2019 INTEGRATED ANNUAL REPORT

Remgro Limited

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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.

MORE INFORMATION

This Integrated Annual Report is published as part of a set of reports in respect of the financial year ended 30 June 2019, all of which are available on the Company's website at www.remgro.com.

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

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Remgro invests in businesses that can deliver superior earnings, cash flow generation and dividends over the long term.

OVERVIEW OF BUSINESS

REMGRO'S APPROACH TO REPORTING

The 2019 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.

REPORTING SUITE

The table below contains the Remgro reporting suite information detailing the assurances obtained and frameworks applied to each report.

SUITE	APPLIED PRINCIPLES AND FRAMEWORKS	ASSURANCE OBTAINED
Integrated Report	• IIRC <IR> Framework • King Report on Corporate Governance™ for South Africa (2016) (King IV™) • Companies Act (No. 71 of 2008), as amended (Companies Act) • JSE Limited Listings Requirements	• Reviewed by: – Management – Internal audit/Finance – Audit Committee – Board – JSE sponsor
Consolidated Annual Financial Statements	• International Financial Reporting Standards (IFRS) • Companies Act • JSE Listings Requirements	Independent audit opinion by PricewaterhouseCoopers Inc.
Sustainable development report	No specific framework applied	• Reviewed by: – Management – Internal audit/Finance – Social and Ethics Committee and Audit and Risk Committee – Board • Carbon Disclosure Project (CDP) verification of certain non-financial indicators
Annual results presentation	Not applicable	• Reviewed by: – Management – Finance – Executive directors – Investor Relations
BBBEE certificate	Department of Trade and Industry's generic Code of Good Practice	AQRate Proprietary Limited

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 66 explains how Remgro has applied the principles enumerated in King IV with reference to the practices applied by Remgro.

Remgro is an investment holding company and accordingly all references to "the Group" in this context denote the Company and its subsidiaries.

REPORTING BOUNDARY

1 INTEGRATED REPORTING BOUNDARY

Includes the financial and non-financial boundaries as explained below. Furthermore, material matters as they relate to stakeholder concerns, risks and opportunities and governance matters, are included in the disclosures of this report.

2 FINANCIAL BOUNDARY

Remgro is an investment holding company and accordingly all financial data in the summarised financial statements includes associates and joint ventures on an equity accounted basis and subsidiaries on a consolidated basis.

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 *IFRS 13* "Fair Value" valuation. Refer to page 25.

3 NON-FINANCIAL INFORMATION BOUNDARY

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.

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.

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 four main operating subsidiaries, i.e. RCL Foods Limited (RCL Foods), Distell Group Holdings Limited (Distell), Siqalo Foods Proprietary Limited (Siqalo Foods) 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.

Siqalo Foods and Wispeco are unlisted wholly owned subsidiaries which are operated and managed on a decentralised basis as independent entities with autonomous Boards of Directors. Based on the above, as well as the fact that Siqalo Foods and Wispeco represent only 4.5% and 0.6% of Remgro's intrinsic net asset value, respectively, only summarised "non-financial" disclosure relating to social and environmental performance will be provided for Siqalo Foods and 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.

SIGNIFICANT EVENTS DURING AND AFTER THE END OF THE REPORTING PERIOD

On 2 July 2018 Unilever South Africa Holdings Proprietary Limited (Unilever) acquired 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 Unilever Spreads business was transferred to Siqalo Foods, which became a wholly owned subsidiary of Remgro on 2 July 2018.

During the year under review, Remgro invested a further R2 855 million in Community Investment Ventures Holdings Proprietary Limited (CIVH), in terms of CIVH rights issues. These share subscriptions did not alter Remgro's interest in CIVH. Remgro also advanced a loan of R100 million to CIVH, which will be converted into CIVH shares subsequent to 30 June 2019.

Refer to the reports of the Chief Executive Officer and Chief Financial Officer on pages 25 and 32 respectively for a brief summary of these transactions. Besides the transaction 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.

BOARD APPROVAL STATEMENT

The Board, supported by the Audit and Risk Committee, acknowledges its responsibility to ensure the integrity and completeness of the report. The Board applied its collective mind to the preparation and presentation of the report. We believe that the report has been prepared in accordance with the <IR> framework and it provides a balanced and appropriate representation of the Company.

The Board approved the 2019 Integrated Annual Report on 19 September 2019.

SALIENT FEATURES

R233.03

INTRINSIC NET ASSET VALUE PER SHARE

+6.0%

ORDINARY DIVIDEND PER SHARE

-2.6%

HEADLINE EARNINGS PER SHARE, EXCLUDING OPTION REMEASUREMENT

-4.2%

HEADLINE EARNINGS PER SHARE

FINANCIAL

	Year ended 30 June 2019	Year ended 30 June 2018	*% change*
Headline earnings (R million)	**8 195**	8 573	*(4.4)*
– per share (cents)	**1 448.9**	1 512.6	*(4.2)*
Headline earnings, excluding option remeasurement (R million)	**8 083**	8 312	*(2.8)*
– per share (cents)	**1 429.1**	1 466.5	*(2.6)*
Dividends per share			
Ordinary (cents)	**564.00**	532.00	*6.0*
– Interim (cents)	**215.00**	204.00	*5.4*
– Final (cents)	**349.00**	328.00	*6.4*
Intrinsic net asset value per share (R)	**233.03**	256.97	*(9.3)*
Remgro share price at 30 June (R)	**187.90**	204.29	*(8.0)*
Percentage discount to intrinsic net asset value (%)	**19.4**	20.5	*(5.4)*

NON-FINANCIAL

	Year ended 30 June 2019	Year ended 30 June 2018
Spent on corporate social investment (CSI) at the centre (R million)	**24**	27
BBBEE scorecard contributor level	**7**	8
Continued participation in carbon disclosure project	**Yes**	Yes
Inclusion in FTSE/JSE Responsible Investment Index	**Yes**	Yes

GROUP PROFILE

REMGRO IS A DIVERSIFIED INVESTMENT HOLDING COMPANY

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 (as at 19 September 2019), with the share code "REM". Our interests consist mainly of investments in the banking, healthcare, consumer products, insurance, industrial, infrastructure and media and sport industries.

Our interests consist mainly of investments in the following industries:

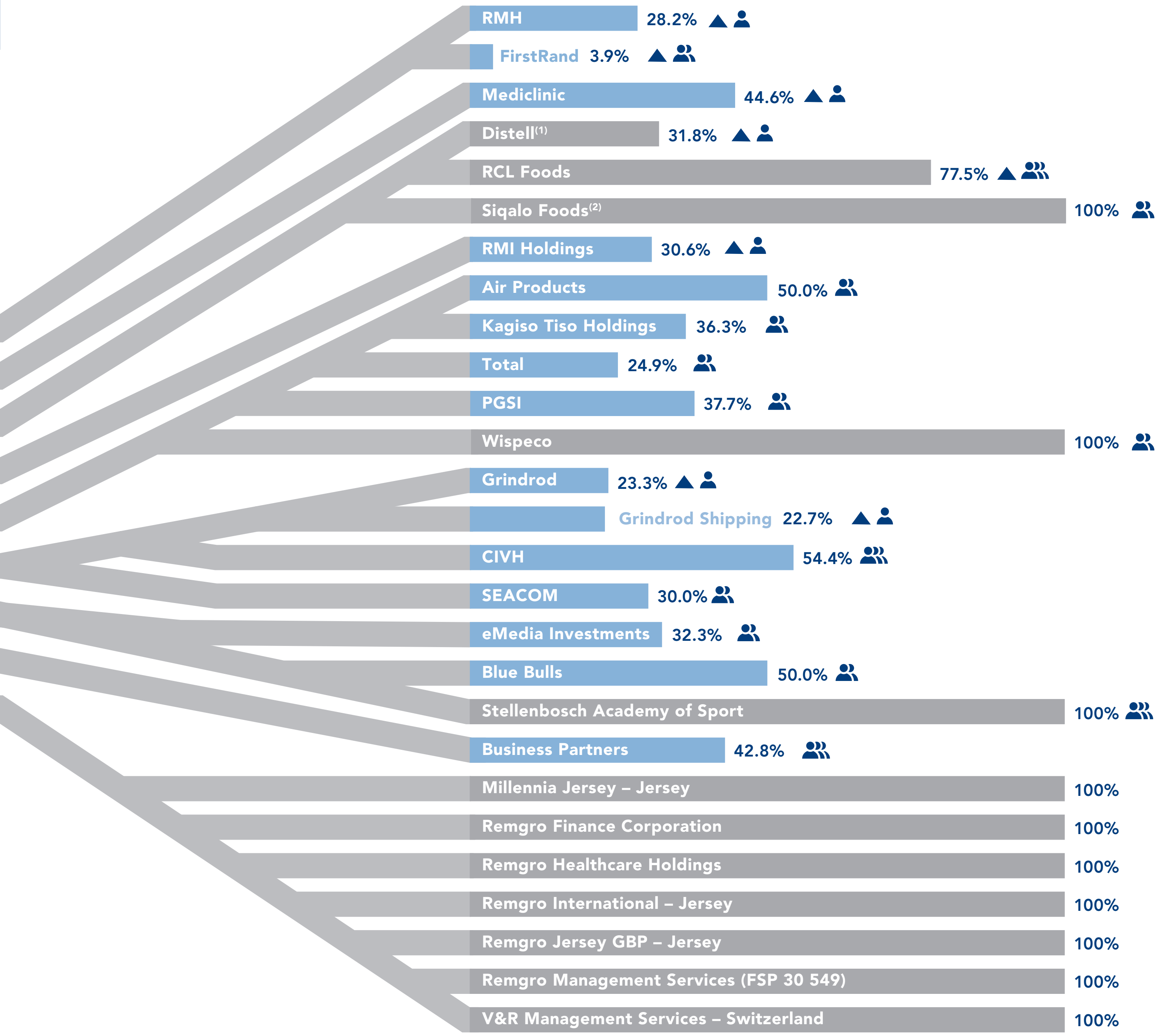
p.42 BANKING
p.44 HEALTHCARE
p.45 CONSUMER PRODUCTS
p.48 INSURANCE
p.49 INDUSTRIAL
p.54 INFRASTRUCTURE
p.58 MEDIA AND SPORT
p.60 OTHER INVESTMENTS
p.62 TREASURY AND MANAGEMENT SERVICES

Equity accounted investment
Subsidiary
Listed entity
Number of Remgro nominated director/s; alternates excluded

(1) Voting rights in Distell equal 56.5%.
(2) Effective 2 July 2018, Remgro disposed of its investment in Unilever in exchange for Unilever's Spreads business (Siqalo Foods) in Southern Africa for R7 000 million, as well as a cash consideration of R4 900 million.

GROUP STRUCTURE AT 30 JUNE 2019

Remgro Limited principal investments – equity interest held



71 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 $33\frac{1}{3}\%$ and $66\frac{2}{3}\%$ respectively. Following the above restructuring, Rembrandt became a pure investment holding company.

ORY

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 2019, the value of the unbundled BAT shares has increased to R102.2 billion.

2009

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

2016

The combination of Mediclinic International Limited (Mediclinic) and Al Noor Hospitals Group plc. Remgro facilitated Mediclinic's acquisition of a 29.9% 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.

2018

In July 2018, Remgro disposed of its 25.75% shareholding in Unilever South Africa Proprietary Limited (Unilever) in exchange for Unilever's Spreads business in Southern Africa, now Siqalo Foods, for R7 000 million, as well as a cash consideration of R4 900 million.

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), Siqalo Foods (unlisted) 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
LISTED ON THE JSE

529 217 007 ordinary shares of no par value
Each ordinary share has one vote

B ORDINARY SHARES OF NO PAR VALUE
UNLISTED

39 056 987 B ordinary shares of no par value
Each B ordinary share has 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 2019, the unlisted B ordinary shares were entitled to 42.62% (2018: 42.53%) of the total votes of shareholders of the Company.

An analysis of major shareholders appears on pages 148 and 149.

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

UNDERSTANDING REMGRO'S STATUTORY REPORTING ON NET PROFIT

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, Wispeco and Siqalo Foods;
- 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.

CAPITAL ALLOCATION – THE MOST IMPORTANT FUNCTION OF AN INVESTMENT HOLDING COMPANY

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.

INVESTMENT HOLDING COMPANY

WHAT WE BRING TO THE INVESTEE COMPANIES, IRRESPECTIVE OF OUR LEVEL OF INFLUENCE:

- Strategic input
- Capital allocation
  - Financial capital to further growth
  - Manufactured capital
  - Human capital in management support
  - Relationship capital in identification of opportunity
  - Intellectual capital
  - Environmental capital
- Treasury services (as required)
- Dealmaking ability (environment for corporate transactions)
- Decentralised management approach
- Internal audit and risk services (as required)

INVESTMENTS

The value and performance of the underlying investments, rather than the activities at holding company level, will determine to a large extent the value created for an investment holding company's shareholders, although dealmaking at holding company level can also add significant value.

THE BEST APPROXIMATION OF REMGRO'S PROFIT AT HOLDING COMPANY LEVEL (AT THE CENTRE) COMPRISES:

+

- Dividends received from investee companies
- Interest received

−

- Net impairment of investments
- Net corporate costs, including remuneration and other benefits paid to employees
- Interest paid
- Taxation paid

±

- Profit/loss on the realisation of investments
- Foreign exchange rate movements

=

HOW WE MAKE OUR MONEY

=

AND HOW WE DISTRIBUTE IT AGAIN

CAPITAL ALLOCATION IN NEW AND EXISTING INVESTMENTS

+

DISTRIBUTION 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 is covered in the Chief Financial Officer's (CFO) Report on page 32.

DISTRIBUTION TO SHAREHOLDERS

Distribution is funded from dividend income and interest received at the centre. Our normal dividend objective is to provide shareholders with a consistent annual dividend flow which at least protects them against inflation. As in the past, in special circumstances, Remgro will consider other distributions in the form of special dividends, share buy-backs or the unbundling of investments to shareholders.

MEASURING SUCCESS THROUGH INTRINSIC VALUE

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, measured by listed market value or, in the case of unlisted investments, applying the principles of *IFRS 13*. Refer to the Chief Executive Officer's Report on page 25 for a detailed analysis of Remgro's intrinsic net asset value.

KEY OBJECTIVES AND PRINCIPAL INTEGRATED RISKS

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.

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 CFO's Report.

	RISK	CONTEXT
1	South African country risk due to sustained 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 identify: disruptive technology risks timeously and opportunities or similar political, environmental, social, regulatory or economic developments in their markets. Inadequate capacity to innovate can impede competitive ability.	The sustainability of investee companies is dependent upon their ability to identify market trends and other disruptive impacts in the markets or their business model which can materially impact their businesses. Optimising the utilisation of human, intellectual, manufactured and relationship capital.
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.

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 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.

DIRECTORATE AND MEMBERS OF COMMITTEES

J P RUPERT | E DE LA H HERTZOG | J MALHERBE | A E RUPERT | J J DURAND | M LUBBE | N J WILLIAMS

NON-EXECUTIVE DIRECTORS

J P RUPERT (69)

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 (69)

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 College 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 (63)

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.

A E RUPERT (31)

APPOINTED: 29 November 2018

Directorships: Mr Anton Rupert was appointed as a non-executive Director of Remgro in November 2018. He serves as non-executive Director on the Board of Compagnie Financière Richemont SA since 2017, is a member of their Strategic Security and Nominations Committee, and a director of Watchfinder.co.uk. He brings valuable insight into changing consumer behaviour in digital marketing and web-based commerce and since 2009, had extensive exposure to all of the Group's businesses.

EXECUTIVE DIRECTORS

J J DURAND (52)

CHIEF EXECUTIVE OFFICER

BAcc (Hons), MPhil (Oxon), CA(SA)
Years of service with the Group: 23

Directorships: Distell Group Holdings Limited, Mediclinic International plc, RCL Foods Limited, RMB Holdings Limited and RMI Holdings Limited.

M LUBBE (49)

COMPLIANCE AND CORPORATE SOCIAL INVESTMENTS

BA
Years of service with the Group: 25

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 wholly owned subsidiaries as well as the board of Historical Homes of SA Limited. She serves as a non-executive Director on the board of Business Partners Limited.

