Unilever Spreads business acquisition.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

Remgro Limited (Remgro) is committed to the highest level of corporate governance, integrity and ethics. The Board of Directors of Remgro (the Board) is ultimately responsible for ensuring that corporate governance standards are set and met and is therein assisted by senior management, who aims to instil a culture of compliance and good governance in Remgro and its subsidiaries (Remgro Group).

The King IV Report on Corporate Governance for South Africa (King IV), which was published on 1 November 2016, contains a set of principles that are fundamental to good governance, as well as related leading recommended practices. The JSE Limited has incorporated certain of King IV's recommended practices in the JSE Listings Requirements.

The Board welcomes the adoption of King IV. The Board is satisfied that Remgro has applied the principles contained in King IV during the year under review. This Corporate Governance Report explains in the form of a narrative account how Remgro has applied the principles enumerated in King IV with reference to the practices applied by Remgro. This report aims to provide Remgro's stakeholders with a good understanding of Remgro's governance structures and processes to enable them to evaluate the ability of Remgro to create and sustain value.

LEADERSHIP

The Board endeavours to lead ethically and effectively in prioritising the following outcomes advocated by King IV: an ethical culture, good performance, effective control and legitimacy. This is underscored by sound and visible leadership which is characterised by the ethical values of integrity, competence, responsibility, accountability, fairness and transparency. Sound corporate governance structures and processes are being applied and are considered by the Board to be pivotal to delivering sustainable value in the interest of all stakeholders, along with sound business acumen.

The Board is responsible for setting the direction on ethical standards, strategy and operations of the Remgro Group by applying integrated stakeholder thought processes harnessed by appropriate diversity, to build a sustainable business, while considering the impact of the Remgro Group's strategy on the economy, society and environment (collectively, the "triple context").

As a responsible investor, the Board advocates adherence to sound ethics and governance by all entities Remgro is invested in by using its significant influence to ensure that all Remgro's listed subsidiaries, joint ventures and associates endorse and apply the principles contained in King IV. Effective corporate governance forms part of Remgro's investment assessment criteria which is further monitored on a continuous basis by non-executive board representation on its investee companies' boards. To this end, Remgro's corporate governance policies may be used as a benchmark, where appropriate.

Doing business ethically is one of Remgro's key objectives, and is supported by the management of ethics as recorded in its Code of Ethics, which is strictly enforced. Effective leadership is to be exhibited in order to achieve Remgro's strategic objectives and positive outcomes.

Each individual member on the Board is suitably qualified and has extensive relevant experience. The Board, as a whole, is evaluated annually by its members.

To ensure that the individual directors exercise their powers and perform their functions in good faith and for a proper purpose, in the best interest of Remgro and with care, skill and diligence, Board members are required to disclose any potential conflict of interest which is to be considered at board meetings, and are required to recuse themselves from relevant discussions when a conflict exists. Remgro has appointed an independent, non-executive director as the Lead Independent Director (LID) to act as chairman during meetings in situations where the Chairman of the Board has a conflict of interest. The LID is involved in the evaluation of the Chairman.

ORGANISATIONAL ETHICS

The Board believes that ethical behaviour stems from appropriate value systems inherent to the people in Remgro's employ, as directed and supported by visual ethical leadership and a value-driven corporate culture. Leadership, based on ethical foundations, results in a culture of ethical and moral behaviour and compliance.

The Board, as part of its ethical leadership commitment, amended and reviewed its Legal Compliance Policy in light of King IV, and confirmed that there is sufficient management capacity and controls in place to ensure that all relevant laws and salient industry practices are complied with.

The Board, however, retains the responsibility to establish and maintain a culture of integrity, competence, honesty, transparency, fairness, responsibility and accountability, to position Remgro as an investment partner of choice.

Remgro has adopted a Code of Ethics that provides a framework of ethical practices and business conduct that is applicable to all directors and employees, and addresses the key ethical risks of Remgro. The code is available to all employees on Remgro's intranet and a copy thereof is provided to all new employees. The Code of Ethics as well as a formal Gifts Policy provide strict policies regarding gifts, invitations or favours received from suppliers or any other party. The offering of benefits to gain unfair advantages is strictly prohibited.

Remgro's ethical standards are applied to the processes for the recruitment, evaluation of performance and reward of employees, as well as the sourcing of suppliers.

The Board provides for sanctions and remedies in instances where Remgro's ethical standards are breached. The actual adherence to ethical standards by employees and other stakeholders cannot be regulated but stems from personal conviction. However, the Audit and Risk Committee monitors fraud risk and related processes and the Social and Ethics Committee monitors compliance with the Code of Ethics and addresses instances of non-compliance.

The Remgro Group has effective anti-bribery, corruption and fraud prevention and detection processes and ensures compliance and risk mitigation. No material investigations were concluded during the reporting period.

Remgro has implemented a whistleblowing process to enable employees and third parties to report any perceived or alleged irregular or unethical behaviour in a confidential and controlled environment. Reports are monitored and managed with regular feedback to the Audit and Risk Committee. A 24-hour anonymous Ethics Hotline is managed by an independent external service provider and can be accessed telephonically or via email. During the year under review no calls were received through the hotline which related to alleged governance breaches or ethical anomalies at Remgro. Where calls are to be received which relate to alleged irregularities at investee companies, such calls will be directed to the appropriate governance structures at the respective investee companies via the Remgro representatives serving on the boards of these companies.

An overview of the key areas of focus relating to organisational ethics during the reporting period and planned areas of future focus are disclosed in the Social and Ethics Committee report, read with the committee's charter.

RESPONSIBLE CORPORATE CITIZENSHIP

The Board is ultimately responsible for Remgro's corporate citizenship. The Social and Ethics Committee assists the Board in ensuring that Remgro is and remains a good and responsible corporate citizen. The Board oversees and monitors, on an ongoing basis, how the consequences of Remgro's strategies, activities and outputs affect its status as a responsible corporate citizen. This oversight and monitoring function is performed in relation to the triple context within which Remgro operates.

The Social and Ethics Committee is responsible for reviewing and recommending for approval the annual sustainability content included in Remgro's Integrated Annual Report or published on Remgro's website. The Social and Ethics Committee, per mandate, is also responsible for the monitoring of the effectiveness of the sustainable development practices of the Remgro Group as set out below, thereby assisting the Board in achieving one of its values of doing business ethically.

Remgro's sustainability development practices include: ethics and compliance; corporate social investment (CSI); stakeholder relations; broad-based black economic empowerment (BBBEE); health and public safety; labour relations and working conditions; employment equity, training and skills development; management of the Remgro Group's environmental impacts, human rights and prohibition against child labour. The Social and Ethics Committee's oversight role includes the monitoring of any relevant legislation, other legal requirements or prevailing codes of best practice, specifically with regard to matters relating to social and economic development, good corporate citizenship, the environment, health and public safety, consumer relationships, as well as labour and employment.

During the year under review, Remgro reviewed and amended its Code of Ethics, Gifts Policy, Social Media Policy, HIV/AIDS Policy and Safety, Health and Environmental (SHE) Management Policy (SHE Management Policy), in light of the principles and recommended practices of King IV.

The Social and Ethics Committee further monitors Remgro's participation and results achieved in external surveys in respect of any sustainability aspect pertaining to the Remgro Group. In this regard the Social and Ethics Committee notes the external recognition and achievements by the Remgro Group.

Remgro believes that honesty, correctness, courtesy, service, mutual support and trust incorporate the spirit in which it strives to be a good corporate citizen. Workplace, economic, social and environmental sustainability practices, have always been part of Remgro's core values. The Sustainable Development Report provides a better understanding of Remgro's efforts on the social and environmental front in order to achieve its key objectives of maximising value creation, while doing business ethically.

Corporate citizenship includes the commitment of a business to contribute to sustainable economic development, and endorses the principle that no business exists in isolation but forms an integral part of the environment in which it operates. In its relationship with the community, Remgro strives to be a value partner and, in this regard, its involvement in the community focuses on eradicating the effects of poverty and investing in young people from disadvantaged communities in the belief that such an investment will provide sound dividends far into the future.

Remgro's CSI initiatives and donations programme covers a broad spectrum of society and can be summarised as follows: community development; cultural development; entrepreneurship, training and education; environment; healthcare and sport development.

Remgro aims to maintain a CSI spend of approximately 2.5% of its net free cash flow annually. In this regard, an official donations committee meets regularly to consider and approve grants to institutions in need. Donations to qualifying institutions are made on an annual basis for a specific period and, although such contributions cover a wide range, no donations are made to political parties or religious institutions. Remgro respects its employees' choice to participate in these institutions, but does not exercise a choice itself.

The Board believes that BBBEE is a social, political and economic imperative and it supports and encourages Remgro's subsidiaries', associates' and joint ventures' initiatives in this regard. To the extent that Remgro's subsidiaries, joint ventures and associates implement BBBEE, Remgro's shareholders effectively participate in BBBEE initiatives and the associated costs and benefits thereof. Remgro measures its BBBEE status against the generic scorecard criteria set by the Department of Trade and Industry. In terms of the latest assessment of Remgro's BBBEE status performed during September 2018, Remgro, including its subsidiaries, RCL Foods Limited (RCL Foods), Distell Group Holdings Limited (Distell) and Wispeco Holdings Proprietary Limited (Wispeco), obtained a score of 66.48, thereby obtaining a level 8 contributor status.

Further, the Board has transformed considerably, with five of the 10 non-executive directors (50%) being black persons, and six of all 13 directors (46%) being black persons. On Management Board level, two of the six members are black persons. Remgro monitors and contributes to its investees' BBBEE performance through its board representation and participation and facilitation of corporate actions in these investee companies. Employment equity represents Remgro's most significant transformation challenge. An annual labour plan is submitted to the Department of Labour, wherein Remgro's transformation objectives are set out in detail. Although efforts are focused on improving black representation at Remgro's management level, low staff turnover and limited organic growth remain limiting factors.

Remgro complies with the requirements of the Skills Development Act, No. 97 of 1998, in terms of which a fixed percentage of its payroll is paid as a training levy to the South African Revenue Service. An annual report concerning all the training which has taken place in Remgro is submitted to the Sector Education Training Authority.

As Remgro (excluding its subsidiaries RCL Foods, Distell and Wispeco) is not an operating company, it has a small procurement function and its procurement profile is characterised by a high professional service component as opposed to materials purchased. Remgro purchases more than half of its goods and services from BBBEE accredited vendors. The improvement of Remgro's preferential procurement score remains a focus area for Remgro.

Remgro recognises that many of its investments are dependent on a healthy and functioning ecosystem and that this system is increasingly under pressure from a quantity and quality perspective. Hence, Remgro continuously analyses its impact on the environment, its response to changing environmental realities and the pursuit of new opportunities that might arise as a result of responsible environmental management.

In order to manage its impact on the environment, Remgro has implemented the SHE Management Policy, which is reviewed annually, and which applies to Remgro Management Services Proprietary Limited (RMS). The Board is ultimately responsible for the implementation of the SHE Management Policy, but delegates its responsibilities to the Risk, Opportunities, Technology and Information Governance (ROTIG) Committee (which is a subcommittee of the Audit and Risk Committee) and the Social and Ethics Committee, which committees are responsible to review and recommend the approval of environmental procedures implemented and maintained by RMS. With regard to RCL Foods, Wispeco and Distell, it is the responsibility of Remgro's representatives on the boards of these companies to obtain assurance regarding the effectiveness and efficiency of their respective environmental management processes.

The Board also focuses on legal and regulatory compliance as it advocates adherence to sound governance principles by all entities Remgro is invested in by using its significant influence to ensure that all Remgro's listed subsidiaries and associates endorse and apply the principles contained in King IV. The Board annually reviews the application status of King IV's (previously King III's) principles.

As recommended in King IV, the Board has adopted a tax policy that entrenches the Remgro Group's focus in managing Remgro's tax affairs to: (1) ensure full compliance with tax laws and regulations, in whichever jurisdiction Remgro has interests, (2) ensure that Remgro's tax affairs are congruent with responsible corporate citizenship, and (3) take account of related reputational repercussions. Remgro acknowledges that it has a responsibility not only to its shareholders, but to a larger group of stakeholders that includes tax authorities. In discharging this onus, Remgro co-operates with tax authorities by: (1) adhering both to the letter and spirit of the prevailing tax laws and regulations, and (2) cultivating respectable relationships with tax authorities.

The Board also ensures that Remgro complies with and adheres to the Constitution of South Africa, the law, leading standards, and adherence to its own codes of conduct and policies.

Further details regarding Remgro's sustainability practices, including an overview of the key areas of focus during the reporting period, highlights on sustainability and planned areas of future focus can be found in the Sustainable Development Report, which is available on Remgro's website.

STRATEGY AND PERFORMANCE

Remgro's Board is ultimately accountable for the performance of Remgro, appreciating that strategy, risk, performance and sustainability are inseparable. The Board provides strategic direction by proposing, discussing and questioning, whilst evaluating and approving, plans and strategies based on the values and objectives of Remgro and stakeholder interests and expectations. The Board furthermore oversees the Remgro Group's corporate actions via the Investment Committee, which is supported by an approved delegation of authority.

The Board's formal Board Charter, which is available on Remgro's website, defines key responsibilities of the Board, including *inter alia* directing the ethical standards, strategy and operations of the Remgro Group to build a sustainable business, while considering the impact of the Remgro Group's strategy on the triple context.

The Board has delegated the formulation and development of Remgro's strategy to the Management Board, and has approved the policies and operational plans developed by management to give effect to the approved strategy. The Management Board's mandate is available on Remgro's website. The Management Board is furthermore supported by various senior management work streams, including one focused on new and disruptive technologies.

The Board has approved, oversees and continually assesses Remgro's strategy, the risks, opportunities and other significant matters connected to the triple context in which Remgro operates; as well as the extent to which the proposed strategy depends on the resources and relationships connected to the various forms of capital (being, financial, manufactured, human, intellectual, natural, social and relationship capital, as applicable) (capitals), the legitimate and reasonable needs, interests and expectations of material stakeholders, and the increase, decrease or transformation of the various forms of capitals, that may result from the execution of the proposed strategy. The Board responsibly responds to the negative consequences of its activities and outputs on the triple context in which it operates, and the relevant capitals.

As part of its oversight of performance, the Board is alert to the general viability of Remgro and its status as a going concern, which is considered at least twice a year. Executive directors contribute their insight to day-to-day operations, thereby enabling the Board to identify goals, provide direction and determine the feasibility and sustainability of the strategies proposed.

REPORTING

The Board has approved management's determination of the reporting frameworks, including reporting standards and legal compliance, such as *inter alia* the International Financial Reporting Standards, the JSE Listings Requirements, as well as the Companies Act (No. 71 of 2008), as amended, and the principles of the International Integrated Reporting Framework to the extent applicable.

The Board has approved management's bases for determining materiality for the purpose of deciding which information should be included in external reports. The Board issues the following external reports: the Integrated Annual Report, the Chairman's Report, the Chief Executive Officer's (CEO) Report, the Chief Financial Officer's (CFO) Report, the Report of the Board of Directors, the Corporate Governance Report, the Social and Ethics Committee Report, the Sustainable Development Report, the Risk and Opportunities Management Report, the Audit and Risk Committee Report and the Remuneration Report, in order to meet the legitimate and reasonable information needs of material stakeholders.

Remgro's Integrated Annual Report focuses on substance-over-form, and provides a holistic view of Remgro's business model, how Remgro is managed and also how it manages its investments. Remgro's main focus is to provide a complete analysis of its business to satisfy the information needs of key stakeholders that make use of the Integrated Annual Report.

Sufficient controls are in place to ensure relevant, reliable and accurate reporting. The Social and Ethics Committee is responsible to review and recommend for approval the annual sustainability content included in the Integrated Annual Report or published on Remgro's website. The Audit and Risk Committee reviews the entire Integrated Annual Report and makes a recommendation to the Board regarding same. An external audit and various other assurance processes are used, as disclosed herein, to ensure that information provided to stakeholders is reliable. The Board is satisfied with the integrity of its external reports.

Remgro ensures that the relevant corporate governance disclosures required in terms of King IV, the Integrated Annual Report, annual financial statements and Remgro's external reports are made available to stakeholders, and are published on its intranet and/or its website (as appropriate). The Integrated Annual Report, which is a standalone report, only includes an abridged version of the Sustainable Development Report as well as summary financial statements. The detailed Sustainable Development Report and Annual Financial Statements in respect of the year under review are available on Remgro's website at www.remgro.com. Remgro furthermore refers to its proud participation in the JSE Responsible Investment Index, which uses the FTSE Russell's ESG Ratings, for disclosure benchmarking.

PRIMARY ROLE AND RESPONSIBILITIES OF THE BOARD

Remgro has a fully functional Board that leads and controls the Remgro Group. The Board Charter identifies, defines and records the responsibilities, functions and composition of the Board; and serves as a reference for new directors. All directors of Remgro have endorsed the Board Charter, which is regularly reviewed to guide its effective functioning.

During the year under review, the Board reviewed and amended its Board Charter, in light of the principles and recommended practices of King IV. The Board is satisfied that it has discharged its duties and obligations as described in the Board Charter during the year under review.

One of the key responsibilities of directors and members of senior management serving in a non-executive capacity on the boards of Remgro's subsidiaries and other investee companies is the promotion of good governance by these companies, including, where appropriate, the adoption and implementation of principles and controls included in Remgro's policies. The activities of the directors and senior management serving on the boards of investee companies are furthermore governed by formal guidelines as approved by the Board.

The Board meets at least five times a year and follows an annual work plan to ensure that all relevant matters are dealt with. The Chairman meets with Remgro's CEO prior to meetings to discuss important issues on the agenda. Members of the Board and its subcommittees receive an agenda, together with supporting documentation, at least one week prior to each meeting in order to enable them to be fully prepared for meetings.

All directors have unlimited access to the services of the Company Secretary and senior management, as well as to all Remgro's company records. The Company Secretary provides continuous guidance on corporate governance-related matters.

The Board has approved the protocol to be followed in the event that it or any of its members or committees need to obtain independent, external professional advice at Remgro's expense, on matters within the scope of their duties, with prior notification to the CEO or the Company Secretary. The Board has also approved the protocol to be followed by its non-executive members for requisitioning documentation from, and arranging meetings with, management, i.e. by the relaying of requests to a member of the Management Board or the Company Secretary who will be responsible for providing the necessary documentation and/or arranging the necessary meetings.

ATTENDANCE AT MEETINGS OF MEMBERS

	Board	Audit and Risk Committee	Remuneration and Nomination Committee	Social and Ethics Committee	Management Board	Investment Committee
Number of meetings held	6	4	1	3	12	3
Attendance by directors						
Non-executive directors						
J P Rupert	6	–	1	–	–	3
E de la H Hertzog	6	–	–	–	–	–
J Malherbe	5	–	–	–	–	3
Independent non-executive directors						
G T Ferreira	6	–	1	–	–	2
P K Harris	5	–	1	–	–	1
N P Mageza	6	4	–	3	–	–
P J Moleketi	6	4	–	–	–	–
M Morobe	6	–	–	3	–	–
F Robertson	6	4	1	–	–	–
S E N De Bruyn	6	4	–	3	–	–
Executive directors and Management Board						
J J Durand	6	–	–	–	11	3
W E Bührmann[(1)]	4	–	–	–	9	–
P R Louw	–	–	–	3	11	–
M Lubbe	6	–	–	–	12	–
R S M Ndlovu[(2)]	–	–	–	–	3	–
P J Uys	–	–	–	3	11	–
N J Williams	6	–	–	–	12	3

(1) *Mr W E Bührmann retired as director on 30 April 2018.*
(2) *Mr R S M Ndlovu was appointed as a member of the Management Board with effect from 1 May 2018 and attended all the meetings since his appointment.*

BOARD COMPOSITION

COMPOSITION

In compliance with the recommended practices of King IV, the Board consists of 13 directors, three of whom are executive and 10 of whom are non-executive directors. Seven of the non-executive directors are independent. The composition of the Board reflects a balance between executive and non-executive directors, in order to ensure that there is a clear division of responsibilities so that no one individual has unfettered decision-making powers.

Executive directors contribute their insight to day-to-day operations, thereby enabling the Board to identify goals, provide direction and determine the feasibility and sustainability of the strategies proposed. These directors are generally responsible for implementing all operational decisions.

Non-executive directors, on the other hand, are selected to serve on the Board for their broader knowledge, skills and experience, which is needed to govern Remgro; and they are expected to contribute effectively to decision-making and the formulation of policy.

The Board promotes diversity in its membership across a variety of attributes, including field of knowledge, skills and experience, age, culture, race and gender. The Remuneration and Nomination Committee has adopted race and gender diversity policies. The policy on the promotion of race diversity and the gender diversity policy apply only to the Board and although formal targets are not set, the Remuneration and Nomination Committee pursues all opportunities to enhance the gender and race diversity of the Board. The Board has transformed, with five of the 10 non-executive directors (50%)

being black persons, six of all 13 directors (46%) being black persons, and two of all 13 directors (15%) being females and, on Management Board level, two of the six members are black persons, and one of the six members is a female.

The Board is satisfied that its current members possess the required collective knowledge, skills and experience to carry out its responsibilities, to achieve the Remgro Group's objectives and create shareholder value over the long term. Details on each individual director can be found on pages 14 to 15 of the Integrated Annual Report.

NOMINATION, ELECTION AND APPOINTMENTS

There is a formal and transparent process for appointments to the Board. The appointment of directors is a function of the entire Board, based on recommendations made by the Remuneration and Nomination Committee.

When considering nominations, the Board considers the collective knowledge, skills and experience required by the Board, the diversity of the Board and whether the candidate meets the appropriate fit and proper criteria.

The candidates for non-executive members of the Board must provide the Board with details of their professional commitments and confirm that the candidate has sufficient time available to fulfil the responsibilities as member of the Board. All nominated candidates' backgrounds are independently investigated, and their qualifications independently verified.

A brief professional profile of each candidate standing for election at the Annual General Meeting, including details of existing professional commitments, accompanies the notice of the Annual General Meeting, together with a statement from the Board confirming that it supports the candidate's election and/or re-election.

Newly appointed directors follow an extensive induction programme coordinated by the Company Secretary upon their appointment, to ensure that they are able to make a maximum contribution in a shorter amount of time. The induction programme includes the provision of an induction pack consisting of, *inter alia*, agendas and minutes of the two most recent Board and subcommittee meetings, the latest Annual Financial Statements and Integrated Annual Report, Remgro's Code of Ethics, induction meetings with executive directors and senior management (if requested) as well as information on the JSE Listings Requirements. This process ensures that new directors obtain a good understanding of Remgro's core business and their fiduciary duties.

Regular briefings on legal and corporate governance developments, and risks and changes in the external environment of Remgro, are provided to directors.

In terms of the Memorandum of Incorporation of Remgro, at least one third of the directors must resign annually on a rotation basis, but may make themselves available for re-election for a further term. The directors to retire shall be those who have been longest in office since their last election. A director who has already held his or her office for a period of three years since his or her last election shall retire at such meeting. Mr W E Bührmann retired as an executive director of Remgro on 30 April 2018 upon reaching the normal retirement age for Remgro employees.

Nomination for re-election only occurs after the evaluation of the performance of the Board and is therefore based on the director's past performance, including attendance at Board meetings and its committee meetings, the director's contribution and his or her objectivity of business judgement calls.

The Board has established a succession plan for its directorship.

INDEPENDENCE AND CONFLICTS

The independence of non-executive directors who are categorised as independent is reviewed annually; and the independence of independent, non-executive directors who have served on the Board for more than nine years is subject to a rigorous review by the Board. The Board assesses independence in light of any interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in the decision-making of a non-executive director who is categorised as independent. The tenure of each director is disclosed on pages 14 to 15 of the Integrated Annual Report.

Each director must submit to the Board a declaration of all financial, economic and other interests held in Remgro by the director and his or her related parties whenever there are significant changes and as soon as they become aware of it. At the beginning of each Board meeting, Board members and committee members are also required to disclose any conflict of interest in respect of a matter on the agenda. Any such conflicts are proactively managed as determined by the Board, subject to legal provisions.

All information not disclosed publicly, which directors acquire in the performance of their duties must be treated as confidential and may not be used for personal advantage or for the advantage of third parties. In this regard, directors must comply with *inter alia* Remgro's Code of Ethics, the provisions of the Financial Market Act, No. 19 of 2002 (regarding "inside information"), and the JSE Listings Requirements (regarding "price-sensitive information"), in any disclosure of information, dealings in securities and the disclosure of such dealings.

CHAIRMAN

The Chairman is elected by the Board on an annual basis, along with two deputy chairmen. The roles and responsibilities of the Chairman is documented in the Board Charter and is separate from the CEO.

The Chairman of the Board, Mr Johann Rupert, is not an independent director. The Board acknowledges the recommended practice of King IV to appoint an independent non-executive director as Chairman, but given his knowledge of the business and his commercial experience and the responsibility of the Board to focus on performance in directing the commercial and economic fortunes of Remgro, this arrangement is deemed not only appropriate, but also essential for achieving the business objectives of Remgro. However, in compliance with King IV and the JSE Listings Requirements, the Board has appointed Mr G T Ferreira as the LID. The main function of the LID is, *inter alia*, to provide leadership and advice to the Board, without detracting from the authority of the Chairman, when the Chairman has a conflict of interest. The responsibilities of the LID are documented in the Board Charter. The LID is appointed by the Board on an annual basis.

The Board is satisfied with the number of outside professional positions that the Chairman holds, and is confident that such positions do not hinder him from performing his duties. The Board has established a succession plan for the position of chairman.

COMMITTEES OF THE BOARD

The Board delegates certain roles and responsibilities to individual directors and to standing or *ad hoc* board committees. The Board, however, understands that delegation of its responsibilities to a committee or a particular director will not by or of itself constitute a discharge of the Board's accountability.

Specific responsibilities are delegated to the Board's subcommittees, which have defined tasks in terms of approved mandates. The delegation to committees has been recorded by means of formal terms of reference for each committee, which terms of reference are reviewed annually by the Board. Feedback on the committees' activities is submitted to the Board at each Board meeting following the relevant committee meeting.

Members of the executive and senior management are invited to attend committee meetings either by standing invitation or on an *ad hoc* basis to provide pertinent information and insights in their areas of responsibility.

AUDIT AND RISK COMMITTEE

Remgro has appointed an Audit and Risk Committee, which consists of four suitably skilled and experienced independent, non-executive directors. One of the members of the committee is appointed by the Board to chair the committee.

The Audit and Risk Committee is responsible for the Remgro Group's Integrated Annual Report, internal financial controls and accounting systems, internal audit, external audit, risk and opportunities management, the financial statements and any other intended releases of price-sensitive information for external distribution or publication, including those required by any regulatory or statutory authority. The Audit and Risk Committee is responsible to ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities.

The responsibilities of the Audit and Risk Committee are codified in a formal terms of reference, which is reviewed at least annually and which is available on Remgro's website. During the year under review, the Board reviewed and amended the terms of reference of the Audit and Risk Committee, in light of the principles and recommended practices of King IV. An Audit and Risk Committee Report is published each year describing how the committee has discharged its duties.

The Board believes that the current members of the Audit and Risk Committee are suitably skilled and experienced. The CEO and CFO are not members of the Audit and Risk Committee, but attend meetings by invitation, if needed, to contribute pertinent insights and information.

The Audit and Risk Committee annually performs a review of Remgro's CFO and the finance function. Remgro has appointed an executive financial director, being the CFO of Remgro (Mr Neville Williams). The Audit and Risk Committee is satisfied as to the appropriateness of the expertise and experience of the financial director.

The Audit and Risk Committee meets annually with the internal and external auditors, respectively, without management being present, to facilitate an exchange of views and concerns that may not be appropriate for discussion in an open forum.

The Audit and Risk Committee has, during the year under review, nominated independent external auditors, PricewaterhouseCoopers Inc. (PwC), approved its fee and determined its terms of engagement. The appointment was presented to the shareholders of Remgro at the Annual General Meeting for approval. The Committee is satisfied that Remgro's external auditors are independent of Remgro and are thereby able to conduct their audit functions without any undue influence. The designated external audit partner rotates every five years. PwC has been the auditor of the Company for 50 years. The business of the Company was previously transacted through Rembrandt Group Limited of which, based on available statutory records, PwC and its predecessor firms have been the external auditor for 70 years. The committee is satisfied with PwC's independence from the Company, notwithstanding its tenure as external auditor.

The Audit and Risk Committee meets at least four times during a reporting period. The effectiveness of the Audit and Risk Committee is evaluated on an annual basis by way of self-evaluation and an evaluation by the Board.

The Audit and Risk Committee provides feedback to the Board at each board meeting following an Audit and Risk Committee meeting. Reporting to shareholders is done through the Audit and Risk Committee Report included in the Integrated Annual Report on pages 104 to 106.

The Audit and Risk Committee is satisfied that Remgro has established appropriate financial reporting procedures and that those procedures are operating; and the committee is satisfied that it has fulfilled its responsibilities in terms of its terms of reference. The Board is also satisfied that the Audit and Risk Committee has executed its responsibilities.

SOCIAL AND ETHICS COMMITTEE

The Board has delegated the general oversight and reporting of sustainability to the Audit and Risk Committee, assisted by the Social and Ethics Committee. The Social and Ethics Committee oversees and reports on Remgro's ethics, sustainable development and stakeholder relationships; and ensures that Remgro is and remains a good and responsible corporate citizen. The role and responsibilities of the Social and Ethics Committee are codified in a charter (which is available on Remgro's website), which charter is reviewed at least annually; and was reviewed and amended during the reporting period, in light of the principles and recommended practices of King IV. A Social and Ethics Committee Report is published each year describing how the committee has discharged its duties.

The Social and Ethics Committee currently consists of five members, which include executive and non-executive members, with a majority being independent, non-executive directors. The Board believes that the current members of the committee are suitably skilled and experienced.

The Social and Ethics Committee meets at least twice during a reporting period. The effectiveness of the Social and Ethics Committee is evaluated on an annual basis by way of self-evaluation and an evaluation by the Board.

Reporting to shareholders is done through the Social and Ethics Committee Report, which is included in the Integrated Annual Report on pages 75 to 76. The Social and Ethics Committee is satisfied that it has fulfilled its responsibilities in terms of its charter. The Board is also satisfied that the Social and Ethics Committee has executed its responsibilities.

REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee consists of four members. All members of the Remuneration and Nomination Committee are non-executive directors, with the majority being categorised as independent. The Chairman acts as *ex officio* chairman of the Remuneration and Nomination Committee. Although he is not independent, the Board is supportive of his chairmanship given the necessity to align Remgro's remuneration approach with corporate strategy, and the fact that he receives no remuneration from Remgro.

The Remuneration and Nomination Committee meets at least once a year. The CEO attends all meetings of the committee *ex officio*. The Remuneration and Nomination Committee's mandate (which is available on Remgro's website) is reviewed annually and the committee's effectiveness is assessed in terms thereof. The Remuneration and Nomination Committee is satisfied that it has fulfilled its responsibilities in terms of its terms of reference. The Board is also satisfied that the Remuneration and Nomination Committee has executed its responsibilities.

PERFORMANCE EVALUATIONS

The Board and the independence of the independent, non-executive directors are evaluated annually by the LID and the Board. The performance of directors are not evaluated on an individual basis. The subcommittees of the Board are self-evaluated annually by their members with feedback to the Board, as well as by the Board itself.

The Board determines its functions, duties and performance criteria (which *inter alia* takes the principles and recommended practices of King IV into consideration), as well as those for subcommittees, to serve as a benchmark for the performance appraisals. The Board has decided not to disclose the overview of the appraisal process, results and action plans in the Integrated Annual Report due to the potential sensitive nature thereof.

The Board is satisfied with the independence of the independent, non-executive directors, including the independence of Messrs Fred Robertson, Paul Harris and Murphy Morobe, who each has served on the Board for 17 years, 16 years and 11 years respectively. Based on an evaluation of the aforementioned directors, there is no evidence of any circumstances or relationships that will impair their judgement, and the Board is satisfied that their independence is in no way affected by their length of service.

As mentioned above, the Board has appointed a LID to lead the evaluation of the Chairman's performance.

The Board is satisfied that the evaluation process has the effect of continuously improving Remgro's performance and effectiveness.

APPOINTMENT AND DELEGATION TO MANAGEMENT

The Board delegates authority in a manner that articulates its direction on reservation and delegation of power. The Board ultimately leads and controls the Remgro Group in all issues of a material or strategic nature, which can impact the reputation and performance of the Remgro Group. Other issues are dealt with by the Management Board and/or the Investment Committee, or by senior management, as permitted in terms of a formal delegation of authority.

The Board is satisfied that its delegation of authority contributes to role clarity and the effective exercise of authority and responsibilities.

MANAGEMENT BOARD

The Management Board is a subcommittee of the Board that is mainly responsible for determining policies, monitoring and managing existing investments, identifying and recommending new investment opportunities and executing the decisions and strategy approved by the Board. The Management Board's mandate is available on Remgro's website. During the year under review, the Board reviewed and amended the Management Board's mandate, in light of the principles and recommended practices of King IV.

The Management Board currently comprises six members, being all three executive directors on the Board as well as Messrs Pieter Louw, Raymond Ndlovu and Pieter Uys. The CEO is the chairman of the Management Board. The Management Board meets on a monthly basis to ensure the proper execution of its responsibilities. The effectiveness of the Management Board is evaluated on an annual basis by way of a self-evaluation process and an evaluation by the Board.

INVESTMENT COMMITTEE

The Investment Committee is a subcommittee of the Board that is responsible for considering and approving new investments, the extension and disposal of existing investments, and to consider and make recommendations to the Board regarding all other investments falling outside its mandate, which mandate is available on Remgro's website. During the year under review, the Board reviewed and amended the Investment Committee mandate, in light of the principles and recommended practices of King IV.

The Investment Committee comprises six members, being four non-executive directors as well as the CEO and CFO. The chairman of the Board is the chairman of the Investment Committee. The Investment Committee meets on an *ad hoc* basis. The effectiveness of the Investment Committee is evaluated on an annual basis by way of a self-evaluation process and an evaluation by the Board.

CEO AND CFO ROLES

The CEO and the CFO are appointed by the Board on an annual basis and are *ex officio* members of the Board. The CEO, Mr Jannie Durand, is responsible for the day-to-day management of Remgro and he is assisted in this regard by Mr Neville Williams, the CFO of Remgro. Between them they have 46 years of service working for Remgro and Remgro-related businesses, and are both individuals with the necessary competence, character and authority, and are adequately resourced to fulfil their roles.

The CEO is responsible for leading the implementation and execution of approved strategy, policy and operational planning, and serves as the chief link between the Management Board and the Board. The CEO is accountable and reports to the Board, and the Board evaluates the CEO's performance annually. The CEO takes up additional professional positions, which can be found on page 14 of the Integrated Annual Report.