N J WILLIAMS (54)

CHIEF FINANCIAL OFFICER

BComm (Hons), CA(SA)
Years of service with the Group: 25

Directorships: Air Products South Africa Proprietary Limited, Business Partners Limited, eMedia Investments Proprietary Limited and Total South Africa Proprietary Limited.

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

S E N DE BRUYN | G T FERREIRA | P K HARRIS | N P MAGEZA | P J MOLEKETI | M MOROBE | F ROBERTSON

INDEPENDENT NON-EXECUTIVE DIRECTORS

S E N DE BRUYN (47)

APPOINTED: 16 March 2015

Directorships: Co-founder of Identity Capital Partners Proprietary Limited in 2008. She has 17 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 (71)

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 (69)

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 Limited 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 Investment Committee and Remuneration and Nomination Committee.

N P MAGEZA (64)

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 (62)

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, 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.

F ROBERTSON (64)

APPOINTED: 28 March 2001

Directorships: Executive Chairman of Brimstone Investment Corporation Limited. Mr Robertson and his business partner formed Brimstone Investment 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 and Health Africa 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.

M MOROBE (62)

APPOINTED: 18 June 2007

Directorships: He is currently the National Director of the Programme to Improve Learner Outcomes (PILO), a position he assumed in 2013 after seven years as CEO of then JSE listed Kagiso Media Limited. He has a 47 year career spanning the worlds of student activism, trade unionism, work in the non-governmental sector, politics, the public sector, conservation and the corporate sector. Always seeking fresh challenges, Mr Morobe was in 1994 appointed as the first CEO and Chairman of the Financial and Fiscal Commission established in terms of the Constitution of South Africa to make recommendations to Parliament regarding the equitable sharing of nationally collected revenue between national, provincial and local government. He remained in the post until 2004 when he joined the Presidency as Head of Communications, a role he played until 2006 when he took up an opportunity to join Kagiso Media Limited as CEO. In-between his formal employment roles, he also served in various board capacities, both in the non-governmental and private sectors, *inter alia*, the Council on Higher Education (1999–2000); Chairman South African National Parks Board (1999–2005); Chairman Ernst & Young (SA) (2001–2005); Chairman Johannesburg Housing Company (2003–2006). Currently, Mr Morobe serves as a non-executive Director of RMB Holdings Limited and RMI Holdings Limited, and serves on the boards of the DG Murray Trust and WWF-South Africa. He is Chairman of the Social and Ethics Committee.

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 ethical behaviour and good governance throughout the Remgro Group. As at 30 June 2019 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

REMUNERATION AND NOMINATION COMMITTEE

REMGRO BOARD

SOCIAL AND ETHICS COMMITTEE

INVESTMENT COMMITTEE

MANAGEMENT BOARD

AUDIT AND RISK COMMITTEE

INVESTMENTS

LINE MANAGEMENT

RISK, OPPORTUNITIES, TECHNOLOGY AND INFORMATION GOVERNANCE COMMITTEE

SAFETY, HEALTH AND ENVIRONMENTAL COMMITTEE

FIGURE 1

BOARD OF DIRECTORS

CHIEF EXECUTIVE OFFICER
J J Durand

MANAGEMENT BOARD

SECRETARIAL
D I Heynes
National Diploma: Legal Secretary
Years of service with the Group: 10

CHIEF FINANCIAL OFFICER
N J Williams

COMPLIANCE AND CORPORATE SOCIAL INVESTMENTS
M Lubbe

INVESTMENTS

FINANCE

TREASURY

TECHNOLOGY AND INFORMATION

HUMAN RESOURCES

STRATEGIC INVESTMENTS
P J Uys
MEng (Electrical), MBA
Years of service with the Group: 6
R S M Ndlovu
B Business Studies (Hons)
Years of service with the Group: 6

CORPORATE FINANCE
P R Louw
CA(SA)
Years of service with the Group: 18

NEW INVESTMENTS AND VENTURE CAPITAL
J J du Toit
CA(SA)
PgDip Advance Tax
Years of service with the Group: 17


D I HEYNES


P J UYS


R S M NDLOVU


P R LOUW


J J DU TOIT

SHAREHOLDERS' DIARY AND COMPANY INFORMATION

DATES OF IMPORTANCE TO SHAREHOLDERS

Financial year-end	30 June
Annual General Meeting	Thursday, 28 November 2019

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. 38

Ordinary dividend per share	349 cents
Last day to trade in order to participate in the dividend	Tuesday, 12 November 2019
Shares trade ex dividend	Wednesday, 13 November 2019
Record date	Friday, 15 November 2019
Payment date	Monday, 18 November 2019

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
(As at 19 September 2019)

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

Website
www.remgro.com

Our business remains robust. Assets are well-positioned within their respective sectors, liquid and cash generative, with healthy, solvent and liquid positions.

REPORTS TO SHAREHOLDERS

CHAIRMAN'S REPORT

JOHANN RUPERT
CHAIRMAN

INTRODUCTION

The South African economy is struggling, business conditions are tough and the consumer is under pressure. Trade war news continue to dominate global headlines.

Remgro's assets are generally well positioned within their respective sectors, liquid and cash-generative with healthy balance sheets.

The ability to navigate challenging times requires a calm and patient temperament. Remgro is well placed to pursue opportunities that may present themselves, as well as support the Group's investee companies on their various trajectories.

FINANCIAL PERFORMANCE AND INVESTMENT ACTIVITIES

On 2 July 2018 Unilever South Africa Holdings Proprietary Limited (Unilever) acquired 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 Unilever Spreads business was transferred to Siqalo Foods Proprietary Limited, which became a wholly owned subsidiary of Remgro on 2 July 2018.

For the year to 30 June 2019, Remgro's headline earnings decreased by 4.4% from R8 573 million to R8 195 million, while headline earnings per share (HEPS) decreased by 4.2% from 1 512.6 cents to 1 448.9 cents.

Included in headline earnings for the year under review is a positive fair value adjustment amounting to R112 million (2018: R261 million), relating to the decrease in value of the bondholders' exchange option of the exchangeable bonds (option remeasurement). Excluding the option remeasurement, headline earnings decreased by 2.8% from R8 312 million to R8 083 million, while HEPS decreased by 2.6% from 1 466.5 cents to 1 429.1 cents.

Remgro's intrinsic net asset value per share decreased by 9.3% from R256.97 at 30 June 2018 to R233.03 at 30 June 2019. The closing share price at 30 June 2019 was R187.90 (30 June 2018: R204.29), representing a discount of 19.4% (30 June 2018: 20.5%) to the intrinsic net asset value. As at 30 June 2019, 23% of Remgro's intrinsic net asset value was represented by unlisted investments (2018: 21%).

DIVIDEND

The Board has approved a final dividend of 349 cents per share, up 6.4% from 328 cents per share last year. The total ordinary dividends per share in respect of the year to 30 June 2019 thus amounted to 564 cents.

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.

CHANGE TO THE DIRECTORATE

Mr A E Rupert was appointed as a non-executive director of Remgro on 29 November 2019.

The Board wishes to welcome Mr A E Rupert as a director to the Company.

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 2019

JANNIE DURAND
CHIEF EXECUTIVE OFFICER

CHIEF EXECUTIVE OFFICER'S REPORT

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

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 decreased by 9.3% from R256.97 at 30 June 2018 to R233.03 at 30 June 2019. Over the same period the JSE all share index has increased by 1.0%, while Remgro's share price decreased by 8.0%. Refer to the tables on page 27 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.

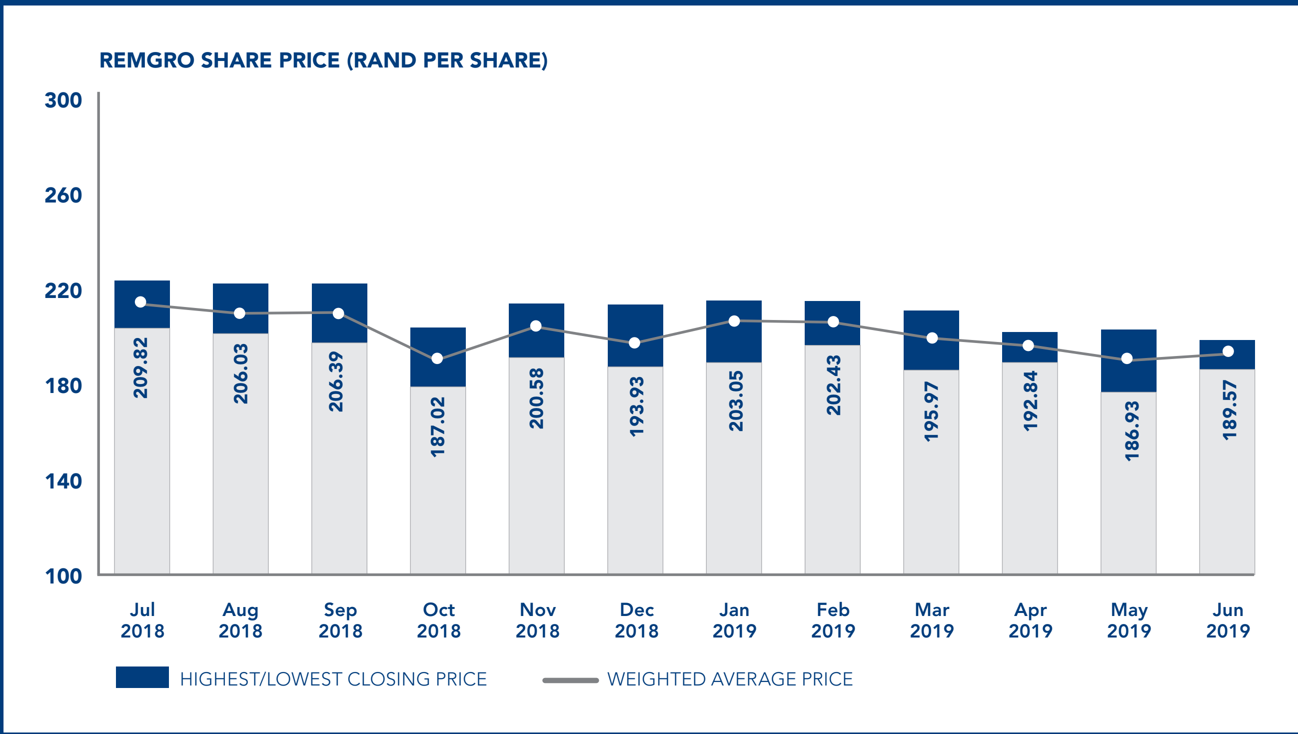
The intrinsic net asset value is also presented as part of the Group's segmental information in the audited Annual Financial Statements.

INTRINSIC NET ASSET VALUE

The intrinsic net asset value of the Group includes valuations of all investments, incorporating subsidiaries, associates and joint ventures, either at listed market value, or in the case of unlisted investments, other inputs for the assets that are not based on observable market data.

Guidance in completing the valuations is obtained from *IFRS 13: Fair Value Measurement*, where *Fair Value* is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that a hypothetical transaction to sell an asset takes place in the principal market, or in its absence, the most advantageous market for the asset.

The values derived from the valuation exercise performed at measurement date fall within the *IFRS 13* framework, which requires that the equity beta, capital structure and cost of debt be determined based on information obtained for similar assets or market participants, after certain adjustments. This impacts on the weighted average cost of capital (WACC), where target or actual inputs are replaced with inputs derived from considering the position of hypothetical market participants.



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

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 2019	30 June 2018	30 June 2017	30 June 2016	30 June 2015
Intrinsic net asset value – Rand per share	**233.03**	256.97	251.48	306.44	288.89
JSE – All share index	**58 204**	57 611	51 611	52 218	51 807
– Fin & Ind 30 index	**77 459**	78 391	73 184	73 134	71 344
– Financial 15 index	**16 993**	16 139	14 470	14 715	16 498
– Healthcare	**3 861**	6 800	7 538	10 025	9 765
Remgro share price (Rand)	**187.90**	204.29	213.46	254.66	255.94

Relative performance	**Year 30 June 2019 (% year on year)**	**Period from 28 October 2008 to 30 June 2019 (% compounded per annum)**
Intrinsic net asset value	**(9.3)**	**10.0**
JSE – All share index	**1.0**	**11.3**
– Fin & Ind 30 index	**(1.2)**	**14.3**
– Financial 15 index	**5.3**	**11.1**
– Healthcare	**(43.2)**	**10.6**
Remgro share price	**(8.0)**	**11.1**

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 2019 (% compounded per annum)
JSE – All share index	**14.6**
– Fin & Ind 30 index	**17.5**
– Financial 15 index	**15.9**
– Healthcare	**13.3**
Remgro share	**13.9**

The following table compares the value at 30 June 2019 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 2019 (Rand)
JSE – All share index	**429**
– Fin & Ind 30 index	**561**
– Financial 15 index	**482**
– Healthcare	**344**
Remgro share	**403**

INVESTMENT ACTIVITIES

On 2 July 2018 Unilever South Africa Holdings Proprietary Limited (Unilever) acquired 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 Unilever Spreads business was transferred to Siqalo Foods Proprietary Limited (Siqalo Foods), which became a wholly owned subsidiary of Remgro on 2 July 2018.

During the year under review, Remgro invested a further R2 855 million in Community Investment Ventures Holdings Proprietary Limited (CIVH), in terms of CIVH rights issues. These share subscriptions did not alter Remgro's interest in CIVH. The rights issue proceeds were mainly used to partly fund the Vumatel Proprietary Limited acquisition, as well as to fund Dark Fibre Africa Proprietary Limited's growth strategy. Remgro earned underwriting fees of R58 million in respect of one of the CIVH rights issues. On 14 December 2018 Remgro advanced a loan amounting to R100 million to CIVH. The loan, including accrued interest, and the outstanding amount of the underwriting fees will be converted into CIVH shares subsequent to 30 June 2019.

During October 2018, Remgro invested $50 million in the Prescient China Equity Fund (Prescient). Prescient was launched during October 2018 and Remgro and Reinet Investments S.C.A. provided the seed capital. Prescient, which uses a systematic, quantitative approach to seek long-term capital growth, invests in listed stocks in the Chinese market and is benchmarked to the Shanghai Shenzhen CSI 300 index.

On 11 September 2018 Rand Merchant Investment Holdings Limited (RMI) 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 ordinary shares. Remgro elected to reinvest its cash dividend amounting to R300 million, and received 7 894 998 new RMI ordinary shares at R38.00 per share.

The following table represents the cash effects of Remgro's investing activities for the year to 30 June 2019. These activities exclude the investing activities of Remgro's operating subsidiaries, i.e. RCL Foods Limited, Distell Group Holdings Limited, Siqalo Foods and Wispeco Holdings Proprietary Limited.

Investments made and loans granted	R million
CIVH	2 955
Prescient (offshore)	727
RMI	300
Invenfin Proprietary Limited	229
RCL Foods	115
Other	113
	4 439

Investments sold and loans repaid	R million
Unilever	4 900
Milestone Capital Funds (offshore)	822
Li Ning Company Limited (offshore)	162
Other	3
	5 887

INVESTMENT COMMITMENTS

The table below summarises the investment commitments of Remgro as at 30 June 2019.

Investment commitments	R million
Milestone Capital Funds (offshore)	1 299
Pembani Remgro Infrastructure Fund	345
Other	66
	1 710

ECONOMIC COMMENTARY AND OUTLOOK

Fragile real gross domestic product (GDP) growth and low inflation remain the key features of the South African macroeconomic landscape. Under normal circumstances, low inflation is welcomed. However, in combination with weak consumer demand and GDP growth, it weighs on business sector turnover and profits. Ultimately, this compromises Government's ability to generate the required revenue to finance a growing list of big-ticket expenditure outlays. These include seemingly never-ending cash injections for struggling state-owned enterprises.

For the most part, developments post the May election have been disappointing, including the lack of reform momentum and delay in taking hard decisions on, for example, reforming the state and state-owned enterprises. To President Ramaphosa's credit, the anti-corruption drive continues.

Concern about the global economic outlook continues to increase. While the services sector in advanced economies is supported by strong job growth and rising wages, sectors most exposed to the war on trade are taking strain. This is emphasised by the global manufacturing PMI dipping below the 50 line that divides expansion from contraction since May, the first time since 2012 that the global PMI has been below 50. Levels of uncertainty have increased with global real GDP growth forecasts downgraded.

In order to counter these adverse events, a growing list of central banks have reduced their policy interest rates. These include the US Federal Reserve and the European Central Bank, as well as a number of emerging market central banks.

The combination of global growth concerns, low domestic growth and subdued inflation forced the South African Reserve Bank's (SARB) hand to reduce the policy interest rate by 25 bps to 6.5% at its July policy meeting. The repo rate was kept unchanged at the September meeting.

The rand exchange rate has suffered from a combination of the global uncertainties and weak domestic fundamentals. These include low growth, an elevated fiscal deficit and perennial current account shortfalls. In the near term, the rand may remain under pressure as we near the October fiscal update (MTBPS).

Weak domestic demand conditions continue to limit the pass-through of elevated input costs to retail selling prices. So far in 2019 the rise in consumer price index (CPI) inflation has mainly been less than expected.

GDP contracted by a much larger than expected 3.1% quarter-on-quarter (annualised) in the first quarter of 2019. Aided by the absence of load shedding and major strike activity, GDP bounced back by a similar margin in the second quarter. However, it is not clear what will drive faster growth in the second half of the year. Indeed, the RMB/BER business confidence index declined sharply to only 21 in the third quarter. This indicates that about 80% of the survey respondents are unsatisfied with prevailing business conditions. Real GDP growth in 2019 is now expected to be barely positive. A mild recovery towards 1.0 – 1.5% is expected for 2020.

Jannie Durand
Chief Executive Officer

Stellenbosch
19 September 2019

INTRINSIC NET ASSET VALUE

R million	30 June 2019 Book value	30 June 2019 Intrinsic value[1]	30 June 2018 Book value	30 June 2018 Intrinsic value[1]
Banking				
RMH	**16 245**	**33 545**	15 385	30 123
FirstRand	**5 825**	**15 069**	5 486	14 045
Healthcare				
Mediclinic	**24 019**	**17 891**	29 373	31 329
Consumer products				
Unilever	**–**	**–**	3 588	11 900
RCL Foods	**7 968**	**7 960**	8 128	11 534
Distell	**9 055**	**9 060**	9 110	9 674
Siqalo Foods	**6 164**	**6 164**	–	–
Insurance				
RMI	**9 335**	**15 947**	8 479	17 285
Industrial				
Air Products	**1 093**	**4 264**	1 026	4 158
Total	**2 174**	**2 722**	2 007	2 382
KTH	**1 816**	**2 127**	1 964	2 218
Wispeco	**933**	**866**	874	984
PGSI	**302**	**302**	692	692
Infrastructure				
CIVH	**5 064**	**8 403**	2 301	4 940
Grindrod	**1 049**	**1 049**	1 624	1 624
Grindrod Shipping	**292**	**292**	623	623
SEACOM	**–**	**912**	353	870
Other infrastructure interests	**259**	**259**	256	256
Media and sport				
eMedia Investments	**773**	**773**	866	866
Other media and sport interests	**269**	**267**	223	268
Other investments	**4 620**	**4 795**	4 060	4 196
Central treasury				
Cash at the centre[2]	**15 727**	**15 727**	13 704	13 704
Debt at the centre	**(13 919)**	**(13 919)**	(14 097)	(14 097)
Other net corporate assets	**2 034**	**2 499**	2 073	2 536
Intrinsic net asset value (INAV)	**101 097**	**136 974**	98 098	152 110
Potential CGT liability[3]		**(5 327)**		(6 438)
INAV after tax	**101 097**	**131 647**	98 098	145 672
Issued shares after deduction of shares repurchased (million)	**564.9**	**564.9**	566.9	566.9
INAV after tax per share (Rand)	**178.95**	**233.03**	173.04	256.97
Remgro share price (Rand)		**187.90**		204.29
Percentage discount to INAV		**19.4**		20.5

(1) *For purposes of determining the intrinsic net asset value, the unlisted investments are shown at IFRS 13 valuations and the listed investments are shown at stock exchange prices.*

(2) *Cash at the centre excludes cash held by subsidiaries that are separately valued above (mainly RCL Foods, Distell, Siqalo Foods 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 at fair value through other comprehensive income is included in "other net corporate assets" above.*

Remgro's unlisted investments were valued as follows:

INVESTMENT	VALUATION METHODOLOGY
Air Products	Discounted cash flow method
Business Partners	Net asset value
CIVH	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
Siqalo Foods	Discounted cash flow method
Wispeco	Discounted cash flow method

CHIEF FINANCIAL OFFICER'S REPORT

NEVILLE WILLIAMS
CHIEF FINANCIAL OFFICER

Remgro's ordinary dividend per share increased by 6.0%.

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 2019, headline earnings decreased by 4.4% from R8 573 million to R8 195 million, while headline earnings per share (HEPS) decreased by 4.2% from 1 512.6 cents to 1 448.9 cents.

Included in headline earnings for the year under review is a positive fair value adjustment amounting to R112 million (2018: R261 million), relating to the decrease in value of the bondholders' exchange option of the exchangeable bonds (option remeasurement). Excluding the option remeasurement, headline earnings decreased by 2.8% from R8 312 million to R8 083 million, while HEPS decreased by 2.6% from 1 466.5 cents to 1 429.1 cents. The decrease in headline earnings, excluding option remeasurement, is mainly due to lower earnings from RCL Foods Limited (RCL Foods), Community Investment Ventures Holdings Proprietary Limited (CIVH), Total South Africa Proprietary Limited (Total) and the exclusion of Unilever South Africa Holdings Proprietary Limited (Unilever) due to its disposal. The decrease is partly offset by the inclusion of Siqalo Foods Proprietary Limited (Siqalo Foods) and a higher contribution from the banking platform, as well as higher interest income.

COMMENTARY ON REPORTING PLATFORMS' PERFORMANCE

BANKING

The headline earnings contribution from the banking platform amounted to R3 737 million (2018: R3 525 million), representing an increase of 6.0%. FirstRand Limited (FirstRand) and RMB Holdings Limited (RMH) reported headline earnings growth of 5.2% and 6.1% respectively. RMH reported higher growth due to higher earnings from RMH Property.

On a normalised basis, which excludes certain non-operational and accounting anomalies, and is a better reflection of underlying performance, FirstRand and RMH reported earnings growth of 5.6% and 6.6% respectively. These increases are mainly due to growth in both net interest income (up by 9%), underpinned by solid growth in advances and deposits, and non-interest revenue (up by 6%) due to strong fee and commission income growth. This growth in earnings was partly offset by an increase of 23% in non-performing loans, in part reflecting strong book growth in the unsecured portfolios, macro pressures in certain industries affecting WesBank, as well as the impact of *IFRS 9* impairment provisioning methodology resulting in an increase in credit impairment charges.

HEALTHCARE

Mediclinic International plc's (Mediclinic) contribution to Remgro's headline earnings amounted to R1 693 million (2018: R1 556 million), representing an increase of 8.8%. Mediclinic uses adjusted earnings, which removes volatility associated with certain types of exceptional income and charges, in evaluating performance and as a method to provide its shareholders with clear and consistent reporting. For the year under review the main difference between adjusted earnings and headline earnings related to a tax credit in respect of Hirslanden properties, whereas the comparative year related to an accelerated amortisation charge in respect of the rebranding of all the Al Noor facilities to Mediclinic and a derecognition charge in respect of unamortised finance expenses relating to the refinancing of Hirslanden's debt. Remgro's portion of Mediclinic's adjusted earnings amounted to R1 591 million (2018: R1 693 million), representing a decrease of 6.0%.

In British pound terms, Mediclinic reported a decrease in adjusted earnings of 10.4%, reflecting the weakening of the average SA rand exchange rate against the British pound. This decrease is mainly due to a lower contribution from the Switzerland division, partly offset by a stronger performance by the Southern Africa and Middle East operating divisions. Switzerland's underperformance was a direct result of

SALIENT FEATURES

	Year ended 30 June 2019	Year ended 30 June 2018	*% change*
Headline earnings (R million)	**8 195**	8 573	*(4.4)*
– per share (cents)	**1 448.9**	1 512.6	*(4.2)*
Headline earnings, excluding option remeasurement (R million)	**8 083**	8 312	*(2.8)*
– per share (cents)	**1 429.1**	1 466.5	*(2.6)*
Earnings (R million)	**7 319**	8 943	*(18.2)*
– per share (cents)	**1 294.0**	1 577.9	*(18.0)*
Dividends per share (cents)			
Ordinary	**564.00**	532.00	*6.0*
– Interim	**215.00**	204.00	*5.4*
– Final	**349.00**	328.00	*6.4*
Intrinsic net asset value per share (Rand)	**233.03**	256.97	*(9.3)*

CONTRIBUTION TO HEADLINE EARNINGS BY REPORTING PLATFORM

R million	**Year ended 30 June 2019**	*% change*	Year ended 30 June 2018
Banking	**3 737**	*6.0*	3 525
Healthcare	**1 693**	*8.8*	1 556
Consumer products	**918**	*(42.8)*	1 605
Insurance	**1 161**	*(5.5)*	1 228
Industrial	**944**	*(2.8)*	971
Infrastructure	**(174)**	*(405.3)*	57
Media and sport	**20**	*142.6*	(47)
Other investments	**39**	*(40.9)*	66
Central treasury			
– Finance income	**755**	*44.1*	524
– Finance costs	**(823)**	*7.6*	(891)
– Option remeasurement	**112**	*(57.1)*	261
Other net corporate costs	**(187)**	*33.7*	(282)
Headline earnings	**8 195**	*(4.4)*	8 573
Option remeasurement	**(112)**		(261)
Headline earnings, excluding option remeasurement	**8 083**	*(2.8)*	8 312

Refer to the composition of headline earnings on page 39 for further information.

recent regulatory changes in the Swiss healthcare market which impacted all providers. These changes included the implementation of national outpatient tariff (TARMED) reductions and the outmigration of identified clinical treatments, transferring from an inpatient to an outpatient tariff across many cantons. Actions have been taken to improve the current financial performance through securing revenue growth, reducing costs and driving operational and portfolio efficiencies. Additional medium-term actions include improving service differentiation across insurance categories, medical practitioner recruitment initiatives and advancing the outpatient delivery model.

CONSUMER PRODUCTS

The contribution from consumer products to Remgro's headline earnings amounted to R918 million (2018: R1 605 million), representing a decrease of 42.8%.

RCL Foods' contribution to Remgro's headline earnings decreased by 60.7% to R254 million (2018: R647 million). This decrease is largely attributable to the adverse performance of the Chicken and Sugar business units. The local poultry and sugar industries are under significant pressure, impacted by oversupply, driven by local volumes and dumped imports, and declining local market demand due to muted consumer spending and, specifically with respect to sugar, the recently implemented Health Promotion Levy (sugar tax), which has reduced domestic sugar consumption by 14%. The supply/demand imbalance resulted in low selling prices being realised in both the Chicken and Sugar business units, inhibiting the recovery of higher chicken feed cost, while sugar competitors battle for market share, thereby severely reducing margins. In the absence of an appropriate tariff, chicken imports remained high, with sugar imports having stabilised following the implementation of a revised tariff in August 2018. Despite the challenging market conditions, Groceries performed strongly, improving volumes and margins across a broad spectrum of categories coupled with a strong focus on operational efficiency.

Distell Group Holdings Limited's (Distell) contribution to headline earnings amounted to R459 million (2018: R467 million), representing a decrease of 1.7%. Note that the comparative period included the contribution from Capevin Holdings Limited. Distell discloses normalised earnings, adjusted for abnormal transactions and currency movements, to indicate its businesses' performance. For the year under review, these abnormal transactions included retrenchment and restructuring costs, as well as a credit loss provision relating to USD denominated savings bonds with the Reserve Bank of Zimbabwe. The comparative year included retrenchment and restructuring costs, as well as the Tanzania Distilleries Limited once-off losses following a sachet ban and excise duty dispute. Distell reported an increase in normalised earnings of 7.0%, mainly due to overall comparable revenue growth of 9.4% on flat volumes. In addition to Distell's contribution, Remgro also accounted for amortisation and depreciation charges of R47 million (2018: R8 million) relating to the additional assets identified when Remgro obtained control over Distell on 11 May 2018.

On 2 July 2018 Unilever acquired Remgro's 25.75% shareholding in Unilever in exchange for Unilever's Spreads business in Southern Africa, namely Siqalo Foods, as well as a cash consideration of R4 900 million. As a result, no headline earnings contribution was accounted for Unilever (2018: R499 million), however, Siqalo Foods' contribution to Remgro's headline earnings for the year under review amounted to R332 million. Siqalo Foods' revenue amounted to R2 626 million on the back of a 2.9% growth in volumes. In addition to Siqalo Foods' contribution, Remgro also accounted for amortisation and depreciation charges of R80 million relating to the additional assets identified when Remgro obtained control over Siqalo Foods.

INSURANCE

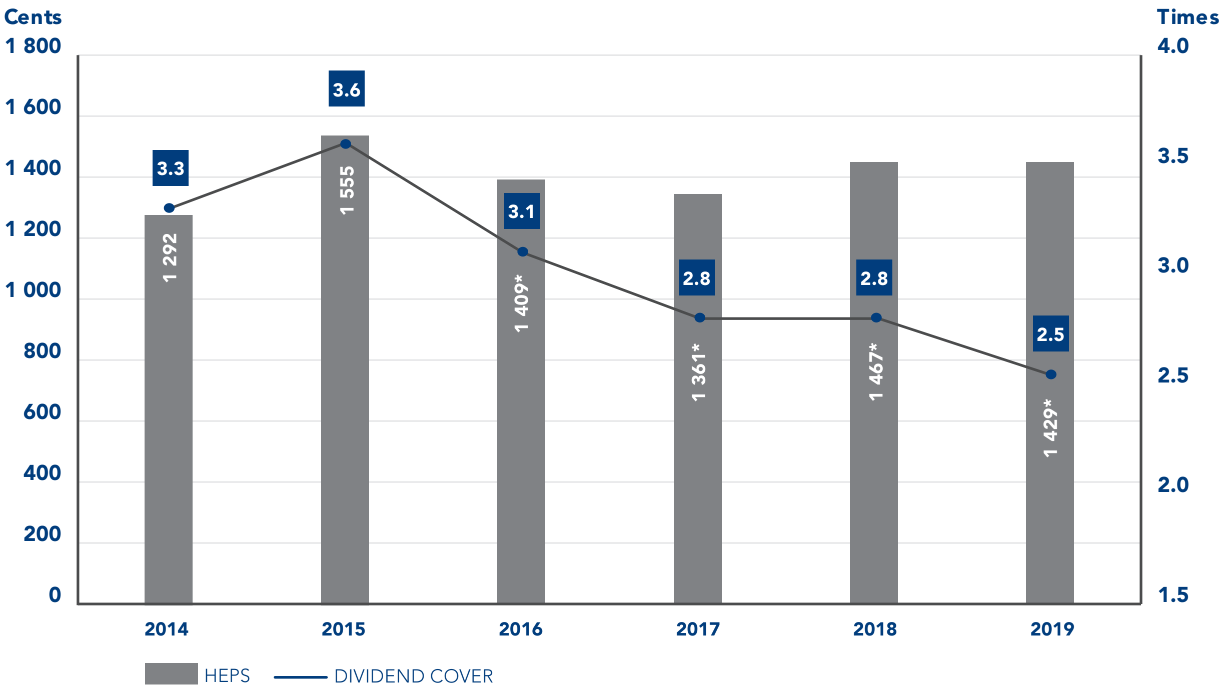
Rand Merchant Investment Holdings Limited's (RMI) contribution to Remgro's headline earnings decreased by 5.5% to R1 161 million (2018: R1 228 million). On a normalised basis, RMI reported a decrease of 4.3% in earnings mainly due to lower contributions from Discovery Holdings Limited (Discovery), OUTsurance Holdings Limited (OUTsurance) and Hastings Group Holdings plc (Hastings), partly offset by a higher contribution from Momentum Metropolitan Holdings Limited (Momentum Metropolitan). The contribution of Discovery decreased by 7.0%, mainly due to the weaker performance of Discovery Life, which experienced a spike in large mortality claims and significant investment in new strategic initiatives (most notable being Discovery Bank). OUTsurance's contribution decreased by 8.1% due to higher claims and cost ratios across the group, significant investments in new business growth activities and unusually low claims in the comparative year. Hastings' contribution to RMI decreased by 29.0% as a result of market rate reductions, claims inflation continuing ahead of earned premium inflation, combined with legislative changes which increased underwriting levies. Momentum Metropolitan's contribution increased by 62.4% due to resilient operational performance in most businesses, supported by efficiency improvements and good underwriting results across the group. The comparative year was impacted by large negative operating basis changes and investment variances across the South African retail businesses and the rest of Africa.