The Board has a succession plan, which is reviewed periodically, for the position of CEO and the remaining members of the Management Board, in order to ensure continuity of executive leadership.

COMPANY SECRETARY

The appointment of the Company Secretary has been approved by the Board, and the Board is responsible for the removal of the Company Secretary. Ms Danielle Heynes is the Company Secretary of Remgro and is a full-time employee of Remgro.

The Company Secretary has unfettered access to the Board but is not a member of the Board. The Company Secretary is responsible for providing guidance to the Board collectively, and to the directors individually, with regards to their duties, responsibilities and powers and making them aware of legislation and regulations relevant to Remgro. All directors have unlimited access to the services of the Company Secretary. The Board is satisfied that the arrangements in place to access these services are effective.

The Company Secretary is furthermore responsible to ensure that proper corporate governance principles are adhered to and that Board orientation or training is given, when appropriate, based on annual performance evaluations. The Company Secretary ensures the proper administration of the proceedings and matters relating to the Board, Remgro and the shareholders of Remgro in accordance with applicable legislation and procedures.

The Company Secretary reports to the Board through the Chairman on all statutory duties and functions performed in connection with the Board. Regarding other duties and administrative matters, the Company Secretary reports to executive management.

The Board conducts an annual evaluation of the Company Secretary's competence, qualifications and experience, as required by the JSE Listings Requirements. The evaluation process includes an assessment by each member of the Board of the Company Secretary's eligibility, skills, knowledge and execution of duties. The Board is satisfied that the Company Secretary has the necessary competence, qualifications, experience, gravitas and objectivity to provide independent guidance and support at the highest level of decision-making in Remgro.

RISK AND OPPORTUNITIES GOVERNANCE

The Board is ultimately accountable for the Remgro Group's risk and opportunities management process and system of internal control. The Board has implemented and maintained a comprehensive risk and opportunities management system, which incorporates continuous risk and opportunity identification and assessment, evaluation and internal control embedment.

The risk and opportunities management process entails the planning, arranging and controlling of activities and resources to minimise the negative impacts of risks to levels that can be tolerated by Remgro, as well as to optimise the opportunities presented by certain risks. In addition, the processes assess strategic risk and the alignment of strategy to the mission and vision of Remgro. As Remgro is an investment holding company, the risk and opportunities management process takes cognisance of risks and opportunities within Remgro as well as the risks and opportunities inherent to its investment portfolio.

The Board has evaluated and agreed on the nature and extent of the risks that Remgro is willing to take in pursuit of its strategic objectives. The Board formalises and approves risk appetite, risk-bearing capacity and risk-tolerance levels on an annual basis.

The Audit and Risk Committee is integral in the implementation of the enterprise-wide Risk and Opportunities Management Policy, as it is mandated by the Board to monitor the risk and opportunities management processes and systems of internal control for Remgro and its wholly owned subsidiaries. The Audit and Risk Committee provides feedback to the Board on the effectiveness of the Remgro Group's risk and opportunities management processes, at least annually.

The Risk and Opportunities Management Policy defines the objectives, methodology, processes and responsibilities of the various management role players in Remgro. The Risk and Opportunities Management Policy seeks to *inter alia* assess the risks and opportunities emanating from the triple context in which Remgro operates and the capitals that Remgro use and affect to optimise performance and resource deployment. The Risk and Opportunities Management Policy is subject to annual review and any proposed amendments are submitted to the Audit and Risk Committee for consideration and thereafter for recommendation to the Board for approval. Changes to the Risk and Opportunities Management Policy were made during the reporting period in light of the principles and recommended practices of King IV and the 2017 COSO Enterprise Risk Management Framework.

The Audit and Risk Committee has assigned oversight of the risk and opportunities management function to the ROTIG Committee, which is a subcommittee of the Audit and Risk Committee. The mandate of the ROTIG Committee includes the maintenance of the Risk and Opportunities Management Policy, establishment of an operational risk and opportunities register, technology and information risk management, legal compliance and occupational health and safety. During the year under review, the Board reviewed and amended the ROTIG Committee's mandate in light of the principles and recommended practices of King IV.

An annual independent internal audit review is done regarding the effectiveness of the ROTIG Committee, which is part of the risk and opportunities management process approved by the Board.

The ROTIG Committee is chaired by the CFO and the 16 other members are all senior managers of Remgro. The chairman of the Audit and Risk Committee attends meetings as an *ex officio* member to ensure the effective functioning of this committee and that appropriate risk information is shared with the committee.

The Remgro Group's risk and opportunities assessment, which includes all companies in the Remgro investment portfolio, is assessed by the Management Board.

Remgro's internal audit division is an effective independent appraisal function and forms an integral part of the enterprise-wide risk and opportunities management system that provides assurance on the effectiveness of Remgro's system of internal control. The Audit and Risk Committee has, during the year under review, evaluated reports on the effectiveness of the systems of internal controls conducted by the internal audit function, considered information provided by management and held discussions with the external auditor on the results of their audit.

Further details on Remgro's risk management function are contained in the Risk and Opportunities Management Report, which is included on pages 68 to 74 in the Integrated Annual Report. The Audit and Risk Committee is satisfied that the system, as well as the process of risk and opportunities management, is effective.

Remgro has a duly constituted Health and Safety Committee, as required by the Occupational Health and Safety Act, No. 85 of 1993. The committee is a subcommittee of the ROTIG Committee and ensures that Remgro provides and maintains a safe and healthy risk-free environment for staff and visitors by identifying risks and ensuring that controls designed to mitigate these risks are effective and complied with. It further monitors environmental practices.

An overview of the key areas of focus during the reporting period, planned areas of future focus as well as the objectives, and the key risks that Remgro faces are contained in the Risk and Opportunities Management Report.

TECHNOLOGY AND INFORMATION GOVERNANCE

The Board and executive management are well informed about the role of technology and information and its impact on Remgro's business, taking into account the relatively limited technology needs of an investment holding company.

The ROTIG Committee considers the technology and information risk register on a regular basis, while the progress on technology and information and control-related projects are monitored directly by the Audit and Risk Committee itself. The Board exercises oversight over these committees and is satisfied that technology and information is properly managed and that it is aligned with the objectives of the Remgro Group's business.

Remgro has a Technology and Information Governance Policy that is reviewed annually and is supplemented by governance-based policies such as the Acceptable Technology and Information Use Policy and Information Confidentiality Policy. During the year under review, the Technology and Information Governance Policy was reviewed and amended in light of the principles and recommended practices of King IV.

The head of Technology and Information reports to the Remgro Group Financial Manager and technology and information-related matters are addressed by a Technology and Information Steering Committee, comprising the head of Technology and Information and five other members of senior management. This committee also reports to the ROTIG Committee on the progress regarding technology and information-related projects. The ROTIG Committee in turn considers and monitors the progress on technology and information-related projects. The Technology and Information Steering Committee is also responsible for monitoring adherence to the Technology and Information Governance Policy.

Remgro has outsourced its Technology and Information operations to a credible service provider through a comprehensive Service Level Agreement. The Service Level Agreement of the operator, which deals with, *inter alia*, key deliverables such as system and user support, system availability, cyber-risk management, virus protection, telephony and other general controls, is reviewed annually and its compliance monitored. Technology and information service management is based on the international Information Technology Infrastructure Library (ITIL) framework.

Technology and information risk management is fully integrated and included in Remgro's combined assurance process. A business continuity plan has been formalised and successful tests performed on the back-up and disaster recovery processes. Detailed feedback on the Remgro Group's technology and information risks is provided to the ROTIG Committee and the Audit and Risk Committee.

Information security policies are in place throughout Remgro regulating, *inter alia*, the processing and protection of own and third-party information. When required, specialist skills are insourced to assist with information technology services.

An overview of the key areas of focus during the reporting period and planned areas of future focus can be found in the Risk and Opportunities Management Report.

COMPLIANCE

Compliance with laws, rules, regulations and relevant codes is integral to Remgro's risk and opportunities management process. The Audit and Risk Committee is responsible to, *inter alia*, ensure that an appropriate compliance framework is in place, that non-compliance is reported and to review any major breach of relevant legal and regulatory requirements. The Social and Ethics Committee has also been mandated to monitor the effectiveness of compliance management in the Remgro Group.

The Audit and Risk Committee monitors compliance with the Code of Ethics and addresses instances of fraud or irregularities. The Remgro Group has an effective anti-corruption fraud prevention and detection process and ensures compliance and risk mitigation. One immaterial investigation was concluded during the reporting period.

During the year under review, the Board has reviewed and amended Remgro's Legal Compliance Policy and Framework in light of the principles and recommended practices of King IV. The Board has confirmed that there is sufficient management capacity and controls in place to ensure that all relevant laws and industry practices are complied with. The Legal Compliance Policy and Framework identifies which non-binding rules, codes and standards have been adopted by Remgro.

The administration of Remgro's legal compliance system is vested in a member of senior management with the appropriate legal qualifications. Members of senior management are informed on a regular basis of all relevant new legislation and amendments.

Compliance controls also vest with senior management, who are required to report to the ROTIG Committee on a regular basis regarding their compliance using a control self-assessment methodology. This process is incorporated into the annual combined assurance plan.

The Company Secretary is responsible for providing guidance to the Board collectively, and to the directors individually, with regards to their duties, responsibilities and powers; making them aware of legislation and regulations relevant to Remgro. The Company Secretary is responsible to ensure the proper administration of Board proceedings and matters in accordance with applicable legislation and procedures.

Legal compliance is a standing agenda item for Board meetings. Feedback on the Remgro Group's legal and regulatory risks is provided to the Audit and Risk Committee on a regular basis. The Board oversees that compliance is understood not only for the obligations it creates, but also for the rights and protections it affords, that compliance management is to be understood taking a holistic view of how applicable laws and non-binding rules, codes and standards relate to one another; and that compliance entails continual monitoring of the regulatory environment and appropriate responses to changes and developments.

In 2016, the Board appointed Mrs Mariza Lubbe as an executive director responsible for compliance and corporate social investments. In her duties relating to compliance she monitors Remgro's responsibilities in terms of the Companies Act, the JSE Listings Requirements and King IV, as well as the proper and lawful implementation of Remgro's corporate actions.

REMUNERATION

Remgro's Remuneration and Nomination Committee is responsible for, *inter alia*, the establishment of a remuneration policy, overseeing the setting and administering of the remuneration of all directors, Management Board members and other employees, as well as the compensation of non-executive directors (which compensation is ultimately approved by the shareholders by special resolution before payment thereof).

The Remuneration and Nomination Committee advises the Board on matters such as the remuneration principles and terms of employment of all directors and Management Board members, the Board structure and composition, directors' remuneration and long-term incentive schemes and succession plans for the Board, CEO and other Management Board appointments.

Remgro has a formal Remuneration Policy that sets out the remuneration principles for the organisation as a whole. The Remuneration Policy is aligned with Remgro's approach of rewarding all employees fairly and competitively, according to their capabilities, skills, responsibilities and level of performance. The level of salaries to employees is one of a number of elements in its strategy to retain, motivate and, where necessary, recruit high-quality people.

The Remuneration Report provides an overview and understanding of Remgro's remuneration principles, policy and practices. The remuneration of directors and prescribed officers is disclosed in the Remuneration Report. The Board has decided that independent, non-executive directors should not be remunerated by means of a base fee and attendance fee in respect of their Board and committee obligations. The fee paid to non-executive directors is thus a fixed annual fee. This was decided as many directors add significant value to the Remgro Group outside of the formal Board and committee meetings, sometimes greater than they might do within the confines of a formal meeting.

With effect from 2017, Remgro tables its Remuneration Policy and Remuneration Implementation Report for separate non-binding advisory votes by shareholders at its Annual General Meetings. In the event of a 25% or more dissenting vote on the Remuneration Policy or Remuneration Implementation Report (or both) the Remuneration and Nomination Committee will engage with the dissenting shareholders as recommended by King IV.

Remgro's Remuneration Policy and Remuneration Implementation Report were tabled for separate non-binding advisory votes at Remgro's Annual General Meeting held on 29 November 2017. At the meeting, if the votes of the B ordinary shareholders are excluded, shareholders holding more than 25% of the issued shares in Remgro voted against the Remuneration Policy and Remuneration Implementation Report and, accordingly, Remgro engaged with the dissenting shareholders as recommended by King IV. The identity of the shareholders with whom Remgro engaged, the manner and form of engagement and the nature and steps taken by Remgro to address legitimate and reasonable objections and concerns, are disclosed in the Remuneration Report contained on page 86 in this Integrated Annual Report.

ASSURANCE

COMBINED ASSURANCE

The Board acknowledges its accountability to its stakeholders to present information that is relevant, accurate and reliable. In this regard it should be noted that Remgro follows a combined assurance model, incorporating management, internal audit and external assurance (e.g. BBBEE scorecard verification and Carbon Disclosure Project verification). Remgro believes that these assurance methods provide the necessary assurance over the quality and reliability of the information presented. The different options and levels of independent assurance available are continuously being reassessed to ensure optimised assurance.

The consolidated Annual Financial Statements of Remgro were audited by the independent external auditors, PricewaterhouseCoopers Inc., in accordance with International Standards on Auditing. Remgro acknowledges the increasing requirements from investors and regulatory and other guidelines, such as King IV and the integrated reporting guidelines, for the external assurance of selected non-financial information.

The Audit and Risk Committee is responsible to ensure that the combined assurance model is applied to provide a coordinated approach to all assurance activities, and that the combined assurance received is appropriate to address all the significant risks facing Remgro. It is also responsible to monitor the relationship between external service providers and Remgro. Various other voluntary external accreditation, certification and assurance initiatives are followed in the Remgro Group.

Remgro has implemented an enterprise-wide risk and opportunities management system that forms part of the overall combined assurance plan. Technology and information risk and opportunities management is fully integrated and included in Remgro's combined assurance process.

The Board is satisfied that a combined assurance model is applied which incorporates and optimises the various assurance services and functions so that these support the objectives for assurance.

The Board's direction takes into account legal requirements in relation to assurance and whether assurance should be applied to the underlying data used to prepare a report, or to the process for preparing and presenting a report, or both. In determining how to assure external reports, consideration is given to whether the nature, scope and extent of assurance are suited to the intended audience and purpose of a report; and the evaluation of the underlying subject matter of the report. The Board is satisfied that the external reports of Remgro meet the recommended practices of King IV.

INTERNAL AUDIT

Internal audit forms an integral part of Remgro's enterprise-wide risk and opportunities management system to provide assurance on the effectiveness of Remgro's risk and opportunities management process and system of internal control. The internal audit function is independent from management with unfettered access to the Audit and Risk Committee and executive management.

Remgro's Chief Audit Executive (CAE) provides an annual written assessment to the Audit and Risk Committee on the effectiveness of the Remgro Group's governance system of internal controls and risk and opportunities management. The Audit and Risk Committee is satisfied with the independence, quality and scope of the internal audit process.

Reports on the effectiveness of Remgro's internal controls are included in the Risk and Opportunities Management Report and the Audit and Risk Committee Report. The Audit and Risk Committee has, *inter alia*, considered the reports from the internal and external auditors and satisfied itself about the adequacy and effectiveness of the Remgro Group's systems of internal control.

During the previous financial year, the Audit and Risk Committee reviewed and amended the Internal Audit Mandate for approval by the Board, in light of the principles and recommended practices of King IV.

The Board continuously monitors that internal audit follows a comprehensive quality assurance and improvement process, regularly reviews Remgro's risk profile and approves the risk-based annual internal audit work plan accordingly.

The Audit and Risk Committee has appointed Mr Deon Annandale as Remgro's CAE. The Board is satisfied with the attributes, objectivity and independence of the CAE, and that the CAE has the necessary gravitas and competence. The CAE is invited to attend meetings of the Management Board, as and when required, in addition to standing invitations to the ROTIG and Treasury Committees' meetings and the investment strategy conference.

An external, independent quality review of the internal audit function is conducted at least once every three years.

STAKEHOLDER-INCLUSIVE APPROACH

The Board is the ultimate custodian of its corporate reputation and stakeholder relationships. Remgro's relationship with all its stakeholders is based on the following values that are entrenched and supported by Remgro's Code of Ethics: integrity, competence, responsibility, accountability, fairness and transparency. Remgro has adopted a stakeholder policy which sets out the approach and strategy of Remgro with respect to stakeholder engagements, ensuring that the approach takes into account corporate governance guidelines.

During the year under review, the Board has approved a new group governance framework that articulates and gives effect to its direction on relationships and the exercise of authority across the Remgro Group, in recognising group companies as being stakeholders of Remgro.

Remgro's main stakeholders are its shareholders and the investment community, its employees, its investee companies and the other shareholders of such investee companies, the community and environment in which it operates, its suppliers and service providers and the South African Government and regulatory bodies. The expectations of these stakeholders are taken into account in determining the areas reported on throughout the Sustainable Development Report.

Effective communication with shareholders and other stakeholders is fundamental in maintaining Remgro's reputation as an investment partner of choice. Remgro utilises a wide variety of communication methods to ensure that its communication with stakeholders is clear and understandable, as well as transparent, balanced and truthful, and sets out all relevant facts, whether positive or negative. Care is taken to ensure that engagement with stakeholders is, where appropriate, not just one-way communication but constructive, partnership-based engagement. This ensures that all legitimate stakeholder expectations are identified and addressed as far as possible.

Communication to its shareholders and the public is based on the principles of timely, balanced, clear and transparent information. In this regard the investment community has access to the same information as Remgro's shareholders. Firm protocols are in place to control the nature, extent and frequency of communication with investors. Shareholders and the investment community are encouraged to attend Remgro's general meetings where topical matters are discussed openly. Further interactions with institutional investors take place twice a year at the dial-in interim and final results presentations, where questions can be directed to the CEO and CFO. The investment community is also welcome to contact senior management directly.

The Board is available to engage at the Annual General Meeting of Remgro and to respond to shareholders' queries on how the Board executed its governance duties. The designated partner of the external audit firm also attends the Annual General Meeting. The results of Remgro's Annual General Meeting are publicly available on the Stock Exchange News Service (SENS).

Remgro, like other organisations, has many economic impacts on its stakeholders through, *inter alia*, the generation and distribution of value, the creation of employment opportunities, remunerating employees fairly and competitively, paying taxes and CSI initiatives. Remgro continuously manages these impacts and engages with stakeholders on matters relevant to them.

Remgro's primary objective is to maximise value creation and sustainable growth and in this regard particular care is taken to ensure that all shareholders, or classes of shareholders, are treated equitably. Special care is taken to protect minority shareholders from actions by or in the interest of the principal shareholders that may be to their detriment. In this regard Remgro has appointed a LID to act as chairman during meetings in situations when the Chairman has a conflict of interest.

The Board has not instituted a formal dispute resolution process in relation to shareholders, as it believes that the existing processes within the Remgro Group operate satisfactorily and do not require a more formal and separate mechanism. In addition, shareholders may use relevant remedies in terms of the Companies Act (No. 71 of 2008), as amended.

An overview of the key areas of focus during the reporting period and planned areas of future focus in relation to stakeholder inclusivity can be viewed in the Sustainable Development Report on page 77 of the Integrated Annual Report.

CONCLUSION

The Board is satisfied with the application by Remgro of the principles enshrined in King IV and has demonstrated its application of the 16 applicable King IV principles herein. Remgro is committed to ensuring that corporate governance is adhered to and that corporate governance processes are continuously reviewed to ensure that it remains effective and compliant.

RISK AND OPPORTUNITIES MANAGEMENT REPORT

INTRODUCTION

The Board is ultimately accountable for the risk and opportunities management process and system of internal control within Remgro. The Board has reviewed the comprehensive Risk and Opportunities Management Policy and plan, which has been implemented by management. This plan incorporates continuous risk and opportunity identification and assessment, internal control embedment as well as risk reduction and insurance strategies.

The Audit and Risk Committee is mandated to monitor the effectiveness of the risk management process and systems of internal control and is supported in this regard by its subcommittee, the Risk, Opportunities, Technology and Information Governance Committee (ROTIG). The Group's internal and external auditors, along with management and certain external consultants, are tasked to render combined assurance reports to the Audit and Risk Committee.

Ethical leadership and human capital are the cornerstones of Remgro's risk and opportunities management philosophy as these ensure entrepreneurial aptitude, sound corporate reputation and effective governance. The financial, manufactured, intellectual, social and relationship and natural assets furthermore form part of the Six Capitals concept referred to in the King IV Report on Corporate Governance for South Africa (2016) (King IV). These categories of capitals, their interrelations and utilisation, to varying degrees, form an intricate part of the risk and opportunities process within the Company.

The risk and opportunities management process in Remgro comprises the arrangement of resources to ensure the achievement of the Company's stated mission along with its aligned strategy and business plans, including the exploitation of available opportunities that meet the risk appetite criteria set by the Board. Risk profiles inherent to existing activities and investments are furthermore maintained within the approved risk tolerance levels, thereby optimising the risk-return parameters for the creation of sustainable growth and value for shareholders and other stakeholders.

Strategic risk assessment includes the consideration of probable future scenarios taking cognisance of *inter alia*, political, environmental, social, technological, economic and legislative developments in both the Remgro environment as well as the market sectors that it invests in.

REPORT PARAMETERS

Due to the nature and magnitude of Remgro's investment portfolio, this report focuses on the activities of the Company and its subsidiaries, save where such entities are JSE-listed entities and the relevant information is otherwise readily available to stakeholders, or the materiality of such information is deemed insufficient to warrant detailed disclosure. As a result, this report contains risk and opportunities management information of the Company, Remgro Management Services Limited (Remgro's service company) and V&R Management Services AG*.

* *A wholly owned subsidiary, registered and managed in Switzerland, rendering administrative, accounting and treasury services for Remgro's foreign subsidiaries and third parties.*

RISK MANAGEMENT PROCESS

The Risk and Opportunities Management Policy is based on the principles of the international COSO (Committee of Sponsoring Organisations of the Treadway Commission) Enterprise Risk Management – Integrated Framework and complies with the recommendations of King IV. This policy defines the objectives, methodology, processes and responsibilities of the various risk and opportunities management role players in the Company. The Risk and Opportunities Management Policy is subject to annual review and any proposed amendments are submitted to the Audit and Risk Committee for consideration and recommendation to the Board for approval. The COSO Risk Management Framework was updated during the current reporting period.

Remgro is an investment holding company and as such the risk and opportunities management process takes cognisance of risks and opportunities within the Company as well as the risks and opportunities inherent to its investment portfolio.

The table below summarises the salient control objectives and related controls included in the Remgro risk register:

KEY CONTROL OBJECTIVES	KEY CONTROLS
The appointment and retention of suitably skilled and experienced directors and officers possessing the required values and drive.	Effective functioning of the Remuneration and Nomination Committee. Performance assessments and evaluations. Strong ethical leadership. Continuous skills and attribute development aligned with business developments and corporate values.
Ethical and visible leadership via governance structures and related processes maintaining Remgro's reputation as a good corporate citizen and a socially and environmentally responsible investor.	Anti-corruption and fraud prevention and detection procedures. Embedded system of values and ethics and maintenance thereof via visible leadership and ethical competence refresher training. Formalised ethics management policies and codes of conduct. Corporate culture focused on excellence in execution, fairness in dealing and transparency in reporting. Comprehensive and King IV compliant corporate governance structures and systems. Effective and credible investor and stakeholder communications. Effective functioning of the Social and Ethics Committee. Business strategies aligned with Corporate mission based on stakeholder-inclusive principles. Effective functioning of the Audit and Risk Committee. Effective internal control, combined assurance, risk management and reporting processes.
Adoption and implementation of appropriate long-term strategy within approved risk appetite duly communicated and delegated to the executive.	Effective Management Board supported by executive management and an experienced investment division. Dedicated focus on external risks and opportunities associated with global and local political, socio-economic and technological developments. Adequate design and implementation of appropriate risk responses; the establishment and implementation of business continuity arrangements that allow Remgro to operate under conditions of volatility, and to withstand and recover from acute shocks and enhance enterprise resilience. Effective assessment of risks and opportunities emanating from the triple context in which Remgro operates (i.e. the economy, society and environment) and the capitals that Remgro uses and effects (i.e. financial, manufactured, intellectual, human, social and relationship and natural) to optimise performance and resource deployment. Workgroups focused at future scanning and key investment strategy objectives reporting to the Management Board.
Maintaining the significance of Remgro's corporate presence in the investment environment as this enables it to acquire meaningful stakes in selected investment opportunities thereby striving vigorously to meet Remgro's investment philosophy of Remgro investing in businesses that can deliver superior earnings, cash flow generation and dividend growth over the long term.	A conservative business approach with long-term investment criteria focused on growth, sustainability and liquidity. Corporate actions are aligned with the long-term strategy and responsible investment criteria. Comprehensive networks and robust processes focused on investment opportunity identification, and risk-based due diligence reviews. Effective functioning of the Investment Committee. Effective investor relations and corporate communications.

KEY CONTROL OBJECTIVES	KEY CONTROLS
Ensuring that opportunity risks are managed to avoid lost investment opportunities that meet Remgro's stringent investment criteria.	Skilled and experienced investment division with efficient operational processes and controls. Effective support structures and negotiation processes supported by proven due diligence processes. Robust deal implementation and secretarial and legal support processes. Ensuring that the corporate culture of Remgro does not inhibit responsible risk and opportunities taking. Executive monitoring of performance against investment plans and strategies.
Available liquidity to fund new investments and further support successful investments.	Effective functioning Treasury Committee. Conservative cash administration and well-managed and secure treasury environment. Borrowing facilities in place.
Effective group structuring to house existing and new investments.	Appropriate control structures supported by skilled and experienced legal and corporate tax specialists.
Effective management of underlying investments and ensuring that Remgro's investment criteria are maintained and the Group's rights are protected.*	Comprehensive shareholder agreements are concluded at time of investment. This facilitates effective control or significant influence over the executive management teams in the underlying investee companies and ensures that strategies, goals and deliverables are met and that salient risks are duly managed. Detailed reporting, review and management structures are implemented to ensure timely, accurate and reliable information used in decision-making processes. The early identification of abnormal investee risk profiles through internal processes.
Effective internal operations, including secretarial, financial, human resources and all other departmental activities in the service company and wholly owned subsidiaries under the control of the management of the service company.	Skilled and experienced managers regularly review policies and practices governing internal controls designed to ensure the consistent achievement of relevant objectives.
Given the significance of treasury, the following salient objectives are integrated into the Treasury Committee's (a management committee chaired by the Chief Financial Officer (CFO), also comprising the Chief Executive Officer (CEO) and other senior managers) mandate: • Liquidity requirements and risk appetite are formalised and linked to realised returns on treasury funds • Terms of trade with banks are reviewed to ensure adequate risk sharing • Payment systems are secured • Information is secured • FAIS (Financial Advisory and Intermediary Services Act, 2002) and FICA (Financial Intelligence Centre Act, 2001) legislation is complied with • The following treasury risks are specifically managed: – Liquidity risk – Instrument risk (derivatives) – Investment credit risk (credit limits and spread of cash between approved institutions) – Foreign currency risk (spread and composition of approved currency exposures) – Interest rate risk	A formalised Treasury Policy is maintained by the Treasury Committee and amendments are submitted to the Board for approval. Skilled staff is employed in the treasury department and comprehensive internal controls are deployed and complied with. The treasury department is subject to quarterly FAIS and FICA reviews from the FSB (Financial Services Board) approved external compliance officer. In addition, the treasury department (back and front office) is subject to regular internal audit reviews and a year-end review by the external auditor.

* *As stated in the "Group Profile" section of this report, Remgro is not involved in the day-to-day management of investee activities but does have non-executive representation on these autonomous boards via shareholder agreements. These bodies are responsible for risk management at investee level.*

KEY CONTROL OBJECTIVES	KEY CONTROLS
Accurate, transparent and reliable reporting and interaction with stakeholders.	Formalised stakeholder and communication policies. Effective internal financial controls. Comprehensive combined assurance plans and processes. Structured and considered integrated reporting. Adequate and transparent risk and opportunities disclosure and reporting. Effective functioning of the Audit and Risk Committee.
Full compliance with taxation and other relevant legislation and industry practices.	Employment of tax experts and consultation with independent tax and legal professionals. Legal Compliance Policy linked to expert legal advice. Tax Policy.
Reliable and secure information systems to support business objectives and requirements.	Effective outsource agreement with a credible vendor and service levels supporting cost-efficient, secure and available systems and networks. Technology and Information Governance Policy supported by procedures over key activities such as business continuity, information security, document retention and user acceptable usage policies.
Due consideration and support to sustainability matters such as BBBEE, environmental management and social corporate support.	Board guidelines to the Corporate Social Investment function. Effective Social and Ethics Committee. BBBEE policies and mandates. Safety, health and environmental management included under the ambit of the Risk, Opportunities, Technology and Information Governance Committee with formalised policies. Successful participation in Carbon Disclosure Project (CDP) and inclusion in FTSE/JSE Responsible Investment Index.

Material external risks include uncertainty on the government's ability to deliver on its mandate and the sustained global economic downturn impacting on market confidence and global, regional and local stability.

Remgro, being a responsible investor, ensures that proper corporate governance is implemented and maintained in all entities it invests in via the above processes.

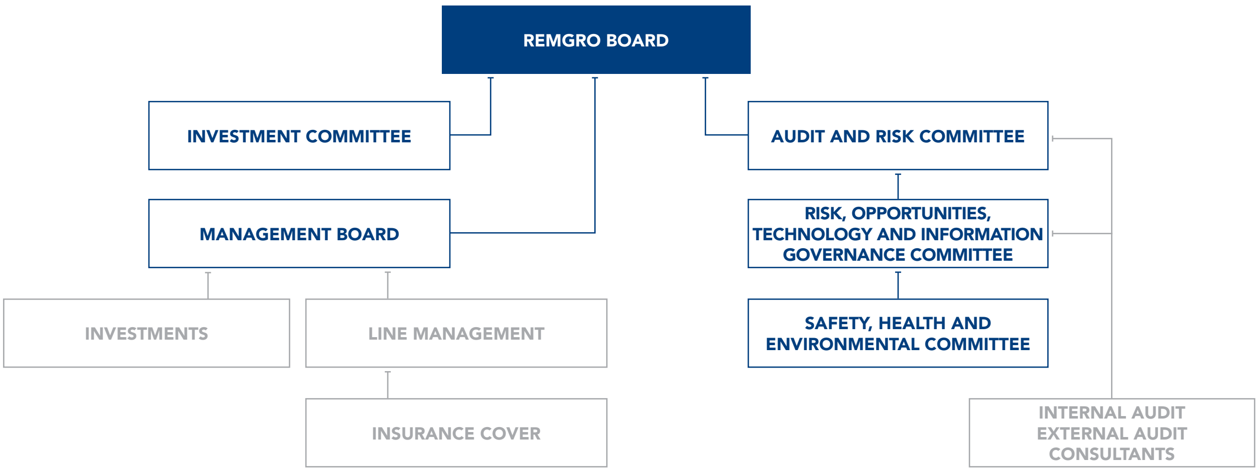
Remgro timely identifies and comprehensively mitigates disruption risk and realises opportunities associated with the next industrial revolution.

RISK AND OPPORTUNITIES MANAGEMENT STRUCTURE

The following structure has been implemented and maintained to ensure the effective and efficient management of risk and opportunities within the Company.

In the structure below the function of the Chief Risk Officer is shared amongst the following individuals:

- The CEO reports directly to the Board on an ongoing basis as regards the risks that may impact the effective and efficient execution of its strategy.
- The CFO, as chairman of the ROTIG Committee, is responsible for the induction of risk and opportunities management into the daily activities of the Company, including the drafting, review and maintenance of the Company risk register and Risk and Opportunities Management Policy and plan.
- The Chief Audit Executive (CAE) attends meetings of the ROTIG Committee and renders independent assurance regarding the effectiveness of this committee's activities as well as the system of internal control.



RISK TOLERANCE LEVELS

The Remgro Board has formalised and approved the risk tolerance levels to define the Board's risk appetite and to ensure that all risks within the Group are managed within the limits so defined.

Remgro, due to the nature of its core activities, deals with risk tolerance levels in the following three risk categories using dedicated and bespoke methodologies:

INVESTMENTS

Risk tolerance levels are set in accordance with the cost of funding the investments (WACC) as adjusted with a risk weighting (Beta) to ensure a sustainable and positive risk-return environment.

TREASURY

Given the liquidity requirements to support performing investments and to seize new investment opportunities, the risk tolerance levels and linked returns for cash held in South Africa and internationally are measured in terms of lending rates achieved by major banks in the money market, including but not limited to STeFI (Short Term Fixed Interest) or LIBOR (London Interbank Offered Rate), as well as compliance with minimum credit ratings set for approved counterparties. This is continuously monitored and reassessed given prevailing market volatilities, risk and, at times, negative returns on cash in certain international money markets.

Foreign currency risk and capital preservation risk in an adverse economic climate are mitigated by means of conservative policies regarding hedging strategies and counterparty vetting.

The treasury funds are invested as per a Board-approved Treasury Policy which deals with counterparty (credit) risk, liquidity risk, interest rate risk, currency risk, instrument risk and commercial risk (terms of trade), as well as the policies deployed to safeguard cash and liquid assets.

The Treasury Committee is furthermore tasked to assess liquidity requirements, considering the identified investment opportunities, and to recommend funding instruments to the Board if so required.

OTHER

This category includes risks associated with unplanned loss to assets, exposure to liabilities, fidelity, business interruption and other operational risk.

In these instances the Board has, in addition to stringent internal controls, adopted a conservative approach by taking sufficient insurance cover to mitigate the anticipated maximum loss should risk realise in these categories.

RISK APPETITE

Risk appetite is defined as the risk that the Company is prepared or willing to accept without further mitigating action being put in place or the amount and nature of risk the Company is willing to accept in pursuit of objectives. This is also defined as the risk propensity of the Board in pursuing the creation of sustainable wealth.

The following qualitative and quantitative factors are considered by the Board in evaluating risk appetite:

- risk-return profile of the current investment portfolio;
- availability of cash resources and other liquid (available-for-sale) assets;
- available funding opportunities;
- risk-return profile of prospective opportunities;
- financial ratios relevant to measuring performance, including *inter alia*:
  - Intrinsic net asset value (INAV)
  - return on INAV relative to comparable risk investments
  - dividend policy;
- international and local economic cycles and trends;
- foreign currency rates and trends;
- materiality of risks with reference to the INAV of the Group;
- risk management capability and maturity; and
- resource allocation and strategy.

RISK-BEARING CAPACITY

Risk-bearing capacity is defined as a monetary value which is used as a yardstick, measuring the maximum loss the Company can endure without exposing it to the point where its existence and going concern status is under threat, given an equivalent loss.