INDUSTRIAL

Air Products South Africa Proprietary Limited's (Air Products) contribution to Remgro's headline earnings increased by 18.7% to R343 million (2018: R289 million). This increase is mainly due to overall volume growth and cost containment measures.

Total's contribution to Remgro's headline earnings amounted to R328 million (2018: R501 million). Included in the contribution to headline earnings for the year under review are unfavourable stock revaluations amounting to R1 million (2018: favourable stock revaluations of R216 million). These revaluations are the result of the volatility in the Brent Crude price and the rand exchange rate. Excluding these revaluations, the contribution increased by 15.4% from R285 million to R329 million. This increase is mainly due to an increase in turnover resulting from higher sales volumes in the mining and commercial sectors.

DIVIDEND COVER (HEPS: HEADLINE EARNINGS PER SHARE)



* *HEPS, excluding once-off costs and option remeasurement*

Kagiso Tiso Holdings Proprietary Limited's (KTH) and Wispeco Holdings Proprietary Limited's (Wispeco) contributions to headline earnings amounted to R161 million and R121 million (2018: R55 million and R122 million) respectively, while PGSI Limited (PGSI) contributed a loss of R9 million to Remgro's headline earnings (2018: a profit of R4 million).

INFRASTRUCTURE

CIVH's contribution to Remgro's headline earnings amounted to a loss of R204 million (2018: profit of R48 million). Despite the decrease in headline earnings, Dark Fibre Africa Proprietary Limited's (DFA) revenue increased by 22.6% to R2 349 million (2018: R1 916 million) mainly due to strong growth in annuity revenue. DFA's annuity income is in excess of R163 million per month (2018: R136 million). DFA's contribution was negatively impacted by higher depreciation and finance costs as a result of the expanding network, as well as impairment losses on financial assets. Included in CIVH's results were finance costs, relating to the financing of the Vumatel Proprietary Limited (Vumatel) acquisition, as well as Vumatel's equity accounted losses amounting to R98 million. Vumatel's results also include strong revenue and EBITDA growth, offset by depreciation and finance costs driven by the expanding network.

Grindrod Limited's (Grindrod) contribution to Remgro's headline earnings amounted to R72 million (2018: a loss of R46 million). The comparative period included losses from the shipping division and stock impairments in the rail assembly business. Grindrod's Port and Terminals and Logistics divisions showed improves results. Ports and Terminals, Logistics and Bank form part of Grindrod's core businesses, whereas Marine Fuel and Agricultural investments were reallocated to discontinuing operations.

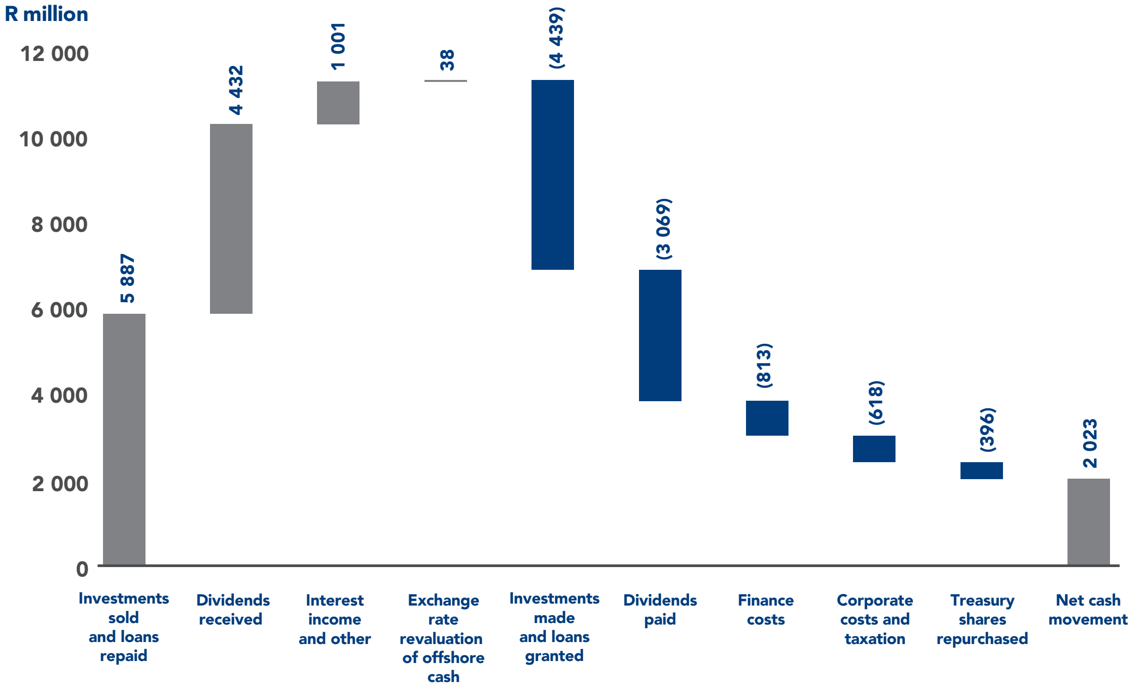
During June 2018 Grindrod completed the separate listing of its shipping division and Remgro received Grindrod Shipping Holdings Limited (Grindrod Shipping) shares as a dividend *in specie*. Grindrod Shipping's contribution to Remgro's headline earnings amounted to a loss of R65 million (included in the 2018 contribution of Grindrod: a loss of R102 million). The decrease in losses is mainly due to a year on year increase in tanker rates, a decline in vessel operating expenses and lower administrative expenses as the costs associated with the spin-off were not repeated, partly offset by charter rates that declined overall in the markets for the drybulk business.

SEACOM Capital Limited's (SEACOM) contribution to Remgro's headline earnings amounted to a loss of R2 million. As a result of the implementation of *IFRS 15*, SEACOM adjusted the accounting of its indefeasible right of use contracts (for which cash is received in advance), resulting in a reduction of R289 million in Remgro's carrying value of SEACOM. This reduction, as well as the equity accounted losses for the year, amounted to a negative SEACOM carrying value, which caused Remgro to only account for SEACOM's losses down to a zero carrying value. Remgro's actual portion

CASH AT THE CENTRE

	30 June 2019			
	Currency value million	**Exchange rate**	**R million**	30 June 2018 R million
USA dollar	**323.4**	**14.0682**	**4 550**	4 149
British pound	**115.4**	**17.8775**	**2 063**	344
Swiss franc	**0.4**	**14.4221**	**6**	6
SA rand			**9 108**	9 205
			15 727	13 704

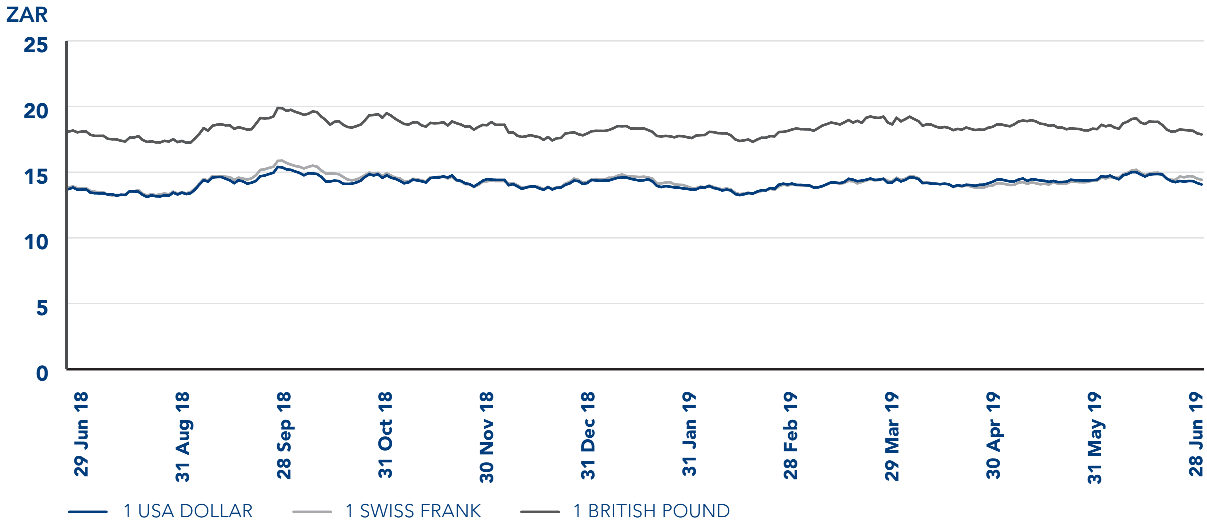
CASH MOVEMENT AT THE HOLDING COMPANY (CASH AT THE CENTRE)



Closing exchange rates	**30 June 2019**	30 June 2018	*Movement %*
USD/ZAR	**14.0682**	13.7095	*(2.6)*
GBP/ZAR	**17.8775**	18.0986	*1.2*
CHF/ZAR	**14.4221**	13.8316	*(4.3)*

Average exchange rates	**Year ended 30 June 2019**	Year ended 30 June 2018	*Movement %*
USD/ZAR	**14.1865**	12.8506	*(10.4)*
GBP/ZAR	**18.3618**	17.2904	*(6.2)*
CHF/ZAR	**14.2635**	13.2329	*(7.8)*

ZAR VS FOREIGN CURRENCIES REMGRO HOLDS



of SEACOM's losses for the full year amounted to R31 million (2018: a profit of R15 million). This decrease is mainly due to a once-off realisation of deferred revenue relating to the early termination of long-term contracts in the comparative year, as well as the negative impact of the implementation of *IFRS 15* in the year under review.

MEDIA AND SPORT

Media and sport primarily consist of the interests in eMedia Investments Proprietary Limited (eMedia Investments) and various sport interests, including an interest in the Blue Bulls rugby franchise and Stellenbosch Academy of Sport Properties Proprietary Limited.

eMedia Investments' contribution to Remgro's headline earnings increased to R39 million (2018: R1 million). This increase is mainly due to an increase in advertising revenue, assisted by an increase in market share, and the containment of costs. eMedia Investments continues to invest into the multi-channel business (Openview and e.tv multi-channel) with Openview set-top box activations growing at an average of approximately 35 000 per month. The estimated set-top boxes amounted to approximately 1.7 million at 30 June 2019.

OTHER INVESTMENTS

The contribution from other investments to headline earnings amounted to R39 million (2018: R66 million), of which Business Partners Limited's contribution was R65 million (2018: R65 million).

CENTRAL TREASURY AND OTHER NET CORPORATE COSTS

Finance income amounted to R755 million (2018: R524 million). This increase is mainly due to higher average cash balances as a result of the Unilever disposal. Finance costs amounted to R823 million (2018: R891 million). This decrease is mainly due to a profit of R90 million recognised on the refinancing of the Class A and Class B preference shares. The positive fair value adjustment of R112 million (2018: R261 million) relates to the decrease in the value of the exchange option of the exchangeable bonds. Other net corporate costs amounted to R187 million (2018: R282 million). This decrease is mainly due to an after-tax underwriting fee received of R42 million in respect of a CIVH rights issue. The comparative year included transaction costs amounting to R109 million, relating to the Distell ownership restructuring and the Unilever Spreads business acquisition, partly offset by the utilisation of corporate taxation credits.

EARNINGS

Earnings decreased by 18.2% to R7 319 million (2018: R8 943 million). The year under review included impairments on Remgro's investments in Mediclinic (R3 898 million), PGSI (R378 million), Grindrod (R300 million) and Grindrod Shipping (R277 million), as well as an impairment of Siqalo Foods' goodwill (R888 million) and Remgro's portion of the impairments of RCL Foods' Sugar business (R428 million) and Mediclinic's properties and trade names in Switzerland and its investment in Spire Healthcare Group plc (Spire) (totalling R2 873 million). This decrease was partly offset by the accounting profit realised on the Unilever disposal of R8 318 million. The comparative year included the profit realised on the Distell restructuring transaction (R5 150 million) and Remgro's portion of the impairments of Mediclinic's properties and trade names in Switzerland and its investment in Spire (R5 257 million).

CASH AT THE CENTRE AND FOREIGN EXCHANGE RATES

On 30 June 2019 Remgro's cash at the centre amounted to R15 727 million (2018: R13 704 million), of which 43% was invested offshore (2018: 33%). The cash is held in different currencies of which approximately 58% was held in SA rand, 29% in USA dollar and 13% in British pound.

During the year £100 million was transferred from local cash to offshore cash at a SA rand/British pound exchange rate of R18.65 = £1.00. Foreign exchange profits amounting to R38 million (2018: R205 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 R13.71 = $1.00 at 30 June 2018, to R14.07 = $1.00 at 30 June 2019, partly offset by the strengthening of the SA rand against the British pound from R18.10 = £1.00 at 30 June 2018, to R17.88 = £1.00 at 30 June 2019. 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

During the 2016 financial year Remgro (through its wholly owned subsidiary Remgro Healthcare Holdings Proprietary Limited (RHH)) issued Class A preference shares of R3.5 billion (four-year tenure and fixed dividend rate of 7.7%) and Class B preference shares of R4.4 billion (five-year tenure and a fixed dividend rate of 8.3%).

During March 2019 Remgro entered into agreements to refinance its preference shares. The maturity date of the Class A preference shares was extended to 15 January 2024 at a fixed dividend rate of 7.5% effective from 16 June 2019. A breakage fee of R18 million was rolled into the amended preference share dividend rate. The Class B preference shares, with an original maturity date of 15 March 2021, was extended to 17 March 2025 at a fixed dividend rate of 7.8% effective from 16 March 2021.

During the 2016 financial year Remgro also issued exchangeable bonds (through its wholly owned subsidiary, Remgro Jersey GBP Limited) amounting to £350.0 million. 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 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 2019 the bonds traded at 97.25% (2018: 97.17%) of nominal value.

DIVIDENDS

The final dividend per share was determined at 349 cents (2018: 328 cents). Total ordinary dividends per share in respect of the year to 30 June 2019 therefore amounted to 564 cents (2018: 532 cents).

The dividend is covered 2.5 times by headline earnings against 2.8 times the previous year.

INTRINSIC NET ASSET VALUE

Remgro's intrinsic net asset value per share at 30 June 2019 was R233.03 compared to R256.97 on 30 June 2018. Refer to the Chief Executive Officer's Report on page 25 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 implementation of *IFRS 9: Financial Instruments* and *IFRS 15: Revenue from Contracts with Customers*. Refer to "Change in accounting policies" for further detail on the implementation of these standards and amendments as more fully set out in note 2 to the summary Annual Financial Statements on page 131.

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 79, as well as in note 13 to the comprehensive Annual Financial Statements that is published on the Company's website at www.remgro.com.

Neville Williams
Chief Financial Officer

Stellenbosch
19 September 2019

COMPOSITION OF HEADLINE EARNINGS

R million	Year ended 30 June 2019	% change	Year ended 30 June 2018
Banking			
RMH	**2 644**	*6.4*	2 486
FirstRand	**1 093**	*5.2*	1 039
Healthcare			
Mediclinic	**1 693**	*8.8*	1 556
Consumer products			
Unilever	**–**	–	499
RCL Foods	**254**	*(60.7)*	647
Distell[1] – entity contribution	**459**	*(1.7)*	467
– *IFRS 3* charge[2]	**(47)**	*(487.5)*	(8)
Siqalo Foods – entity contribution	**332**	–	–
– *IFRS 3* charge[2]	**(80)**	–	–
Insurance			
RMI	**1 161**	*(5.5)*	1 228
Industrial			
Air Products	**343**	*18.7*	289
Total	**328**	*(34.5)*	501
KTH	**161**	*192.7*	55
Wispeco	**121**	*(0.8)*	122
PGSI	**(9)**	*(325.0)*	4
Infrastructure			
CIVH	**(204)**	*(525.0)*	48
Grindrod	**72**	*256.5*	(46)
Grindrod Shipping	**(65)**	–	–
SEACOM	**(2)**	*(113.3)*	15
Other infrastructure interests	**25**	*(37.5)*	40
Media and sport			
eMedia Investments	**39**	*3 800.0*	1
Other media and sport interests	**(19)**	*60.4*	(48)
Other investments	**39**	*(40.9)*	66
Central treasury			
Finance income	**755**	*44.1*	524
Finance costs	**(823)**	*7.6*	(891)
Option remeasurement	**112**	*(57.1)*	261
Other net corporate costs	**(187)**	*33.7*	(282)
Headline earnings	**8 195**	*(4.4)*	8 573
Weighted number of shares (million)	**565.6**	*(0.2)*	566.8
Headline earnings per share (cents)	**1 448.9**	*(4.2)*	1 512.6

[1] *The comparative year includes the headline earnings of Capevin Holdings Limited.*
[2] *IFRS 3 charge represents the amortisation and depreciation expenses, net of tax, relating to the additional assets identified when Remgro obtained control over these entities.*

INVESTMENT REVIEWS

The purpose behind Remgro's investments is to ensure superior returns to shareholders by way of sustainable dividend and capital growth.

INVESTING IN SECTORS

THAT HAVE A SOLID TRACK RECORD

BANKING

HEALTHCARE

CONSUMER PRODUCTS

INSURANCE

INDUSTRIAL

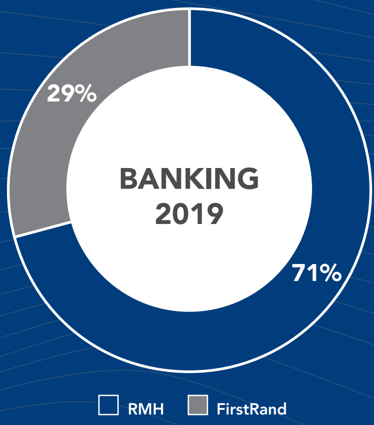
INFRASTRUCTURE

MEDIA AND SPORT

OTHER INVESTMENTS

BANKING

CONTRIBUTION TO HEADLINE EARNINGS	30 June 2019 R million	30 June 2018 R million
RMH	**2 644**	2 486
FirstRand	**1 093**	1 039
	3 737	3 525



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.

28.2%

EFFECTIVE INTEREST

CORPORATE INFORMATION

Market cap at 30 June 2019
R119 148 million

Listed on the JSE Limited

Chief Executive Officer
H L Bosman

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

Website
rmh-online.co.za

FINANCIAL HIGHLIGHTS

	Year ended 30 June 2019 R million	%
Headline earnings	9 390	6
Normalised earnings	9 394	7
Dividends declared per share (cents)	376	7

SUSTAINABILITY MEASURES

Refer to FirstRand as RMH is 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.

RMH's contribution to Remgro's headline earnings for the year under review increased to R2 644 million (2018: R2 486 million) due to the good operational performance of FirstRand. FirstRand's contribution to RMH's normalised earnings amounted to R9 502 million (2018: R8 995 million), while RMH Property contributed a normalised earnings of R44 million (2018: R16 million). RMH's funding and administration costs increased to R248 million (2018: R196 million).

RMH's property 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, the intrinsic value of RMH Property decreased from R722 million to R649 million.

FIRSTRAND

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 United Kingdom, 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.

3.9%

EFFECTIVE INTEREST

(TOTAL EFFECTIVE INTEREST: 13.5%)

CORPORATE INFORMATION

Market cap at 30 June 2019
R384 530 million

Listed on the JSE Limited

Chief Executive Officer
A P Pullinger

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

Website
www.firstrand.co.za

FINANCIAL HIGHLIGHTS

	Year ended 30 June 2019 R million	%
Operating income	94 107	11
Operating profit	39 968	8
Headline earnings	27 887	5
Normalised earnings	27 894	6
Dividends declared per share (cents)	291	6

SUSTAINABILITY MEASURES

CSI/Training spend
R646 million

Number of employees
48 780

BBBEE status
Level 1

Environmental aspect
Scope 1 and 2 emissions of 224 190 tonnes CO_2e

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 093 million (2018: R1 039 million).

FirstRand's headline earnings for its year ended 30 June 2019 increased by 5% to R27 887 million (2018: R26 509 million). The group's performance to June 2019 includes a full 12 months' contribution from Aldermore, compared to a three-month contribution in the previous year.

Net interest income (NII) increased 9% (18% including Aldermore), underpinned by strong growth in deposits of 11% and solid advances growth of 9%, partially offset by the negative capital and deposit endowment impact given the five basispoints decline in average interest rates over the year. Non-interest revenue (NIR) increased 6%, a resilient performance given the lack of private equity realisations compared to the prior year. Realisations were down 60% year-on-year.

FirstRand 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. Normalised earnings for the year ended 30 June 2019 increased 6% to R27.9 billion, at a normalised return on equity (ROE) of 22.8% (2018: 23.0%).

FNB's normalised earnings increased 11% to R25.3 billion. ROE increased from 38.8% to 41.9%. FNB's results reflect another strong operating performance from its domestic franchise, driven by healthy NIR growth on the back of ongoing customer gains and increased transactional volumes, and high-quality NII growth, particularly from deposit generation. The performance of FNB's rest of Africa portfolio improved significantly.

RMB's normalised earnings decreased by 4% to R7.1 billion and the ROE reduced from 25.3% to 21.7%. RMB's results were impacted year-on-year by the non-repeat of significant private equity realisations in the second half of the prior year, however, the rest of its portfolio delivered a resilient performance driven by growth in earnings and solid operational leverage.

WesBank delivered a subdued performance and its normalised earnings was down 2% to R1.8 billion.

FirstRand acquired Aldermore effective 1 April 2018. Aldermore delivered a solid operational performance, contributing normalised earnings of R1.7 billion for the 12 months (2018: R0.3 billion for the three months) at an ROE of 12.4% (2018: 12.1%).

HEALTHCARE

CONTRIBUTION TO HEADLINE EARNINGS	30 June 2019 R million	30 June 2018 R million
Mediclinic	**1 693**	1 556

MEDICLINIC INTERNATIONAL

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.

44.6%

EFFECTIVE INTEREST

CORPORATE INFORMATION

Market cap at 30 June 2019
£2 248 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 30 June 2019 £ million	%
Revenue	**2 932**	**1.9**
Operating profit	**81**	**128.1**
Adjusted earnings	**198**	**(10.4)**
Dividends declared per share (pence)	**7.9**	**–**

SUSTAINABILITY MEASURES

CSI/Training spend
R127 million

Number of employees
32 398

BBBEE status
Level 5

Environmental aspect
Scope 1 and 2 emissions of 165 760 tonnes CO_2e

MEDICLINIC INTERNATIONAL PLC (MEDICLINIC)

Mediclinic has a March year-end and therefore the results for the 12 months to 31 March 2019 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 693 million (2018: R1 556 million).

Mediclinic's turnover for the financial year ended 31 March 2019 increased by 2% to £2 932 million (2018: £2 876 million). Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) decreased by 4% from £515 million to £493 million, while underlying margins declined from 17.9% to 16.8%.

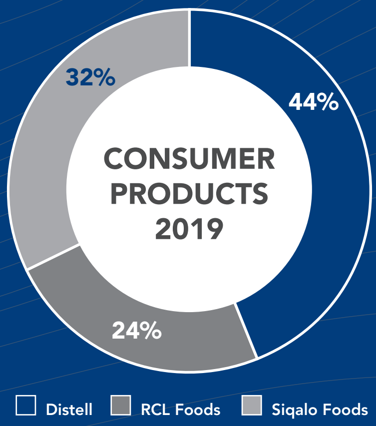
Mediclinic has an interest of 100% in Hirslanden, the holding company of the largest private hospital group in Switzerland. Hirslanden's revenue for the year under review increased by 2% to CHF1 778 million (2018: CHF1 735 million) and adjusted EBITDA was 10% lower at CHF285 million (2018: CHF318 million). The adjusted EBITDA margin decreased from 18.3% to 16.0% due to tariff reductions and less favourable insurance mix. Cost savings and efficiency savings partly offset this.

Mediclinic Southern Africa's revenue increased by 5% to R15 960 million (2018: R15 204 million) for the year under review, mainly due to a 4.3% increase in the average income per bed-day. Adjusted EBITDA increased by 4% to R3 385 million (2018: R3 245 million), resulting in the underlying EBITDA margin decreasing from 21.3% to 21.2% due to lower patient volumes, partly offset by cost management and efficiency initiatives.

At 31 March 2019, Mediclinic Middle East owned and operated seven hospitals and 20 clinics with a total of 926 beds in Dubai and Abu Dhabi. Revenue increased by 7% to AED3 262 million (2018: AED3 050 million) for the year under review. Adjusted EBITDA increased by 7% to AED425 million (2018: AED397 million), while the adjusted EBITDA margin remained flat at 13.0%. These increases were mainly due to increased patient volumes.

CONSUMER PRODUCTS

CONTRIBUTION TO HEADLINE EARNINGS	30 June 2019 R million	30 June 2018 R million
Distell – entity contribution	**459**	467
– *IFRS 3* charge	**(47)**	(8)
RCL Foods	**254**	647
Siqalo Foods – entity contribution	**332**	–
– *IFRS 3* charge	**(80)**	–
Unilever*	**–**	499
	918	1 605



* *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. The spreads business is housed in Siqalo Foods.*

DISTELL

PROFILE

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

31.8%

EFFECTIVE INTEREST

CORPORATE INFORMATION

Market cap at 30 June 2019
R28 478 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 2019 R million	%
Revenue	**26 180**	**8.0**
Operating profit	**1 759**	**(26.3)**
Headline earnings	**1 441**	**(1.7)**
Dividends declared per share (cents)	**423**	**7.1**

SUSTAINABILITY MEASURES

CSI/Training spend
R42 million

Number of employees
4 067

BBBEE status
Level 4

Environmental aspect
Scope 1 and 2 emissions of 157 708 tonnes CO_2e

DISTELL GROUP HOLDINGS LIMITED (DISTELL)

Distell's contribution to Remgro's headline earnings for the year under review amounted to R459 million (2018: R467 million). Including additional *IFRS 3* charge, Distell contributed R412 million (2018: R459 million).

Distell's reported headline earnings for its year ended 30 June 2019 decreased by 1.7% to R1 441 million (2018: R1 466 million). Excluding the currency conversion movements, the group retrenchment and restructuring costs, credit loss provision on Zimbabwe bonds and the Tanzania Distilleries Limited losses in the prior year, headline earnings increased by 7.0%. Normalised headline earnings adjusted for foreign exchange movements increased by 5.2% to R1 682 million (2018: R1 599 million).

Distell reported for its year ended 30 June 2019 that revenue increased by 8.0% to R26 180 million (2018: R24 231 million) on constant volumes, while revenue excluding excise duty increased by 8.8%. Comparable revenue in the South African market increased by 9.5% with sales volumes down by 0.9% as consumer confidence and disposable income remain subdued and with increased value offerings by competitors, particularly in beer. The cider and ready-to-drink (RTD) portfolio delivered double-digit revenue growth, with Savanna, Extreme and Bernini maintaining their excellent growth momentum. The spirits category showed strong revenue growth led by premium white spirits. The wine portfolio recorded muted revenue growth as wine supply shortages resulted in above-inflation cost increases, which were passed on to consumers. The renewed focus on core brands is yielding results with established brands achieving solid growth and overall margin improvement.

African markets, outside South Africa, delivered revenue growth of 20.0% on sales volume growth, which were up 10.3%. Focus markets on the continent also recorded strong growth. Volumes in international markets outside Africa declined by 10.6%.

CONSUMER PRODUCTS (continued)

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.

77.5%
EFFECTIVE INTEREST

CORPORATE INFORMATION

Market cap at 30 June 2019
R10 268 million

Listed on the JSE Limited

Chief Executive Officer
M Dally

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

Website
www.rclfoods.com

FINANCIAL HIGHLIGHTS

	Year ended 30 June 2019 R million	%
Revenue	25 888	5.5
Operating profit	(29)	(102.3)
Headline earnings	329	(60.7)
Dividends declared per share (cents)	25	(37.5)

SUSTAINABILITY MEASURES

CSI/Training spend
R56 million

Number of employees
21 046

BBBEE status
Level 4

Environmental aspect
Scope 1 and 2 emissions of 1 004 349 tonnes CO_2e

RCL FOODS LIMITED (RCL FOODS)

For the year ended 30 June 2019, RCL Foods' headline earnings decreased by 60.7% to R329 million (2018: R838 million). Remgro's share of the headline earnings of RCL Foods amounted to R254 million (2018: R647 million) for the year under review.

The decline in the company's headline earnings was largely attributable to the adverse performance of the Chicken and Sugar business units. The local poultry and sugar industries are under significant pressure, impacted by oversupply and declining local market demand due to muted consumer spending and, specifically with respect to sugar, the recently implemented Health Promotion Levy (sugar tax). The supply/demand imbalance resulted in low selling prices being realised in both the Chicken and Sugar business units, inhibiting cost recovery, thereby severely reducing margins. In the absence of an appropriate tariff chicken imports remained high, with sugar imports having stabilised following the implementation of the revised tariff in August 2018.

Despite the challenging market conditions, Groceries performed strongly, improving volumes and margins across a broad spectrum of categories. The performance of the Millbake business unit continues to improve, whilst profitability at Animal Feed was hampered by rising commodity costs and an extremely competitive trading environment. Logistics has made substantial investments during the period, specifically for the take-on of the frozen business of Pick n Pay and the spreads business of Siqalo Foods.

RCL Foods' revenue for the period increased 5.5% to R25.9 billion (2018: R24.5 billion) driven largely by volume gains in most business units coupled with commodity driven price increases in Animal Feed. Despite the revenue gains, EBITDA declined by R520 million (25.4%) to R1 526 million (2018: R2 046 million) due mainly to Chicken (down R253 million) and Sugar (down R369 million).

R million	June 2019	June 2019 margin %	June 2018	June 2018 margin %	*% change*	*Margin % change*
EBITDA	1 526	5.9	2 046	8.3	*(25.4)*	*(2.4)*
– Consumer	854	6.6	985	7.7	*(13.3)*	*(1.1)*
– Sugar & Milling	518	3.5	869	6.4	*(40.4)*	*(2.9)*
– Logistics	119	5.4	204	10.3	*(42.0)*	*(4.9)*
– group	35		(14)			

SIQALO FOODS

PROFILE

Siqalo Foods manufactures spreads which it sells under market-leading trade marks.

100%

EFFECTIVE INTEREST

CORPORATE INFORMATION

Equity valuation at 30 June 2019
R6 164 million

Unlisted

Managing Director
A Mahoney

Remgro nominated directors
J J du Toit, M Rabie

Website
www.siqalofoods.com

FINANCIAL HIGHLIGHTS

	Year ended 30 June 2019 R million	%
Revenue	2 626	n/a
Operating profit	447	n/a
Headline earnings	332	n/a

SUSTAINABILITY MEASURES

CSI/Training spend
R1 million

Number of employees
285

Environmental aspect
Scope 1 and 2 emissions of 342 181 tonnes CO_2e

SIQALO FOODS PROPRIETARY LIMITED (SIQALO FOODS)

Siqalo Foods comprises of Unilever South Africa Holdings Proprietary Limited's (Unilever) spreads business that was acquired by Remgro on 2 July 2018 as part of the sale of Remgro's shareholding in Unilever. The company manufactures spreads, which are sold under market-leading trade marks such as *Rama, Flora, Stork* and *Rondo* within the Southern African customs union territories.