Given the nature of Remgro's INAV composition, i.e. equity investments, net excess cash and the size of debt at holding company level, there are no known current exposures that could jeopardise the going concern status of the Group.

UNEXPECTED OR UNUSUAL RISK EXPERIENCES

The risk and opportunities management process is furthermore externally focused to ensure the timely identification of new emerging risks and opportunities and the assessment of the effectiveness of risk responses thereto.

TECHNOLOGY AND INFORMATION GOVERNANCE

The Company reviews its Technology and Information Governance Policy annually, which is aligned with the limited technology needs of an investment holding company. This policy is further supplemented by governance-based policies such as the Acceptable Technology and Information Use Policy and information confidentiality policies.

The head of Technology and Information reports to the Group Financial Manager and technology and information related matters are addressed by a Technology and Information Steering Committee comprising senior management. The Technology and Information risk register is considered by the ROTIG Committee and progress on technology and information and control-related projects is monitored via the ROTIG Committee by the Audit and Risk Committee.

The Company has outsourced its technology and information operations to a credible service provider via a comprehensive Service Level Agreement. The Service Level Agreement of the operator, which deals with, *inter alia*, key deliverables such as system and user support, system availability, cyber-risk management, virus protection, telephony and other general controls, is reviewed annually and compliance monitored. Technology and information service management is based on the international ITIL (Information Technology Infrastructure Library) framework.

The technology and information risk management process is included in the combined assurance process of the Company and aligned to COBIT (Control Objectives for Information and Related Technologies). A business continuity plan has been formalised and successful tests performed on the back-up and disaster recovery process.

LEGAL COMPLIANCE

The Board, as part of its ethical leadership commitment, approved a Legal Compliance Policy and confirmed that there are sufficient management capacity and controls in place to ensure compliance with all relevant laws and salient industry practices.

The administration of the Legal Compliance System is vested in an official with the appropriate legal qualifications. Members of senior management of the Company are informed on a regular basis of all relevant new legislation and amendments. Compliance controls also vest with senior management who are required to report to the Social and Ethics Committee on a regular basis regarding their compliance using a control self-assessment methodology. This process is incorporated into the annual combined assurance plan.

INTERNAL CONTROL AND INTERNAL AUDIT

The Group has implemented and maintained a comprehensive system of internal controls to mitigate the risks in the enterprise and to ensure that the Group's objectives are consistently achieved. Internal controls are based on the principle of acceptable risk being inherent to the design and implementation of a cost-effective system of internal control. The system includes monitoring mechanisms and mitigation processes to augment deficiencies when they are detected. This system is benchmarked against the COSO Internal Control – Integrated Framework.

The internal audit function is employed by Remgro Management Services Limited and the head of internal audit, Mr Deon Annandale, reports to the chairman of the Audit and Risk Committee and functionally to the CFO. The department complies with the requirements of King IV and the International Standards for the Professional Practice of Internal Auditing. The department maintains a three-tier Quality Assurance and Improvement Programme as prescribed by the Institute of Internal Auditors. This comprises a self-assessment process with Independent External Validation being performed by an international external audit firm, other than the Group's external auditors, every three years.

The internal audit plans, as approved by the Audit and Risk Committee, are designed following a risk-based assurance approach and are focused on adding value to the control environment while rendering independent assurance to the Audit and Risk Committee and to the Board on, *inter alia*: the effectiveness of internal financial control; the effectiveness of internal control over operational and compliance activities; the adequacy of governance systems, including the "tone at the top"; the effectiveness of the combined assurance process and risk management process.

The function is furthermore strategically aligned to the creation and preservation of value.

The internal audit department also renders independent internal audit and risk and opportunities management services to certain Group companies who elect to outsource the function. In these instances dedicated processes are maintained to ensure the independent functioning of the department, including its fiduciary duty to the respective Group companies and the safeguarding of their proprietary information.

When required, specialist skills are insourced to assist with information technology and forensic services.

EFFECTIVENESS OF RISK AND OPPORTUNITIES MANAGEMENT PROCESS AND SYSTEM OF INTERNAL CONTROL

The Board, via the Audit and Risk Committee, has considered the documented policies, procedures and independent assurance reports and is satisfied that the internal control process and risk and opportunities management process implemented in the Group are effective.

The Board is not aware of any exposure or position that could culminate in the residual risk profile of the Group exceeding the risk-bearing capacity limits set by the Board.

OVERVIEW OF FOCUS AREAS

The following comprised focus areas during the year under review:

- Robustness of fraud prevention and detection processes given the magnitude and prevalence of reported irregularities;
- Changes to Governance and Risk Management Frameworks and Standards;
- Developments in international financial reporting standards;
- Auditor rotation developments and reputation damage suffered by certain audit firms;
- Material transactions in the financial year;
- Effectiveness of the risk and opportunities and combined assurance processes;
- Opinions on the effectiveness of the control environment;
- The reported allegations of listeriosis at RCL Foods;
- Terms and assurance plans of both internal and external audit;
- External reporting, both financial and non-financial; and
- Technology and information governance.

The above aspects will be repeated in the agenda as regards focus areas given the Group's Governance Standards and aligned Committee Mandate.

SOCIAL AND ETHICS COMMITTEE REPORT

The Social and Ethics Committee (the committee) assists the Board in overseeing and reporting on Remgro's ethics, responsible corporate citizenship, sustainable development, legal compliance and stakeholder relationships. This report by the committee is prepared in accordance with the requirements of the Companies Act (No. 71 of 2008), as amended (Companies Act), and the King IV Report on Corporate Governance for South Africa (2016) (King IV), and describes *inter alia* how the committee has discharged its statutory duties in terms of the Companies Act and its additional duties assigned to it by the Board in respect of the financial year ended 30 June 2018.

COMMITTEE MEMBERS AND ATTENDANCE AT MEETINGS

The committee comprises five suitably skilled and experienced members appointed by the Board, the majority of which appointees are, as recommended in King IV, not involved in the day-to-day management of Remgro's business or have been so involved at any time during the previous three financial years, as set out in the table below. The chairman of the committee is Mr Murphy Morobe, an independent, non-executive director. In terms of the committee's charter, at least two meetings should be held during each financial year.

COMPOSITION OF THE COMMITTEE

Committee member*	Number of meetings held	Number of meetings attended
M Morobe (chairman)	3	3
S E N De Bruyn	3	3
N P Mageza	3	3
P R Louw	3	3
P J Uys	3	3

* *Abridged curriculum vitae of all the directors of the Company are set out on pages 14 to 15 of the Integrated Annual Report, while the qualifications of Messrs P R Louw and P J Uys (who are members of the Management Board and also prescribed officers in terms of the Companies Act) are presented on page 16.*

ROLE AND RESPONSIBILITIES

The committee's role and responsibilities are governed by a formal charter as approved by the Board. The charter is subject to an annual review by the Board.

The main objectives of the committee are to assist the Board in monitoring the Group's performance in respect of ethics, responsible corporate citizenship, sustainable development, compliance and stakeholder relationships. This is done by *inter alia* monitoring the sustainable development practices of the Group as set out below, thereby assisting the Board in achieving its values of doing business ethically and sustainably.

Remgro's main wholly owned operating subsidiary is Wispeco. Wispeco has established its own Social and Ethics Committee which operates independently from this committee. Remgro's representatives on the board of Wispeco also have a standing invitation to attend the meetings of that committee, *ex officio*. The minutes of these meetings, as well as those of the Social and Ethics Committees of RCL Foods and Distell (since Remgro acquired the majority of Distell's voting rights during May 2018) are included in the agenda of this committee as a standing item.

The committee is satisfied that it has fulfilled all its duties during the year under review, as further detailed below.

POLICY REVIEW

The committee is responsible for developing and reviewing the Group's policies with regard to the commitment, governance and reporting of the Group's sustainable development performance and for making recommendations to management and/or the Board in this regard. During the year under review, the committee reviewed its charter, as well as the Company's Code of Ethics, Gifts Policy, Social Media Policy, HIV/Aids Policy and Safety, Health and Environmental (SHE) Management Policy. There were minor amendments to the committee's charter during the year under review to align with the recommended practices of King IV.

MONITORING OF SUSTAINABLE DEVELOPMENT PRACTICES

In the execution of its duties, the committee has reviewed the sustainable development practices of the Group, specifically relating to:

- ethics and compliance;
- corporate social investment;
- stakeholder relations;
- broad-based black economic empowerment;
- health and public safety;
- labour relations and working conditions;
- training and skills development;
- management of the Group's environmental impacts; and
- human rights and anti-child labour principles.

The committee's oversight role also includes the monitoring of any relevant legislation, other legal requirements or prevailing codes of best practice, specifically with regard to matters relating to social and economic development, good corporate citizenship, employment equity, the environment, health and public safety, consumer relationships, as well as labour and employment.

The committee also took note of RCL Food's strategy to manage the listeriosis crisis in the local food industry, which has been addressed in the market successfully.

The committee further monitors Remgro's participation and results achieved in external surveys in respect of any sustainability aspect pertaining to the Group. In this regard the committee noted the external recognition and achievements by the Group, as reported on page 77 of the Integrated Annual Report.

PUBLIC REPORTING AND ASSURANCE

The committee, together with the Audit and Risk Committee, is responsible for reviewing and approving the sustainability content included in the Integrated Annual Report and published on the Company's website, as well as determining and making recommendations on the need for external assurance of the Group's public reporting on its sustainable development performance. The committee has reviewed the content of the abridged Sustainable Development Report included in the Integrated Annual Report and the detailed Sustainable Development Report published on the Company's website, and has recommended it for approval by the Board.

The committee is also required to report through one of its members to the Company's shareholders on the matters within its mandate at the Company's Annual General Meeting to be held on 29 November 2018. In the notice of the Annual General Meeting included in the Integrated Annual Report on page 128, shareholders are referred to this report by the committee, read with the detailed Sustainable Development Report published on the Company's website. Any specific questions to the committee may be sent to the Company Secretary prior to the meeting.

Murphy Morobe
Chairman of the Social and Ethics Committee

Stellenbosch
19 September 2018

ABRIDGED SUSTAINABLE DEVELOPMENT REPORT

A GOOD DEFINITION OF A CORPORATE CITIZEN IS AN INSTITUTION WHICH SERVES THE COMMUNITY HONOURABLY, WHILE CREATING VALUE FOR ITS STAKEHOLDERS

IN A SUSTAINABLE WAY.

INTRODUCTION

Remgro's value system incorporates the guidelines for doing business successfully drawn up by its founder, Dr Rupert, nearly 60 years ago. These guidelines include the following:

- ***Honesty*** – because it lasts the longest
- ***Correctness*** – because it creates trust with friends and opponents
- ***Courtesy*** – which means dignity without pride and friendliness without subservience
- ***Service*** – in every respect to your client, your fellow man, your country
- ***Mutual support*** – so that you push others up the ladder of success while climbing yourself, because if you pull others down, you will also fall
- ***Trust*** – the belief that all will work out well if everyone is doing their duty

Remgro believes that these values incorporate the spirit in which it strives to be a good corporate citizen. From the above it is evident that the three pillars of sustainable development, namely economic, social and environmental sustainability practices, have always been part of Remgro's core values. Remgro intentionally interacts and responds to the opportunities and challenges presented by the dynamic system created by these three pillars and the capitals that Remgro uses, including the financial, manufactured, intellectual, human, social and relationship and natural capitals and, as part of its oversight function, the Remgro Board is alert to the viability of Remgro with regard to its reliance on the aforementioned capitals.

Remgro is fully committed to managing its business in a sustainable way and upholding the highest standards of ethics and corporate governance practices. While corporate governance, risk and opportunities management and technology and information governance are addressed in the Corporate Governance and Risk and Opportunities Management Reports, the Sustainable Development Report provides a better understanding of Remgro's efforts on the social and environmental front in order to achieve its key objectives of maximising value creation over the short, medium and long term; while doing business ethically. Refer to the table below for Remgro's external recognition and achievements during the reporting period in this regard.

Sustainability highlights

1
Successful participation in the FTSE/JSE Responsible Investment Index

2
Continued participation in the Carbon Disclosure Project (CDP)

3
Continued membership of the Ethics Institute of South Africa

4
Obtaining our level 8 contributor status in terms of the BBBEE scorecard

View this full report online at www.remgro.com

COMBINED ASSURANCE

ASSURANCE OUTPUT	BUSINESS PROCESSES ASSURED	PROVIDER
Independent external auditor's report	Financial reporting	PricewaterhouseCoopers Inc.
Internal audit reports	Risk-based selection of audit areas	Remgro Risk and Opportunities Management and Internal Audit
Internal risk and opportunities management	All key business risk and opportunities areas	Internal management reviews, assisted by Remgro Risk and Opportunities Management and Internal Audit
BBBEE contributor verification	Broad-based black economic empowerment	Empowerdex
External calculation of carbon footprint	Carbon footprint calculation	Carbon Calculated, assisted by an independent consultant

EXTERNAL ASSURANCE

We acknowledge the increasing requirements from investors and regulatory and other guidelines, such as the King IV Report on Corporate Governance for South Africa (2016) (King IV) and the integrated reporting guidelines, for the external assurance of selected non-financial information. We further acknowledge our accountability to our stakeholders to present information that is relevant, accurate and reliable. In this regard it should be noted that Remgro follows a combined assurance model, incorporating management, internal audit and external assurance (e.g. BBBEE scorecard verification, Carbon Disclosure Project (CDP) verification), as illustrated in the table above. We believe that these assurance methods provide the necessary assurance over the quality and reliability of the information presented. The different options and levels of external assurance available are continuously being reassessed to determine the way forward on external assurance.

MANAGEMENT'S APPROACH TO SUSTAINABILITY

Remgro's Board is ultimately accountable for the performance of the Company, appreciating that strategy, risk, performance and sustainability are inseparable. In this regard the Board has delegated the general oversight and reporting of sustainability to the Audit and Risk Committee, assisted by the Social and Ethics Committee. The role and function of these committees are dealt with in more detail in the Corporate Governance Report and the Social and Ethics Committee Report on pages 55 and 75 of the Integrated Annual Report respectively.

ETHICS COMPETITION AND COMPLIANCE

ETHICS

The Board believes that ethical behaviour stems from appropriate value systems inherent to the people in the Company's employ as directed and supported by visual ethical leadership and a value-driven corporate culture. Leadership based on ethical foundations results in a culture of ethical and moral behaviour and compliance with laws, rules, codes and standards. The Board therefore retains the responsibility to establish and maintain a culture of honesty, integrity, competence, transparency, fairness, responsibility and accountability in order to position the Company as an investment partner of choice. This is underscored by ethical leadership as ethics cannot be regulated but stems from personal conviction.

In this regard the Company has adopted a Code of Ethics (the code) that provides a framework of ethical practices and business conduct that are applicable to all directors and employees. The code is available to all employees on Remgro's in-house intranet and a copy is provided to all new employees. The code as well as a formal Gifts Policy also provide strict policies regarding gifts, invitations or favours received from suppliers or any other parties. The offering of favours to gain unfair commercial advantages is also strictly prohibited.

The Audit and Risk Committee monitors compliance with the code and addresses instances of fraud or irregularities. The Group has an effective fraud prevention and detection process and ensures compliance and risk mitigation. No material investigations were concluded during the reporting period.

The Company has implemented an ***Ethics hotline*** to enable any employee or other stakeholder to report knowledge of perceived and alleged irregular or unethical behaviour in a confidential and controlled environment. The Ethics hotline is managed by an independent third party and is available on a 24-hour basis. During the year under review no calls were received through the Ethics hotline which related to alleged governance breaches or ethical anomalies at Remgro. Where calls are received which relate to alleged irregularities at investee companies, such calls are directed to the appropriate governance structures at the respective investee companies via the Remgro representatives serving on the boards of these companies.

Remgro Ethics Hotline 0800 222 536
or email remgro@tip-offs.com

COMPETITION

The Group supports and adheres to the relevant competition and anti-trust laws applicable in the various jurisdictions in which the Group operates. During the year under review no enquiries regarding anti-competitive, anti-trust or similar conduct were received which resulted in fines being levied.

COMPLIANCE

During the year under review there were no incidents of material non-compliance with any laws, regulations, accepted standards or codes, and no fines were imposed in this regard.

STAKEHOLDER RELATIONS

Our relationship with all our stakeholders is based on the following values that are entrenched and supported by Remgro's Code of Ethics, and which values assist the effective leadership by the Remgro Board in achieving strategic objectives and positive outcomes over time:

- ***Integrity***, in acting ethically beyond mere compliance
- ***Competence***, in ensuring due care, skill and diligence are exercised
- ***Responsibility***, for the assets and actions of the Company
- ***Accountability***, for justifying its decisions and actions to shareholders and other stakeholders
- ***Fairness***, in considering the legitimate interest of stakeholders
- ***Transparency***, in disclosing information in a manner that enables stakeholders to make informed decisions about the Company's performance and sustainability

Remgro's Board is the ultimate custodian of its corporate reputation and stakeholder relationships. In this regard a formal Stakeholder Policy sets out the approach and strategy of Remgro with respect to stakeholder engagements, ensuring that the approach takes into account appropriate corporate governance guidelines.

Remgro utilises a wide variety of communication methods to ensure that its communication with stakeholders is clear and understandable, as well as transparent, balanced and truthful, and sets out all relevant facts, whether positive or negative. Care is taken to ensure that engagement with stakeholders is, where appropriate, not just one-way communication but constructive, partnership-based engagement. This ensures that all legitimate stakeholder expectations are identified and addressed as far as possible.

Remgro, like other organisations, has an economic impact on our stakeholders through, amongst other things, the generation and distribution of value, the creation of employment opportunities, remunerating our employees fairly and competitively, and our corporate social investment. We continuously manage these matters and engage with our stakeholders on matters relevant to them, as reported on elsewhere in this report.

SHAREHOLDERS AND THE INVESTMENT COMMUNITY

Remgro's primary objective is to maximise value creation and sustainable growth and in this regard particular care is taken to ensure that all shareholders, or classes of shareholders, are treated equitably. Special care is taken to protect minority shareholders from actions by or in the interest of the principal shareholder that may be to their detriment. In this regard the Lead Independent Director acts as chairman during meetings in situations where the independence of the existing Chairman may be potentially conflicted.

Communication with investors is based on the principles of timely, balanced, clear and transparent information. In this regard the investment community has access to the same information as Remgro shareholders. Firm protocols are in place to control the nature, extent and frequency of communication with investors. Shareholders and the investment community are encouraged to attend Remgro's general meetings where topical matters are discussed openly. Further interactions with institutional investors take place twice a year at the dial-in interim and final results presentations, where questions can be directed to the CEO and CFO. The investment community is also welcome to contact senior management directly.

The most recent and historic financial and other information is published on the Company's website at www.remgro.com.

EMPLOYEES

In order for Remgro to be able to achieve its main objectives it is essential to attract and retain employees of the highest calibre. Our employees are treated fairly and remunerated competitively and Remgro strives to afford all staff the opportunity to realise their full potential. During corporate actions special care is taken to ensure that employees belonging to the Remgro Equity Settled Share Appreciation Right Scheme are not treated more favourably than ordinary shareholders.

As Remgro is an investment holding company with a small staff complement at head office level, communication with employees is kept informal and is conducted through a variety of channels, including email updates, the in-house intranet, Remgro website, information sessions and notice boards. Care is taken that all communication with shareholders is also communicated to employees.

INVESTEE COMPANIES AND OTHER SHAREHOLDERS OF SUCH INVESTEE COMPANIES

Remgro's performance is directly linked to the performance of its underlying investee companies and accordingly communication with those entities and co-shareholders is regarded as very important. Relationships with investee companies are managed principally through board representation, with Remgro directors or senior management acting as non-executive directors on the investee companies' boards. These representatives interact with the directors and senior management of investee companies at investee companies' board meetings and, as and when necessary, representatives of investee companies are encouraged to arrange to meet with Remgro senior management to discuss their business. All dealings with co-shareholders in the investee companies are done fairly in terms of the underlying shareholders' agreements and Remgro strives to add value to these investments.

COMMUNITY

Corporate citizenship, the commitment of a business to contribute to sustainable economic development, endorses the principle that no business exists in isolation but undeniably forms an integral part of the environment in which it operates and to which it owes certain responsibilities.

In its relationship with the community Remgro strives to be a value partner and in this regard its involvement in the community focuses on eradicating the effects of poverty and investing in young people from disadvantaged communities in the belief that such an investment will provide sound dividends far into the future. Remgro's corporate social investment initiatives and donations are discussed in more detail in the detailed Sustainable Development Report published on the Company's website at www.remgro.com.

SUPPLIERS AND SERVICE PROVIDERS

Remgro believes in building long-term partnerships with service providers through establishing a relationship of mutual trust and respect. Various criteria play a role in selecting suitable service providers, such as compliance to quality standards, the stability and proven track record of the organisation, BBBEE status and available support network.

As Remgro is an investment holding company its cost structure is constantly measured against that of unit trusts to ensure that its shareholders are not prejudiced. As part of managing corporate costs good relationships are maintained with suppliers and service providers.

SOUTH AFRICAN GOVERNMENT AND REGULATORY BODIES

An open and honest relationship is maintained with the government and relevant regulatory bodies. In this regard communication is on an *ad hoc* basis as and when the need arises, and is usually in the form of formal meetings. Regulatory bodies such as National Treasury, the South African Reserve Bank (SARB) and the JSE are kept up to date regarding corporate actions in accordance with all applicable laws and regulations. Annual meetings are held with the SARB in order to keep them up to date regarding Remgro's offshore activities.

Figure 1

BBBEE SCORECARD

Element	Indicator	Weighting	Score
Equity ownership	Percentage share of economic benefits	25	17.45
Management and control	Percentage black persons in executive management and/or executive board committees	19	7.37
Skills development	Skills development expenditure as a proportion of total payroll	20	12.18
Enterprise and supplier development	Procurement from black-owned and empowered enterprises as a proportion of total assets, as well as the average value of supplier development and enterprise development contributions as a percentage of net profit after tax	40	24.48
Socio-economic development	Corporate social investment for the benefit of black persons	5	5.00
Total score		109	66.48

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (BBBEE)

INTRODUCTION

The Board believes that BBBEE is a social, political and economic imperative and it supports and encourages the Company's subsidiaries, associates and joint venture initiatives in this regard. To the extent that Remgro's subsidiaries, joint ventures and associates implement BBBEE, Remgro's shareholders effectively participate in BBBEE initiatives and the associated benefits and costs thereof.

Remgro measures its BBBEE status against the generic scorecard criteria set by the Department of Trade and Industry. In terms of the latest assessment of Remgro's BBBEE status performed during September 2018, Remgro obtained a score of 66.48 (2017: 55.19), thereby obtaining a level 8 contributor status. The details of the assessment are fully set out in Figure 1 and includes the BBBEE initiatives of Remgro's main independent operating subsidiaries, RCL Foods Limited (RCL Foods), Distell Group Holdings Limited (Distell) and Wispeco Holdings Proprietary Limited (Wispeco).

EQUITY OWNERSHIP

Verification of BBBEE ownership is governed by the amended Codes of Good Practice on BBBEE, which were gazetted on 11 October 2013 in terms of Section 9(1) of the Broad-Based Black Economic Empowerment Act (No. 53 of 2003).

It should be noted that there is black ownership included in the shareholdings in Remgro held by institutional investors (refer to page 125 of the Integrated Annual Report where Remgro's major shareholders are disclosed). An annual exercise is undertaken to determine and accordingly include the indirect black ownership through these mandated investments. Furthermore, the provisions of Code Series 100, Statement 102 – Recognition of Sale of Assets, as well as the exclusion of foreign operations, are also taken into account.

Remgro's equity ownership score is as follows:

Verified equity ownership score	Target score	30 June 2018	30 June 2017
Voting rights black people	4.00	2.93	1.60
Voting rights black women	2.00	1.72	0.90
Economic interest black people	4.00	2.98	1.70
Economic interest black women	2.00	1.84	1.02
Economic interest of black designated groups	3.00	3.00	–
Net value	8.00	4.98	3.38
	25.00	17.45	8.60

Remgro's equity ownership score for 2018 improved substantially mainly due to the exclusion of Remgro's foreign operations (for the first time) and the inclusion of certain old Sale of Assets transactions, which were not taken into account in the prior year.

Although Remgro's BBBEE score includes the initiatives of RCL Foods, Distell and Wispeco, the discussion below regarding the other elements of the generic scorecard criteria only relates to the activities at Remgro's head office in Stellenbosch. For more detail regarding the BBBEE initiatives at investee company level, refer to the section "BBBEE at investee companies" on the next page.

MANAGEMENT CONTROL

The Board transformed considerably during the past years, with five of the ten non-executive directors (50%) being black persons. On Management Board level, two of the six members are black persons.

EMPLOYMENT EQUITY

Employment equity represents Remgro's most significant transformation challenge. An annual labour plan is submitted to the Department of Labour where Remgro's transformation objectives are set out in detail. Although efforts are focused on improving the Company's black representation at management level, low staff turnover and limited organic growth remain limiting factors. More detail regarding employment equity is presented on page 83.

Remgro's summarised employment equity as at 30 June 2018 is presented in Figure 2 and sets out the distribution by race of permanent employees per occupation level.

SKILLS DEVELOPMENT

Remgro complies with the requirements of the Skills Development Act, No. 97 of 1998 in terms of which a fixed percentage of its payroll is paid as a training levy to the South African Revenue Service. An annual report concerning all the training which has taken place in the Company is also submitted to the relevant SETA.

PREFERENTIAL PROCUREMENT

As Remgro is not an operating company it has a small procurement function and its procurement profile is characterised by a high service component as opposed to materials purchased. Remgro purchases more than half of its goods and services from BBBEE accredited vendors. The improvement of the preferential procurement score remains a focus area for Remgro.

ENTERPRISE AND SOCIO-ECONOMIC DEVELOPMENT

A considerable amount of time and resources are spent internally on business development and corporate social investment (CSI) initiatives. Further details regarding the Company's CSI initiatives are provided on page 84.

BBBEE AT INVESTEE COMPANIES

Remgro monitors and contributes to its investees' BBBEE performance through its board representation and participation, and facilitation of corporate actions in these investee companies. The BBBEE status of Remgro's investee companies is presented in the "Investment reviews" section on page 32 of the Integrated Annual Report.

Further details regarding the BBBEE status of Remgro's operating subsidiaries are provided in the section dealing with "Sustainability at operating subsidiaries" in the detailed Sustainable Development Report published on the Company's website at www.remgro.com.

OUR PEOPLE

EMPLOYEE COMPOSITION

Remgro believes that the quality of its staff represents an important sustainable advantage. Being an investment holding company, it has a relatively small staff complement, with only 182 people being employed as at 30 June 2018 (2017: 172 employees). Refer to Figure 3 where more detail regarding the composition of our employees by race, gender and age is illustrated.

Figure 2

SUMMARISED EMPLOYMENT EQUITY REPORT (AS AT 30 JUNE 2018)

	Male				Female				Foreign nationals		
Occupational levels	**A**	**C**	**I**	**W**	**A**	**C**	**I**	**W**	**Male**	**Female**	**Total**
Top management	1	1	–	3	–	–	–	1	–	–	6
Senior management	–	2	–	13	–	–	–	3	–	–	18
Professionally qualified and experienced specialists and mid-management	–	–	2	19	1	3	–	10	–	–	35
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	3	10	–	12	2	7	1	28	–	–	63
Semi-skilled and discretionary decision-making	23	22	–	–	6	9	–	–	–	–	60
Unskilled and defined decision-making	–	–	–	–	–	–	–	–	–	–	–
Total permanent	27	35	2	47	9	19	1	42	–	–	182
Temporary employees	–	–	–	–	–	–	–	–	–	–	–
Grand total	27	35	2	47	9	19	1	42	–	–	182

A = African C = Coloured I = Indian W = White

For the year under review Remgro's employee turnover rate was 6.0%, compared to 5.2% for the comparative year to 30 June 2017. The turnover rates were calculated by using the total number of employees at year-end. By only taking into account resignations (thus avoidable employee turnover), the above numbers reduce to 3.3% for 2018 and 0.6% for 2017.

RECRUITMENT AND SELECTION POLICY

In order to ensure that Remgro remains an investment partner of choice it is imperative to attract, select and retain employees of the highest calibre. In this regard the Company at all times endeavours to appoint the best candidate in a position. In an effort to mitigate the transformation challenge, the Company attempts to consider all opportunities presented through staff turnover to appoint suitably qualified and experienced individuals from the designated group. The Company recruitment and selection process is designed to have no inherent characteristics that could lead to unfair discrimination against employees or applicants based on gender, race, religion or any other factor as defined in employment legislation.

EMPLOYMENT EQUITY

Remgro endorses the principles of the Employment Equity (EE) Act, No. 55 of 1998 and in this regard its employment equity policy strives to offer equal opportunities to all employees and aims at identifying suitable individuals and developing and compensating them in line with their performance, dedication and loyalty. Special attention is given to those groups which, because of historic reasons, may be in a disadvantaged position.

During this financial year a process was concluded to revitalise and enhance the consultative EE structures in preparation of the consultation process to develop a new EE plan as required by the Act. The consultation process, through these newly established structures, neared completion by year-end and ensured a much more inclusive engagement process.

EMPLOYEE REMUNERATION

Our objective is to reward our employees fairly and competitively, according to their capabilities, skills, responsibilities and performance levels. The level of salaries we pay is one of a number of elements in our strategy to retain, motivate and, where necessary, recruit high-quality people. In addition, Remgro also offers its staff a stimulating working environment. Remgro has a formal Remuneration Policy that sets out the remuneration principles for the organisation as a whole. Refer to the Remuneration Report on page 86 of the Integrated Annual Report where Remgro's remuneration principles are set out in detail.

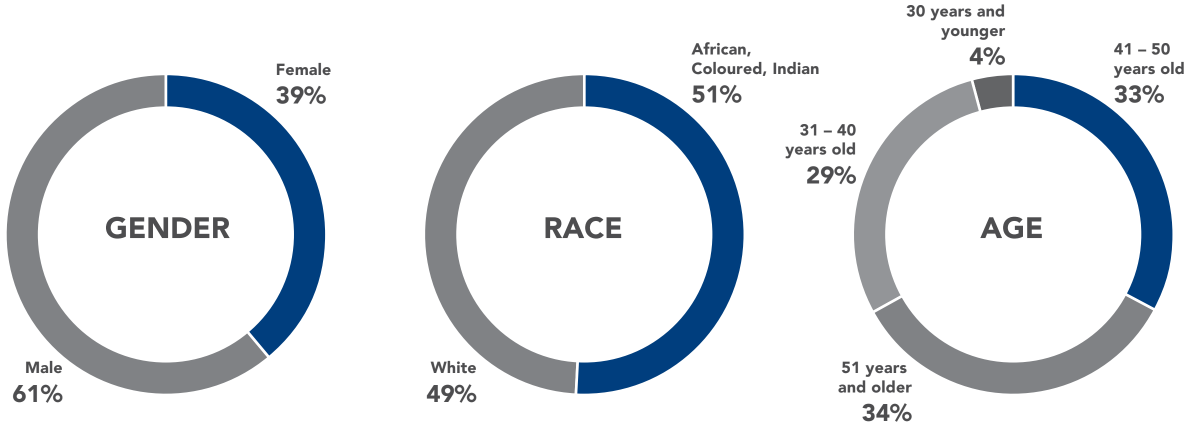
Remgro offers retirement benefits to its employees in the form of a defined-benefit (closed fund) and a defined-contribution fund that are administered independently of the finances of the Company. In addition, employees are also offered medical insurance and study assistance.

TRAINING AND SKILLS DEVELOPMENT

The main purpose of training is to equip employees in such a way that they can realise their full potential to benefit the Company and themselves. Due to the specialised nature of

Figure 3

COMPOSITION OF EMPLOYEES (AS AT 30 JUNE 2018)



Remgro's workforce resulting from it being an investment holding company, no prescribed training programmes are promoted. Individuals are, however, encouraged to attend training programmes which will better equip them to do their jobs. During the past few years numerous workshops and training sessions on King IV, Anti-corruption practices, the pending Protection of Personal Information legislation and the Competition Act, No. 89 of 1998 were held to ensure that Remgro's directors and management are equipped to implement and practise sound corporate governance at all levels where they are involved.

HEALTH AND SAFETY

The Company has a duly constituted Health and Safety Committee, as required by the Occupational Health and Safety Act, No. 85 of 1993. The committee is a subcommittee of the Risk, Opportunities, Technology and Information Governance Committee and ensures that the Company provides and maintains a safe and healthy risk-free environment for staff and visitors by identifying risks and ensuring that controls designed to mitigate these risks are effective and complied with.

HIV/AIDS

From an investment holding company perspective, the risk of HIV/Aids comprises two elements:

GROUP RISK

Given the potential impact of HIV/Aids on the markets, on human capital, cost of employment and on the operational processes of the various businesses invested in, this risk is managed within the governance structures of the various investee companies. The progress of these relevant policies and strategies is monitored against best practice standards.

COMPANY RISK

Remgro has a formal HIV/Aids Policy and is committed to actively manage the pandemic, and the business risks associated with it. The policy makes provision, *inter alia*, for the following:

- Compliance with all legal requirements as far as HIV/Aids is concerned
- No discrimination against employees or potential employees based on their HIV status
- Strict confidentiality of information on the HIV status of employees
- General measures to prevent accidental infection

Remedi Medical Aid Scheme, of which most of Remgro's staff are members, has a management plan for HIV/Aids in which employees may choose to participate.

INVESTING IN THE COMMUNITY

Remgro's corporate social investment (CSI) initiatives and donations programme cover a broad spectrum of society and can be summarised as follows:

- Community development
- Cultural development
- Entrepreneurship, training and education
- Environment
- Healthcare
- Sport development

Remgro aims to maintain a CSI spending of approximately 2.5% of its net free cash flow annually. In this regard, an official donations committee meets regularly to consider and approve grants to institutions in need. Donations to qualifying institutions are made on an annual basis for a specific period and, although such contributions cover a wide range, there are two noticeable exceptions: political parties and religious institutions. Remgro respects its employees' choice to participate in these institutions, but does not exercise a choice itself.

During the year under review Remgro's CSI spend amounted to R27 million (2017: R23 million), as set out in the table below.

Summary of CSI spend	Year 30 June 2018 R million	Year 30 June 2017 R million
Community development	**6**	6
Cultural development	**4**	3
Entrepreneurship, training and education	**13**	10
Environment	**2**	2
Healthcare	**1**	1
Sport development	**1**	1
	27	23

Further details regarding Remgro's CSI initiatives can be found in the detailed Sustainable Development Report published on the Company's website at www.remgro.com.