Unilever continued to act as principal as part of its obligation under the transition agreement until the end of March 2019. Thereafter Siqalo Foods assumed full operational control of the business.

Siqalo Foods' contribution to Remgro's headline earnings for the year under review amounted to R332 million, excluding additional *IFRS 3* amortisation of R80 million. During a challenging, turbulent year of transition from Unilever to a standalone business, Siqalo Foods managed to realise a 2.9% growth in volumes, as well as achieving its 2019 budgeted EBITDA. In its new structures, the business has continued to deliver similar results as in prior years. On 30 June 2019, Siqalo Foods had a combined twelve-month moving average value market share of 74.1%, up 3.5% from 30 June 2018. Siqalo Foods remains committed to grow its brands and volumes while maintaining its profit margins in 2020 in order to maximise shareholder value.

Two contracts are in place with RCL Foods. Vector Logistics provides the distribution, sales and merchandising, while a management services contract governs certain services that RCL Foods Shared Services platform provide to Siqalo Foods on an arm's length basis. The result is an innovative, alternative business model, leveraging the capabilities within the wider Remgro Group of companies.

INSURANCE

CONTRIBUTION TO HEADLINE EARNINGS	30 June 2019 R million	30 June 2018 R million
RMI Holdings	**1 161**	1 228

RMI OPTIMISE DIVERSIFY MODERNISE

PROFILE

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.

30.6%

EFFECTIVE INTEREST

CORPORATE INFORMATION

Market cap at 30 June 2019
R52 036 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 2019 R million	%
Income	15 063	6.3
Headline earnings	3 801	(6.9)
Normalised headline earnings	4 081	(4.3)
Dividends declared per share (cents)	110	5.8

SUSTAINABILITY MEASURES

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

www.discovery.co.za
www.momentummetropolitan.com
www.outsurance.co.za

RMI HOLDINGS LIMITED (RMI)

RMI's contribution to Remgro's headline earnings for the year under review decreased to R1 161 million (2018: R1 228 million).

The underlying investments of RMI (with percentage interest in brackets) include Discovery (25.0%), Momentum Metropolitan (26.2%), OUTsurance (89.1%), Hastings (29.9%), RMI Investment Managers (100%), AlphaCode (100%).

Discovery is a pioneering market leader with uniquely positioned businesses in the healthcare, long- and short-term insurance, wellness and financial services industries in South Africa, the United Kingdom (UK) and China, amongst others. Hastings is a UK-listed, fast-growing, agile, digitally-focused general short-term insurance provider to the UK car, van, bike and home insurance market. Momentum Metropolitan is an insurance-based financial services group whose core businesses offer long- and short-term insurance, asset management, savings, investment, healthcare administration and employee benefits. OUTsurance provides short- and long-term insurance products in South Africa and short-term insurance products in Australia, New Zealand and Namibia. RMI Investment Managers' affiliate model enables the company to access a differentiated part of the investment management industry by investing in and partnering with independent investment managers, as well as specialist investment teams.

RMI's headline earnings for the year ended 30 June 2019 decreased by 6.9% to R3 801 million (2018: R4 081 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 decreased by 4% to R4 081 million (2018: R4 266 million) due to the significant increase in spend on new strategic initiatives, an increase in the claims ratio of the short-term insurance operations and the substantial investment in new business growth activities at OUTsurance.

Discovery's normalised earnings decreased by 7% to R5 billion, a consequence of a significant planned increased investment in new strategic initiatives and an unexpected spike in large Discovery Life claims in the first half of the year. New business annualised premium income increased by 13% to R18.3 billion.

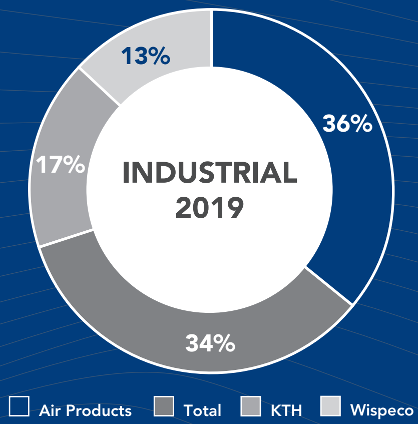
RMI included normalised earnings of R552 million from Hastings for the year ended 30 June 2019. Gross written premiums for Hastings' six months ended 30 June 2019 increased by 3% to £499.2 million compared to the six months ended 30 June 2018 of £485.6 million. The adjusted operating profit after tax decreased by 43% to £59.7 million (2018: £105.1 million) as a result of market rate reductions, claims inflation continuing ahead of earned premium inflation, combined with legislative changes which increased underwriting levies.

Momentum Metropolitan reported steady progress with the three-year reset and grow strategy announced a year ago. It delivered diluted normalised headline earnings of R3.1 billion for the year. This represents an increase of 53% on the prior year.

Normalised earnings from OUTsurance, including its shareholding in Hastings, decreased by 13% to R2.6 billion, mainly due to higher claims and cost ratios across the group, coupled with a lower earnings contribution from its investment in Hastings. Excluding Hastings, normalised earnings decreased by 9% to R2.4 billion. The cost-to-income ratio increased from 25.6% to 28.3%. During 2019, the management team made significant investments in marketing and acquisition capability to drive profitable top line growth and build the necessary capacity to support the face-to-face distribution strategy of OUTsurance Business. As a result, annualised new business premium written increased by 27%.

INDUSTRIAL

CONTRIBUTION TO HEADLINE EARNINGS	30 June 2019 R million	30 June 2018 R million
Air Products	**343**	289
Total	**328**	501
KTH	**161**	55
Wispeco	**121**	122
PGSI	**(9)**	4
	944	971



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, together with ancillary equipment, to the merchant market. The other 50% of the ordinary shares are held by Air Products and Chemicals Incorporated, a USA company.

50%

EFFECTIVE INTEREST

CORPORATE INFORMATION

Equity valuation at 30 June 2019
R8 528 million

Unlisted

Chief Executive Officer
R Richardson

Remgro nominated directors
H J Carse, N J Williams

Website
www.airproductsafrica.co.za

FINANCIAL HIGHLIGHTS

	Year ended 30 September 2018 R million	%
Revenue	3 019	6.5
Operating profit	905	5.6
Headline earnings	640	10.5

SUSTAINABILITY MEASURES

CSI/Training spend
R16 million

Number of employees
584

BBBEE status
Level 4

AIR PRODUCTS SOUTH AFRICA PROPRIETARY LIMITED (AIR PRODUCTS)

Air Products has a September year-end, but its results for the twelve months ended 31 March 2019 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 increased by 18.7% to R343 million (2018: R289 million).

Turnover for Air Products' twelve months ended 31 March 2019 increased by 8.8% to R3 148 million (2018: R2 894 million), while the company's operating profit for the same period increased by 12.7% to R964 million (2018: R855 million).

Air Products is the largest manufacturer of industrial gases in Southern Africa and also imports and distributes a variety of specialty gases 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.

Trading conditions remained difficult during the period in most sectors of the business. Modest overall volume growth and cost containment measures contributed to operating profit growth despite significant pricing pressure.

TOTAL

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).

24.9%

EFFECTIVE INTEREST

CORPORATE INFORMATION

Equity valuation at 30 June 2019
R10 933 million

Unlisted

Chief Executive Officer
P Y Sachet (succeeded by M Kane-Garcia subsequent to 31 August 2019)

Remgro nominated directors
R S M Ndlovu, N J Williams

Website
www.total.co.za

FINANCIAL HIGHLIGHTS

	Year ended 31 December 2018 R million	%
Revenue	69 747	21.8
Operating profit	1 819	(11.5)
Headline earnings	1 378	(9.8)

SUSTAINABILITY MEASURES

CSI/Training spend
R22 million

Number of employees
726

BBBEE status
Level 1

Environmental aspect
Scope 1 and 2 emissions of 342 181 tonnes CO_2e

TOTAL SOUTH AFRICA PROPRIETARY LIMITED (TOTAL)

Total has a December year-end, but its results for the 12 months to 30 June 2019 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 R328 million (2018: R501 million).

The results were impacted by unfavourable stock revaluations of R2 million (2018: R1 205 million, favourable), as the international oil price decreased from $74.3 per barrel, at 30 June 2018, to $64.1 per barrel at 30 June 2019.

Total's turnover for the 12 months ended 30 June 2019 increased by 26.5% to R75 432 million (2018: R59 637 million). The increase in turnover is mainly due to increased volumes sold in the mining and commercial sectors at a higher average basic fuel price compared to prior period.

The company has continued with its investments regarding health, safety and environment (HSE) 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 staff, transporters and construction contractors.

Natref's results improved for the period under review due to higher refinery availability and utilisation, as the fourth quarter of the comparative period was impacted by a planned major shutdown and inspection, as well as unplanned shutdowns. This was offset by significantly lower refining margins due to the impact of the unfavourable economic environment.

INDUSTRIAL (continued)

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, Momentum Metropolitan Holdings Limited and Servest Group Proprietary Limited.

36.3%

EFFECTIVE INTEREST

CORPORATE INFORMATION

Equity valuation at 30 June 2019
R5 858 million

Unlisted

Chief Executive Officer
M Danisa

Remgro nominated directors
S Crouse, P J Uys

Website
www.kagiso.com

FINANCIAL HIGHLIGHTS

	Year ended 30 June 2019 R million	%
Income	1 600	(1.2)
Operating profit	158	(87.9)
Headline earnings	421	168.2

SUSTAINABILITY MEASURES

CSI/Training spend
R4 million

Number of employees
33

KAGISO TISO HOLDINGS PROPRIETARY LIMITED (KTH)

KTH is a leading black-owned investment holding company with a strong and diversified asset portfolio comprising a mix of listed and private investments in the media, financial services, industrial, services and healthcare sectors.

KTH's contribution to Remgro's headline earnings for the year amounted to R161 million (2018: R55 million). The increase in KTH's headline earnings was mainly driven by the net decrease in finance costs to R105 million (2018: R208 million) following debt repayments during the year, as well as its net attributable share of positive fair value adjustments on the investment in Actom Investment Holdings Proprietary Limited (R132 million) and Momentum Metropolitan Holdings Limited (R27 million). This was partially offset by losses recognised on the investment in Macsteel Services SA (R42 million).

KTH's earnings for the year amounted to a loss of R90 million (2018: profit of R738 million). Income from equity accounted investments decreased to R244 million (2018: R1 207 million), mainly due to the comparative period, which included profits from Servest Group Proprietary Limited (R962 million) from the disposal of a significant foreign operation. The current year included positive results from Momentum Metropolitan Holdings (R129 million), as well as increased contributions from Fidelity Bank (Ghana) due to improved performance over the period (R96 million). Included in earnings was the loss on disposal of the investment in XK Platinum Partnership of R19 million. Significant impairments were recognised on Servest Group, Fidelity Bank (Ghana) and Me Cure Healthcare during the period totalling R442 million.

WISPECO Aluminium

PROFILE

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

100%

EFFECTIVE INTEREST

CORPORATE INFORMATION

Equity valuation at 30 June 2019
R866 million

Unlisted

Chief Executive Officer
H Rolfes

Remgro nominated directors
N R Boonzaier, S J de Villiers

Website
www.wispeco.co.za

FINANCIAL HIGHLIGHTS

	Year ended 30 June 2019 R million	%
Revenue	2 377	4.9
Operating profit	145	(13.2)
Headline earnings	121	(0.8)

SUSTAINABILITY MEASURES

CSI/Training spend
R17 million

Number of employees
1 458

BBBEE status
Level 4

Environmental aspect
Scope 1 and 2 emissions of 55 826 tonnes CO_2e

WISPECO HOLDINGS PROPRIETARY LIMITED (WISPECO)

Wispeco's turnover for the year ended 30 June 2019 increased by 4.9 % to R2 377 million (2018: R2 266 million). The increase can be attributed to higher selling prices driven by higher raw material costs, while margins remained under pressure. Raw material costs depend on the rand/dollar exchange rate and the worldwide aluminium commodity price in dollar terms. Headline earnings decreased by 1% to R121 million (2018: R122 million). Included in headline earnings is a once-off accounting profit realised in respect of Pressure Die Castings' purchase consideration amounting to R22 million. Excluding this once-off profit, headline earnings decreased by 18.9% to R99 million, mainly due to the fact that Southern African demand for aluminium extrusions did not grow in the past year and price competition remains fierce.

Wispeco's plans for the year ahead include further investments in cutting-edge technologies to improve efficiencies and increase flexibility in order to meet market needs. Wispeco remains firmly engaged on the path to become a world-class manufacturer of aluminium extrusions. It remains committed to the intent to maintain the shortest possible make-to-order lead times thereby maximising the customer experience.

The company's *Crealco* range of architectural products signifies novelty and quality. The brand carries the reputation of being the preferred choice for specification by architects and the range is continuously being expanded and improved. Wispeco's class-leading design software (offered to its customers) continuously evolves to support modern customisation, cost-effective design and compliance to building regulations.

INDUSTRIAL (continued)

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.

37.7%
EFFECTIVE INTEREST

CORPORATE INFORMATION

Equity valuation at 30 June 2019
R800 million

Unlisted

Chief Executive Officer (PG Group)
S Jennings

Remgro nominated directors (PG Group)
S J de Villiers, J J du Toit

Website
www.pgglass.co.za

FINANCIAL HIGHLIGHTS

	Year ended 31 December 2018 R million	%
Revenue	4 302	4.4
Operating profit	89	(23.9)
Headline earnings	(34)	(181.0)

SUSTAINABILITY MEASURES

CSI/Training spend
R3 million

Number of employees
4 318

BBBEE status
Level 2

Environmental aspect
Scope 1 and 2 emissions of 179 957 tonnes CO_2e

PGSI LIMITED (PGSI)

PGSI has a December year-end, but its results for the 12 months ended 30 June 2019 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 a loss of R9 million (2018: profit of R4 million).

PGSI's turnover for the period under review increased by 3.7% to R4 331 million (2018: R4 175 million) for the period under review. The group's normalised operating profit, which excludes the impact of asset impairments, has however remained flat year on year, as both volumes and pricing in all markets were adversely impacted. The results reflect the impact of the weak domestic market, and the overcapacity in global glass markets which has resulted in significant competition from low-priced imported product.

The group's main operating subsidiary in South Africa, PG Group, manufactures and supplies glass for the building and automotive industries. 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. Economic pressures on consumers also negatively affected the automotive sector where new vehicle sales are slow, and there have been significantly lower claims from the Insurance sector.

The group is focusing on lowering the cost to market, improving the service to customers and ensuring efficiencies in all aspects of the business. Investments are being made in IT systems to improve service offerings and costs to deliver. These initiatives will place the business in a good position to compete strategically in the current difficult economic climate.

INFRASTRUCTURE

CONTRIBUTION TO HEADLINE EARNINGS	30 June 2019 R million	30 June 2018 R million
CIVH	**(204)**	48
Grindrod	**72**	(46)
Grindrod Shipping	**(65)**	–
SEACOM	**(2)**	15
Other	**25**	40
	(174)	57

PROFILE

CIVH is active in the telecommunications and information technology sectors. The key operating companies of the group are Dark Fibre Africa Proprietary Limited (DFA) and Vumatel Proprietary Limited (Vumatel), which constructs and owns fibre-optic networks.

54.4%

EFFECTIVE INTEREST

CORPORATE INFORMATION

Equity valuation at 30 June 2019
R15 435 million

Chief Executive Officer of DFA
M W Mulder

Chief Executive Officer of Vumatel
D Mare

Remgro nominated directors
C W Ceasar, R S M Ndlovu, P J Uys

Website
www.dfafrica.co.za
www.vumatel.co.za

FINANCIAL HIGHLIGHTS

	Year ended 31 March 2019 R million	%
Revenue	**2 349**	**22.6**
Operating profit	**254**	**(57.1)**
Headline earnings	**(464)**	**(1 700.0)**

SUSTAINABILITY MEASURES

CSI/Training spend
R13 million

Number of employees
674

BBBEE status
Level 2

COMMUNITY INVESTMENT VENTURES HOLDINGS PROPRIETARY LIMITED (CIVH)

CIVH has a March year-end and therefore its results for the 12 months ended 31 March 2019 have been included in Remgro's results for the year under review. CIVH's contribution to Remgro's headline earnings for the year under review amounted to R204 million loss (2018: R48 million headline earnings). CIVH's main operations are DFA and Vumatel.

DFA owns fibre networks in Johannesburg, Cape Town, Durban, Midrand, Centurion and Pretoria, as well as 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 2019, a total distance of 13 600 km (2018: 10 554 km) of fibre network had been completed in the major metropolitan areas and on long-haul routes. The current book value of the fibre-optic network is in excess of R9 billion. The network uptime for the year under review was 99.985%.

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 (excluding orders) is in excess of R12 billion.

DFA revenue for the financial year ended 31 March 2019 increased by 22.6% year on year to R2 349 million (2018: R1 916 million) mainly as a result of strong growth of 28.7% in annuity revenue. DFA's annuity income is in excess of R163 million per month (2018: R136 million), with the majority thereof being on long-term contracts with customers.

DFA's earnings before interest and tax (EBIT) for the period under review decreased by 54.6% to R276 million (2018: R605 million). The decrease in EBIT result mainly from impairment losses relating to other financial assets, intangible assets and goodwill, totalling R371 million. A loss of R90 million relating to SqwidNet, DFA's Internet of Things start-up, was also incurred as it completed its network rollout in advance of signing on customers. Excluding the aforementioned once-off items, the EBIT of DFA increased by 21.2%.

During June 2018, CIVH acquired 34.9% of Vumatel. Vumatel is a leader in the FTTH market. Vumatel's FTTH network spans 16 000 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 CIVH's existing portfolio and significantly strengthens its ability to continue providing increased broadband and internet access to schools, homes and businesses in South Africa. The results of CIVH include equity accounted losses of R98 million from its investment in Vumatel. During May 2019, CIVH acquired the remaining 65.1% of Vumatel.

INFRASTRUCTURE (continued)

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 second business unit in the Grindrod group.

23.3%

EFFECTIVE INTEREST

CORPORATE INFORMATION

Market cap at 30 June 2019
R4 511 million

Listed on the JSE Limited

Chief Executive Officer
A G Waller

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

Website
www.grindrod.co.za

FINANCIAL HIGHLIGHTS

	Year ended 31 December 2018 R million	%
Revenue	3 424	11.9
Operating profit	452	6.1
Headline earnings	717	25.6
Dividends declared per share (cents)	14.6	n/a

SUSTAINABILITY MEASURES

CSI/Training spend
R5 million

Number of employees
4 728

BBBEE status
Level 2

Environmental aspect
Scope 1 and 2 emissions of 331 026 tonnes CO_2e

GRINDROD LIMITED (GRINDROD)

Grindrod has a December year-end, however its results for the 12 months to 30 June 2019 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 R72 million (2018: a loss of R46 million).

Continuing operations generated headline earnings amounting to R137 million for the first half of 2019, compared to a R63 million in 2018. The Maputo Port and Terminals increased by 66% over that period, while the Logistics segment contributed headline earnings amounting to R47 million (2018: R61 million headline loss).The bank reported headline earnings of R55 million (2018: R74 million) for the first six months of 2019.

The Freight Services business focused on "trade corridors supported by key infrastructure" and have used the first half of the year to focus on the customers' need for efficient and effective freight logistics services. Good progress was made to add scale and diversification to the core business.

The core Bank has been further capitalised following good growth in deposits and advances and is re-establishing its retail business. The private equity businesses have been split out and are now being driven as a separate focused business.

PROFILE

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

22.7%

EFFECTIVE INTEREST

CORPORATE INFORMATION

Market capitalisation at 30 June 2019
R1 278 million

Primary Listing
New York Stock Exchange

Secondary Listing
JSE Limited

Chief Executive Officer
M R Wade

Remgro nominated director
P J Uys

Website
www.grinshipping.com

FINANCIAL HIGHLIGHTS

	Year ended 31 December 2018 $ million	%
Revenue	319	(22.2)
Gross profit	11	(50.0)
Loss attributable to shareholders	(21)	65.6

SUSTAINABILITY MEASURES

CSI/Training spend
R3 million

Number of employees
759

GRINDROD SHIPPING HOLDINGS LIMITED (GRINDROD SHIPPING)

Grindrod Shipping has a December year-end, however its results for the 12 months to 30 June 2019 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 R65 million.

During the previous financial year in June 2018, Grindrod successfully implemented the spin-off and separate listing on the NASDAQ (with a secondary listing on the JSE) of its shipping business, Grindrod Shipping.

Revenue for the six months ended 30 June 2019 increased by $16.4 million, or approximately 10.9%, to $167.2 million (six months ended 30 June 2018: $150.8 million). The largest component of revenue is vessel revenue. Vessel revenue remained relatively flat with a slight increase of $0.3 million, or approximately 0.2%, from $147.4 million for the six months ended 30 June 2018 to $147.7 million for the six months ended 30 June 2019. The increase in total revenue was primarily due to the sale of a small tanker vessel and a drybulk vessel, and improved spot rates in the tanker market, offset by a decrease in the spot rates in the drybulk market in the first half of 2019. Additionally, one of Grindrod Shipping's joint ventures sold a medium range tanker.

Gross profit increased by $3.5 million, or 145.8%, from $2.4 million for the six months ended 30 June 2018 to $5.9 million for the six months ended 30 June 2019 primarily due to improved rates in the tanker spot market in the six months to 30 June 2019. This was offset by the decrease in the drybulk spot market in that period.

Grindrod Shipping's headline loss for the six months ended 30 June 2019 amounted to $14.4 million (2018: $13.9 million).

INFRASTRUCTURE (continued)

SEACOM

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.

30.0%

EFFECTIVE INTEREST

CORPORATE INFORMATION

Equity valuation at 30 June 2019
R3 040 million

Unlisted

Chief Executive Officer
B Clatterbuck

Remgro nominated directors
H J Carse, P J Uys

Website
www.seacom.mu

FINANCIAL HIGHLIGHTS

SEACOM is a private company and its detailed financial information is not disclosed due to restrictions on disclosure as agreed among its shareholders.

SUSTAINABILITY MEASURES

CSI/Training spend
R14 million

Number of employees
303

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 2019 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 R2 million loss (2018: R15 million profit). The drop in profitability arose as there was a decline in once-off revenue in the period under review and increased imputed interest costs due to the impact of *IFRS 15*.

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 and Service Provider market with national long haul, metro and last-mile fibre solutions are offered to customers, providing high capacity 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

PEMBANI • REMGRO

PEMBANI REMGRO INFRASTRUCTURE FUND I

PRIMCO AND PRIF

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

25%
(PRIMCO)

16.2%
(PRIF)

EFFECTIVE INTEREST

MEDIA AND SPORT

CONTRIBUTION TO HEADLINE EARNINGS	30 June 2019 R million	30 June 2018 R million
eMedia Investments	**39**	1
Other	**(19)**	(48)
	20	(47)

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.

32.3%

EFFECTIVE INTEREST

CORPORATE INFORMATION

Equity valuation at 30 June 2019
R2 392 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 2019 R million	%
Revenue	2 406	3.8
Operating profit	245	2 622.2
Headline earnings	129	2 480.0

SUSTAINABILITY MEASURES

CSI/Training spend
R27 million

Number of employees
1 198

BBBEE status
Level 2

Environmental aspect
Scope 1 and 2 emissions of 8 914 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 eReality), 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 2019 have been included in Remgro's results for the year under review. eMedia Investments' contribution to Remgro's headline earnings for the period under review amounted to R39 million (2018: R1 million).

e.tv's share of broadcast audience grew to 19.2% in primetime (March 2018: 15.0%) and maintains its position of being the second most watched channel in the country. The flagship shows, *Scandal* and *Rhythm City*, have maintained their viewership throughout the fiscal year. Imbewu, the new local drama that launched on e.tv, has been a top performing show in its timeslot.

The Openview platform has increased the number of activated set-top boxes to over 1 570 000 (31 March 2018: 1 149 217). This platform currently attracts 7.3% of the television audience in South Africa. Advertising revenue on the platform increased by 118.6% from the previous financial year. Openview is set for an operational break-even point within the next 24 months.

eNCA has seen a 3% increase in revenue from April 2018 to March 2019, which is a positive sign for the eMedia group. The channel is ranked as the most watched news channel in the country.

MEDIA AND SPORT (continued)

OTHER MEDIA AND SPORT INTERESTS

THE BLUE BULLS COMPANY PROPRIETARY LIMITED (BLUE BULLS)

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

50%

EFFECTIVE INTEREST

Stellenbosch Academy of Sport

STELLENBOSCH ACADEMY OF SPORT PROPERTIES PROPRIETARY LIMITED

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

100%

EFFECTIVE INTEREST

OTHER INVESTMENTS

CONTRIBUTION TO HEADLINE EARNINGS	30 June 2019 R million	30 June 2018 R million
Business Partners	**65**	65
Other	**(26)**	1
	39	66

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.

42.8%

EFFECTIVE INTEREST

CORPORATE INFORMATION

Equity valuation at 30 June 2019
R2 799 million

Unlisted

Chief Executive Officer
B Bierman

Remgro nominated directors
M Lubbe, R S M Ndlovu, N J Williams

Website
www.businesspartners.co.za

FINANCIAL HIGHLIGHTS

	Year ended 31 March 2019 R million	%
Revenue	**610**	**(1.0)**
Operating profit	**287**	**(2.4)**
Headline earnings	**152**	**0.7**

SUSTAINABILITY MEASURES

CSI/Training spend
R6 million

Number of employees
279

BBBEE status
Level 4

BUSINESS PARTNERS LIMITED (BUSINESS PARTNERS)

Business Partners has a March year-end and therefore its results for the 12 months to 31 March 2019 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 (2018: R65 million).

Business Partners' headline earnings for the twelve months ended 31 March 2019 amounted to R152 million (2018: R151 million), while profit attributable to shareholders decreased by 2.5% to R213 million. The decrease in profit is mainly due to a lower remeasurement gain on the investment property portfolio, consistent with declining capital appreciation in the real estate asset class.

The risk in the investment portfolio has decreased over the period. Investments with repayment obligations in arrear decreased from 21.4% of the investment portfolio at 31 March 2018 to 19.2% at 31 March 2019, a reflection of the adverse economic and difficult trading conditions experienced by SMEs.

During the year under review, funding for 308 (2018: 295) investment transactions amounting to R1 028 million (2018: R1 049 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 18 817 job opportunities during the year under review (2018: 11 601).

OTHER INVESTMENTS (continued)

CAXTON CTP LIMITED (CAXTON) (INDIRECTLY HELD THROUGH FUNDCO AND BIDCO STRUCTURE)

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

5.8%

EFFECTIVE INTEREST

INVENFIN PROPRIETARY LIMITED (INVENFIN)

PROFILE

Invenfin focuses on smaller early-stage investments.

Website: www.invenfin.com

100%

EFFECTIVE INTEREST

MILESTONE CAPITAL II, III AND MILESTONE CAPITAL INVESTMENTS HOLDINGS

PROFILE

Milestone Capital, based in mainland Hong Kong, is a China-focused private equity investment firm.

Website: www.mcmchina.com

8.1%

28.1%

7.5%

EFFECTIVE INTEREST

CORPORATE FINANCE

CONTRIBUTION TO HEADLINE EARNINGS	30 June 2019 R million	30 June 2018 R million
Central treasury		
– Finance income	**755**	524
– Finance costs	**(823)**	(891)
– Option remeasurement	**112**	261
Net corporate cost	**(187)**	(282)
	(143)	(388)

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
V&R MANAGEMENT SERVICES AG – SWITZERLAND

PROFILE

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

Unlisted companies

Finance income amounted to R755 million (2018: R524 million). This increase is mainly due to higher average cash balances as a result of the Unilever disposal. Finance costs amounted to R823 million (2018: R891 million). This decrease is mainly due to a profit of R90 million recognised on the refinancing of the Class A and Class B preference shares. The positive fair value adjustment of R112 million (2018: R261 million) relates to the decrease in the value of the exchange option of the exchangeable bonds. Other net corporate costs amounted to R187 million (2018: R282 million). This decrease is mainly due to an after-tax underwriting fee received of R42 million in respect of a CIVH rights issue. The comparative year included transaction costs amounting to R109 million, relating to the Distell ownership restructuring and the Unilever Spreads business acquisition, partly offset by the utilisation of corporate taxation credits.

Ethical behaviour is inherent to every Remgro employee and is supported by value-driven leadership and a culture of compliance. This is overseen by the Board, who ensures that sound corporate governance structures and processes are in place to deliver sustainable value for our stakeholders.

GOVERNANCE AND SUSTAINABILITY

CORPORATE GOVERNANCE REPORT

Remgro is committed to the highest level of corporate governance, integrity and ethics. 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 the Remgro Group.

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 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, reviews its Legal Compliance Policy annually 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 one minor alleged incident was received through the hotline which was found to be invalid and dealt with successfully. 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.

Remgro reviews its Code of Ethics, Gifts Policy, Social Media Policy, HIV/AIDS Policy and Safety, Health and Environmental (SHE) Management Policy (SHE Management Policy) annually, 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, being the FTSE/JSE Responsible Investment Index and the Carbon Disclosure Project (CDP). 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 2019, Remgro, including its subsidiaries, RCL Foods Limited (RCL Foods), Distell Group Holdings Limited (Distell), Siqalo Foods Proprietary Limited (Siqalo Foods) and Wispeco Holdings Proprietary Limited (Wispeco), obtained a score of 72.95, thereby obtaining a level 7 contributor status.

Further, the Board has transformed over time, with five of the 11 non-executive directors (45%) being black persons, and six of all 14 directors (43%) being black persons. On Management Board level, two of the six members (33%) 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, Siqalo Foods 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, Siqalo 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 and social 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 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 stakeholders, and the increase, decrease or transformation of the various forms of capitals, that may result from the execution of the proposed strategy.

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 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 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 in between meetings throughout the year to discuss important issues. 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.

BOARD COMPOSITION

COMPOSITION

In compliance with the recommended practices of King IV, the Board consists of 14 directors, three of whom are executive and 11 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 11 non-executive directors (45%) being black persons, six of all 14 directors (43%) being black persons, and two of all 14 directors (14%) being females and, on Management Board level, two of the six members (33%) 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 18 to 19 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

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	5	4	3	3	12	3
Attendance by directors						
Non-executive directors						
J P Rupert	5	–	3	–	–	3
E de la H Hertzog	4	–	–	–	–	–
J Malherbe	5	–	–	–	–	3
A E Rupert[(1)]	3	–	–	–	–	–
Independent non-executive directors						
S E N De Bruyn	4	4	–	3	–	–
G T Ferreira	4	–	3	–	–	1
P K Harris	5	–	3	–	–	2
N P Mageza	4	4	–	3	–	–
P J Moleketi	4	4	–	–	–	–
M Morobe	5	–	–	3	–	–
F Robertson	5	4	3	–	–	–
Executive directors and Management Board						
J J Durand	5	–	–	–	12	3
P R Louw	–	–	–	3	12	–
M Lubbe	5	–	–	–	12	–
R S M Ndlovu	–	–	–	–	10	–
P J Uys	–	–	–	3	12	–
N J Williams	5	–	–	–	12	3

(1) *Mr A E Rupert was appointed as a non-executive director with effect from 29 November 2018 and attended all the meetings since his appointment.*

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.

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.

Mr A E Rupert was appointed as a non-executive director of Remgro on 29 November 2018.

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 18 to 19 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 2012 (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 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 51 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 71 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 118 to 120.

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 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 104 to 105. 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 18 years, 17 years and 12 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 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 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 48 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, the majority of which can be found on page 18 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. During the year under review, the Board reviewed the Risk and Opportunities Management Policy 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 Audit and Risk Committee reviewed 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 15 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 79 to 85 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 in light of the principles and recommended practices of King IV.

The head of Technology and Information reports to the Remgro CFO 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 credible service providers through comprehensive Service Level Agreements. The Service Level Agreements of the service providers, 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 on page 79 of the Integrated Annual 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 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.