SUSTAINABILITY AT OPERATING SUBSIDIARIES

Remgro's three main operating subsidiaries, namely RCL Foods, Distell and Wispeco, are operated and managed on a decentralised basis as independent entities with autonomous boards of directors.

Please refer to the detailed Sustainable Development Report published on the Company's website at www.remgro.com for further details regarding the social and environmental performance of these subsidiaries.

ENVIRONMENT

During the 2018 financial year, various critical environmental risks came to the fore that required acute management and highlighted how, across all Remgro's subsidiaries, the operations are dependent on healthy and functioning ecosystem services. Among these issues was the ongoing drought in various parts of South Africa and, in particular in the Western Cape Province, resulting in water restrictions for businesses and residences. Other significant issues included ongoing inflationary pressure on energy, and regulatory developments requiring various reporting output. Remgro's response requires both the identification and management of these risks, as well as to ensure that it minimises its own impact on the environment.

At the forefront of Remgro's response is the Remgro Environmental Management Policy, which covers Remgro Management Services Limited (RMS – the service company), RCL Foods Limited (RCL Foods), Distell Group Holdings Limited (Distell) and Wispeco Holdings Proprietary Limited (Wispeco), and outlines the scope, boundaries and management structure of Remgro's environmental duty. The Remgro Board is ultimately responsible for the implementation of the policy, but delegates its responsibilities to the Risk, Opportunities, Technology and Information Governance Committee (a subcommittee of the Audit and Risk Committee) and the Social and Ethics Committee that reviews and recommends the approval of environmental procedures implemented and maintained by RMS. With regard to RCL Foods, Distell and Wispeco, it is the responsibility of Remgro's representatives on the boards of these companies to obtain assurance regarding the effectiveness and efficiency of their respective environmental management processes. As a central function, Remgro conducts annual environmental risk reviews on its subsidiaries and incorporates environmental performance into its various risk management frameworks.

Further details regarding Remgro's initiatives to minimise its impact on the environment are presented in the detailed Sustainable Development Report published on the Company's website at www.remgro.com.

FEEDBACK

We welcome any feedback on Remgro's sustainable development practices and this report. In this regard please contact:

The Company Secretary
Danielle Heynes
Tel: +27 (0)21 888 3373, Fax: +27 (0)86 581 0061
Email: dh@remgro.com
Postal address: PO Box 456, Stellenbosch 7599

REMUNERATION REPORT

BACKGROUND STATEMENT

Remgro's remuneration philosophy is guided by its business strategy, namely a long-term approach to deliver value in a sustainable manner.

Due to the nature of the business, the remuneration framework, on an organisation-wide basis, provides for guaranteed remuneration (i.e. salary and benefits) and a long-term share plan, which only renders value if stretching performance conditions are met. As an investment holding company, the Remuneration and Nomination Committee (the committee) views increased market capitalisation, sustainable growth in the share price and as above-average dividend yield as a critical metric to deliver value to shareholders over time. In line with this approach Remgro does not pay short-term incentives (i.e. cash bonuses) and believes that management's decision-making should be long-term focused and aligned with this philosophy that they should be rewarded where value is demonstrated, without excessive risk taking in the short term. This two-tier approach makes the Remgro Remuneration Policy focused and avoids unnecessary layers of complexity. Our remuneration philosophy and policy are further detailed in the second section of this report.

CONTEXT

Remgro has a diversified portfolio of investments across industries, which include banking, healthcare, consumer products, insurance, industrial, infrastructure, as well as media and sport. The weak domestic macro environment, characterised by low economic growth, continued high levels of unemployment and rand volatility persisted during the financial year. The introduction of the 1% Value-Added Tax (VAT) increase and higher fuel prices, have impacted disposable income and placed a significant strain on consumer spending. Consequently, these less favourable trading conditions have impacted Remgro investee companies' earnings to varying degrees, ultimately influencing Remgro's share price.

KEY ACTIVITIES OF THE COMMITTEE DURING THE YEAR

Remgro observes the King IV Report on Corporate Governance for South Africa (2016) (King IV) principles in relation to the Remuneration Policy and disclosure. During the year, the key activities of the committee included:

- Engagement with shareholders following the 29 November 2017 Annual General Meeting (AGM).
- Review of the Remgro Long-term Incentive (LTI) arrangement. This review included the review of the suitability of the current LTI arrangement as well as the inclusion of performance conditions for the LTI plan(s).

VOTING RESULTS AND SHAREHOLDER ENGAGEMENT

At the AGM held on 29 November 2017, Remgro's Remuneration Policy received a favourable vote by Ordinary Shareholders of 60.32% and the Remuneration Implementation Report received a favourable vote by Ordinary Shareholders of 60.21%. As a result of the dissenting votes on both resolutions exceeding 25%, Remgro invited shareholders to engage with the Company to discuss their concerns. The following shareholders and other interested parties engaged with the Company:

PHONED IN DURING SHAREHOLDER ENGAGEMENT	
• Acanthin Asset Management	• Old Mutual Investment group
• Aeon Investment Management	• Rozendal Partners
• Investec Asset Management	• The Raith Foundation
• Kaizen Asset Management	• Ms Anita Gilmore (private investor)
• Keyter Rech Investor Solutions	• Financial Mail
• PwC	• Cliffe Dekker Hofmeyer

PROVIDED INPUTS TO THE DISCUSSION VIA E-MAIL (DID NOT PHONE IN)	
• Allan Gray	• PSG Invest

As a general introduction to the shareholder engagement Mr. J J Durand provided a brief summary of the current Remgro Remuneration Policy and the different components of the policy. Mr. Durand also contextualised the role and appropriateness of each of the remuneration elements. Participants were also informed that any potential changes to the current share incentive scheme will only be able to take effect after shareholder approval at the 2018 AGM.

A summary of the feedback provided is set out below.

SHAREHOLDER FEEDBACK	REMGRO'S RESPONSE
The net present value (NPV) as a mathematical proxy of the net asset value (NAV) of the underlying assets is greater than Remgro's share price. Management should be rewarded for reducing/narrowing this 'discount'.	Remgro acknowledges the theory behind this proposal; however, it is not an established and widely accepted method of measuring performance in the market. There is also subjectivity in the valuation of the NPV of unlisted investments. The "discount" is driven by the market, with no direct influence from Remgro. Additionally, there is a risk that the "discount" can be manipulated by buying back shares.
Lack of performance conditions on Share Appreciation Rights (SARs) poses risk that executives can receive large payout for below-inflation performance. An alternative was suggested, being the use of peer benchmark (FINDI/ALSI) or NAV growth plus dividends exceeds nominal GDP growth.	As part of the review of Remgro's LTI arrangements the committee considered appropriate performance conditions. Further details on the performance conditions selected can be found in the Remuneration Policy. In response to the specific suggestions: • Remgro acknowledges that FINDI/ALSI are broad indexes, however, as the largest investment holding company in South Africa with very few other investment holding companies, a peer index may not be relevant/appropriate. • Ensuring a level of return to shareholders equal to or in excess of GDP growth is supported by the Company.
Considering that Mr J P Rupert chairs the Board (as well as the committee), he certainly cannot be the only candidate to be chairman of this committee. Provide an explanation on how the corporate strategy is aligned to the Company's remuneration approach and whether the corporate strategy has changed in the period from 2010 to 2017.	Whilst there are other candidates that could be chairman of the committee, the Board believes that Mr Rupert is the most suitable individual to be the chairman of this committee based on the reasons provided later in this report. As chairman of Remgro, Mr Rupert is integral to ensuring that the Board as a whole is enabled to play a full and constructive part in the development and determination of the Group's strategy and overall commercial objectives. As such this places him in a strong position to ensure that this strategy flows through to the design and payment of remuneration to the executives. Remgro's long-term strategy which is supported by the Remuneration Policy (no cash bonuses and SARs vesting up to five years and maturing in seven years) has not changed materially in the last seven years.

The committee is of the view that during the 2018 financial year, Remgro's Remuneration Policy achieved its stated objectives. At the 2018 AGM Remgro will put its Remuneration Policy and Remuneration Implementation Report to two separate non-binding advisory shareholder votes (see resolution numbers 13 and 14 in the Notice to Shareholders on page 130) and the committee looks forward to a positive outcome in this regard. In addition, Remgro will put the new Conditional Share Plan (CSP) and a revised Share Appreciation Rights Plan (SAR Plan) to a shareholder vote.

PROPOSED CHANGES TO REMUNERATION POLICY AND FUTURE AREAS OF FOCUS

As previously mentioned, during the year the committee undertook a review of Remgro's LTI arrangements. The committee thoroughly considered all of the inputs received during the shareholder engagements, liaised with senior management in the Company and obtained expert inputs from the Company's remuneration consultant. Whilst the strategy of the Company has not materially changed, the committee determined that it was appropriate to revise the LTI arrangement to ensure it continues to attract, retain and motivate employees. This is even more imperative given that the LTI is the Company's only incentive tool. As a result of the review, the committee intends to introduce the following changes to the Remgro Remuneration Policy for the 2019 financial year, subject to shareholder's approval:

CHANGE	REMGRO'S RATIONALE
To introduce performance conditions for the current Share Appreciation Right Scheme (SAR Scheme).	SAR awards will continue to be awarded to executive directors and senior management at a strike price equal to the grant price, thereby creating an embedded performance hurdle whereby participants will only benefit if there is long-term share price appreciation and thus value creation for Remgro shareholders. In addition, Remgro will introduce two financial performance measures namely growth in intrinsic net asset value (INAV) and growth in free cash flow at the centre along with a personal performance modifier. Remgro believes the introduction of performance measures in addition to the share price (which we still believe is a very effective performance measure perfectly aligned with shareholder interests) will further strengthen the line of sight between long-term value creation and strategic executive influence.
To introduce a new LTI plan in the form of the CSP.	As part of our objective to continuously review our remuneration strategy and practices to ensure we remain aligned with market practices, the life cycle of the Company as well as shareholder expectations, the committee has approved the introduction of the CSP with effect from the 2019 financial year. The CSP will be introduced in conjunction with the new SAR Plan at executive director, and senior executive level and will replace the SAR Scheme at more junior levels. One of the key objectives with this change would be to enable the attraction and retention of key individuals at more junior levels to ensure a sustainable talent pipeline. The CSP will have similar performance measures to the SAR Plan to ensure alignment across the LTI plans as well as between the remuneration of executives and shareholder expectations.
To amend the approach to allocating awards and quantum of awards due to introduction of the CSP.	The expected value of an award under the SAR Plan is different to that of an award under the CSP and as such it is necessary for the award multiples to be revised to ensure that market-related levels of awards are made. In addition, historically Remgro has made awards on a top-up basis rather than equal annual allocations. As part of the review it was determined that market best practice is to make annual allocations and as such the committee has decided to move to this method of allocating awards. At the date of publication the multiples for the first grant of the combined SAR Plan and CSP had yet to be approved by the committee. Going forward the multiples will be disclosed in the Remuneration Policy. These multiples will be within current market parameters.

During the 2019 financial year the committee will focus on the following forward-looking considerations:

- To review the performance measures and targets for each of the approved LTI arrangements to ensure they remain relevant for the 2019 awards.
- To approve the multiples for the first grant under the combined SAR Plan and CSP.
- To review if the current guaranteed remuneration benchmark practice is aligned to best practice and if the comparator group is still appropriate.

REMUNERATION POLICY

The Remuneration Policy provides an overview of Remgro's remuneration principles for the organisation as a whole. The information provided in this policy has been approved by the Board on recommendation by the committee. This Remuneration Policy will be put to a non-binding advisory vote by shareholders at the next AGM on 29 November 2018.

GOVERNANCE

The committee is appointed by the Board with delegated powers and the functioning of this dedicated Board committee is well established within Remgro's mode of operation. In essence it is the committee's role to ensure fair and responsible remuneration across the Company, by way of policy-making and implementation, and that the disclosure of remuneration is accurate, complete and transparent. Ultimate responsibility remains with the Board.

The committee is governed by a mandate, reviewed and approved by the Board annually, that incorporates best practice governance recommendations and serves to assist members of this committee in the execution of their role and responsibilities.

The members of the committee for the year under review were:

- Mr J P Rupert (chairman)
- Mr P K Harris (independent non-executive director)
- Mr G T Ferreira (lead independent non-executive director)
- Mr F Robertson (independent non-executive director)

The Board acknowledges the recommended practice in King IV that the Chairman of the Board should not be the chairman of this committee but given the following reasons, this arrangement is deemed appropriate:

- The necessity to align the Company's remuneration approach with corporate strategy;
- The Chairman receives no emoluments or fees from Remgro thus there are no conflicts with regard to the approval of non-executive director fees;
- The Chairman is a significant shareholder in the business hence it is not regarded as unreasonable for him to chair this committee; and
- In terms of committee composition the majority of the committee remains independent non-executive directors and currently includes the lead independent non-executive director.

The committee formally met once during the year and had three further engagements via round robin discussions and decisions. The details on the attendance of the formal meeting are set out in the Corporate Governance Report on page 59.

The mandate set out in the terms of reference of the committee includes the following:

In respect of its nomination function –

- Assist the Board with the process of identifying suitable candidates for appointment as directors;
- Ensure the establishment of a formal and transparent process for the appointment of directors;
- Oversee the development of a formal induction programme for new directors;
- Evaluate the performance of the Board; and
- Ensure that succession plans for the Board, Chief Executive Officer (CEO) and other Management Board members are developed and implemented.

In respect of its remuneration function –

- Oversee the establishment of an organisation-wide Remuneration Policy that promotes positive outcomes across the economic, social and environmental context in which Remgro operates;
- Promote an ethical culture and responsible corporate citizenship in the context of remuneration;
- Oversee the fair, responsible and transparent setting and administering of remuneration of all employees;
- Advise on the fees of non-executive directors, for approval by shareholders at the AGM;
- Ensure that remuneration meets Remgro's needs and strategic objectives and is administered in accordance with the shareholder-approved plan rules;
- Oversee the preparation and recommendation to the Board of the Remuneration Report to be included in the Integrated Annual Report; and
- Ensure that the Remuneration Policy and Remuneration Implementation Report are put to two separate non-binding advisory votes by shareholders at the AGM.

The committee is satisfied that it has carried out its responsibilities for the year in compliance with its mandate.

During the 2018 financial year, the committee has engaged external remuneration consultant PricewaterhouseCoopers Inc. (PwC) as well as management and the Board in conducting their duties and responsibilities.

We have considered the advice, opinions and services received by PwC during the 2018 financial year. We are satisfied and regard PwC as being wholly objective and independent.

REMUNERATION PRINCIPLES

The Remuneration Policy is aligned with the Company's approach of rewarding all employees fairly, responsibly and competitively, according to their capabilities, skills, responsibilities and level of performance.

Key remuneration principles embedded in the Remuneration Policy are:

- Alignment with the overall business strategy, objectives and values of Remgro;
- Remuneration design which supports the interests of shareholders;
- Mechanisms for ensuring that executive remuneration is fair and responsible in the context of overall Company remuneration;
- Remuneration design which supports the retention and attraction of key talent and supports succession planning;
- Compliance with best practice remuneration governance standards including prevailing labour law legislation from time to time;
- Recognising and encouraging exceptional and value-added performance in line with a performance-based culture;
- Ensuring that remuneration structures are consistent with the Company's long-term requirements and decision-making; and
- Protecting the Company's rights by means of standard contracts of employment.

COMPONENTS OF REMUNERATION

Remgro has two components of remuneration, namely fixed remuneration (which includes benefits) and LTI in the form of its equity settled SAR Schemes and the proposed CSP. Remgro does not pay short-term incentives and believes that management's decision-making should be long-term focused and aligned with the philosophy that they should be rewarded where long-term value creation is demonstrated, without excessive risk taking in the short term.

The same remuneration principles and components apply to all employees of Remgro. The remuneration policies, principles and practices of investee companies are governed through remuneration committee structures in these organisations.

The details of the components are outlined below:

FIXED REMUNERATION

PURPOSE

To provide competitive fixed remuneration that will attract and retain appropriate talent. Reflects an individual's responsibilities, experience and role.

WHAT DOES THIS CONTAIN?

Referred to as total guaranteed package (TGP), includes components such as cash salary, travel allowance and the Company's contributions towards retirement funding and the medical scheme. All guaranteed benefits are funded from the TGP.

Retirement funding contributions range between 18.5% and 27.5% of pensionable emolument and the key features of the retirement fund are as follows:

- Retirement savings component with member investment options and a trustee default option;
- Insured flexible death, disability and funeral benefits; and
- Preservation options when exiting the fund.

Membership to a medical scheme is compulsory for all employees and contributions are funded from their TGP. All employees are eligible for membership of the in-house medical scheme, Remedi, and the scheme provides three different options for members to choose from annually. These options aim to accommodate the different healthcare needs and affordability of the diverse membership of the scheme.

Under specific circumstances Remgro also offers employees post-employment medical benefits. All details in this regard are disclosed in the Annual Financial Statements that is published on the Company's website at www.remgro.com.

Only employees who are required to regularly travel for business purposes receive travel allowances, which is funded from their TGP.

FIXED REMUNERATION

HOW IS THE TGP BENCHMARKED?

Guaranteed packages are benchmarked against the upper quartile of the market for comparable companies utilising independent salary surveys.

Remgro currently makes use of the Mercer Top Executive survey for the Management Board members and senior executives. For the rest of the organisation the PwC REMchannel national survey is used.

The services of an independent remuneration consultancy are contracted for this purpose. The TGP is positioned competitively to the market to ensure that the right talent is attracted and retained. It further supports the remuneration approach of no short-term cash bonuses and discourages excessive risk taking which may be driven by leveraged cash bonuses.

ANNUAL REVIEW PROCESS

The committee conducts an annual review of the TGP for executives and approves the increase percentage for employees below executive level.

Adjustments to the TGP depends upon the employee's level of responsibility and his/her overall performance.

The CEO, who attends all committee meetings by invitation, can propose increases to the TGP, excluding his own, during such review meetings.

VARIABLE REMUNERATION

	SHARE APPRECIATION RIGHTS SCHEMES	CONDITIONAL SHARE PLAN
PURPOSE	Ensures alignment between personal wealth creation and corporate strategy and supports long-term employee retention.	Ensures alignment between personal wealth creation and corporate strategy and supports long-term employee retention.
HOW DOES IT WORK?	This is an equity settled plan whereby selected employees are awarded rights to receive shares equal to the long-term growth in the Remgro share price and market capitalisation of the Company. These rights are awarded free of charge. The ultimate vesting of shares will be subject to prospective performance conditions for selected participants as well as an employment condition. The participants will only become shareholders in Remgro with shareholder rights, including dividend and voting rights, on the settlement date, which will be shortly after the vesting date.	This is an equity settled plan under which all employees may be granted a conditional award of Remgro shares at a future point in time. These shares are awarded free of charge. The ultimate vesting of shares will be subject to prospective performance conditions for selected participants as well as an employment condition. The participants will only become shareholders in Remgro with shareholder rights, including dividend and voting rights, on the settlement date, which will be shortly after the vesting date.
ELIGIBILITY	All permanent employees of the Company may participate in the SAR Plan, although it is anticipated that it will be used for executive directors and employees at senior executive level only.	It is envisaged that all permanent employees of the Company may participate in the CSP.
DETERMINATION OF VALUE/ALLOCATION	The committee makes annual awards in terms of the SAR Scheme to participants, based on a multiple of the TGP. The set annual multiples are determined by reference to a participant's job grade, role, the need to attract and/or retain key talent and the value added by the participant for Remgro and shareholders. At the date of publication the multiples for the first grant of the combined SAR Plan and CSP had yet to be approved by the committee. Going forward the multiples will be disclosed in the Remuneration Policy. These multiples will be within current market parameters. Refer to the Remuneration Implementation Report on page 96 for previous SARs awarded.	The committee makes annual awards in terms of the CSP to participants, based on a multiple of the TGP. The set annual multiples are determined by reference to a participant's job grade, role, the need to attract and/or retain key talent and the value added by the participant for Remgro and shareholders. At the date of publication the multiples for the first grant of the combined SAR Plan and CSP had yet to be approved by the committee. Going forward the multiples will be disclosed in the Remuneration Policy. These multiples will be within current market parameters. In addition, the rules of the CSP allow for *ad hoc* awards to be made to participants in exceptional circumstances as determined by the committee.

VARIABLE REMUNERATION	
SHARE APPRECIATION RIGHTS SCHEMES	**CONDITIONAL SHARE PLAN**
DIVIDEND EQUIVALENTS	
n/a	Participants will be eligible to receive dividend equivalents on vested shares over the vesting period of the award. The dividend equivalent will be rolled up and delivered as additional shares on the vesting date.
VESTING AND EXERCISE/SETTLEMENT	
Participants in the SAR Plan are remunerated with Remgro shares to the value of the appreciation of their rights to a specific number of Remgro ordinary shares. The earliest intervals at which the SARs vest and are exercisable are as follows: • One-third after the third anniversary of the grant date; • An additional third after the fourth anniversary of the grant date; • The remainder after the fifth anniversary of the grant date. All SARs must be exercised within seven years after grant date, upon which date unexercised SARs lapse. Vesting is conditional on fulfilment of the employment period and achievement of performance conditions (where applicable).	Awards under the CSP will vest as follows: • One-third after the third anniversary of the grant date; • An additional third after the fourth anniversary of the grant date; • The remainder after the fifth anniversary of the grant date. Vesting is conditional on fulfilment of the employment period and achievement of performance conditions (where applicable).
PERFORMANCE CONDITIONS	
The SAR Plan has an embedded performance hurdle whereby participants will only benefit if there is long-term share price appreciation and thus value creation for Remgro shareholders. Following feedback from shareholders, share options awarded after 30 June 2018 will be subject to these additional prospective financial performance conditions: • The vesting of 50% of such awarded share options will depend on the growth in the INAV outperforming a predefined "real growth" benchmark. For 100% vesting, growth in INAV will need to equal or exceed the value calculated as South Africa's consumer price index (CPI) inflation rate plus South Africa's gross domestic product (GDP) growth rate plus an additional 1.25%, as measured over the three financial years. For 30% vesting, growth in INAV will need to equal or exceed the value calculated as CPI inflation rate. For performance between these points linear vesting will apply; and • The vesting of 50% of such awarded share options will depend on the growth in the free cash flow at the centre outperforming a predefined "real growth" benchmark. For 100% vesting, growth in the free cash flow at the centre will need to equal or exceed the value calculated as CPI inflation rate plus an additional 1.25%, as measured over the three financial years. For 30% vesting, growth in free cash flow at the centre will need to equal or exceed the value calculated as CPI inflation rate. For performance between these points linear vesting will apply. In addition, the vesting of awards can be modified based on the extent to which the participant meets personal and Group non-financial performance conditions. Note that the achievement of these non-financial performance conditions can only reduce the result of the financial performance conditions. Awards will only vest if the participant remains in service of the Remgro Group. These performance conditions will apply to executive directors and other members of the Management Board (prescribed officers).	The CSP will be subject to the following prospective financial performance conditions: • The vesting of 50% of such awards will depend on the growth in the INAV outperforming a predefined "real growth" benchmark. For 100% vesting, growth in INAV will need to equal or exceed the value calculated as South Africa's CPI inflation rate plus South Africa's GDP growth rate plus an additional 1.25%, as measured over the three financial years. For 30% vesting, growth in INAV will need to equal or exceed the value calculated as CPI inflation rate. For performance between these points linear vesting will apply; and • The vesting of 50% of such awards will depend on the growth in the free cash flow at the centre outperforming a predefined "real growth" benchmark. For 100% vesting, growth in the free cash flow at the centre will need to equal or exceed the value calculated as CPI inflation rate plus an additional 1.25%, as measured over the three financial years. For 30% vesting, growth in free cash flow at the centre will need to equal or exceed the value calculated as CPI inflation rate. For performance between these points linear vesting will apply. In addition, the vesting of awards can be modified based on the extent to which the participant meets personal and group non-financial performance conditions. Note that the achievement of these non-financial performance conditions can only reduce the result of the financial performance conditions. Awards will only vest if the participant remains in service of the Remgro Group. These performance conditions will apply to executive directors, other members of the Management Board (prescribed officers) and identified investment executives. All other participants will be allocated retention awards and will have to be in the service of the Remgro Group upon vesting and have met their personal performance conditions.

VARIABLE REMUNERATION

SHARE APPRECIATION RIGHTS SCHEMES	CONDITIONAL SHARE PLAN
EARLY TERMINATION OF EMPLOYMENT	
Participants may either be classified as "bad leavers" or "good leavers" and the following applies: • *Bad leavers* Participants will forfeit all unvested awards. • *Good leavers* A *pro rata* portion of the participant's unvested award(s) shall early vest on the date of termination of employment to the extent to which the committee determines that the performance conditions (if any) have been met. The portion of the shares that will vest will reflect the number of complete months served from the award date to the date of termination of employment, over the total number of months in the employment period.	Participants may either be classified as "bad leavers" or "good leavers" and the following applies: • *Bad leavers* Participants will forfeit all unvested awards. • *Good leavers* A *pro rata* portion of the participant's unvested award(s) shall early vest on date of termination of employment to the extent to which the committee determines that the performance conditions (if any) have been met. The portion of the shares that will vest will reflect the number of complete months served from the award date to the date of termination of employment, over the total number of months in the employment period.
CHANGE OF CONTROL	
In the event of a change of control of the Company occurring before the vesting date of any award, a portion of the award held by a participant will vest as soon as reasonably practicable thereafter. The portion of the award which shall vest will be determined based on the number of months served from the award date to the change of control date, over the total number of months in the employment period and the extent to which the performance condition(s), if applicable, have been met. Any awards which do not vest will, subject to the discretion of the committee, remain subject to the terms of the relevant award letter.	In the event of a change of control of the Company occurring before the vesting date of any award, a portion of the award held by a participant will vest as soon as reasonably practicable thereafter. The portion of the award which shall vest will be determined based on the number of months served from the award date to the change of control date, over the total number of months in the employment period and the extent to which the performance condition(s), if applicable, have been met. Any awards which do not vest will, subject to the discretion of the committee, remain subject to the terms of the relevant award letter.
VARIATION IN SHARE CAPITAL	
Participants shall continue to participate in the SAR Plan in the event of a variation in the Company's share capital. The committee may make such adjustment to the award or take such other action to place participants in no worse position than they were prior to the happening of the relevant event and to provide that the fair value of the award immediately after the event is materially the same as the fair value of the award immediately before the event.	Participants shall continue to participate in the CSP in the event of a variation in the Company's share capital. The committee may make such adjustment to the award or take such other action to place participants in no worse position than they were prior to the happening of the relevant event and to provide that the fair value of the award immediately after the event is materially the same as the fair value of the award immediately before the event.

DILUTION LIMITS

Individual basis

No award will be made to a single participant if at the time of or as a result of the making of such award, the aggregate number of Remgro ordinary shares in respect of which any unexercised SARs or CSP awards granted to the participant, shall exceed 5 290 000 Remgro ordinary shares, being approximately 1% of issued ordinary shares.

Overall basis

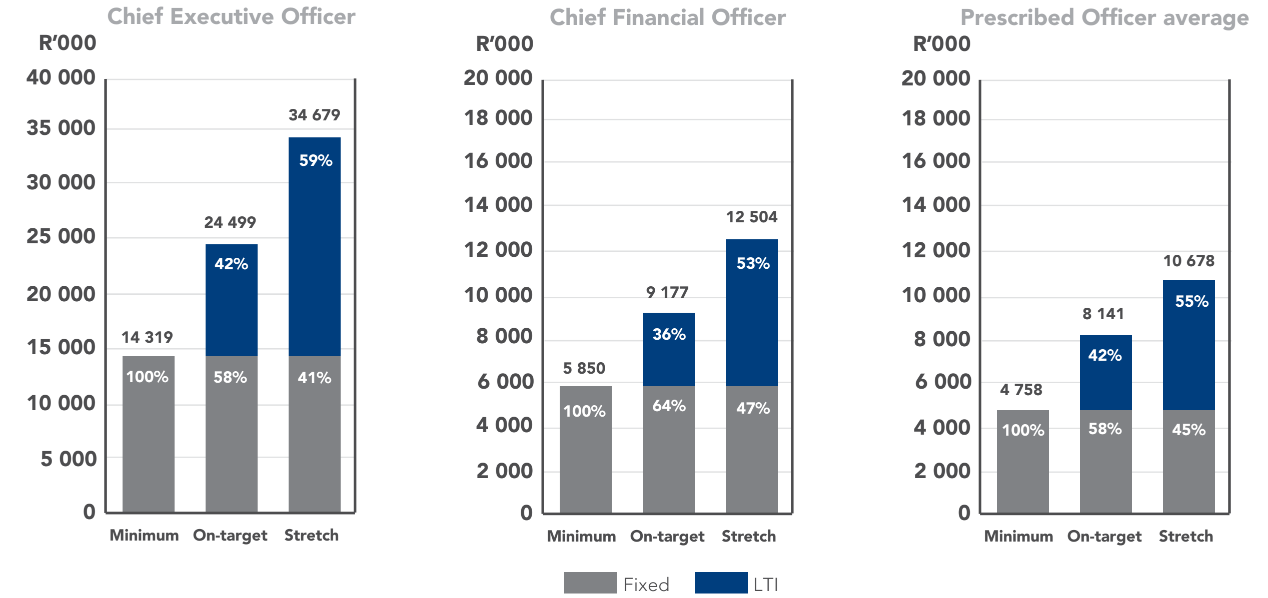
Similarly, no award will be made if at the time of or as a result of the making of such award, the aggregate number of Remgro ordinary shares in respect of which any unexercised SARs may be exercised or CSP awards, shall exceed 26 450 000 Remgro ordinary shares, being approximately 5% of issued ordinary shares.

VARIABLE REMUNERATION	
SHARE APPRECIATION RIGHTS SCHEMES	**CONDITIONAL SHARE PLAN**
SETTLEMENT CONSIDERATIONS	
If it is assumed that all of the participants to the SAR Scheme exercise all options awarded to them on 1 July 2018, Remgro will have to deliver 0.3 million shares in order to settle its obligations. This calculation is based on Remgro's closing share price on 30 June 2018 of R204.29. A 10% increase or decrease in the Remgro share price will require the number of shares to be delivered to be 0.5 million shares and 0.2 million shares, respectively. At 30 June 2018 Remgro held sufficient treasury shares to settle its obligations to deliver shares to the SAR Scheme participants.	n/a

SCENARIOS OF POSSIBLE TOTAL REMUNERATION OUTCOMES

The following illustrations depict the pay mix and the possible remuneration outcomes for the CEO, Chief Financial Officer and the Prescribed officer average at threshold, on-target and stretch levels.

ELEMENT	MINIMUM	ON-TARGET	STRETCH
TGP	TGP as at 30 June 2019, see page 96. Benefits assumed in line with those paid in the 2017 financial year.		
LTI	Nil	The maximum number of instruments granted in the 2017 financial year that might vest multiplied by the fair value on grant.	The maximum number of instruments granted in the 2017 financial year that might vest multiplied by the share value based on a 100% increase in the fair value on grant over the grant period.



FAIR AND RESPONSIBLE REMUNERATION ACROSS THE COMPANY

Remgro is committed to the principle of fair and responsible remuneration for the whole Company. Actions in this regard include:

- Assessment of remuneration conditions between employees at the same level in accordance with the principle of "equal pay for work of equal value" to identify and address any unjustifiable remuneration disparities.
- Investing in its people initiatives, which include: talent management; development opportunities for all employees; various training courses as per identified needs and an employee value proposition aligned to the corporate values and culture.

EXECUTIVE EMPLOYMENT CONTRACTS

Executive directors and members of the Management Board do not have fixed-term contracts, but are employed in terms of the Company's standard contract of employment applicable to all employees. The notice period for termination of service is one calendar month and the normal retirement age is 63. Executive directors and members of the Management Board also do not have exceptional benefits associated with the termination of their services. Upon termination of employment, any payments made to employees will be as required in terms of legislation, and the consequences in respect of unexercised SARs and/or unvested CSP awards will be governed by the rules of the SAR Plan and CSP based on the reasons for the termination of employment.

NON-EXECUTIVE DIRECTORS' REMUNERATION

INDEPENDENT NON-EXECUTIVE DIRECTORS

Independent non-executive directors do not have any employment contracts, do not receive any benefits associated with permanent employment and do not participate in the Company's LTI plans.

Furthermore, they are categorised as independent on the basis that the Board concludes that they have no interest, position, association or relationship which, judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making in the best interest of the Company.

The independence of independent non-executive directors is reviewed annually and the independence of non-executive directors, who have served on the Board for more than nine years, is subject to a rigorous review by the Board. The Board is satisfied with the independence of the independent, non-executive directors, including the independence of Messrs F Robertson, P K Harris and M Morobe, who each has served on the Board for 17 years, 16 years and 11 years respectively. Based on the evaluation there is no evidence of any circumstances and/or relationships that will impair their judgement, and their independence is in no way affected by the length of service.

Independent non-executive directors are paid a fixed annual board fee. Committee fees are also determined on a fixed annual basis. The fee structure is reviewed annually on 1 July, based on independent market benchmarks for non-executive directors' fees, taking into account the nature and size of Remgro's operations. Remgro utilises the Mercer Top Executive survey to benchmark the remuneration levels of non-executive director fees. The trends identified in this survey are then validated through a focused secondary survey among a selected group of companies. Non-executive director fees are approved by shareholders at the Company's AGM by special resolution prior to payment. Remgro also pays for all travelling and accommodation expenses reasonably and properly incurred in order to attend meetings.

The annual fees payable to independent non-executive directors for the period commencing on 1 July 2017 were approved by shareholders at the AGM on 29 November 2017.

NON-INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr J P Rupert, Dr E de la H Hertzog and Mr J Malherbe are regarded as non-independent non-executive directors.

The Chairman receives no emoluments or fees from Remgro, whilst Dr Hertzog and Mr Malherbe receive the approved annual board and committee fees paid to independent non-executive directors.

As in the case of independent non-executive directors, these directors do not participate in the Company's LTI plans.

The proposed fee structure payable to non-executive directors for the year ending 30 June 2019 is presented in the table below. Also see Special Resolution Number 1 in the Notice to Shareholders on page 131.

Type of fee (Rand)	Current fee for the year ended 30 June 2018	Proposed fee for the year ending 30 June 2019	*% Change*
Board member	**345 000**	367 500	*6.5*
Chairman of the Audit and Risk Committee	**260 000**	280 000	*7.7*
Member of the Audit and Risk Committee	**130 000**	138 500	*6.5*
Member of the Remuneration and Nomination Committee	**57 500**	61 500	*7.0*
Chairman of the Social and Ethics Committee	**100 000**	112 500	*12.5*
Member of the Social and Ethics Committee	**57 500**	61 500	*7.0*
Meeting fee for *ad hoc* Committees (i.e. Investment- & Treasury Committee)	**24 000**	24 000	–

Fees are exclusive of VAT.

SHAREHOLDER ENGAGEMENT AND NON-BINDING ADVISORY VOTE

The Remuneration Policy and Remuneration Implementation Report are respectively tabled for separate non-binding advisory votes by the shareholders at each AGM.

The committee will engage with shareholders in the event of a 25% or more dissenting vote on either or both the Remuneration Policy or Remuneration Implementation Report. In that event, the Company will, in its voting results announcement provide for (1) an invitation to dissenting shareholders to engage with the Company, and (2) the manner and timing of such engagement. In this regard the Company intends to (1) invite the dissenting shareholders to provide the Company with their written submissions as to why they voted against the Remuneration Policy or Remuneration Implementation Report, (2) to address the legitimate and reasonable objections of dissenting shareholders, and (3) report back to the dissenting shareholders. If appropriate and practical, the Company may engage with dissenting shareholders either individually or collectively at meetings called for that purpose. Other methods of shareholder engagement may include conference calls, emails and investor roadshows.

REMUNERATION IMPLEMENTATION REPORT

The Remuneration Implementation Report provides details on how Remgro implemented its Remuneration Policy during the 2018 financial year. (The information on pages 96 to102 was audited). This Remuneration Implementation Report will be put to a non-binding advisory vote by shareholders at the next AGM on 29 November 2018.

FIXED REMUNERATION REVIEW

During the year under review, the executive directors and other members of the Management Board received an average salary increase of 6.8% (2017: 7.5%), compared to an average salary increase awarded to general staff of 7.3% (2017: 7.5%). Specifically the executive directors and other members of the Management Board (prescribed officers) received the following increases:

R'000	Salary for the year ended 30 June 2018	Salary for the year ended 30 June 2019	*% Change*
J J Durand	**13 323**	14 318	*7.5*
M Lubbe	**2 587**	3 022	*16.8*
N J Williams	**5 446**	5 849	*7.4*
P R Louw[1]	**3 459**	3 685	*6.5*
R S M Ndlovu[1, 2]	**2 501**	3 225	*28.9*
P J Uys[1]	**6 947**	7 364	*6.0*

[1] *Prescribed officers*
[2] *Mr R S M Ndlovu was appointed as a member of the Management Board with effect from 1 May 2018.*
[3] *Increases in remuneration in excess of 10% include adjustments due to promotions and or adjustments following a review of the responsibilities of exiting roles.*

SHORT-TERM INCENTIVES OUTCOME

Remgro's Remuneration Policy does not provide for any short-term incentives, therefore no outcomes are reported in terms of this.

LONG-TERM INCENTIVES OUTCOME

Awards historically granted under the SAR Scheme did not have performance conditions attached. Based on the methodology set out in King IV, the awards therefore included in the single figure of remuneration are those which vest and become exercisable in the 12 months after year-end. The share price at year-end used to calculate the value in the table below is R204.29.

Participant	Offer date	Offer price (Rand)	Adjusted offer price (Rand)	Number of SARs vesting in 12 months after year-end for single-figure table	Value of shares[(2)] (R'000)	Value of shares included in single-figure table (R'000)
J J Durand	04-Dec-13	191.70	185.07	31 042	596	596
	26-Nov-14	253.53	245.53	36 156	(1 492)	–
	24-Nov-15	272.00	262.77	64 226	(3 756)	–
	Total LTI vesting					596
M Lubbe	04-Dec-13	191.70	185.07	2 481	47	47
	26-Nov-14	253.53	245.53	1 337	(56)	–
	24-Nov-15	272.00	262.77	2 680	(157)	–
	Total LTI vesting					47
N J Williams	04-Dec-13	191.70	185.07	7 407	142	142
	26-Nov-14	253.53	245.53	5 476	(226)	–
	24-Nov-15	272.00	262.77	9 164	(536)	–
	Total LTI vesting					142
P R Louw	04-Dec-13	191.70	185.07	4 314	82	82
	26-Nov-14	253.53	245.53	1 984	(82)	–
	24-Nov-15	272.00	262.77	3 167	(186)	–
	Total LTI vesting					82
R S M Ndlovu[(1)]	04-Dec-13	191.70	185.07	375	7	7
	26-Nov-14	253.53	245.53	360	(15)	–
	24-Nov-15	272.00	262.77	3 567	(209)	–
	Total LTI vesting					7
P J Uys	04-Dec-13	191.70	185.07	1 108	21	21
	26-Nov-14	253.53	245.53	4 924	(204)	–
	24-Nov-15	272.00	262.77	3 845	(225)	–
	Total LTI vesting					21

(1) *Mr R S M Ndlovu was appointed as a member of the Management Board with effect from 1 May 2018.*
(2) *Negative amounts indicate the extent to which awards are "under water". Negative amounts are not reported as negative amounts in the single-figure remuneration table on the next page.*

TOTAL REMUNERATION (SINGLE FIGURE)

The tables below provide information on the single figure remuneration for executive directors and prescribed officers, which comprises a fixed annual amount, as well as the value of the shares vesting 12 months after year-end.

EXECUTIVE DIRECTORS

R'000	Fees	Salaries	Retirement fund	Other benefits[4]	Fixed remuneration	LTI[5]	Total
30 June 2018							
W E Bührmann[1]	**288**	**2 286**	**587**	**278**	**3 439**	**–**	**3 439**
J J Durand[2]	**345**	**10 482**	**2 147**	**349**	**13 323**	**596**	**13 919**
M Lubbe[3]	**345**	**1 512**	**369**	**361**	**2 587**	**47**	**2 634**
N J Williams	**345**	**3 899**	**842**	**360**	**5 446**	**142**	**5 588**
Total	**1 323**	**18 179**	**3 945**	**1 348**	**24 795**	**785**	**25 580**
30 June 2017							
W E Bührmann	321	3 000	659	314	4 294	3 194	7 488
J J Durand	321	10 506	2 147	344	13 318	7 338	20 656
M Lubbe	241	1 179	263	272	1 955	402	2 357
N J Williams	321	3 417	741	339	4 818	2 159	6 977
Total	1 204	18 102	3 810	1 269	24 385	13 093	37 478

(1) *Mr W E Bührmann retired on 30 April 2018.*
(2) *The Remuneration Committee approved a 7% increase for Mr J J Durand but he declined the increase and requested that the equivalent increase amount should be included in the Remgro CSI budget for local CSI initiatives. The decrease in salary relates to the increase in fees that is embedded in salary and the increase in other benefits relates to the increase in medical aid contributions.*
(3) *Mrs M Lubbe was appointed as executive director with effect from 20 September 2016.*
(4) *Benefits include medical scheme contributions and vehicle benefits.*
(5) *LTI includes SARs which vest and become exercisable in the 12 months following the end of the reporting period.*

PRESCRIBED OFFICERS

R'000	Salaries	Retirement fund	Other benefits[2]	Fixed remuneration	LTI[3]	Total
30 June 2018						
P R Louw	**2 585**	**513**	**361**	**3 459**	**82**	**3 541**
R S M Ndlovu[1]	**337**	**73**	**60**	**470**	**7**	**477**
P J Uys	**5 496**	**1 090**	**361**	**6 947**	**21**	**6 968**
Total	**8 418**	**1 676**	**782**	**10 876**	**110**	**10 986**
30 June 2017						
P R Louw	2 399	476	339	3 214	661	3 875
P J Uys	5 144	1 020	339	6 503	2 667	9 170
Total	7 543	1 496	678	9 717	3 328	13 045

(1) *Mr R S M Ndlovu was appointed on 1 May 2018.*
(2) *Benefits include medical scheme contributions and vehicle benefits.*
(3) *LTI includes SARs which vest and become exercisable in the 12 months following the end of the reporting period.*
(4) *All three prescribed officers are members of the Management Board. Messrs P R Louw and P J Uys are also members of the Social and Ethics Committee.*

LONG-TERM INCENTIVES SUMMARY

The tables below provide information on a director and prescribed officer basis of SARs granted and accepted during the year and the indicative value of SARs not yet exercised (outstanding SARs). It also illustrates the cash value of SARs exercised during the year.

DIRECTORS

Participant	Offer date[2]	Offer price[3] (Rand)	Number of SARs offered and accepted	Fair value of SARs on offer date (R'000)	Balance of SARs accepted as at 30 June 2017	Adjusted offer price (Rand)	SARs accepted/ (exercised) during the year	Share price on exercise date (Rand)	Cash value of SARs exercised during the year[4] (R'000)	Balance of SARs accepted as at 30 June 2018	Fair value of SARs as at 30 June 2018[5] (R'000)
Executive											
W E Bührmann[1]	29-Nov-12	147.25	98 817	3 921	98 817	142.04				98 817	6 540
	4-Dec-13	191.70	25 485	1 386	25 485	185.07				25 485	1 075
	26-Nov-14	253.53	8 958	615	8 958	245.53				8 958	275
	24-Nov-15	272.00	26 470	2 142	26 470	262.77				26 470	864
	1-Dec-16	209.11	82 971	5 804	82 971	209.11				82 971	4 527
J J Durand	29-Nov-10	108.69	235 895	7 868	157 262	92.83	(157 262)	209.29	18 315	–	–
	29-Nov-12	147.25	271 258	10 763	271 258	142.04				271 258	17 954
	4-Dec-13	191.70	93 128	5 064	93 128	185.07				93 128	3 927
	26-Nov-14	253.53	108 468	7 442	108 468	245.53				108 468	3 329
	24-Nov-15	272.00	192 676	15 591	192 676	262.77				192 676	6 291
	1-Dec-16	209.11	150 872	10 554	150 872	209.11				150 872	8 231
	14-Dec-17	206.35	132 309	9 705	–	206.35	132 309			132 309	8 140
M Lubbe	29-Nov-12	147.25	13 961	554	13 961	142.04				13 961	924
	4-Dec-13	191.70	7 444	405	7 444	185.07				7 444	314
	26-Nov-14	253.53	4 011	275	4 011	245.53				4 011	123
	24-Nov-15	272.00	8 036	650	8 036	262.77				8 036	262
	1-Dec-16	209.11	65 632	4 591	65 632	209.11				65 632	3 581
	14-Dec-17	206.35	15 481	1 136	–	206.35	15 481			15 481	952
N J Williams	29-Nov-10	108.69	38 652	1 289	19 768	92.83	(19 768)	210.75	2 331	–	–
	29-Nov-12	147.25	81 901	3 250	81 901	142.04				81 901	5 421
	4-Dec-13	191.70	22 221	1 208	22 221	185.07				22 221	937
	26-Nov-14	253.53	16 430	1 127	16 430	245.53				16 430	504
	24-Nov-15	272.00	27 492	2 225	27 492	262.77				27 492	898
	1-Dec-16	209.11	98 716	6 905	98 716	209.11				98 716	5 386
	14-Dec-17	206.35	55 677	4 084	–	206.35	55 677			55 677	3 425
Total					1 581 977		26 437		20 646	1 608 414	83 880

(1) *Mr W E Bührmann retired on 30 April 2018. In terms of the rules of the SAR Scheme, participants going into retirement are entitled to exercise all their SARs granted to them at any time within 12 months after the date of retirement or before the expiry of the SAR period (being seven years from the grant date), whichever is the earlier.*

(2) *Unless otherwise indicated, one-third of the SARs are exercisable after the third anniversary of the grant date, an additional third after the fourth anniversary of the grant date and the remainder after the fifth anniversary of the grant date. All SARs must be exercised within seven years after the grant date, upon which date unexercised SARs lapse.*

(3) *Offer price is equal to face value on grant date.*

(4) *This refers to the increase in value of the SAR Scheme shares of the indicated participants from the offer date to the date of payment and delivery.*

(5) *Fair value was calculated using the standard binomial pricing model.*

Participant	Offer date[4]	Offer price[5] (Rand)	Number of SARs offered and accepted	Fair value of SARs on offer date (R'000)	Balance of SARs accepted as at 30 June 2016	Adjusted offer price[6] (Rand)	SARs accepted/ (exercised) during the year	Share price on exercise date (Rand)	Cash value of SARs exercised during the year[7] (R'000)	Balance of SARs accepted as at 30 June 2017	Fair value of SARs as at 30 June 2017[8] (R'000)
Executive											
W E Bührmann	29-Nov-10	108.69	23 548	785	23 548	92.83	(23 548)	220.40	3 004	–	–
	29-Nov-12	147.25	98 817	3 921	98 817	142.04				98 817	7 719
	4-Dec-13	191.70	25 485	1 386	25 485	185.07				25 485	1 470
	26-Nov-14	253.53	8 958	615	8 958	245.53				8 958	366
	24-Nov-15	272.00	26 470	2 142	26 470	262.77				26 470	1 110
	1-Dec-16	209.11	82 971	5 804	–	209.11	82 971			82 971	4 786
L Crouse[1]	26-Nov-14	253.53	23 587	1 618	23 587	245.53	(23 587)	–	–	–	–
J J Durand	29-Nov-10	108.69	235 895	7 868	157 262	92.83				157 262	19 029
	29-Nov-12	147.25	271 258	10 763	271 258	142.04				271 258	21 188
	4-Dec-13	191.70	93 128	5 064	93 128	185.07				93 128	5 372
	26-Nov-14	253.53	108 468	7 442	108 468	245.53				108 468	4 437
	24-Nov-15	272.00	192 676	15 591	192 676	262.77				192 676	8 079
	1-Dec-16	209.11	150 872	10 554	–	209.11	150 872			150 872	8 702
M Lubbe[2]	29-Nov-10	108.69	20 620	687	–	92.83	–	205.69	2 327	–	–
	29-Nov-12	147.25	13 961	554	–	142.04	13 961			13 961	1 090
	4-Dec-13	191.70	7 444	405	–	185.07	7 444			7 444	429
	26-Nov-14	253.53	4 011	275	–	245.53	4 011			4 011	164
	24-Nov-15	272.00	8 036	650	–	262.77	8 036			8 036	337
	1-Dec-16	209.11	65 632	4 591	–	209.11	65 632			65 632	3 786
N J Williams	23-Nov-09	87.50	54 228	1 515	18 076	73.67	(18 076)	207.00	2 410	–	–
	29-Nov-10	108.69	38 652	1 289	19 768	92.83				19 768	2 392
	29-Nov-12	147.25	81 901	3 250	81 901	142.04				81 901	6 397
	4-Dec-13	191.70	22 221	1 208	22 221	185.07				22 221	1 282
	26-Nov-14	253.53	16 430	1 127	16 430	245.53				16 430	672
	24-Nov-15	272.00	27 492	2 225	27 492	262.77				27 492	1 153
	1-Dec-16	209.11	98 716	6 905	–	209.11	98 716			98 716	5 694
Subtotal					1 215 545		366 432		7 741	1 581 977	105 654
Non-executive											
J Malherbe[3]	23-Nov-09	87.50	75 761	2 116	50 506	73.67	(50 506)	209.73	6 872	–	–
Subtotal					50 506		(50 506)		6 872	–	–
Total					1 266 051		315 926		14 613	1 581 977	105 654

(1) Mr L Crouse retired as Chief Financial Officer with effect from 31 March 2016. In terms of the rules of the SAR Scheme, participants going into retirement are entitled to exercise all their SARs granted to them at any time within 12 months after the date of retirement or before the expiry of the SAR period (being seven years from the grant date), whichever is the earlier. The 23 587 SARs expired on 31 March 2017 as the Remgro share price was less than the offer price.

(2) Mrs M Lubbe was appointed as executive director with effect from 20 September 2016. SARs accepted/(exercised) during the year include the balance of SARs granted and accepted by her prior to 20 September 2016. The 20 620 SARs granted and accepted by her on 29 November 2010 were exercised after 20 September 2016.

(3) Subsequent to the acquisition of VenFin Limited during November 2009, Remgro SARs were awarded to Mr J Malherbe to compensate him for the cancellation of the VenFin Share Appreciation Right Scheme. Mr Malherbe does not qualify for any further allocation of SARs.

(4) Unless otherwise indicated, one-third of the SARs are exercisable after the third anniversary of the grant date, an additional third after the fourth anniversary of the grant date and the remainder after the fifth anniversary of the grant date. All SARs must be exercised within seven years after grant date, upon which date unexercised SARs lapse.

(5) Offer price is equal to face value on grant date.

(6) In terms of the rules of the SAR Scheme, the offer price of SARs that were awarded prior to the Remgro rights issue was reduced to ensure that participants were placed in substantially the same position as they were prior to the rights issue.

(7) This refers to the increase in value of the SAR Scheme shares of the indicated participants from the offer date to the date of payment and delivery.

(8) Fair value was calculated using the standard binomial pricing model.

PRESCRIBED OFFICERS

Participant	Offer date[2]	Offer price[3] (Rand)	Number of SARs offered and accepted	Fair value of SARs on offer date (R'000)	Balance of SARs accepted as at 30 June 2017	Adjusted offer price (Rand)	SARs accepted/ (exercised) during the year	Share price on exercise date (Rand)	Cash value of SARs exercised during the year[4] (R'000)	Balance of SARs accepted as at 30 June 2018	Fair value of SARs as at 30 June 2018[5] (R'000)
P R Louw	29-Nov-10	108.69	27 432	915	27 432	92.83	(27 432)	223.73	3 591	–	–
	29-Nov-12	147.25	22 646	899	22 646	142.04				22 646	1 499
	4-Dec-13	191.70	12 944	704	12 944	185.07				12 944	546
	26-Nov-14	253.53	5 952	408	5 952	245.53				5 952	183
	24-Nov-15	272.00	9 497	768	9 497	262.77				9 497	310
	1-Dec-16	209.11	91 120	6 374	91 120	209.11				91 120	4 971
	14-Dec-17	206.35	20 301	1 489	–	206.35	20 301			20 301	1 249
R S M Ndlovu[1]	4-Dec-13	191.70	375	20	–	185.07	375			375	16
	26-Nov-14	253.53	1 080	74	–	245.53	1 080			1 080	33
	24-Nov-15	272.00	10 699	866	–	262.77	10 699			10 699	349
	1-Dec-16	209.11	15 605	1 092	–	209.11	15 605			15 605	851
	14-Dec-17	206.35	10 267	753	–	206.35	10 267			10 267	632
P J Uys	2-Apr-13	183.15	218 400	10 519	218 400	177.24				218 400	9 200
	4-Dec-13	191.70	3 325	181	3 325	185.07				3 325	140
	26-Nov-14	253.53	14 774	1 014	14 774	245.53				14 774	453
	24-Nov-15	272.00	11 533	933	11 533	262.77				11 533	377
	1-Dec-16	209.11	91 463	6 398	91 463	209.11				91 463	4 990
	14-Dec-17	206.35	85 936	6 303	–	206.35	85 936			85 936	5 287
Total					509 086		116 831		3 591	625 917	31 086

[1] *Mr R S M Ndlovu was appointed with effect from 1 May 2018. SARs accepted/(exercised) during the year refer to the balance of SARs granted and accepted by him prior to 1 May 2018.*

[2] *Unless otherwise indicated, one-third of the SARs are exercisable after the third anniversary of the grant date, an additional third after the fourth anniversary of the grant date and the remainder after the fifth anniversary of the grant date. All SARs must be exercised within seven years after grant date, upon which date unexercised SARs lapse.*

[3] *Offer price is equal to face value on grant date.*

[4] *This refers to the increase in value of the SAR Scheme shares of the indicated participants from the offer date to the date of payment and delivery.*

[5] *Fair value was calculated using the standard binomial pricing model.*

Participant	Offer date[1]	Offer price[2] (Rand)	Number of SARs offered and accepted	Fair value of SARs on offer date (R'000)	Balance of SARs accepted as at 30 June 2016	Adjusted offer price[3] (Rand)	SARs accepted/ (exercised) during the year	Share price on exercise date (Rand)	Cash value of SARs exercised during the year[4] (R'000)	Balance of SARs accepted as at 30 June 2017	Fair value of SARs as at 30 June 2017[5] (R'000)
P R Louw	29-Nov-10	108.69	27 432	915	27 432	92.83				27 432	3 319
	29-Nov-12	147.25	22 646	899	22 646	142.04				22 646	1 769
	4-Dec-13	191.70	12 944	704	12 944	185.07				12 944	747
	26-Nov-14	253.53	5 952	408	5 952	245.53				5 952	243
	24-Nov-15	272.00	9 497	768	9 497	262.77				9 497	398
	1-Dec-16	209.11	91 120	6 374	–	209.11	91 120			91 120	5 256
P J Uys	2-Apr-13	183.15	218 400	10 519	218 400	177.24				218 400	17 059
	4-Dec-13	191.70	3 325	181	3 325	185.07				3 325	192
	26-Nov-14	253.53	14 774	1 014	14 774	245.53				14 774	604
	24-Nov-15	272.00	11 533	933	11 533	262.77				11 533	484
	1-Dec-16	209.11	91 463	6 398	–	209.11	91 463			91 463	5 276
Total					326 503		182 583		–	509 086	35 347

[1] *Unless otherwise indicated, one-third of the SARs are exercisable after the third anniversary of the grant date, an additional third after the fourth anniversary of the grant date and the remainder after the fifth anniversary of the grant date. All SARs must be exercised within seven years after grant date, upon which date unexercised SARs lapse.*

[2] *Offer price is equal to face value on grant date.*

[3] *In terms of the rules of the SAR Scheme, the offer price of SARs that were awarded prior to the Remgro rights issue was reduced to ensure that participants were placed in substantially the same position as they were prior to the rights issue.*

[4] *This refers to the increase in value of the SAR Scheme shares of the indicated participants from the offer date to the date of payment and delivery.*

[5] *Fair value was calculated using the standard binomial pricing model.*

NON-EXECUTIVE DIRECTORS' FEES

The committee approved a fee increase of 10.5% for non-executive directors' annual fees. The non-executive directors' fees for the 2018 financial year, which were approved by the shareholders, are disclosed below (on a designation basis).

Type of fee (Rand)	Fee for the year ended 30 June 2018	Fee for the year ended 30 June 2017
Board member	**345 000**	321 000
Chairman of the Audit and Risk Committee	**260 000**	214 000
Member of the Audit and Risk Committee	**130 000**	107 000
Member of the Remuneration and Nomination Committee	**57 500**	53 500
Chairman of the Social and Ethics Committee	**100 000**	53 500
Member of the Social and Ethics Committee	**57 500**	53 500

Fees are excluding VAT.

The actual fees paid to non-executive directors are disclosed below (on an individual basis).

R'000	Fee for the year ended 30 June 2018	Fee for the year ended 30 June 2017
Non-executive (independent)		
G T Ferreira	**403**	375
P K Harris	**403**	375
N P Mageza[(1)]	**533**	455
P J Moleketi	**475**	428
M Morobe	**445**	348
F Robertson	**533**	482
S E N de Bruyn	**663**	508
H Wessels[(2)]	**–**	390
Subtotal	**3 455**	3 361
Non-executive (non-independent)		
E de la H Hertzog	**345**	321
J Malherbe	**345**	321
J P Rupert[(3)]	**–**	–
Subtotal	**690**	642
Total	**4 145**	4 003

(1) *During the year under review Mr N P Mageza also received R654 000 (2017: R538 000) as director's fees from RCL Foods Limited, a subsidiary of Remgro Limited.*

(2) *Mr H Wessels retired as an independent non-executive director on 1 December 2016. In addition to his director's fees and fee as chairman of the Audit and Risk Committee and chairman of the Social and Ethics Committee, an amount of R96 000 was also paid to Mr H Wessels during the previous year for his attendance of meetings of subcommittees of the Audit and Risk Committee.*

(3) *Mr J P Rupert receives no emoluments.*

Johann Rupert.

Johann Rupert
Chairman of the Remuneration and Nomination Committee

Stellenbosch
19 September 2018

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2018 SUMMARY FINANCIAL STATEMENTS

Remgro Limited

AUDIT AND RISK COMMITTEE REPORT

TO THE SHAREHOLDERS OF REMGRO LIMITED

This report by the Audit and Risk Committee (the committee), as appointed by the shareholders in respect of the year under review, is prepared in accordance with the principles of the King IV Report on Corporate Governance for South Africa (2016) (King IV) and the requirements of the Companies Act (No. 71 of 2008), as amended (Companies Act), and describes how the committee has discharged its statutory duties in terms of the Companies Act and its additional duties assigned to it by the Board in respect of the financial year ended 30 June 2018.

COMMITTEE MEMBERS AND ATTENDANCE AT MEETINGS

The committee comprises four independent, non-executive directors (as set out in the table below) and is chaired by Ms S E N De Bruyn. All the committee members are suitably skilled and experienced. In terms of the committee's mandate, at least four meetings should be held annually.

COMPOSITION OF THE COMMITTEE

Committee member*	Number of meetings held	Number of meetings attended
S E N De Bruyn (chairman)	4	4
N P Mageza	4	4
P J Moleketi	4	4
F Robertson	4	4

* *Abridged curriculum vitae of all the directors of the Company are set out on pages 14 and 15 of the Integrated Annual Report.*

The Chief Executive Officer (CEO), Chief Financial Officer (CFO), head of internal audit, other members of senior management and representatives of the external auditors of the Company attend the committee meetings by invitation. Committee agendas provide for confidential meetings between committee members and the internal and external auditors, as well as management.

ROLE AND RESPONSIBILITIES

The committee's role and responsibilities include its statutory duties as per the Companies Act, as well as the responsibilities assigned to it by the Board. The responsibilities of the Audit and Risk Committee are codified in a formal terms of reference, which is reviewed at least annually and which is available on Remgro's website. During the year under review, the Board reviewed and amended the terms of reference of the Audit and Risk Committee, in light of the principles and recommended practices of King IV.

The committee is satisfied that it has fulfilled all of its duties during the financial year under review, as further detailed below.

The committee has also satisfied itself that there are effective audit committees functioning at Wispeco Holdings Proprietary Limited (Wispeco), Remgro's principal wholly owned operating subsidiary, and the Company's significant non-wholly owned subsidiaries, associates and joint ventures, whose minutes of meetings held are also included in the committee's agenda.

More information about the functioning of the committee and the matters dealt with in this report can be found in the Corporate Governance Report and Risk and Opportunities Management Report.

STATUTORY DUTIES

In the conduct of its duties, the committee has performed the following statutory duties:

- Nominated PricewaterhouseCoopers Inc. (PwC) (with Mr Anton Wentzel as designated partner), who, in the opinion of the committee, is independent of the Company, to the shareholders for appointment as the external auditor for the financial year ended 30 June 2018
- Determined the fees to be paid to the external auditor and their terms of engagement
- Ensured that the appointment of the external auditor complies with the provisions of the Companies Act and any other legislation relating to the appointment of auditors
- Determined the nature and extent of any non-audit services that the external auditor may provide to the Company and its wholly owned subsidiaries administered by Remgro Management Services Limited (RMS)
- Pre-approved any proposed agreement with the external auditor for the provision of non-audit services to the Company and its wholly owned subsidiaries administered by RMS

EXTERNAL AUDIT

The committee is satisfied that the Company's external auditor, PwC, is independent of the Company and is therefore able to conduct its audit functions without any influence from the Company. The designated external audit partner rotates every five years.

PwC has been the auditor of the Company for 50 years. The business of the Company was previously transacted through Rembrandt Group Limited of which, based on available statutory records, PwC and its predecessor firms have been the external auditor for 70 years. The committee is satisfied with PwC's independence from the Company, notwithstanding its tenure as external auditor.

PwC has confirmed its compliance with the ethical requirements regarding independence and is considered independent with respect to the Group as required by the codes endorsed and administered by the Independent Regulatory Board for Auditors, the South African Institute of Chartered Accountants and the International Federation of Accountants. The committee nominated, for approval at the Annual General Meeting on 29 November 2018, PwC as external auditor for the 2019 financial year. The committee is also satisfied that PwC is accredited to appear on the JSE List of Accredited Auditors.

A formal policy governs the process whereby the external auditor of the Company is considered for non-audit services. In terms of the policy, the committee is responsible for determining the nature and extent of any non-audit services that the external auditor may provide and to pre-approve any proposed contract with the external auditor for the provision of non-audit services. For the year under review, non-audit services related mainly to normal tax services. The extent of these services was within the committee's pre-approved amount.

INTERNAL FINANCIAL CONTROL AND ACCOUNTING SYSTEMS

The committee is responsible for assessing the systems of internal financial controls and accounting systems of the Company and its wholly owned subsidiaries administered by RMS. In this regard the committee has evaluated reports on the effectiveness of the systems of internal financial controls conducted by the internal audit function, considered information provided by management and held discussions with the external auditor on the results of their audit. The committee is of the opinion that the systems of internal financial controls are effective and form a basis for the preparation of reliable financial statements. In support of the aforementioned, the committee also received reports from the internal audit function regarding the effectiveness of the combined assurance process and anti-corruption, fraud prevention and detection measures in place.

The Remgro executives serving on the boards of investee companies RCL Foods Limited (RCL Foods), Distell Group Holdings Limited (Distell), Wispeco Holdings Proprietary Limited (Wispeco) and associates and joint ventures are responsible for executing the Company's significant influence to ensure that effective internal controls are implemented and complied with.

EXPERTISE AND EXPERIENCE OF THE CHIEF FINANCIAL OFFICER AND FINANCE FUNCTION

The committee has considered and satisfied itself of the appropriateness of the expertise and experience of the CFO, Mr Neville Williams, whose *curriculum vitae* appears on page 14 of the Integrated Annual Report.

The committee has furthermore considered and satisfied itself of the appropriateness of the expertise and adequacy of resources of the Company's finance function, and the experience of the senior members of management responsible for the financial function.

FINANCIAL STATEMENTS AND GOING CONCERN

The committee has reviewed the standalone and consolidated financial statements of the Company, and is satisfied that they comply with International Financial Reporting Standards (IFRS) and the Companies Act, and that the accounting policies used are appropriate. In particular, the committee considered the following significant issues, identified by the management team and the external auditors, and is satisfied that these issues have been appropriately accounted for in the Annual Financial Statements:

- **Accuracy of accounting for Distell's ownership restructuring**
  With effect from 11 May 2018 the previously listed Distell restructured its multi-tiered ownership structure. Remgro retained its 31.8% economic interest in Distell, but increased its voting rights to 56.0%, thereby resulting in the investment in Distell now being classified as a subsidiary and consolidated at 31.8%. Management applied *IFRS 3: Business Combinations* to account for the acquisition. The committee considered the key judgements made by management in accounting for this business combination, as well as the fair value of the underlying assets acquired and liabilities assumed. The committee is further satisfied with the accounting treatment thereof as detailed in note 15 to the annual financial statements that is published on the Company's website at www.remgro.com.

- **Accounting for equity accounted investments**
  Management exercises judgement when investments are classified as associates rather than subsidiaries or financial instruments at fair value. Remgro may have *de facto* control over certain associates, with specific reference to the investment in Mediclinic International plc, in which Remgro holds less than 50% of the voting rights. The committee considered these judgements and is satisfied with these classifications. Refer to note 4.1 to the annual financial statements that is published on the Company's website at www.remgro.com for further detail.

- **Valuation of investments and consideration of possible impairments**
  The intrinsic net asset value is one of the measures used to assess shareholder value created. Investee companies, which represent operating segments, are valued and included in the intrinsic net asset value. The committee considered the methodologies, assumptions and judgements applied by management in determining the intrinsic value of assets and is satisfied that the approach taken was appropriate. Refer to note 2 to the annual financial statements that is published on the Company's website at www.remgro.com for further detail.

The committee has also reviewed a documented assessment by management of the going concern premise of the Company before recommending to the Board that the Company will be a going concern in the foreseeable future.

RISK AND OPPORTUNITIES MANAGEMENT

The committee has assigned oversight of the risk and opportunities management function to the Risk, Opportunities, Technology and Information Governance Committee (the ROTIG Committee), which is a subcommittee of the committee. The mandate of the ROTIG Committee includes the maintenance of the Risk Management and Opportunities Policy and plan, establishment of an operational Risk and Opportunities Register, technology and information risk management, legal compliance and occupational health and safety. The ROTIG Committee is chaired by the CFO and the 15 other members are all senior managers of the Company. The chairman of the committee attends the ROTIG Committee meetings as an *ex officio* member to ensure the effective functioning of the ROTIG Committee and that appropriate risk information is shared with the committee.

INTERNAL AUDIT

The Company's internal audit division is an effective, independent appraisal function and forms an integral part of the Enterprise-wide Risk and Opportunities Management system that provides assurance on the effectiveness of the Company's system of internal control. The committee has appointed Mr Deon Annandale as Remgro's Chief Audit Executive (CAE). The committee is satisfied with the attributes, objectivity and independence of the CAE, and that the CAE has the necessary gravitas and competence. The internal audit division of the Company is staffed by qualified and experienced personnel and services all of Remgro's wholly owned subsidiaries administered by RMS, as well as Wispeco. In addition, the internal audit division also performs independent, internal audit work for other investee companies such as Dark Fibre Africa Proprietary Limited, Mediclinic International plc, RMB Holdings Limited, RMI Holdings Limited, SEACOM Capital Limited and Business Partners Limited.

During the year under review the committee considered and recommended the internal audit charter for approval by the Board. The committee further considered the internal audit quality assurance plan and the performance of the internal audit function, and is satisfied that the internal audit function conforms to a recognised industry code of ethics. Further details on the Group's internal audit functions are provided in the Risk and Opportunities Management Report.

COMPLIANCE

The committee is responsible for reviewing any major breach of relevant legal and regulatory requirements. The committee is satisfied that there has been no material non-compliance with laws and regulations during the year under review.

The committee is also satisfied that it has complied with all its legal, regulatory and other responsibilities during the year under review.

RECOMMENDATION TO THE BOARD

The committee has reviewed and considered the Integrated Annual Report, including the comprehensive Annual Financial Statements and Sustainable Development Report published on the Company's website at www.remgro.com, and has recommended it for approval by the Board.

Sonja De Bruyn
Chairman of the Audit and Risk Committee

Stellenbosch
19 September 2018

REPORT OF THE BOARD OF DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2018

Dear Shareholder

The Board has pleasure in reporting on the activities and financial results for the year under review.

NATURE OF ACTIVITIES

The Company is an investment holding company. Cash income is derived mainly from dividends and interest. The consolidated annual financial statements of the Company and its subsidiaries also incorporate the equity accounted attributable income of associates and joint ventures.

The Group's interests consist mainly of investments in banking; healthcare; consumer products; insurance; industrial; infrastructure as well as media and sport.

RESULTS

Year ended	30 June 2018	30 June 2017
Headline earnings (R million)	**8 573**	8 221
– per share (cents)	**1 512.6**	1 485.5
– diluted (cents)	**1 504.5**	1 479.5
Headline earnings, excluding option remeasurement (R million)	**8 312**	7 534
– per share (cents)	**1 466.5**	1 361.3
– diluted (cents)	**1 458.4**	1 355.5
Earnings – net profit for the year (R million)	**8 943**	8 431
– per share (cents)	**1 577.9**	1 523.4
– diluted (cents)	**1 567.5**	1 517.2
Dividends (R million)	**3 023**	2 813
– ordinary – per share (cents)	**532.00**	495.00

A final dividend of 328 cents (2017: 301 cents) per share was declared after the year-end and was therefore not provided for in the annual financial statements. The final dividend is subject to dividend tax.

INVESTMENT ACTIVITIES

The most important investment activities during the year under review were as follows:

DISTELL GROUP HOLDINGS LIMITED (DISTELL)

On 30 June 2017 Remgro had an indirect economic interest of 31.8% in Distell Group Limited (previously listed Distell). This interest was held through its 50.0% shareholding in Remgro-Capevin Investments Proprietary Limited (RCI) and 19.0% shareholding in Capevin Holdings Limited (Capevin). Capevin held the other 50.0% shareholding in RCI and RCI had a 53.5% economic interest (or 52.8% voting interest) in the previously listed Distell.

On 11 May 2018 the competition authorities approved the restructuring of the previously listed Distell's multi-tiered ownership structure. In terms of the restructuring, Remgro exchanged its 50.0% shareholding in RCI for additional ordinary shares in Capevin (the RCI Exchange). The RCI Exchange increased Remgro's interest in Capevin from 19.0% to 59.5%. Following the RCI Exchange, Remgro exchanged its entire Capevin shareholding for ordinary shares in Distell, a new listed entity which is substantially similar to the previously listed Distell. Remgro also received unlisted B shares in Distell, which shares are linked to the Distell ordinary shares acquired by Remgro by virtue of the RCI Exchange, resulting in Remgro replicating RCI's 52.8% voting rights in the previously listed Distell. The unlisted B shares only carry voting rights in Distell and have no economic participation. The restructuring had no impact on Remgro's intrinsic net asset value and Remgro retained its 31.8% economic interest in Distell, but increased its voting rights in Distell to 56.0%.

Remgro's investments in RCI and Capevin were previously classified as a joint venture and an associate, respectively, and accounted for using the equity method. Since the restructuring, Remgro holds the majority of voting rights (56.0%) in Distell, thereby resulting in the investment in Distell now being consolidated at 31.8% with effect from 11 May 2018, while the investments in RCI and Capevin were derecognised at their fair values totalling R8 940 million, realising an accounting profit on the sale of investments of R5 150 million.

In terms of *IFRS 3: Business Combinations* the purchase consideration for Distell, consisting of the fair value of Remgro's previously held interests in RCI and Capevin, amounted to R8 940 million. The preliminary fair value of the underlying assets acquired and liabilities assumed at the effective date were: intangible assets of R10 169 million, property, plant and equipment of R6 608 million, and other net assets of R521 million. Non-controlling shareholders' proportionate interest in the fair value of Distell's net assets amounted to R11 893 million, while Remgro's economic interest therein amounted to R5 405 million. The balance of R3 535 million, being the difference between the purchase price and Remgro's portion of Distell's identifiable net assets, was allocated to goodwill.

The fair value adjustment to Distell's statement of financial position relates mainly to the recognition of brands (*inter alia Hunters*, *Savanna*, *Amarula* and *Bernini*). The amortisation of these additional assets will result in an annual after-tax expense of R145 million (Remgro's portion being R46 million) included in headline earnings. Since Remgro retained its economic interest of 31.8% in Distell's underlying business, the impact on attributable headline earnings for the year under review only relates to the additional after-tax amortisation expense of R8 million for the period to 30 June 2018.

RMI HOLDINGS LIMITED (RMI HOLDINGS)

On 19 September 2017 and 12 March 2018 RMI Holdings declared its final dividend for the year ended 30 June 2017 and interim dividend for the six months ended 31 December 2017 respectively. Both dividends included an alternative to the cash dividend of either receiving a scrip distribution or reinvesting the cash dividend by subscribing for new RMI Holdings ordinary shares. Remgro elected the reinvestment alternative for both declarations. Cash dividends amounting to R471 million were reinvested for 7 691 641 new RMI Holdings ordinary shares at R38.00 per share and 4 196 921 new RMI Holdings ordinary shares at R42.50 per share during October 2017 and April 2018 respectively. These investments increased Remgro's interest in RMI Holdings marginally to 30.3% (30 June 2017: 29.9%).

GRINDROD LIMITED (GRINDROD)

On 19 June 2018 Grindrod distributed its shipping division to its shareholders as a dividend *in specie*. Grindrod shareholders received 1 Grindrod Shipping Holdings Limited (Grindrod Shipping) share for every 40 Grindrod shares held and, accordingly, Remgro received 4 329 580 Grindrod Shipping shares. Grindrod Shipping listed on the NASDAQ on 18 June 2018 with a secondary inward listing on the JSE on 19 June 2018. On 30 June 2018 Remgro's effective interests in Grindrod and Grindrod Shipping were 23.0% (2017: 23.1%) and 22.7% respectively.

KAGISO INFRASTRUCTURE EMPOWERMENT FUND (KIEF)

During the year under review, Remgro disposed of its investment in KIEF, realising a profit on disposal of R103 million on the transaction. Remgro initially committed funds amounting to R350 million to KIEF, which had a target size of R650 million and aimed to invest in infrastructure projects, including roads, airports, power and telecommunication installations, railway systems, ports, water and social infrastructure. In total, Remgro invested R285 million in KIEF and received income and capital distributions amounting to R381 million, which includes the proceeds on disposal of KIEF.

INVENFIN PROPRIETARY LIMITED (INVENFIN)

During the year under review Remgro (through its wholly owned subsidiary, Invenfin) invested a further R80 million in Bos Brands Proprietary Limited (Bos Brands), thereby increasing its cumulative investment in Bos Brands to R244 million. Bos Brands is an owner, producer, marketer and distributor of a range of ice teas and sports drinks, under the BOS brand.

PEMBANI REMGRO INFRASTRUCTURE FUND (PRIF)

During the year under review Remgro invested a further R43 million in PRIF, thereby increasing its cumulative investment to R298 million. As at 30 June 2018 the remaining commitment to PRIF amounted to R352 million.

OTHER

Other smaller investments amounted to R114 million.

EVENTS AFTER YEAR-END

UNILEVER SOUTH AFRICA HOLDINGS PROPRIETARY LIMITED (UNILEVER)

The competition authorities have approved Unilever's acquisition of Remgro's 25.75% shareholding in Unilever in exchange for Unilever's Spreads business in Southern Africa, as well as a cash consideration of R4 900 million, representing a total transaction value of R11 900 million. This transaction valued the Unilever Spreads business at R7 000 million. The effective date of the transaction was 2 July 2018.

On 2 July 2018 the Unilever Spreads business, valued at R7 000 million, was transferred to Silver 2017 Proprietary Limited (Silver), which became a wholly owned subsidiary of Remgro, and the investment in Unilever was disposed of for R11 900 million. In terms of *IFRS 3: Business Combinations* the purchase price of the Unilever Spreads business will be allocated to intangible assets (mainly brands like *Rama*, *Stork* and *Flora*), property, plant and equipment and other net assets, while the balance will be allocated to goodwill. At the date of publication of the audited consolidated results, the acquisition date fair values of acquired net assets have not yet been determined.

RMI HOLDINGS

On 11 September 2018 RMI Holdings declared its final dividend for the year ended 30 June 2018, which included an alternative to the cash dividend of either receiving a scrip distribution or reinvesting the cash dividend by subscribing for new RMI Holdings ordinary shares. Remgro has committed to reinvesting its cash dividend amounting to R300 million, by electing the reinvestment alternative, in order to receive 7 894 998 new RMI Holdings ordinary shares at R38.00 per share.

COMMUNITY INVESTMENT VENTURES HOLDINGS PROPRIETARY LIMITED (CIVH)

On 29 August 2018 Remgro invested a further R324 million in CIVH as part of a CIVH rights offer.

MILESTONE CAPITAL STRATEGIC HOLDINGS LIMITED (MCSH)

During August 2018 Remgro disposed of its investment and loan in MCSH for a total purchase consideration of $70 million.

Other than the above-mentioned transactions, there were no other significant transactions subsequent to 30 June 2018.

CASH RESOURCES AT THE CENTRE

The Company's cash resources at 30 June 2018 were as follows:

R million	30 June 2018 Local	30 June 2018 Offshore	30 June 2018 Total	30 June 2017
Per consolidated statement of financial position	**6 921**	**5 248**	**12 169**	7 524
Investment in money market funds	**3 915**	**81**	**3 996**	5 888
Less: Cash of operating subsidiaries	**(1 701)**	**(760)**	**(2 461)**	(1 189)
Cash at the centre	**9 135**	**4 569**	**13 704**	12 223

On 30 June 2018, approximately 29% (R3 996 million) of the available cash at the centre was invested in money market funds which are not classified as cash and cash equivalents on the statement of financial position. Refer to note 5 to the annual financial statements that is published on the Company's website at www.remgro.com for further details.

GROUP FINANCIAL REVIEW

STATEMENT OF FINANCIAL POSITION

The analysis of "Equity employed" and "Source of headline earnings" below reflects the sectors into which the Group's investments have been classified. No adjustment has been made where investments are active mainly in one sector but also have interests in other sectors.

	30 June 2018		30 June 2017	
	R million	R per share	R million	R per share
Equity employed				
Attributable to equity holders	**98 098**	**173.04**	92 432	163.13
Employment of equity				
Banking	**20 871**	**36.82**	19 026	33.58
Healthcare	**29 373**	**51.81**	33 763	59.59
Consumer products	**20 826**	**36.74**	15 017	26.50
Insurance	**8 479**	**14.96**	7 277	12.84
Industrial	**6 563**	**11.58**	5 835	10.30
Infrastructure	**5 157**	**9.10**	4 998	8.82
Media and sport	**1 089**	**1.92**	1 512	2.67
Other investments	**4 060**	**7.16**	3 947	6.97
Central treasury				
– Cash at the centre	**13 704**	**24.17**	12 223	21.57
– Debt at the centre	**(14 097)**	**(24.87)**	(13 907)	(24.54)
Other net corporate assets	**2 073**	**3.65**	2 741	4.83
	98 098	**173.04**	92 432	163.13

INCOME STATEMENT

	30 June 2018		30 June 2017	
	R million	%	R million	%
Source of headline earnings				
Banking	**3 525**	**41**	3 163	38
Healthcare	**1 556**	**18**	1 875	23
Consumer products	**1 605**	**19**	1 354	17
Insurance	**1 228**	**14**	1 041	13
Industrial	**971**	**11**	750	9
Infrastructure	**57**	**1**	36	1
Media and sport	**(47)**	**(1)**	(58)	(1)
Other investments	**66**	**1**	70	1
Central treasury				
– Finance income	**524**	**6**	349	4
– Finance costs	**(630)**	**(7)**	(216)	(3)
Other net corporate costs	**(282)**	**(3)**	(143)	(2)
	8 573	**100**	8 221	100

R million	30 June 2018	30 June 2017
Composition of headline earnings		
Subsidiaries	**454**	429
Profits	**1 302**	1 230
Losses	**(848)**	(801)
Associates and joint ventures	**8 119**	7 792
Profits	**8 269**	7 950
Losses	**(150)**	(158)
	8 573	8 221

SHARE INCENTIVE SCHEME

Remgro currently has one long-term incentive plan, i.e. the Remgro Equity Settled Share Appreciation Right Scheme (the SAR Scheme). In terms of the SAR Scheme, participants are offered Remgro ordinary shares to the value of the appreciation of their rights to a specified number of Remgro ordinary shares that can be exercised at different intervals but before the expiry of seven years from date of grant.

The earliest intervals at which the share appreciation rights are exercisable are as follows:

- One-third after the third anniversary of the grant date
- An additional third after the fourth anniversary of the grant date
- The remainder after the fifth anniversary of the grant date

Refer to note 8 to the annual financial statements that is published on the Company's website at www.remgro.com for further details on the SAR Scheme.

TREASURY SHARES

At 30 June 2017, 1 666 638 Remgro ordinary shares (0.3%) were held as treasury shares by a wholly owned subsidiary of Remgro. As previously reported, these shares were acquired for the purpose of hedging Remgro's share incentive scheme.

During the year under review 277 605 Remgro ordinary shares were utilised to settle Remgro's obligation towards share scheme participants who exercised the rights granted to them.

At 30 June 2018, 1 389 033 Remgro ordinary shares (0.3%) were held as treasury shares.

PRINCIPAL SHAREHOLDER

Rupert Beleggings Proprietary Limited (Rupert Beleggings) holds all the issued unlisted B ordinary shares of the Company and is entitled to 42.53% (2017: 42.54%) of the total votes.

An analysis of the shareholders appears on pages 125 and 126.

SUBSIDIARIES AND INVESTMENTS

Particulars of subsidiaries and equity accounted investments are disclosed in note 14 of the annual financial statements that is published on the Company's website at www.remgro.com.

DIRECTORS

The names of the directors appear on pages 14 to 15 of the Integrated Annual Report.

Mr W E Bührmann has retired as an executive director from the Board of Remgro on 30 April 2018. He has reached his normal retirement age of 63 for executive directors. The Board wishes to thank him for his valuable contribution over many years.

In terms of the provision of the Memorandum of Incorporation, Ms S E N De Bruyn and Messrs P K Harris, M Morobe, J P Rupert and N J Williams retire from the Board by rotation. These directors are eligible and offer themselves for re-election.

DIRECTORS' INTERESTS

At 30 June 2018 the aggregate of the direct and indirect interests of the directors and their associates in the issued ordinary share capital of the Company amounted to 2.51% (2017: 2.57%).

Mr J P Rupert is a director of Rupert Beleggings which owns all the issued unlisted B ordinary shares.

An analysis of directors' interests in the issued capital of the Company appears on page 127.

DIRECTORS' EMOLUMENTS

The total directors' fees for services rendered as directors during the past financial year amounted to R5.5 million (2017: R5.2 million).

ACQUISITION OF SHARES OF THE COMPANY

It is recommended that a general authority be granted to the Board to acquire, should circumstances warrant it, the Company's own shares and to approve the acquisition of shares in the Company by any of its subsidiaries, subject to the provisions of the Companies Act (No. 71 of 2008), as amended, and the Listings Requirements of the JSE Limited.

A special resolution to grant this general authority to the Board is incorporated in the notice of the Annual General Meeting that appears on page 128 of the Integrated Annual Report.

AUTHORITY TO PLACE ORDINARY SHARES UNDER THE CONTROL OF THE DIRECTORS

It is recommended that a general authority be granted to the Board to allot and issue ordinary shares, subject to the provisions of the Companies Act (No. 71 of 2008), as amended, the Memorandum of Incorporation and the Listings Requirements of the exchange operated by JSE Limited, provided that the aggregate number of ordinary shares to be allotted and issued is limited to 5% of the number of the unissued ordinary shares in the authorised share capital of the Company (being 23 539 150 ordinary shares). This authority cannot be used to issue shares for cash.

An ordinary resolution to grant this general authority to the Board is incorporated in the notice of the Annual General Meeting that appears on page 128 of the Integrated Annual Report.

DECLARATION OF CASH DIVIDEND

DECLARATION OF CASH DIVIDEND NO. 36

Notice is hereby given that a final gross dividend of 328 cents (2017: 301 cents) per share has been declared out of income reserves in respect of both the ordinary shares of no par value and the unlisted B ordinary shares of no par value, for the year ended 30 June 2018.

A dividend withholding tax of 20% or 65.6 cents per share will be applicable, resulting in a net dividend of 262.4 cents per share, unless the shareholder concerned is exempt from paying dividend withholding tax or is entitled to a reduced rate in terms of an applicable double-tax agreement.

The total gross dividend per share for the year ended 30 June 2018 therefore amounts to 532 cents, compared to 495 cents for the year ended 30 June 2017.

The issued share capital at the declaration date is 529 217 007 ordinary shares and 39 056 987 B ordinary shares. The income tax number of the Company is 9500-124-71-5.

PAYMENT

The final dividend is payable on Monday, 19 November 2018, to shareholders of the Company registered at the close of business on Friday, 16 November 2018.

Share certificates may not be dematerialised or rematerialised between Wednesday, 14 November 2018, and Friday, 16 November 2018, both days inclusive.

In terms of the Company's Memorandum of Incorporation, dividends will only be transferred electronically to the bank accounts of shareholders, while dividend cheques are no longer issued. In the instance where shareholders do not provide the Transfer Secretaries with their banking details, the dividend will not be forfeited but will be marked as "unclaimed" in the share register until the shareholder provides the Transfer Secretaries with the relevant banking details for payout.

SECRETARY

The name and address of the Company Secretary appears on page 16 of the Integrated Annual Report.

APPROVAL

The comprehensive annual financial statements published on the Company's website at www.remgro.com, as well as the summary annual financial statements set out on pages 113 to 124 have been approved by the Board.

Signed on behalf of the Board of Directors.

Johann Rupert
Chairman

Jannie Durand
Chief Executive Officer

Stellenbosch
19 September 2018

INDEPENDENT AUDITOR'S REPORT

ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF REMGRO LIMITED

OPINION

The summary consolidated financial statements of Remgro Limited, set out on pages 113 to 124 of the 2018 Integrated Annual Report, which comprise the summary consolidated statement of financial position as at 30 June 2018, and the summary consolidated income statement and the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Remgro Limited for the year ended 30 June 2018.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the JSE Limited's (JSE) requirements for summary financial statements, as set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 19 September 2018. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year.

DIRECTORS' RESPONSIBILITY FOR THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the JSE's requirements for summary financial statements, set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: A Wentzel
Registered Auditor

Stellenbosch
19 September 2018

STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2018

R million	Notes	30 June 2018*	30 June 2017
ASSETS			
Non-current assets			
Property, plant and equipment		**13 626**	6 668
Investment properties		**119**	129
Intangible assets		**18 427**	4 927
Investments – Equity accounted	4	**73 722**	80 883
– Available-for-sale		**3 067**	3 345
Retirement benefits		**737**	201
Loans		**697**	562
Deferred taxation		**158**	23
		110 553	96 738
Current assets		**40 375**	22 317
Inventories		**10 967**	3 055
Biological agricultural assets		**807**	791
Debtors and short-term loans		**8 599**	4 885
Investment in money market funds		**3 996**	5 888
Cash and cash equivalents		**12 169**	7 524
Other current assets		**93**	85
		36 631	22 228
Assets held for sale		**3 744**	89
Total assets		**150 928**	119 055
EQUITY AND LIABILITIES			
Stated capital		**13 416**	13 416
Reserves		**84 865**	79 235
Treasury shares		**(183)**	(219)
Shareholders' equity		**98 098**	92 432
Non-controlling interest		**15 348**	2 870
Total equity		**113 446**	95 302
Non-current liabilities		**25 891**	18 493
Retirement benefits		**195**	173
Long-term loans	5	**20 316**	16 446
Deferred taxation		**5 268**	1 511
Derivative instruments		**112**	363
Current liabilities		**11 591**	5 260
Trade and other payables		**9 904**	4 710
Short-term loans		**1 557**	480
Other current liabilities		**130**	69
		11 591	5 259
Liabilities held for sale		**–**	1
Total equity and liabilities		**150 928**	119 055

* *Since 11 May 2018, Remgro consolidates its investment in Distell and, therefore, certain line items are not directly comparable with the prior year. Refer to "Comparison with the prior year" on page 116 for further detail.*

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2018

R million	Notes	30 June 2018	30 June 2017
CONTINUING OPERATIONS			
Sales		**31 115**	27 600
Inventory expenses		**(17 814)**	(16 138)
Staff costs		**(5 641)**	(4 972)
Depreciation		**(810)**	(752)
Other net operating expenses		**(5 590)**	(4 978)
Trading profit		**1 260**	760
Dividend income		**112**	61
Interest received		**886**	633
Fair value adjustment on exchangeable bonds' option		**261**	687
Finance costs		**(1 266)**	(1 255)
Net impairment of investments, loans, assets and goodwill		**(202)**	105
Profit on sale and dilution of investments		**5 188**	199
Consolidated profit before tax		**6 239**	1 190
Taxation		**(423)**	(227)
Consolidated profit after tax		**5 816**	963
Share of after-tax profit of equity accounted investments	10	**2 893**	7 099
Net profit for the year from continuing operations		**8 709**	8 062
DISCONTINUED OPERATIONS*			
Profit for the year from discontinued operations		**490**	446
Net profit for the year		**9 199**	8 508
Attributable to:			
Equity holders		**8 943**	8 431
Continuing operations		**8 453**	7 985
Discontinued operations		**490**	446
Non-controlling interest		**256**	77
		9 199	8 508

* *On 30 June 2018 the investment in Unilever was transferred from "investments - equity accounted" to "assets held for sale" (refer to "Events after year-end" on page 123). Profit from discontinued operations consists of the equity accounted earnings of Unilever. Comparative information has been represented accordingly.*

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

R million	30 June 2018	30 June 2017
Net profit for the year	**9 199**	8 508
Other comprehensive income, net of tax	**(311)**	(2 097)
Items that may be reclassified subsequently to the income statement:		
Exchange rate adjustments	**2 012**	(4 477)
Fair value adjustments for the year	**(149)**	69
Deferred taxation on fair value adjustments	**55**	21
Reclassification of other comprehensive income to the income statement	**(206)**	(20)
Other comprehensive income of equity accounted investments	**(2 127)**	2 245
Items that will not be reclassified to the income statement:		
Remeasurement of post-employment benefit obligations	**189**	68
Deferred taxation on remeasurement of post-employment benefit obligations	**(53)**	(19)
Change in reserves of equity accounted investments	**(32)**	16
Total comprehensive income for the year	**8 888**	6 411
Total comprehensive income attributable to:		
Equity holders	**8 374**	6 338
Non-controlling interest	**514**	73
	8 888	6 411

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

R million	30 June 2018	30 June 2017
Balance at 1 July	**95 302**	81 657
Total comprehensive income for the year	**8 888**	6 411
Dividends paid	**(2 934)**	(2 708)
Transactions with non-controlling shareholders	**40**	18
Other movements	**18**	18
Long-term share incentive scheme reserve	**182**	127
Non-controlling shareholders' interest in acquisition of subsidiary	**11 953**	–
Non-controlling shareholders' interest in disposal of subsidiary	**(3)**	–
Shares issued	**–**	9 945
Share issue costs	**–**	(134)
Purchase of treasury shares by wholly owned subsidiary	**–**	(32)
Balance at the end of the year	**113 446**	95 302

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

R million	30 June 2018	30 June 2017
Cash generated from operations	**2 096**	2 241
Interest received	**879**	633
Taxation paid	**(657)**	(363)
Dividends received[(1)]	**3 789**	4 163
Finance costs	**(1 159)**	(1 179)
Cash available from operating activities	**4 948**	5 495
Dividends paid	**(2 934)**	(2 708)
Net cash inflow from operating activities	**2 014**	2 787
Investing activities[(1, 2)]	**2 208**	(6 572)
Financing activities[(3)]	**78**	8 553
Net increase in cash and cash equivalents	**4 300**	4 768
Exchange rate profit/(loss) on foreign cash	**213**	(424)
Cash and cash equivalents at the beginning of the year	**7 472**	3 128
Cash and cash equivalents at the end of the year	**11 985**	7 472
Cash and cash equivalents – per statement of financial position	**12 169**	7 524
Bank overdraft	**(184)**	(52)

(1) *The dividend received from RMI Holdings in respect of the reinvestment alternative (refer to the section dealing with "Related party transactions" on page 122), amounting to R471 million, is not included in "Dividends received" and "Investing activities" for cash flow purposes.*

(2) *"Investing activities" includes the net cash and cash equivalents of Distell at the acquisition date amounting to R1 306 million, as well as a decrease in money market funds of R1 892 million (2017: an increase of R4 838 million).*

(3) *"Financing activities" for the comparative year included the Remgro rights issue of R9 811 million.*

1. BASIS OF PREPARATION

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited (JSE) for summary financial statements, and the requirements of the Companies Act applicable to summary financial statements. The JSE requires summary financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by *IAS 34: Interim Financial Reporting*.

The accounting policies applied in the preparation of the consolidated financial statements from which the summary consolidated financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements, with the exception of the adoption of the amendments to *IAS 7: Cash flow statements*, *IAS 12: Income taxes* and *IFRS 12: Disclosure of interest in other entities*. The implementation of these standards had no impact on the results of either the current or prior years. The financial statements have been prepared under the supervision of the Chief Financial Officer, Neville Williams CA(SA).

The summary consolidated financial statements do not contain all the information and disclosures required in the consolidated financial statements. The summary consolidated financial statements have been extracted from the audited consolidated financial statements upon which PricewaterhouseCoopers Inc. has issued an unqualified report. The audited consolidated financial statements and the unqualified audit report are available for inspection at the registered office of the Company.

2. COMPARISON WITH THE PRIOR YEAR

Since 11 May 2018 Remgro holds the majority of voting rights (56.0%) in Distell, thereby resulting in the investment in Distell now being consolidated at 31.8%. Therefore, certain line items in the statement of financial position and income statement are not directly comparable with the prior year. Based on the preliminary accounting for the business combination, the fair value of the major classes of assets and liabilities acquired are as follows:

R million	At acquisition date
Property, plant and equipment	6 608
Intangible assets	10 169
Inventories	7 765
Debtors and short-term loans	2 149
Cash and cash equivalents less bank overdraft	1 306
Other net assets	1 229
Long-term loans	(4 378)
Deferred taxation (assets and liabilities)	(3 693)
Trade and other payables	(3 857)
Non-controlling interest	(11 893)
Fair value of net assets acquired	5 405
Goodwill	3 535
Total purchase consideration	8 940

Distell's revenue contribution for the year under review is R4 219 million. Refer to "Related party transactions" on page 122 for further detail.

3. HEADLINE EARNINGS RECONCILIATION

R million	30 June 2018	30 June 2017
CONTINUING OPERATIONS		
Net profit for the year attributable to equity holders (earnings)	**8 453**	7 985
– Impairment of equity accounted investments	**580**	177
– Reversal of impairment of equity accounted investments	**(529)**	(479)
– Impairment of available-for-sale investments	**44**	5
– Impairment of property, plant and equipment	**71**	181
– Profit on sale and dilution of equity accounted investments[1]	**(5 156)**	(208)
– Loss on sale and dilution of equity accounted investments	**52**	9
– Profit on sale of available-for-sale investments	**(116)**	(15)
– Loss on sale of available-for-sale investments	**–**	15
– Profit on disposal of property, plant and equipment	**(114)**	(110)
– Recycling of foreign currency translation reserves	**(10)**	–
– Impairment of intangible assets	**34**	–
– Loss on sale of subsidiary	**42**	–
– Non-headline earnings items included in equity accounted earnings of equity accounted investments	**4 726**	220
– Profit on disposal of property, plant and equipment	**(44)**	(22)
– Profit on the sale of investments	**(583)**	(351)
– Loss on the sale of investments	**78**	26
– Impairment of investments, assets and goodwill[2]	**5 935**	668
– Recycling of foreign currency translation reserves	**(647)**	(83)
– Other headline earnings adjustable items	**(13)**	(18)
– Taxation effect of adjustments	**32**	5
– Non-controlling interest	**(35)**	(13)
Headline earnings from continuing operations	**8 074**	7 772
DISCONTINUED OPERATIONS		
Net profit for the year attributable to equity holders (earnings)	**490**	446
– Non-headline earnings items included in equity accounted earnings of equity accounted investments		
– Loss on disposal of property, plant and equipment	**12**	3
– Taxation effect of adjustments	**(3)**	–
Headline earnings from discontinued operations	**499**	449
Total headline earnings from continuing and discontinued operations	**8 573**	8 221
Option remeasurement	**(261)**	(687)
Headline earnings, excluding option remeasurement	**8 312**	7 534

(1) *"Profit on sale and dilution of equity accounted investments" includes the profit realised on the Distell restructuring transaction of R5 150 million.*
(2) *"Impairment of investments, assets and goodwill" from equity accounted investments includes Remgro's portion of the impairments of Mediclinic's investments in Hirslanden and Spire of R5 257 million.*

4. EARNINGS AND DIVIDENDS

Cents	30 June 2018	30 June 2017
Headline earnings per share		
– Basic	1 512.6	1 485.5
Continuing operations	1 424.6	1 404.4
Discontinued operations	88.0	81.1
– Diluted	1 504.5	1 479.5
Continuing operations	1 416.5	1 398.5
Discontinued operations	88.0	81.0
Headline earnings per share, excluding option remeasurement		
– Basic	1 466.5	1 361.3
Continuing operations	1 378.5	1 280.2
Discontinued operations	88.0	81.1
– Diluted	1 458.4	1 355.5
Continuing operations	1 370.4	1 274.5
Discontinued operations	88.0	81.0
Earnings per share		
– Basic	1 577.9	1 523.4
Continuing operations	1 491.4	1 442.8
Discontinued operations	86.5	80.6
– Diluted	1 567.5	1 517.2
Continuing operations	1 481.1	1 436.8
Discontinued operations	86.4	80.4
Dividends per share		
Ordinary	532.00	495.00
– Interim	204.00	194.00
– Final	328.00	301.00

5. INVESTMENTS

R million		
Equity accounted investments		
Associates	70 735	75 392
Joint ventures	2 987	5 491
	73 722	80 883

EQUITY ACCOUNTED INVESTMENTS RECONCILIATION

Carrying value at the beginning of the year	80 883	78 565
Share of net attributable profit	3 383	7 545
Dividends received	(4 259)	(3 861)
Exchange rate differences	1 779	(4 947)
Investments made	675	771
Derecognition of equity accounted investments in Distell and Capevin	(3 885)	–
Transfer of Unilever to non-current assets held for sale	(3 588)	–
Businesses acquired	968	–
Grindrod impairment reversal	487	478
Equity accounted movements on reserves	(2 145)	2 256
Other movements	(576)	76
Carrying value at the end of the year	73 722	80 883

6. LONG-TERM LOANS

R million	30 June 2018	30 June 2017
20 000 Class A 7.7% cumulative redeemable preference shares	**3 512**	3 512
10 000 Class B 8.3% cumulative redeemable preference shares	**4 382**	4 382
Exchangeable bonds with an effective interest rate of 4.5%	**6 090**	5 650
Various other loans	**7 533**	3 127
	21 517	16 671
Short-term portion of long-term loans	**(1 201)**	(225)
	20 316	16 446

	30 June 2018	30 June 2017
7. ADDITIONS TO AND REPLACEMENT OF PROPERTY, PLANT AND EQUIPMENT	**1 153**	1 228
8. CAPITAL AND INVESTMENT COMMITMENTS*	**4 366**	1 247
(Including amounts authorised but not yet contracted for)		
9. GUARANTEES AND CONTINGENT LIABILITIES	**9**	26
10. DIVIDENDS RECEIVED FROM EQUITY ACCOUNTED INVESTMENTS SET OFF AGAINST INVESTMENTS	**4 259**	3 861

11. EQUITY ACCOUNTED INVESTMENTS

	30 June 2018	30 June 2017
Share of after-tax profit of equity accounted investments		
Profit before taking into account impairments and non-recurring items	**10 035**	10 066
Net impairment of investments, assets and goodwill	**(5 935)**	(668)
Profit on the sale of investments	**505**	325
Recycling of foreign currency translation reserves	**647**	83
Other headline earnings adjustable items	**13**	18
Profit before tax and non-controlling interest	**5 265**	9 824
Taxation	**(1 499)**	(1 895)
Non-controlling interest	**(383)**	(384)
	3 383	7 545
Continuing operations	**2 893**	7 099
Discontinued operations	**490**	446

* *Capital and investment commitments at 30 June 2018 include an amount of R2 459 million from Distell.*

12. FAIR VALUE REMEASUREMENTS

The following methods and assumptions are used to determine the fair value of each class of financial instruments:

- Financial instruments available-for-sale and investment in money market funds: Fair value is based on quoted market prices or, in the case of unlisted instruments, appropriate valuation methodologies, being discounted cash flow, liquidation valuation or actual net asset value of the investment.
- Derivative instruments: The fair value of derivative instruments is determined by using appropriate valuation methodologies and mark-to-market valuations.

Financial instruments measured at fair value are disclosed by level of the following fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – Inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table illustrates the fair values of financial assets and liabilities that are measured at fair value, by hierarchy level:

R million	*Level 1*	*Level 2*	*Level 3*	Total
30 June 2018				
Assets				
Available-for-sale	**934**	**41**	**2 092**	**3 067**
Derivative instruments	**–**	**12**	**–**	**12**
Investment in money market funds	**3 996**	**–**	**–**	**3 996**
	4 930	**53**	**2 092**	**7 075**
Liabilities				
Non-current derivative instruments	**–**	**112**	**–**	**112**
Current derivative instruments	**–**	**34**	**43**	**77**
	–	**146**	**43**	**189**
30 June 2017				
Assets				
Available-for-sale	1 178	–	2 167	3 345
Derivative instruments	–	1	–	1
Investment in money market funds	5 888	–	–	5 888
	7 066	1	2 167	9 234
Liabilities				
Non-current derivative instruments	–	363	–	363
Current derivative instruments	–	13	49	62
	–	376	49	425

12. FAIR VALUE REMEASUREMENTS (continued)

The following table illustrates the reconciliation of the carrying value of level 3 assets and liabilities at the beginning and end of the year:

R million	30 June 2018	30 June 2017
Assets: Available-for-sale		
Balances at the beginning of the year	**2 167**	2 148
Additions	**103**	119
Disposals	**(356)**	(67)
Exchange rate adjustments	**81**	(178)
Fair value adjustments through comprehensive income	**97**	145
Balances at the end of the year	**2 092**	2 167
Liabilities: Derivative instruments		
Balances at the beginning of the year	**49**	54
Put option exercised	**(6)**	(5)
Balances at the end of the year	**43**	49

There were no transfers between the different levels.

Level 3 financial assets consist mainly of investments in the Milestone China entities (Milestone) and the Pembani Remgro Infrastructure Fund (PRIF) amounting to R1 737 million and R234 million respectively, while the investment in the Kagiso Infrastructure Empowerment Fund was disposed of during the year under review. These investments are all valued based on the fair value of each investment's underlying assets, which are valued using a variety of valuation methodologies. Listed entities are valued at the last quoted share price on the reporting date, whereas unlisted entities' valuation methods include discounted cash flow valuations, appropriate earnings and revenue multiples.

Milestone's fair value consists of listed investments (43%), cash and cash equivalents (6%), unlisted investments (60%) and other net liabilities (9%). Unlisted investments included at transaction prices in Milestone's fair value amounted to R573 million, while its remaining eight unlisted investments were valued at R469 million. PRIF's main assets are the investments in ETG Group, Nova Lumos and GPR Leasing. ETG Group was valued at its last traded price used for the acquisition of an interest by a third party. GPR Leasing and Nova Lumos were valued using the discounted cash flow method.

Changes in the valuation assumptions of the above unlisted investments will not have a significant impact on Remgro's financial statements as the underlying assets of the funds in which Remgro made its investments are widely spread.

13. RELATED PARTY TRANSACTIONS

DISTELL GROUP HOLDINGS LIMITED (DISTELL)

On 30 June 2017 Remgro had an indirect economic interest of 31.8% in Distell Group Limited (previously listed Distell). This interest was held through its 50.0% shareholding in Remgro-Capevin Investments Proprietary Limited (RCI) and 19.0% shareholding in Capevin Holdings Limited (Capevin). Capevin held the other 50.0% shareholding in RCI and RCI had a 53.5% economic interest (or 52.8% voting interest) in the previously listed Distell.

On 11 May 2018 the competition authorities approved the restructuring of the previously listed Distell's multi-tiered ownership structure. In terms of the restructuring, Remgro exchanged its 50.0% shareholding in RCI for additional ordinary shares in Capevin (the RCI Exchange). The RCI Exchange increased Remgro's interest in Capevin from 19.0% to 59.5%. Following the RCI Exchange, Remgro exchanged its entire Capevin shareholding for ordinary shares in Distell, a new listed entity which is substantially similar to the previously listed Distell. Remgro also received unlisted B shares in Distell, which shares are linked to the Distell ordinary shares acquired by Remgro by virtue of the RCI Exchange, resulting in Remgro replicating RCI's 52.8% voting rights in the previously listed Distell. The unlisted B shares only carry voting rights in Distell and have no economic participation. The restructuring had no impact on Remgro's intrinsic net asset value and Remgro retained its 31.8% economic interest in Distell, but increased its voting rights in Distell to 56.0%.

Remgro's investments in RCI and Capevin were previously classified as a joint venture and an associate, respectively, and accounted for using the equity method. Since the restructuring, Remgro holds the majority of voting rights (56.0%) in Distell, thereby resulting in the investment in Distell now being consolidated at 31.8% with effect from 11 May 2018, while the investments in RCI and Capevin were derecognised at their fair values totalling R8 940 million, realising an accounting profit on the sale of investments of R5 150 million.

In terms of *IFRS 3: Business Combinations* the purchase consideration for Distell, consisting of the fair value of Remgro's previously held interests in RCI and Capevin, amounted to R8 940 million. The preliminary fair value of the underlying assets acquired and liabilities assumed at the effective date were: intangible assets of R10 169 million, property, plant and equipment of R6 608 million, and other net assets of R521 million. Non-controlling shareholders' proportionate interest in the fair value of Distell's net assets amounted to R11 893 million, while Remgro's economic interest therein amounted to R5 405 million. The balance of R3 535 million, being the difference between the purchase price and Remgro's portion of Distell's identifiable net assets, was allocated to goodwill.

The fair value adjustment to Distell's statement of financial position relates mainly to the recognition of brands (*inter alia Hunters, Savanna*, *Amarula* and *Bernini*). The amortisation of these additional assets will result in an annual after-tax expense of R145 million (Remgro's portion being R46 million) included in headline earnings. Since Remgro retained its economic interest of 31.8% in Distell's underlying business, the impact on attributable headline earnings for the year under review only relates to the additional after-tax amortisation expense of R8 million for the period to 30 June 2018.

RMI HOLDINGS LIMITED (RMI HOLDINGS)

On 19 September 2017 and 12 March 2018 RMI Holdings declared its final dividend for the year ended 30 June 2017 and interim dividend for the six months ended 31 December 2017 respectively. Both dividends included an alternative to the cash dividend of either receiving a scrip distribution or reinvesting the cash dividend by subscribing for new RMI Holdings ordinary shares. Remgro elected the reinvestment alternative for both declarations. Cash dividends amounting to R471 million were reinvested for 7 691 641 new RMI Holdings ordinary shares at R38.00 per share and 4 196 921 new RMI Holdings ordinary shares at R42.50 per share during October 2017 and April 2018 respectively. These investments increased Remgro's interest in RMI Holdings marginally to 30.3% (30 June 2017: 29.9%).

GRINDROD LIMITED (GRINDROD)

On 19 June 2018 Grindrod distributed its shipping division to its shareholders as a dividend *in specie*. Grindrod shareholders received one Grindrod Shipping Holdings Limited (Grindrod Shipping) share for every 40 Grindrod shares held and, accordingly, Remgro received 4 329 580 Grindrod Shipping shares. Grindrod Shipping listed on the NASDAQ on 18 June 2018 with a secondary inward listing on the JSE on 19 June 2018. On 30 June 2018 Remgro's effective interests in Grindrod and Grindrod Shipping were 23.0% (2017: 23.1%) and 22.7% respectively.

INVENFIN PROPRIETARY LIMITED (INVENFIN)

During the year under review Remgro (through its wholly owned subsidiary, Invenfin) invested a further R80 million in Bos Brands Proprietary Limited (Bos Brands), thereby increasing its cumulative investment in Bos Brands to R244 million. Bos Brands is an owner, producer, marketer and distributor of a range of ice teas and sports drinks, under the BOS brand.

OTHER

For other related party transactions refer to notes 5, 10 and 11.

14. EVENTS AFTER YEAR-END

UNILEVER SOUTH AFRICA HOLDINGS PROPRIETARY LIMITED (UNILEVER)

The competition authorities have approved Unilever's acquisition of Remgro's 25.75% shareholding in Unilever in exchange for Unilever's Spreads business in Southern Africa, as well as a cash consideration of R4 900 million, representing a total transaction value of R11 900 million. This transaction valued the Unilever Spreads business at R7 000 million. The effective date of the transaction was 2 July 2018.

On 2 July 2018 the Unilever Spreads business, valued at R7 000 million, was transferred to Silver 2017 Proprietary Limited (Silver), which became a wholly owned subsidiary of Remgro, and the investment in Unilever was disposed of for R11 900 million. In terms of *IFRS 3: Business Combinations* the purchase price of the Unilever Spreads business will be allocated to intangible assets (mainly brands like *Rama*, *Stork* and *Flora*), property, plant and equipment and other net assets, while the balance will be allocated to goodwill. At the date of publication of the audited consolidated results, the acquisition date fair values of acquired net assets have not yet been determined.

RMI HOLDINGS

On 11 September 2018 RMI Holdings declared its final dividend for the year ended 30 June 2018, which included an alternative to the cash dividend of either receiving a scrip distribution or reinvesting the cash dividend by subscribing for new RMI Holdings ordinary shares. Remgro has committed to reinvesting its cash dividend amounting to R300 million, by electing the reinvestment alternative, in order to receive 7 894 998 new RMI Holdings ordinary shares at R38.00 per share.

COMMUNITY INVESTMENT VENTURES HOLDINGS PROPRIETARY LIMITED (CIVH)

On 29 August 2018 Remgro invested a further R324 million in CIVH as part of a CIVH rights offer.

MILESTONE CAPITAL STRATEGIC HOLDINGS LIMITED (MCSH)

During August 2018 Remgro disposed of its investment and loan in MCSH for a total purchase consideration of $70 million.

Other than the above-mentioned transactions, there were no other significant transactions subsequent to 30 June 2018.

ANNEXURE A

SEGMENT REPORT
FOR THE YEAR ENDED 30 JUNE 2018

R million	Year ended 30 June 2018 Headline earnings[(1)]	30 June 2018 Net assets Book value[(2)]	30 June 2018 Net assets Intrinsic value	Year ended 30 June 2017 Headline earnings[(1)]	30 June 2017 Net assets Book value[(2)]	30 June 2017 Net assets Intrinsic value
Banking						
RMH	2 486	15 385	30 123	2 232	14 016	23 350
FirstRand	1 039	5 486	14 045	931	5 010	10 365
Healthcare						
Mediclinic	1 556	29 373	31 329	1 875	33 763	41 568
Consumer products						
Unilever	499	3 588	11 900	449	3 737	10 702
Distell	459	9 110	9 674	481	3 727	9 556
RCL Foods	647	8 128	11 534	424	7 553	10 173
Insurance						
RMI Holdings	1 228	8 479	17 285	1 041	7 277	17 532
Industrial						
Air Products	289	1 026	4 158	298	1 047	4 298
KTH	55	1 964	2 218	34	1 684	2 466
Total	501	2 007	2 382	224	1 640	2 167
PGSI	4	692	692	25	643	643
Wispeco	122	874	984	169	821	1 368
Infrastructure						
Grindrod	(46)	1 624	1 624	(48)	1 915	1 915
Grindrod Shipping	–	623	623	–	–	–
CIV group	48	2 301	4 940	110	2 242	4 829
SEACOM	15	353	870	(33)	321	896
Other infrastructure interests	40	256	256	7	520	520
Media and sport						
eMedia Investments	1	866	866	49	1 147	1 424
Other media and sport interests	(48)	223	268	(107)	365	319
Other investments	66	4 060	4 196	70	3 947	3 932
Central treasury						
Cash at the centre/Finance income	524	13 704	13 704	349	12 223	12 223
Debt at the centre/Finance costs	(630)	(14 097)	(14 097)	(216)	(13 907)	(13 907)
Other net corporate costs/assets	(282)	2 073	2 536	(143)	2 741	3 164
	8 573	98 098	152 110	8 221	92 432	149 503
Potential CGT liability			(6 438)			(7 010)
Total		98 098	145 672		92 432	142 493

Additional segmental information is disclosed in note 12.1 in the annual financial statements that is published on the Company's website at www.remgro.com.

(1) *Refer to note 3 for the calculation of headline earnings.*
(2) *Total book value equals shareholders' equity.*

SHAREHOLDERS' INFORMATION

STATISTICS AT 30 JUNE 2018

	30 June 2018 %	30 June 2018 Number of shares	30 June 2017 %	30 June 2017 Number of shares
MAJOR BENEFICIAL SHAREHOLDERS				
Ordinary shares				
Public Investment Corporation	**14.56**	**77 048 485**	15.30	80 947 607
Other	**85.44**	**452 168 522**	84.70	448 269 400
	100.00	**529 217 007**	100.00	529 217 007
B ordinary shares				
Rupert Beleggings Proprietary Limited	**100.00**	**39 056 987**	100.00	39 056 987
Total		**568 273 994**		568 273 994

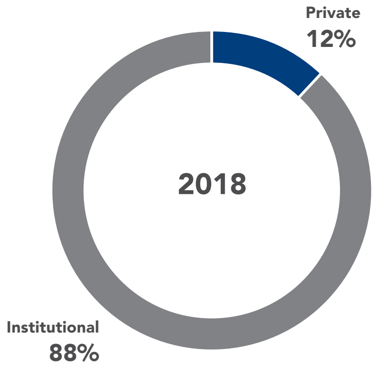
No other shareholder held a beneficial interest of more than 5% in the ordinary shares of the Company on 30 June 2018.

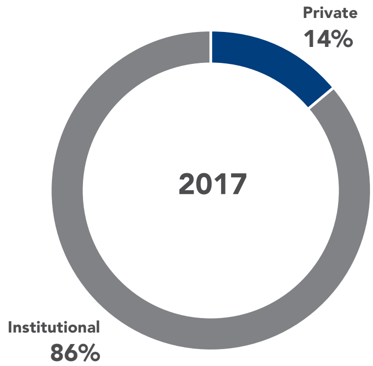
	30 June 2018	30 June 2017	30 June 2016	30 June 2015
DISTRIBUTION OF SHAREHOLDERS				
Ordinary shares				
Public shareholders	**60 496**	64 552	60 890	59 141
Percentage of shareholders	**99.93**	99.88	99.85	99.86
Number of shares	**513 954 491**	512 476 207	465 687 383	465 119 986
Percentage of shares issued	**97.12**	96.84	96.80	96.68
Non-public shareholders				
Directors and their associates/Share Trust/Treasury shares	**44**	78	90	84
Percentage of shareholders	**0.07**	0.12	0.15	0.14
Number of shares	**15 262 516**	16 740 800	15 418 987	15 986 384
Percentage of shares issued	**2.88**	3.16	3.20	3.32
Number of shareholders	**60 540**	64 630	60 980	59 225

	30 June 2018	30 June 2017	30 June 2016	30 June 2015
NUMBER OF SHARES IN ISSUE				
– Ordinary shares of no par value	**529 217 007**	529 217 007	481 106 370	481 106 370
– Unlisted B ordinary shares of no par value	**39 056 987**	39 056 987	35 506 352	35 506 352
Total number of shares in issue	**568 273 994**	568 273 994	516 612 722	516 612 722
Number of shares held in treasury				
Ordinary shares repurchased and held in treasury	**(1 389 033)**	(1 666 638)	(1 725 393)	(2 169 558)
	566 884 961	566 607 356	514 887 329	514 443 164
Weighted number of shares	**566 773 693**	553 423 346	524 628 257	514 200 979

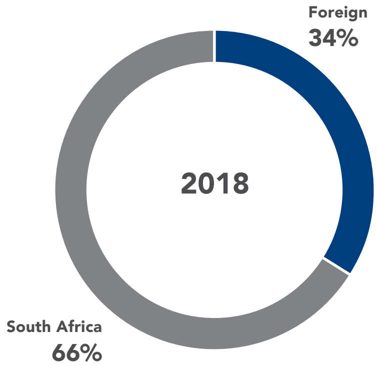
ADDITIONAL INFORMATION

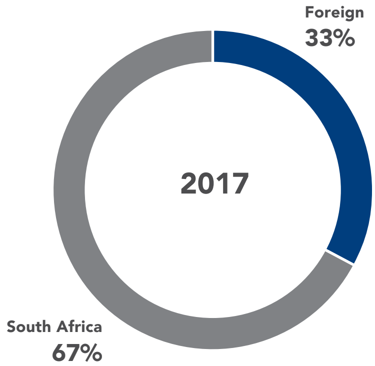
INSTITUTIONAL AND PRIVATE SHAREHOLDING IN REMGRO LIMITED ORDINARY SHARES





FOREIGN AND LOCAL SHAREHOLDING IN REMGRO LIMITED ORDINARY SHARES





INTERESTS OF THE DIRECTORS IN THE ISSUED CAPITAL OF THE COMPANY

ORDINARY SHARES

Directors	Direct beneficial	Indirect beneficial	Associates	Total
30 June 2018				
S E N De Bruyn	**497**	**–**	**–**	**497**
J J Durand	**–**	**842 776**	**8 250**	**851 026**
G T Ferreira	**174 488**	**–**	**616 000**	**790 488**
P K Harris	**–**	**186 030**	**–**	**186 030**
E de la H Hertzog	**288 081**	**2 124 995**	**142 982**	**2 556 058**
M Lubbe	**32 184**	**–**	**–**	**32 184**
J Malherbe	**48 670**	**–**	**1 161 565**	**1 210 235**
N P Mageza	**–**	**296**	**–**	**296**
P J Moleketi	**1 243**	**–**	**19 718**	**20 961**
M Morobe	**–**	**633**	**–**	**633**
F Robertson	**–**	**5 500**	**–**	**5 500**
J P Rupert	**–**	**–**	**7 553 865**	**7 553 865**
N J Williams	**25 000**	**–**	**66 000**	**91 000**
	570 163	**3 160 230**	**9 568 380**	**13 298 773**

On 30 April 2018, when Mr W E Bührmann retired, his indirect beneficial holding was 290 400 ordinary shares in Remgro Limited.

Directors	Direct beneficial	Indirect beneficial	Associates	Total
30 June 2017				
W E Bührmann	–	290 400	–	290 400
S E N De Bruyn	497	–	–	497
J J Durand	–	842 776	8 250	851 026
G T Ferreira	174 488	–	616 000	790 488
P K Harris	–	186 030	–	186 030
E de la H Hertzog	288 081	2 124 995	142 982	2 556 058
M Lubbe	32 184	–	–	32 184
J Malherbe	48 670	–	1 158 631	1 207 301
N P Mageza	–	296	–	296
P J Moleketi	1 243	–	19 718	20 961
M Morobe	–	633	–	633
F Robertson	–	5 500	–	5 500
J P Rupert	–	–	7 553 865	7 553 865
N J Williams	22 643	–	66 000	88 643
	567 806	3 450 630	9 565 446	13 583 882

B ORDINARY SHARES

Mr J P Rupert is a director of Rupert Beleggings Proprietary Limited which owns all the issued unlisted B ordinary shares.

Since the end of the financial year to the date of this report the interests of the directors remained unchanged.

NOTICE TO SHAREHOLDERS

The 2018 Annual General Meeting of Remgro Limited (the Company) will be held on Thursday, 29 November 2018, at 10:30 in the Conference Centre, Erinvale Estate Hotel & Spa, Lourensford Road, Somerset West, 7130, to, if approved, pass the following ordinary and special resolutions with or without modification:

1. APPROVAL OF ANNUAL FINANCIAL STATEMENTS

ORDINARY RESOLUTION NUMBER 1

Resolved that the audited annual financial statements, including the Report of the Board of Directors of the Company (Board), the Independent Auditor's Report and the Audit and Risk Committee Report, of the Company and its Group (Group) for the financial year ended 30 June 2018 be accepted and approved.

ADDITIONAL INFORMATION IN RESPECT OF ORDINARY RESOLUTION NUMBER 1

In terms of the provisions of section 30(3)(d) of the Companies Act (No. 71 of 2008), as amended (Companies Act), the Company's annual financial statements and the Group annual financial statements have to be presented to the shareholders at the Annual General Meeting for consideration.

The complete audited annual financial statements, including the Report of the Board, the Independent Auditor's Report and the Audit and Risk Committee Report, of the Company and the Group for the financial year ended 30 June 2018 are published on the Company's website at www.remgro.com. The Report of the Board, the Independent Auditor's Report, the Audit and Risk Committee Report and the summary annual financial statements are included in the Integrated Annual Report on pages 107, 112, 104 and 103 respectively.

2. REAPPOINTMENT OF AUDITOR

ORDINARY RESOLUTION NUMBER 2

Resolved that the reappointment of PricewaterhouseCoopers Inc., who is independent from the Company, as the Company's auditor, as nominated by the Company's Audit and Risk Committee, be approved and to note that the individual registered auditor who will perform the function of auditor during the financial year ending 30 June 2019, is Mr A Wentzel.

ADDITIONAL INFORMATION IN RESPECT OF ORDINARY RESOLUTION NUMBER 2

In terms of the provisions of section 90(1) of the Companies Act, a public company shall at each Annual General Meeting appoint an auditor to hold office from the conclusion of that meeting until the conclusion of the next Annual General Meeting of the Company.

3. ELECTION OF DIRECTOR

ORDINARY RESOLUTION NUMBER 3

Resolved that Ms S E N De Bruyn who retires in terms of clause 27.4.3.1 of the Company's Memorandum of Incorporation (Memorandum of Incorporation) and who has offered herself for re-election, be re-elected as a director of the Company.

4. ELECTION OF DIRECTOR

ORDINARY RESOLUTION NUMBER 4

Resolved that Mr P K Harris who retires in terms of clause 27.4.3.1 of the Memorandum of Incorporation and who has offered himself for re-election, be re-elected as a director of the Company.

5. ELECTION OF DIRECTOR

ORDINARY RESOLUTION NUMBER 5

Resolved that Mr M Morobe who retires in terms of clause 27.4.3.1 of the Memorandum of Incorporation and who has offered himself for re-election, be re-elected as a director of the Company.

6. ELECTION OF DIRECTOR

ORDINARY RESOLUTION NUMBER 6

Resolved that Mr J P Rupert who retires in terms of clause 27.4.3.1 of the Memorandum of Incorporation and who has offered himself for re-election, be re-elected as a director of the Company.

7. ELECTION OF DIRECTOR

ORDINARY RESOLUTION NUMBER 7

Resolved that Mr N J Williams who retires in terms of clause 27.4.3.1 of the Memorandum of Incorporation and who has offered himself for re-election, be re-elected as a director of the Company.

ADDITIONAL INFORMATION IN RESPECT OF ORDINARY RESOLUTIONS NUMBERS 3 TO 7

In terms of the provisions of clause 27.4.3 of the Memorandum of Incorporation, one-third of the directors, or if their number is not three or a multiple of three, then the number nearest to but not less than one-third are required to retire at each Annual General Meeting. Directors may offer themselves for re-election. Biographical details of all directors of the Company are set out on pages 14 and 15 of the Integrated Annual Report.

8. APPOINTMENT OF MEMBER OF THE AUDIT AND RISK COMMITTEE

ORDINARY RESOLUTION NUMBER 8

Resolved that subject to the passing of Ordinary Resolution Number 3, Ms S E N De Bruyn, being eligible and offering herself for re-election, be and is hereby appointed as a member of the Audit and Risk Committee for the financial year ending 30 June 2019.

9. APPOINTMENT OF MEMBER OF THE AUDIT AND RISK COMMITTEE

ORDINARY RESOLUTION NUMBER 9

Resolved that Mr N P Mageza, being eligible and offering himself for re-election, be and is hereby appointed as a member of the Audit and Risk Committee for the financial year ending 30 June 2019.

10. APPOINTMENT OF MEMBER OF THE AUDIT AND RISK COMMITTEE

ORDINARY RESOLUTION NUMBER 10

Resolved that Mr P J Moleketi, being eligible and offering himself for re-election, be and is hereby appointed as a member of the Audit and Risk Committee for the financial year ending 30 June 2019.

11. APPOINTMENT OF MEMBER OF THE AUDIT AND RISK COMMITTEE

ORDINARY RESOLUTION NUMBER 11

Resolved that Mr F Robertson, being eligible and offering himself for re-election, be and is hereby appointed as a member of the Audit and Risk Committee for the financial year ending 30 June 2019.

ADDITIONAL INFORMATION IN RESPECT OF ORDINARY RESOLUTIONS NUMBERS 8 TO 11

In terms of the provisions of section 94(2) of the Companies Act, a public company shall at each Annual General Meeting elect an Audit Committee comprising at least three members. Brief curricula vitae of the independent non-executive directors proposed to be appointed to the Audit and Risk Committee appear on pages 14 and 15 of the Integrated Annual Report. As is evident from the curricula vitae of these directors, all of them have academic qualifications or experience in one or more of the following areas, i.e. economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resources.

12. GENERAL AUTHORITY TO PLACE 5% OF THE UNISSUED ORDINARY SHARES UNDER THE CONTROL OF THE DIRECTORS

ORDINARY RESOLUTION NUMBER 12

Resolved that the unissued ordinary shares in the authorised share capital of the Company be and is hereby placed under the control of the Board, who is hereby authorised, as a general authority in terms of the Memorandum of Incorporation, to allot and issue any such shares upon such terms and conditions as the Board in their sole discretion may deem fit, subject to the provisions of the Companies Act, the Memorandum of Incorporation and the Listings Requirements of the exchange operated by JSE Limited (JSE) (Listings Requirements), to the extent applicable, provided that this approval shall be valid only until the next Annual General Meeting of the Company and that the aggregate number of ordinary shares to be allotted and issued in terms of this Ordinary Resolution Number 12 is limited to 5% of the number of the unissued ordinary shares in the authorised share capital of the Company at the date of this Notice of Annual General Meeting (being 23 539 150 ordinary shares).

ADDITIONAL INFORMATION IN RESPECT OF ORDINARY RESOLUTION NUMBER 12

Clause 6.7 of the Memorandum of Incorporation provides that the Board may resolve to issue authorised shares, but only to the extent that such issue has been approved by the shareholders in general meeting, either by way of a general or specific authority. The purpose of Ordinary Resolution Number 12 is to provide such general authority, which shall remain subject to the provisions of and all limitations contained in the Companies Act, the Memorandum of Incorporation and the Listings Requirements, to the extent applicable. The authority in terms of Ordinary Resolution Number 12 cannot be used to issue shares for cash as contemplated in the Listings Requirements.

13. NON-BINDING ADVISORY VOTE ON REMUNERATION POLICY

ORDINARY RESOLUTION NUMBER 13

Resolved that the Company's Remuneration Policy, as set out in the Remuneration Report on page 86 of the Integrated Annual Report, be and is hereby endorsed by way of a non-binding advisory vote.

14. NON-BINDING ADVISORY VOTE ON REMUNERATION IMPLEMENTATION REPORT

ORDINARY RESOLUTION NUMBER 14

Resolved that the Company's Implementation Report in regard to its Remuneration Policy, as set out in the Remuneration Report on page 86 of the Integrated Annual Report, be and is hereby endorsed by way of a non-binding advisory vote.

ADDITIONAL INFORMATION IN RESPECT OF ORDINARY RESOLUTIONS NUMBERS 13 AND 14

In terms of the Listings Requirements, the Company's Remuneration Policy and Implementation Report in regard to its Remuneration Policy must be tabled every year for separate non-binding advisory votes by the shareholders of the Company at the Annual General Meeting. In the event that any of Ordinary Resolutions Numbers 13 or 14 is voted against by 25% or more of the votes exercised on them, the Company shall engage with the dissenting shareholders in the manner set out in the Remuneration Report on page 86 of the Integrated Annual Report.

15. ADOPTION OF THE REMGRO LIMITED CONDITIONAL SHARE PLAN

ORDINARY RESOLUTION NUMBER 15

Resolved that the Remgro Limited Conditional Share Plan (CSP), a copy of which will be initialed by the Chairman of the Annual General Meeting for purposes of identification and tabled at the Annual General Meeting, the salient features of which are set out in the Annexure to the Notice to shareholders, be and is hereby approved, and that the Board be and is hereby authorised to issue unissued ordinary shares in the authorised share capital of the Company to participants of the CSP in accordance with the provisions of the rules of the CSP.

16. ADOPTION OF THE REMGRO LIMITED SHARE APPRECIATION RIGHTS PLAN

ORDINARY RESOLUTION NUMBER 16

Resolved that the Remgro Limited Share Appreciation Rights Plan (SAR Plan), a copy of which will be initialed by the Chairman of the Annual General Meeting for purposes of identification and tabled at the Annual General Meeting, the salient features of which are set out in the Annexure to the Notice to shareholders, which plan shall replace the existing Remgro Limited Share Appreciation Right Scheme, 2008 (SAR Scheme) with regard to all new Share Appreciation Rights awards, be and is hereby approved, and that the Board be and is hereby authorised to issue unissued ordinary shares in the authorised share capital of the Company to participants of the SAR Plan in accordance with the provisions of the rules of the SAR Plan.

ADDITIONAL INFORMATION IN RESPECT OF ORDINARY RESOLUTIONS NUMBERS 15 AND 16

The Remuneration and Nomination Committee (the Committee), in consultation with management and external professionals, has carefully considered the Company's long-term incentive arrangements. The Committee has also considered practices in this regard as implemented by its peers. The Committee proposes to strengthen the performance culture in the Remgro Group, address the concerns of shareholders in respect of the existing long-term incentive arrangements, as well as to attract and retain talent through the introduction and implementation of the CSP and SAR Plan. The aggregate number of ordinary shares in the Company which shall be available for settlement in terms of the CSP and SAR Plan shall not exceed 26 450 000 ordinary shares, which equates to approximately 5% of the number of issued ordinary shares at the date of this Annual General Meeting.

The reason for and the effect of Ordinary Resolutions Numbers 15 and 16 is to obtain the approval of shareholders to adopt the CSP and SAR Plan respectively, which has been reviewed and approved by the JSE.

Copies of the full rules of the CSP and SAR Plan will, from the date of this Notice until the date of the Annual General Meeting, be available for inspection by shareholders during normal business hours at the Company's registered office at Millennia Park, 16 Stellentia Avenue, Stellenbosch, 7600.

17. APPROVAL OF DIRECTORS' REMUNERATION

SPECIAL RESOLUTION NUMBER 1

Resolved that directors' fees for services rendered (excluding VAT) as directors for the financial year ending 30 June 2019 be determined on the following basis:

Type of fee (Rand)	Proposed fee for the year ending 30 June 2019	Fee for the year ended 30 June 2018
Board member	367 500	345 000
Chairman of the Audit and Risk Committee	280 000	260 000
Member of the Audit and Risk Committee	138 500	130 000
Member of the Remuneration and Nomination Committee	61 500	57 500
Chairman of the Social and Ethics Committee	112 500	100 000
Member of the Social and Ethics Committee	61 500	57 500
Meeting fee for *ad hoc* Committees	24 000	24 000

ADDITIONAL INFORMATION IN RESPECT OF SPECIAL RESOLUTION NUMBER 1

The reason for and the effect of Special Resolution Number 1 is to approve the remuneration payable by the Company to its directors for their services as directors of the Company for the financial year ending 30 June 2019.

18. GENERAL AUTHORITY TO REPURCHASE SHARES

SPECIAL RESOLUTION NUMBER 2

Resolved that the Board be and is hereby authorised, by way of a renewable general authority in terms of the provisions of the Listings Requirements and as permitted in terms of the Memorandum of Incorporation, to approve the purchase of its own ordinary shares by the Company, or to approve the purchase of ordinary shares in the Company by any subsidiary of the Company, upon such terms and conditions as the Board may from time to time determine, provided that:

- this general authority shall be valid until the Company's next Annual General Meeting or for 15 months from the date of passing of this resolution, whichever period is shorter;
- the ordinary shares be purchased through the order book of the trading system of the JSE and done without any prior understanding or arrangement between the Company and/or the relevant subsidiary and the counterparty (reported trades are prohibited);
- an announcement complying with paragraph 11.27 of the Listings Requirements be published by the Company (i) when the Company and/or its subsidiaries have cumulatively repurchased 3% of the ordinary shares in issue as at the time when the general authority was given (the initial number) and (ii) for each 3% in the aggregate of the initial number of the ordinary shares acquired thereafter by the Company and/or its subsidiaries;
- the repurchase by the Company of its own ordinary shares shall not in the aggregate in any one financial year exceed 10% of the Company's issued ordinary share capital as at the beginning of the financial year, provided that the acquisition of ordinary shares as treasury shares by a subsidiary of the Company shall not be effected to the extent that in aggregate more than 10% of the number of issued ordinary shares of the Company at the relevant times are held by or for the benefit of the subsidiaries of the Company taken together;
- repurchases must not be made at a price more than 10% above the weighted average of the market value of the ordinary shares for the five business days immediately preceding the date on which the transaction is effected;
- at any point in time the Company may only appoint one agent to effect any repurchase on the Company's behalf or on behalf of any subsidiary of the Company;
- subject to the exceptions contained in the Listings Requirements, the Company and the Group will not repurchase ordinary shares during a prohibited period (as defined in the Listings Requirements) unless they have in place a repurchase programme where the dates and quantities of shares to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed to the JSE, as required, prior to the commencement of the prohibited period;

- prior to the repurchase, a resolution has been passed by the Board confirming that the Board has authorised the repurchase, that the Company and its subsidiaries satisfy the solvency and liquidity test contemplated in the Companies Act, and that since the test was done there have been no material changes to the financial position of the Group; and
- such repurchases will be subject to the applicable provisions of the Companies Act, the Memorandum of Incorporation, the Listings Requirements and the Exchange Control Regulations 1961.

It is the intention of the Board to use this general authority should prevailing circumstances (including the tax dispensation and market conditions) warrant it in their opinion.

The Company's directors undertake that they will not implement any such repurchases while this general authority is valid, unless –

- the Company and the Group will be able, in the ordinary course of business, to pay its debts for a period of 12 months after the date of the general repurchase;
- the assets of the Company and the Group will exceed their liabilities for a period of 12 months after the date of the general repurchase. For this purpose, the assets and liabilities are recognised and measured in accordance with the accounting policies used in the Company's latest audited annual Group financial statements;
- the Company and the Group will have adequate share capital and reserves for ordinary business purposes for a period of 12 months after the date of the general repurchase; and
- the working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the general repurchase.

ADDITIONAL INFORMATION IN RESPECT OF SPECIAL RESOLUTION NUMBER 2

The reason for and the effect of Special Resolution Number 2 is to grant the Board a general authority to approve the Company's repurchase of its own ordinary shares and to permit a subsidiary of the Company to purchase ordinary shares in the Company.

For the purposes of considering Special Resolution Number 2 and in compliance with paragraph 11.26 of the Listings Requirements, the information listed below has been included in the Integrated Annual Report, in which this Notice of Annual General Meeting is included, at the places indicated:

- Major shareholders (page 125);
- Share capital of the Company (pages 50 of the Annual Financial Statements and 125 of the Integrated Annual Report).

The directors, whose names are set out on pages 14 and 15 of the Integrated Annual Report, collectively and individually accept full responsibility for the accuracy of the information contained in this Special Resolution Number 2 and certify, to the best of their knowledge and belief, that there are no other facts, the omission of which would make any statement false or misleading and that they have made all reasonable queries in this regard and that this resolution contains all information required by law and the Listings Requirements.

There has been no material change in the financial or trading position of the Company and the Group that has occurred since the end of the last financial period for which either audited annual financial statements or unaudited interim reports have been published.

19. GENERAL AUTHORITY TO PROVIDE FINANCIAL ASSISTANCE FOR THE SUBSCRIPTION AND/OR PURCHASE OF SECURITIES IN THE COMPANY OR IN RELATED OR INTER-RELATED COMPANIES

SPECIAL RESOLUTION NUMBER 3

Resolved that the Board be and is hereby authorised in terms of section 44(3)(a)(ii) of the Companies Act as a general approval (which approval will be in place for a period of two years from the date of adoption of this Special Resolution Number 3), to authorise the Company to provide financial assistance by way of a loan, guarantee, the provision of security or otherwise to any related or inter-related company of the Company ("related" and "inter-related" will herein have the meanings attributed to those terms in section 2 of the Companies Act) and/or to any financier of the Company or any of its related or inter-related companies for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company of the Company, or for the purchase of any securities of the Company or a related or inter-related company of the Company, on the terms and conditions and for the amounts that the Board may determine.

The Board undertakes that it will not adopt a resolution to authorise such financial assistance, unless the Board is satisfied that –

- immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test as contemplated in the Companies Act; and
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

The main purpose for this authority is to grant the Board the authority to authorise the Company to provide financial assistance to the financiers of the Group for the purposes of the subscription and/or purchase of securities in subsidiaries of the Company, to fund the activities of the Group.

ADDITIONAL INFORMATION IN RESPECT OF SPECIAL RESOLUTION NUMBER 3

The reason for and the effect of Special Resolution Number 3 is to provide a general authority to the Board for the Company to provide financial assistance to its related and inter-related companies and/or the financiers of the Group for the purposes of the subscription of options and/or securities, issued or to be issued by the Company or its related or inter-related companies, or for the purchase of any securities of the Company or its related or inter-related companies, to fund the activities of the Group.

20. GENERAL AUTHORITY TO PROVIDE FINANCIAL ASSISTANCE TO RELATED AND INTER-RELATED COMPANIES AND CORPORATIONS

SPECIAL RESOLUTION NUMBER 4

Resolved that the Board be and is hereby authorised in terms of section 45(3)(a)(ii) of the Companies Act, as a general approval (which approval will be in place for a period of two years from the date of adoption of this Special Resolution Number 4), to authorise the Company to provide any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to such term in section 45(1) of the Companies Act) that the Board may deem fit to any related or inter-related company or corporation of the Company ("related" and "inter-related" will herein have the meanings attributed to those terms in section 2 of the Companies Act), on the terms and conditions and for the amounts that the Board may determine.

The main purpose for this authority is to grant the Board the authority to authorise the Company to provide intergroup loans and other financial assistance for purposes of funding the activities of the Group. The Board undertakes that –

- it will not adopt a resolution to authorise such financial assistance, unless the Board is satisfied that –
  - immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test as contemplated in the Companies Act; and
  - the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company; and
- written notice of any such resolution by the Board shall be given to all shareholders of the Company and any trade union representing its employees –
  - within 10 business days after the Board adopted the resolution, if the total value of the financial assistance contemplated in that resolution, together with any previous such resolution during the financial year, exceeds 0.1% of the Company's net worth at the time of the resolution; or
  - within 30 business days after the end of the financial year, in any other case.

ADDITIONAL INFORMATION IN RESPECT OF SPECIAL RESOLUTION NUMBER 4

The reason for and the effect of Special Resolution Number 4 is to provide a general authority to the Board for the Company to grant direct or indirect financial assistance to any company or corporation forming part of the Group, including in the form of loans or the guaranteeing of their debts.

NOTICE TO SHAREHOLDERS OF THE COMPANY IN TERMS OF SECTION 45(5) OF THE COMPANIES ACT OF A RESOLUTION ADOPTED BY THE BOARD AUTHORISING THE COMPANY TO PROVIDE DIRECT OR INDIRECT FINANCIAL ASSISTANCE TO RELATED AND INTER-RELATED COMPANIES AND CORPORATIONS

- By the time this Notice of the Annual General Meeting is delivered to shareholders, the Board will have adopted a resolution (section 45 Board Resolution) authorising the Company to provide, at any time and from time to time during the period commencing on the date on which Special Resolution Number 4 is adopted until the date of the next Annual General Meeting of the Company, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act to any one or more related or inter-related companies or corporations of the Company. The financial assistance will entail loans and other financial assistance to subsidiaries of the Company (being related or inter-related companies of the Company) for purposes of funding the activities of the Group.

- The section 45 Board Resolution will be effective only if and to the extent that Special Resolution Number 4 is adopted by the shareholders and the provision of any such financial assistance by the Company, pursuant to such resolution, will always be subject to the Board being satisfied that (1) immediately after providing such financial assistance, the Company will satisfy the solvency and liquidity test as referred to in section 45(3)(b)(i) of the Companies Act; and that (2) the terms under which such financial assistance is to be given are fair and reasonable to the Company as referred to in section 45(3)(b)(ii) of the Companies Act.
- Inasmuch as the section 45 Board Resolution contemplates that such financial assistance will, in the aggregate, exceed 0.1% of the Company's net worth at the date of adoption of such resolution, the Company hereby provides notice of the section 45 Board Resolution to shareholders. The Company does not have any employees represented by a trade union.

21. REPORT BY SOCIAL AND ETHICS COMMITTEE

The Company's Social and Ethics Committee Report, included on page 75 of the Integrated Annual Report, read with the detailed Sustainable Development Report published on the Company's website at www.remgro.com, will serve as the Social and Ethics Committee's Report to the Company's shareholders on the matters within its mandate at the Annual General Meeting. Any specific questions to the Committee may be sent to the Company Secretary prior to the Annual General Meeting.

And to transact any other business that may be transacted at an Annual General Meeting.

RECORD DATES

The record date in terms of section 59 of the Companies Act for shareholders to be recorded on the securities register of the Company in order to receive this Notice of the Annual General Meeting is Friday, 19 October 2018.

The record date in terms of section 59 of the Companies Act for shareholders to be recorded on the securities register of the Company in order to be able to attend, participate and vote at the Annual General Meeting is Friday, 23 November 2018, and the last day to trade in the Company's shares in order to be recorded on the securities register of the Company in order to be able to attend, participate and vote at the Annual General Meeting is Tuesday, 20 November 2018.

APPROVALS REQUIRED FOR RESOLUTIONS

Ordinary Resolutions Numbers 1 to 14 contained in this Notice of Annual General Meeting require the approval by more than 50% of the votes exercised on the resolutions by shareholders present or represented by proxy at the Annual General Meeting, subject to the provisions of the Companies Act, the Memorandum of Incorporation and the Listings Requirements. Ordinary Resolutions Numbers 13 and 14 are non-binding advisory votes.

Ordinary Resolutions Numbers 15 and 16 contained in this Notice of Annual General Meeting require the approval by at least 75% of the votes exercised on the resolutions by shareholders present or represented by proxy at the Annual General Meeting, subject to the provisions of the Companies Act, the Memorandum of Incorporation and the Listings Requirements.

Special Resolutions Numbers 1 to 4 contained in this Notice of Annual General Meeting require the approval by at least 75% of the votes exercised on the resolutions by shareholders present or represented by proxy at the Annual General Meeting, subject to the provisions of the Companies Act, the Memorandum of Incorporation and the Listings Requirements.

Equity securities held by a share trust or scheme of the Company will not have their votes taken into account for the purposes of resolutions passed in terms of the Listings Requirements. Shares held as treasury shares may also not vote.

ATTENDANCE AND VOTING BY SHAREHOLDERS OR PROXIES

Shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration are entitled to attend and vote at the Annual General Meeting and are entitled to appoint a proxy or proxies (for which purpose a form of proxy is attached hereto) to attend, speak and vote in their stead. The person so appointed as proxy need not be a shareholder of the Company. Proxy forms must be lodged with the Transfer Secretaries of the Company, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa, or posted to the Transfer Secretaries at PO Box 61051, Marshalltown, 2107, South Africa, to be received by them not later than Tuesday, 27 November 2018, at 10:30 (South African time) for administrative purposes, provided that any form of proxy not delivered to the Transfer Secretary by this time may be handed to the chairman of the Annual General Meeting at any time before the appointed proxy exercises any shareholder rights at the Annual General Meeting.

Proxy forms must only be completed by shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration.

On a show of hands, every person present and entitled to exercise voting rights shall be entitled to one vote, irrespective of the number of votes that person would otherwise be entitled to exercise. On a poll, every holder of ordinary shares shall be entitled to one vote per ordinary share held and every holder of B ordinary shares shall be entitled to 10 votes per B ordinary share held.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with "own name" registration, should contact their Central Securities Depository Participant (CSDP) or broker in the manner and time stipulated in their agreement –

- to furnish them with their voting instructions; or
- in the event that they wish to attend the meeting, to obtain the necessary authority to do so.

Shareholders or their proxies or representatives may participate in (but not vote at) the meeting by way of telephone conference call, and if they wish to do so:

- must contact the Company Secretary (by email at the address dh@remgro.com) by no later than five business days prior to the Annual General Meeting in order to obtain a pin number and dial-in details for that conference call;
- will be required to provide reasonably satisfactory identification; and
- will be billed separately by their own telephone service providers for their telephone call to participate in the meeting. Shareholders and their proxies or their representatives will not be able to vote telephonically at the meeting and will still need to appoint a proxy or representative to vote on their behalf at the meeting.

PROOF OF IDENTIFICATION REQUIRED

In terms of the Companies Act, any shareholder or proxy who intends to attend or participate at the Annual General Meeting must be able to present reasonably satisfactory identification at the meeting for such shareholder or proxy to attend and participate at the Annual General Meeting. A green barcoded identification document or a barcoded identification smart card issued by the South African Department of Home Affairs, a driver's licence or a passport will be accepted at the Annual General Meeting as sufficient identification.

By order of the Board of Directors.

D I Heynes
Company Secretary

Stellenbosch
19 September 2018

ANNEXURE

TO THE NOTICE TO SHAREHOLDERS

INTRODUCTION – PURPOSE OF NEW REMGRO LONG-TERM INCENTIVE PLANS

During the past year, the Remuneration and Nomination Committee (the Committee) of Remgro Limited (the Company) reviewed the existing Remgro Long-term Incentive (LTI) arrangements.

Whilst the strategy of the Company has not materially changed, the Committee determined that it was appropriate to revise the LTI arrangements to ensure it continues to attract, retain and motivate employees. The Committee deemed this to be imperative, particularly in light of the LTI being the only incentive mechanism currently in place.

In conducting the review, the Committee took into consideration the feedback received from shareholders following the 29 November 2017 Annual General Meeting; in particular the feedback regarding the use of performance conditions.

As a result of the review, the Committee has approved the following LTI plans:

THE REMGRO LIMITED SHARE APPRECIATION RIGHTS PLAN (SAR PLAN)

The SAR Plan will replace the existing SAR Scheme with regards to all new SAR awards. SAR awards under the new plan will be limited to executive directors, other members of the Management Board (prescribed officers) and identified investment executives. Awards to executive directors and members of the Management Board will be subject to performance conditions in addition to the growth in share price in order to further strengthen the line of sight between long-term value creation and strategic executive influence.

THE REMGRO LIMITED CONDITIONAL SHARE PLAN (CSP)

The CSP will be introduced in conjunction with the new SAR Plan at executive director, Management Board and identified investment executive levels and will replace the existing SAR Scheme at more junior levels. A key objective of this change is to enable the attraction and retention of key individuals at more junior levels to enable a sustainable succession planning strategy. For executive directors, other members of the Management Board (prescribed officers) and identified investment executives the CSP will have similar performance conditions to the SAR Plan to ensure alignment across the LTI plans as well as between the remuneration of executives and shareholder expectations.

The salient features of both proposed LTI plans are set out below:

SALIENT FEATURES – REMGRO LIMITED CONDITIONAL SHARE PLAN

INTRODUCTION

The Company proposes adopting a new share plan, namely the CSP to incentivise, motivate and retain the right calibre of employees.

The CSP provides participants with the opportunity to be awarded shares in the Company in the form of a conditional right to shares. The CSP will provide participants with the opportunity to share in the success of the Company and provides direct alignment between participants and shareholders.

On settlement, the participants will become shareholders in the Company and will have all shareholder rights as from the settlement date.

The CSP will be used to make awards as follows:

- Awards of performance shares, the vesting of which is subject to the satisfaction of performance conditions and continued employment for the vesting period in line with Remgro's approach to performance-related incentives. The Committee will set appropriate stretching performance conditions for every award; and
- Awards of retention shares, the vesting of which is subject to the satisfaction of continued employment for the vesting period.

PURPOSE

The CSP will be primarily used as an incentive to participants to deliver the Group's business strategy over the long term. The intent of the CSP is to incentivise, motivate and retain selected employees through the award of performance shares, the vesting of which is subject to the satisfaction of performance conditions and continued employment over the vesting period, and retention shares, the vesting of which is subject to continued employment over the vesting period.

The extent and nature of performance conditions applicable to awards of performance shares will be approved by the Committee annually and specifically included in the award letter to participants. The employment condition applicable to all share awards is the requirement for continued employment of the participant by any employer company within the Remgro Group for the duration of a certain number of years from the award date. The employment period will also be specified in the award letter to participants.

PARTICIPANTS

It is envisaged that all permanent employees across the Group may participate in the CSP. Final discretion regarding participation will remain with the Committee. Participation in the CSP is not a condition of employment, and the Committee has the absolute discretion to make an award to any permanent employee within the Group in terms of the CSP.

RIGHTS OF PARTICIPANTS

In terms of the CSP, participants will not be entitled to any shareholder rights before the settlement of the shares. This will only take place after vesting of the awards. From settlement date, participants will have all shareholder rights, including dividend and voting rights, with regard to the settled shares.

However, participants will be eligible to receive dividend equivalents over the vesting period of the award. The Committee has the discretion to decide whether the dividend equivalents will be paid to participants in cash as and when dividends are declared to ordinary shareholders or whether the dividend equivalents will be rolled up over the vesting period and settled in shares following the vesting of the award.

BASIS OF AWARDS AND AWARD LEVELS

Award levels for performance shares and/or retention shares will be decided by the Committee each time that awards are granted, by taking into account the particular circumstances at that time.

Annual awards will be benchmarked and set to a market-related level of remuneration whilst considering the overall affordability thereof to the Company.

PERFORMANCE CONDITIONS AND VESTING

It is intended that performance conditions will apply to executive directors, other members of the Management Board (prescribed officers) and identified investment executives.

The employment period and performance period for awards will be as specified in the award letters. Vesting will take place on the later of the –

- expiry of the employment period; or
- determination by the Committee as to the extent to which the performance conditions were met over the performance period (where applicable).

Performance shares will be made subject to the satisfaction of financial performance conditions over the performance periods as detailed in the award letters.

The performance period over which the financial performance will be tested will be the immediate three financial years preceding the vesting date.

The Committee will set appropriate performance conditions, performance period(s), employment conditions and employment period(s), as relevant, for each future award, taking into account the business environment at the time of making the awards. These details of the awards will be agreed with the participants in terms of their individual award letters.

MANNER OF SETTLEMENT

The rules of the CSP are flexible in order to allow for settlement in any of the following manners:

- by way of a market purchase of shares;
- use of existing shares held in treasury;
- by way of subscribing to new shares; and/or
- issue of ordinary shares by the Company.

The exact method of settlement will be determined by the Committee for each award.

LIMITS AND ADJUSTMENTS

OVERALL COMPANY LIMIT

The aggregate number of ordinary shares which may be settled in respect of the CSP to all participants will not exceed 26 450 000 (twenty six million four hundred and fifty thousand) ordinary shares, which represents approximately 5% of the number of issued ordinary shares as at the date of adoption of the CSP. This is in line with market best practice.

In calculating the limit for the CSP, new ordinary shares allotted and issued by the Company or shares held in a treasury account which have been used by the Company for settlement of the CSP, will be included in the Company limit. This limit will be calculated to exclude shares purchased in the market in settlement of the CSP.

INDIVIDUAL LIMIT

The maximum number of ordinary shares which may be settled to any single participant in terms of the CSP will not exceed 5 290 000 (five million two hundred and ninety thousand) ordinary shares, which represents approximately 1% of the number of issued ordinary shares as at the date of approval of the CSP by shareholders.

ADJUSTMENTS RELATED TO CSP LIMITS

The Committee must adjust the number of ordinary shares available for the CSP (without the prior approval of shareholders in the Company), to take account of a subdivision or consolidation of the shares of the Company. Such adjustment should give a participant the entitlement to receive the same proportion of shares in the Company as he was entitled to receive prior to the occurrence of such event.

The Committee may adjust the number of ordinary shares which comprise the individual limit (without the prior approval of shareholders in the Company) to take account of a capitalisation issue, a special dividend, a rights issue or a reduction in the share capital of the Company. Such adjustment should give a participant the entitlement to receive the same proportion of shares in the Company as he/she was entitled to receive prior to the occurrence of such event.

The auditors, or other independent advisor acceptable to the JSE, shall confirm to the JSE in writing that any adjustment made in terms of this paragraph has been properly calculated on a reasonable and equitable basis, in accordance with the rules of the CSP.

Any adjustments made in accordance with paragraph 14.3 of the Listings Requirements, must be reported on in the Company's annual financial statements in the year during which the adjustment is made.

The issue of ordinary shares as consideration for an acquisition, and the issue of ordinary shares for cash or a vendor consideration placing will not be regarded as a circumstance that requires any adjustment to the overall Company or individual limit.

Awards under the CSP which are not subsequently settled to a participant as a result of the forfeiture thereof will revert back to the CSP as relevant.

CONSIDERATION

Participants will give no consideration for the award or settlement of any awards or shares in terms of the CSP.

TERMINATION OF EMPLOYMENT

"Bad leavers"

Participants terminating employment due to resignation or dismissal on grounds of misconduct, poor performance, dishonest behaviour or fraudulent conduct or on the basis of abscondment will be classified as "bad leavers" and will forfeit all unvested awards.

"Good leavers"

Participants terminating employment due to death, retirement, retrenchment, ill-health, disability, injury, the sale of a subsidiary company, or for any other reason other than those set out under "bad leavers", will be classified as "good leavers" A *pro rata* portion of the participant's unvested award(s) will early vest on date of termination of employment, to the extent to which the Committee determines that the performance conditions (if any) have been met. The portion of the shares that will vest will reflect the number of complete months served since the award date to the date of termination of employment, over the total number of months in the employment period.

CHANGE OF CONTROL

In the event of a change of control of the Company occurring before the vesting date of any award, a portion of the award held by a participant will vest as soon as reasonably practicable thereafter. The portion of the award which will vest will be determined based on the number of months served since the award date to the change of control date, over the total number of months in the employment period and the extent to which the performance condition(s), if applicable, have been met. Any awards which do not vest will, subject to the discretion of the Committee, remain subject to the terms of the relevant award letter.

Awards will not vest as a consequence of an internal reconstruction or similar event which is not a change of control as defined in the rules of the CSP. If there is an internal reconstruction or other event which does not involve any change in the ultimate control of the Company or if any other event happens which may affect awards, the Committee may, in its sole and absolute discretion, take such action (if any) as it considers appropriate to protect the interests of participants following the occurrence of such event, including converting an award of shares into an award of shares in respect of shares in one or more other companies, provided the participant is no worse off. The Committee may also vary the performance conditions relating to performance shares.

VARIATION OF SHARE CAPITAL

Participants shall continue to participate in the CSP in the event of a variation in share capital such as a capitalisation issue, rights issue, subdivision of shares, consolidation of shares, the shares ceasing to be listed on the JSE, the Company being put into liquidation for the purpose of reorganisation, or any other event affecting the share capital of the Company, or in the event of the Company making distributions to shareholders, including a distribution *in specie*, or a special dividend (other than a dividend paid in the ordinary course of business out of the current year's retained earnings).

The Committee may make such adjustment to the award or take such other action to place participants in no worse a position than they were prior to the happening of the relevant event and to provide that the fair value of the award immediately after the event is materially the same as the fair value of the award immediately before the event.

The issuing of ordinary shares as consideration for an acquisition, and the issuing of ordinary shares or a vendor consideration placing will not be regarded as a circumstance that requires any adjustment to the awards.

LIQUIDATION

If the Company is placed into liquidation, other than for purposes of reorganisation, an award of performance shares and/or retention shares will lapse as from the liquidation date.

AMENDMENTS

The Committee may alter or vary the rules of the CSP as it sees fit. However, the following provisions of the CSP may not be amended without the prior approval of the JSE and an ordinary resolution of shareholders supported by 75% of the voting rights exercised on the resolution:

- the category of persons who are eligible for participation in the CSP;
- the number of shares which may be utilised for the purpose of the CSP;
- the individual limitations on benefits or maximum entitlements;
- the basis upon which awards are made;
- the amount payable upon the award, settlement or vesting of an award;
- the voting, dividend, transfer and other rights attached to the awards, including those arising on a liquidation of the Company;
- the adjustment of awards in the event of a variation of share capital of the Company or a change of control of the Company; and
- the procedure to be adopted in respect of the vesting of awards in the event of termination of employment.

SALIENT FEATURES – REMGRO LIMITED SHARE APPRECIATION RIGHTS PLAN

INTRODUCTION AND PURPOSE

Following the review of the Company's LTI arrangements and the feedback received from shareholders, the Company proposes adopting a new SAR Plan in order to allow for the introduction of performance conditions and alignment with best practice and corporate governance standards. The SAR Plan will provide participants with the opportunity to share in the success of the Company and provides direct alignment between participants and shareholders.

Following the exercise of the SARs, participants will be entitled to shares to the value of the difference between the exercise price and the award price. On settlement, the participants will become shareholders in the Company and will have all shareholder rights from the settlement date.

The SAR Plan will replace the existing SAR Scheme, and all new awards of SARs will be made under the SAR Plan. For the avoidance of doubt, all existing unexercised awards made under the existing SAR Scheme will continue to operate under that scheme.

The new SAR Plan will be used to make awards, the vesting of which is subject to the satisfaction of performance conditions and continued employment for the vesting period in line with the Company's approach to performance-related incentives. The Committee will set appropriate stretching performance conditions for every award.

The extent and nature of performance conditions applicable to awards of SARs will be approved by the Committee annually and specifically included in the award letter to participants. The employment condition applicable to all share awards is the requirement for continued employment of the participant by any employer company within the Group for the duration of a certain number of years from the award date. The employment period will also be specified in the award letter to participants.

PARTICIPANTS

It is envisaged that only executive directors, other members of the Management Board (prescribed officers) and identified investment executives will participate in the SAR Plan. Final discretion regarding participation will remain with the Committee. Participation in the SAR Plan is not a condition of employment, and the Committee has the absolute discretion to make an award to any of the above permanent employees within the Remgro Group in terms of the SAR Plan.

RIGHTS OF PARTICIPANTS

In terms of the SAR Plan, participants will not be entitled to any shareholder rights before the settlement of the shares. This will only take place after exercise of the awards. From settlement date, participants will have all shareholder rights, including dividend and voting rights, with regard to the settled shares.

BASIS OF AWARDS AND AWARD LEVELS

Award levels for SARs will be decided by the Committee each time that awards are granted, by taking into account the particular circumstances at that time.

Annual awards will be benchmarked and set to a market-related level of remuneration whilst considering the overall affordability thereof to the Company.

PERFORMANCE CONDITIONS AND VESTING

The employment period and performance period for awards will be as specified in the award letters. Vesting will take place on the later of the –

- expiry of the employment period; or
- determination by the Committee as to the extent to which the performance conditions were met over the performance period (where applicable).

Performance shares will be made subject to the satisfaction of financial performance conditions over the performance periods as detailed in the award letters.

The performance period over which the financial performance will be tested will be the immediate three financial years preceding the vesting date.

The Committee will set appropriate performance conditions, performance period(s), employment conditions and employment period(s), as relevant, for each future award, taking into account the business environment at the time of making the awards. These details of the awards will be agreed with the participants in terms of their individual award letters.

MANNER OF SETTLEMENT

The rules of the SAR Plan are flexible in order to allow for settlement in any of the following manners:

- by way of a market purchase of shares;
- use of existing shares held in treasury;
- by way of subscribing to new shares; and/or
- issue of ordinary shares by the Company.

The exact method of settlement will be determined by the Committee for each award.

LIMITS AND ADJUSTMENTS

OVERALL COMPANY LIMIT

The aggregate number of ordinary shares which may be settled in respect of this SAR Plan to all participants will not exceed 26 450 000 (twenty six million four hundred and fifty thousand) ordinary shares, which represents approximately 5% of the number of issued ordinary shares as at the date of adoption of the SAR Plan. This is in line with market best practice.

In calculating the limit for the SAR Plan, new shares allotted and issued by the Company or shares held in a treasury account which have been used by the Company for settlement of the SAR Plan, will be included in the Company limit. This limit will be calculated to exclude shares purchased in the market in settlement of the SAR Plan.

INDIVIDUAL LIMIT

The maximum number of ordinary shares which may be settled to any single participant in terms of this SAR Plan will not exceed 5 290 000 (five million two hundred and ninety thousand) ordinary shares, which represents approximately 1% of the number of issued ordinary shares as at date of approval of the SAR Plan by shareholders.

ADJUSTMENTS RELATED TO SAR PLAN LIMITS

The Committee must adjust the number of ordinary shares available for the SAR Plan (without the prior approval of shareholders in the Company), to take account of a subdivision or consolidation of the shares of the Company. Such adjustment should give a participant the entitlement to receive the same proportion of shares in the Company as he/she was entitled to receive prior to the occurrence of such event.

The Committee may adjust the number of ordinary shares which comprise the individual limit (without the prior approval of shareholders in the Company) to take account of a capitalisation issue, a special dividend, a rights issue or a reduction in the share capital of the Company. Such adjustment should give a participant the entitlement to receive the same proportion of shares in the Company as he/she was entitled to receive prior to the occurrence of such event.

The auditors, or other independent advisor acceptable to the JSE, will confirm to the JSE in writing that any adjustment made in terms of this paragraph has been properly calculated on a reasonable and equitable basis, in accordance with the rules of the SAR Plan.

Any adjustments made in accordance with paragraph 14.3 of the Listings Requirements, must be reported on in the Company’s annual financial statements in the year during which the adjustment is made.

The issue of ordinary shares as consideration for an acquisition, and the issue of ordinary shares for cash or a vendor consideration placing will not be regarded as a circumstance that requires any adjustment to the overall Company or individual limit.

Awards under the SAR Plan which are not subsequently settled to a participant as a result of the forfeiture thereof will revert back to the SAR Plan as relevant.

CONSIDERATION

A participant will give no consideration for the award or settlement of any awards or shares in terms of the SAR Plan.

TERMINATION OF EMPLOYMENT

“Bad leavers”

Participants terminating employment due to resignation or dismissal on grounds of misconduct, poor performance, dishonest behaviour or fraudulent conduct or on the basis of abscondment will be classified as “bad leavers” and will forfeit all unexercised awards, both vested and unvested.

“Good leavers”

Participants terminating employment due to death, retirement, retrenchment, ill-health, disability, injury, the sale of a subsidiary company, or for any other reason other than those set out under “bad leavers”, will be classified as “good leavers”. A *pro rata* portion of the participant’s unvested award(s) will early vest on date of termination of employment to the extent to which the Committee determines that the performance conditions (if any) have been met. The portion of the shares that will vest will reflect the number of complete months served since the award date to the date of termination of employment, over the total number of months in the employment period.

Subject to the SAR period, SARs that are determined to vest, can be exercised within a period of 12 months following the vesting date. To the extent that a SAR is not exercised during this period, it will lapse.

CHANGE OF CONTROL

In the event of a change of control of the Company occurring before the vesting date of any award, a portion of the award held by a participant will vest as soon as reasonably practicable thereafter. The portion of the award which will vest will be determined based on the number of months served since the award date to the change of control date, over the total number of months in the employment period and the extent to which the performance condition(s), if applicable, have been met. Any awards which do not vest will, subject to the discretion of the Committee, remain subject to the terms of the relevant award letter.

Awards will not vest as a consequence of an internal reconstruction or similar event which is not a change of control as defined in the rules of the SAR Plan. If there is an internal reconstruction or other event which does not involve any change in the ultimate control of the Company or if any other event happens which may affect awards, the Committee may, in its sole and absolute discretion, take such action (if any) as it considers appropriate to protect the interests of participants following the occurrence of such event, including converting an award of shares into an award of shares in respect of shares in one or more other companies, provided the participant is no worse off. The Committee may also vary the performance conditions relating to performance shares.

VARIATION OF SHARE CAPITAL

Participants will continue to participate in the SAR Plan in the event of a variation in share capital such as a capitalisation issue, rights issue, subdivision of shares, consolidation of shares, the shares ceasing to be listed on the JSE, the Company being put into liquidation for the purpose of reorganisation, or any other event affecting the share capital of the Company, or in the event of the Company making distributions to shareholders, including a distribution *in specie*, or a special dividend (other than a dividend paid in the ordinary course of business out of the current year's retained earnings).

The Committee may make such adjustment to the award or take such other action to place participants in no worse a position than they were prior to the happening of the relevant event and to provide that the fair value of the award immediately after the event is materially the same as the fair value of the award immediately before the event.

The issuing of ordinary shares as consideration for an acquisition, and the issuing of ordinary shares or a vendor consideration placing will not be regarded as a circumstance that requires any adjustment to the awards.

LIQUIDATION

If the Company is placed into liquidation, other than for purposes of reorganisation, an award of performance shares and/or retention shares will lapse as from the liquidation date.

AMENDMENTS

The Committee may alter or vary the rules of the SAR Plan as it sees fit. However, the following provisions of the SAR Plan may not be amended without the prior approval of the JSE and an ordinary resolution of shareholders supported by 75% of the voting rights exercised on the resolution:

- the category of persons who are eligible for participation in the SAR Plan;
- the number of shares which may be utilised for the purpose of the SAR Plan;
- the individual limitations on benefits or maximum entitlements;
- the basis upon which awards are made;
- the amount payable upon the award, settlement or vesting of an award;
- the voting, dividend, transfer and other rights attached to the awards, including those arising on a liquidation of the Company;
- the adjustment of awards in the event of a variation of share capital of the Company or a change of control of the Company; and
- the procedure to be adopted in respect of the vesting of awards in the event of termination of employment.

GENERAL

Copies of the full rules of the CSP and SAR Plan will, from the date of this Notice until the date of the Annual General Meeting, be available for inspection by shareholders during normal business hours at the Company's registered office at Millennia Park, 16 Stellentia Avenue, Stellenbosch, 7600.

Ordinary Resolutions Numbers 15 and 16 contained in this Notice of Annual General Meeting require the approval by at least 75% of the votes exercised on the resolutions by shareholders present or represented by proxy at the Annual General Meeting, subject to the provisions of the Companies Act, the Memorandum of Incorporation and the Listings Requirements.

Remgro Limited

(Incorporated in the Republic of South Africa)
(Registration number 1968/006415/06)
(Share code: REM ISIN: ZAE000026480)
(the Company)

FORM OF PROXY

THIS FORM OF PROXY IS ONLY FOR USE BY:

1. **REGISTERED SHAREHOLDERS WHO HAVE NOT YET DEMATERIALISED THEIR REMGRO LIMITED ORDINARY SHARES; AND**
2. **REGISTERED SHAREHOLDERS WHO HAVE ALREADY DEMATERIALISED THEIR REMGRO LIMITED ORDINARY SHARES AND ARE REGISTERED IN THEIR OWN NAMES IN THE COMPANY'S UNCERTIFICATED SECURITIES REGISTER.***

* See explanatory note 3 overleaf.

For completion by the aforesaid registered shareholders who hold ordinary shares of the Company (shareholder) and who are unable to attend the 2018 Annual General Meeting of the Company to be held on Thursday, 29 November 2018, at 10:30 in the Conference Centre, Erinvale Estate Hotel & Spa, Lourensford Road, Somerset West, 7130 (the Annual General Meeting).

I/We ____

of (address) ______________________ contact details (telephone number) ______________________

being the holder(s) of ______________ ordinary shares in the Company, hereby appoint (see instruction 1 overleaf)

1. ____ or, failing him/her,

2. ____ or, failing him/her,

3. the chairman of the Annual General Meeting, as my/our proxy to attend, speak and vote for me/us and on my/our behalf or to abstain from voting at the Annual General Meeting and at any adjournment thereof, as follows (see note 2 and instruction 2 overleaf):

	Insert an "X" or the number of votes exercisable (one vote per ordinary share)		
Ordinary resolutions	In favour of	Against	Abstain
1. Approval of annual financial statements			
2. Reappointment of auditor			
3. Election of director – Ms S E N De Bruyn			
4. Election of director – Mr P K Harris			
5. Election of director – Mr M Morobe			
6. Election of director – Mr J P Rupert			
7. Election of director – Mr N J Williams			
8. Appointment of member of the Audit and Risk Committee – Ms S E N De Bruyn			
9. Appointment of member of the Audit and Risk Committee – Mr N P Mageza			
10. Appointment of member of the Audit and Risk Committee – Mr P J Moleketi			
11. Appointment of member of the Audit and Risk Committee – Mr F Robertson			
12. General authority to place 5% of the unissued ordinary shares under the control of the directors			
13. Non-binding advisory vote on Remuneration Policy			
14. Non-binding advisory vote on Remuneration Implementation Report			
15. Adoption of the Remgro Limited Conditional Share Plan			
16. Adoption of the Remgro Limited Share Appreciation Rights Plan			
Special resolutions			
1. Approval of directors' remuneration			
2. General authority to repurchase shares			
3. General authority to provide financial assistance for the subscription and/or purchase of securities in the Company or in related or inter-related companies			
4. General authority to provide financial assistance to related and inter-related companies and corporations			

Signed at ______________________ on ______________________ 2018

Signature(s) ____

Assisted by ____
(where applicable)

Please read the notes and instructions overleaf.

NOTES

1. A shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a registered shareholder of the Company.

2. On a show of hands, every person present and entitled to exercise voting rights shall be entitled to one vote, irrespective of the number of votes that person would otherwise be entitled to exercise. On a poll, every holder of ordinary shares shall be entitled to one vote per ordinary share held and every holder of B ordinary shares shall be entitled to 10 votes per B ordinary share held.

3. Shareholders whose uncertificated shares are registered in their "own name" are shareholders who elected not to participate in the Issuer-Sponsored Nominee Programme and who appointed Computershare Limited as their Central Securities Depository Participant (CSDP) with the express instruction that their uncertificated shares are to be registered in the electronic uncertificated securities register **in their own names**.

INSTRUCTIONS ON SIGNING AND LODGING THE FORM OF PROXY

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space(s) provided overleaf, with or without deleting "the chairman of the Annual General Meeting", but any such deletion must be initialled by the shareholder. Should this space(s) be left blank, the proxy will be exercised by the chairman of the Annual General Meeting. The person whose name appears first on the form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.

2. A shareholder's voting instructions to the proxy must be indicated by the insertion of an "X", or the number of votes which that shareholder wishes to exercise, in the appropriate spaces provided overleaf. Failure to do so will be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting as he/she thinks fit in respect of all the shareholder's exercisable votes. A shareholder or his/her proxy is not obliged to use all the votes exercisable by him/her or by his/her proxy, but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the shareholder or by his/her proxy.

3. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Transfer Secretaries.

4. The completed forms of proxy must be lodged with the Transfer Secretaries of the Company, Computershare Investor Services Proprietary Limited at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa, or posted to the Transfer Secretaries at PO Box 61051, Marshalltown, 2107, South Africa, to be received by them not later than Tuesday, 27 November 2018, at 10:30 (South African time) for administrative purposes, provided that any form of proxy not delivered to the Transfer Secretary by this time may be handed to the chairman of the Annual General Meeting at any time before the appointed proxy exercises any shareholder rights at the Annual General Meeting.

5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Transfer Secretaries or waived by the chairman of the Annual General Meeting.

6. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.

7. The appointment of a proxy in terms of this form of proxy is revocable in terms of the provisions of section 58(4)(c) read with section 58(5) of the Companies Act (No. 71 of 2008), as amended, and accordingly a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company.

8. The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this form of proxy must be initialled by the signatory(ies).

9. The chairman of the Annual General Meeting may accept any form of proxy which is completed other than in accordance with these instructions provided that he is satisfied as to the manner in which a shareholder wishes to vote.

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