Mrs Mariza Lubbe, as an executive director, is 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 on page 86 of the Integrated Annual 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 2018. At the meeting, 96.02% and 97.97% of the ordinary shareholders, which excludes the votes of the B ordinary shareholders, voted in favour of the Remuneration Policy and Remuneration Implementation Report, respectively.

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 year under review, the Audit and Risk Committee reviewed 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 reviewed the Group governance framework, which 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. During the year, Remgro established a new Investor Relations function to improve investor engagement. The investor community is encouraged to contact the investor relations manager 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 Abridged Sustainable Development Report on page 106 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 global environment and 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.

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 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 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 and compliance processes. Ensuring that the corporate culture of Remgro does not inhibit responsible risk and opportunities taking. Board oversight and executive monitoring of performance against investment plans and strategies.
Available liquidity to fund new investments and further support successful investments.	Effective functioning of the Treasury Committee. Conservative cash administration and well-managed and secure treasury environment. Maintaining appropriate borrowing facilities.
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, including environmental, social and governance standards and expectations 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, compliance 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 and cyber risk mitigated • 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 and component criteria) – 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 FSCA (Financial Sector Conduct Authority) 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. Effective Compliance Policy and procedures.
Reliable and secure information and technology 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 and cyber 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 ROTIG 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, including trade wars and Brexit 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.

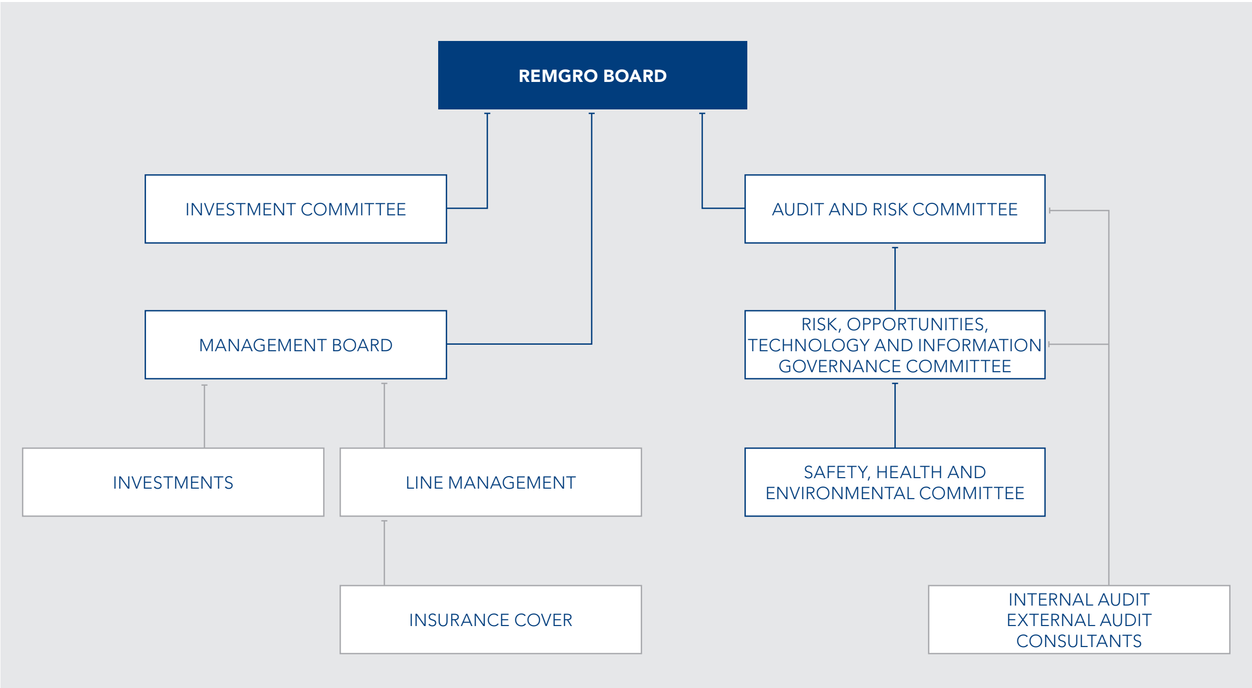
Remgro timely identifies and comprehensively mitigates disruption risk and realises opportunities associated with the next industrial revolution.

RISK AND OPPORTUNITIES MANAGEMENT STRUCTURE

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

The function of the Chief Risk Officer is shared amongst the following individuals:

- The CEO reports directly to the Board on an ongoing basis with regards to 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 Management Board and ROTIG Committee and renders independent assurance regarding the effectiveness of this committee's activities as well as the risk management process and 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 assets that could easily be converted into cash;
- 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 conservative 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 also externally focused to ensure the timely identification of new emerging risks and opportunities and the assessment of the effectiveness of timely 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 CFO 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 credible service providers via comprehensive Service Level Agreements. The Service Level Agreements of the service providers, which deal with, *inter alia*, key deliverables such as system and user support, system availability, cyber risk management, virus protection, telephony and other general controls, are 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 timely 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 CAE, 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:

- Emerging risks including global and local political and economic developments and trends;
- Robustness of fraud prevention and detection processes given the magnitude and prevalence of reported irregularities;
- 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;
- 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.

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 fixed remuneration (i.e. salary and benefits) and a long-term share plan, which only renders value if stretching performance conditions (where applicable) 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 above-average dividend yield as critical metrics 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. It is aligned with the philosophy that they should be rewarded where value creation 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. Continued poor performance from state-owned entities (SOEs), particularly Eskom, and the resulting possibility of further downgrades contributes significantly to weakened overall trading conditions. The higher fuel prices and persistent increases in water and electricity rates, have affected 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.

The most significant impact on the Remgro share price during the reporting period was the Mediclinic International plc (Mediclinic) share price performance. The rapidly implemented regulatory changes in Switzerland had a major effect on Mediclinic's Swiss business and ultimately its overall 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:

- Implementation of the revised Remgro Long-term Incentive (LTI) arrangements. The implementation activities included the following:
  - Setting of overall financial objectives
  - Agreement of individual performance objectives
  - Approval of award levels

VOTING RESULTS AND SHAREHOLDER ENGAGEMENT

At the Annual General Meeting (AGM) held on 29 November 2018, Remgro's Remuneration Policy received a favourable vote by Ordinary Shareholders of 96.02% and the Remuneration Implementation Report received a favourable vote by Ordinary Shareholders of 97.97%.

The committee remains committed to ongoing engagement with shareholders and welcomes any comment they may wish to provide.

The committee is of the view that during the 2019 financial year, Remgro's Remuneration Policy achieved its stated objectives. At the 2019 AGM Remgro will put its Remuneration Policy and Remuneration Implementation Report to two separate non-binding advisory shareholder votes (see resolution numbers 14 and 15 in the Notice to Shareholders on page 153) and the committee looks forward to a positive outcome in this regard.

FUTURE AREAS OF FOCUS

During the 2020 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 2020 awards.
- To review the multiples for future grants under the combined Share Appreciation Rights (SAR) Plan and Conditional Share Plan (CSP).

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 28 November 2019.

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 twice during the year and had one further engagement 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 71.

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.

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;
- 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.

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

During the 2019 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 2019 financial year. We are satisfied and regard PwC as being wholly objective and independent.

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 and CSP Plans. 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.

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.

FIXED REMUNERATION

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, may propose increases to the TGP, excluding his own, during such review meetings.

VARIABLE REMUNERATION

SHARE APPRECIATION RIGHTS PLAN	CONDITIONAL SHARE PLAN

PURPOSE

Ensures alignment between personal wealth creation and corporate strategy and supports long-term employee retention.

HOW DOES IT WORK?

Share Appreciation Rights Plan	Conditional Share Plan
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.	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.

WHO QUALIFIES TO PARTICIPATE?

Share Appreciation Rights Plan	Conditional Share Plan
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 Plan and the CSP to participants, based on a multiple of 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.

For the year under review, the following face value award multiples were approved by the committee:

- CEO: 2.5x TGP
- Executive directors and prescribed officers: 2x TGP
- Other employees: different multiples based on the participant's job grade, role and performance conditions (if applicable). These multiples ranges between 10% and 80% of TGP.

For executive directors, other members of the Management Board (prescribed officers) and identified investment executives these multiples are equally divided between the SAR and CSP awards (i.e. 50% SAR and 50% CSP). For all other participants, 100% of the award is under the CSP.

These multiples are 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.

Refer to the Remuneration Implementation Report on page 95 for previous SARs and CSPs awarded.

VARIABLE REMUNERATION

SHARE APPRECIATION RIGHTS PLAN	CONDITIONAL SHARE PLAN
DIVIDEND EQUIVALENTS	
Not applicable	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; 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. 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; and • 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, awards made after 30 June 2019 will be subject to these additional prospective financial performance conditions: • The vesting of 50% of such awards will depend on the growth in the intrinsic net asset value (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 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.	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.

VARIABLE REMUNERATION

SHARE APPRECIATION RIGHTS PLAN	CONDITIONAL SHARE PLAN
PERFORMANCE CONDITIONS (continued)	
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).	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.

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 vesting 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 vesting 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 and 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.

VARIABLE REMUNERATION

SHARE APPRECIATION RIGHTS PLAN	CONDITIONAL SHARE PLAN

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.

SETTLEMENT CONSIDERATIONS

If it is assumed that all of the participants to the SAR Plan exercise all options awarded to them on 1 July 2019, Remgro will have to deliver nil shares in order to settle its obligations. This calculation is based on Remgro's closing share price on 30 June 2019 of R187.90. A 10% increase or decrease in the Remgro share price will require the number of shares to be delivered to be 1 870 shares and nil shares, respectively.

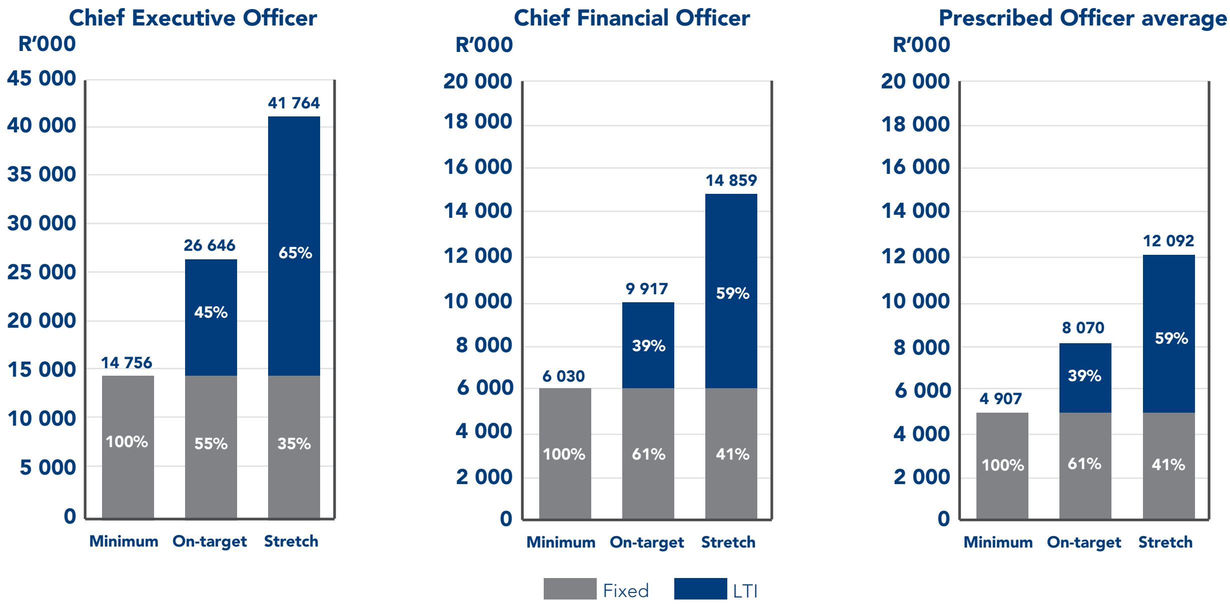
At 30 June 2019 Remgro held sufficient treasury shares to settle its obligations to deliver shares to the SAR Plan participants.

If it is assumed that all awards made under the CSP at 1 July 2019 vest in full, Remgro will have to deliver 378 963 million shares in order to settle its obligations.

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 minimum, on-target and stretch levels.

ELEMENT	MINIMUM	ON-TARGET	STRETCH
TGP	TGP as at 30 June 2020, see page 95. Benefits assumed in line with those paid in the 2019 financial year.		
LTI	Nil	The maximum number of instruments granted in the 2018 financial year that might vest multiplied by the fair value on grant over the grant period, multiplied by the on-target vesting expectation of 60%.	The maximum number of instruments granted in the 2018 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 for SARs and the grant price for CSPs.



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 respect of unvested and unexercised SARs 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 18 years, 17 years and 12 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 2018 were approved by shareholders at the AGM on 29 November 2018.

NON-INDEPENDENT NON-EXECUTIVE DIRECTORS

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

The Chairman and Mr A E Rupert receive 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 2020 is presented in the table below. Also see Special Resolution Number 1 in the Notice to Shareholders on page 153.

Type of fee (Rand)	**Current fee for the year ended 30 June 2019**	Proposed fee for the year ending 30 June 2020	*% Change*
Board member	**R367 500**	R390 000	*6.1*
Chairman of the Audit and Risk Committee	**R280 000**	R297 000	*6.1*
Member of the Audit and Risk Committee	**R138 500**	R147 500	*6.5*
Member of the Remuneration and Nomination Committee	**R61 500**	R65 500	*6.5*
Chairman of the Social and Ethics Committee	**R112 500**	R120 000	*6.7*
Member of the Social and Ethics Committee	**R61 500**	R65 500	*6.5*
Meeting fee for *ad-hoc* Committees (i.e. Investment- & Treasury Committee)	**R24 000**	R25 000	*4.2*

Fees are excluding 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 2019 financial year. (The information on pages 95 to 103 was audited). This Remuneration Implementation Report will be put to a non-binding advisory vote by shareholders at the next AGM on 28 November 2019.

FIXED REMUNERATION REVIEW

From the end of the year under review to the next review period, the executive directors and other members of the Management Board will receive an average salary increase of 3.4% (2018: 6.8%), compared to an average salary increase awarded to general staff of 6.3% (2018: 7.3%). Specifically the executive directors and other members of the Management Board (prescribed officers) will receive the following increases:

	Annual salary as at		
R'000	**30 June 2019**	30 June 2020	*% Change*
J J Durand[(1)]	**14 326**	14 756	*3.0*
M Lubbe	**3 028**	3 282	*8.4*
N J Williams	**5 854**	6 030	*3.0*
P R Louw[(2)]	**3 690**	3 895	*5.6*
R S M Ndlovu[(2)]	**3 229**	3 455	*7.0*
P J Uys[(2)]	**7 370**	7 370	*0.0*

(1) *The Remuneration Committee approved a 5.5% increase for Mr J J Durand but he declined circa 2.5% of this increase and requested that the equivalent of the declined increase amount should be included in the Remgro Corporate Social Investment (CSI) budget for local CSI initiatives.*

(2) *Prescribed officers.*

(3) *The remaining executive directors and prescribed officers received increases in line with their current level of remuneration compared to their external and internal reference group and their individual contribution during the 2018/19 financial year.*

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 R187.90, being the Remgro closing price on 30 June 2019.

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[1] (R'000)	Value of shares included in single-figure table (R'000)
J J Durand	26-Nov-14	253.53	245.53	36 156	(2 084)	–
	24-Nov-15	272.00	262.77	64 225	(4 809)	–
	01-Dec-16	209.11	209.11	50 292	(1 067)	–
	Total LTI vesting				(7 960)	–
M Lubbe	26-Nov-14	253.53	245.53	1 337	(78)	–
	24-Nov-15	272.00	262.77	2 678	(201)	–
	01-Dec-16	209.11	209.11	21 878	(465)	–
	Total LTI vesting				(744)	–
N J Williams	26-Nov-14	253.53	245.53	5 476	(316)	–
	24-Nov-15	272.00	262.77	9 164	(687)	–
	01-Dec-16	209.11	209.11	32 906	(698)	–
	Total LTI vesting				(1 701)	–
P R Louw	26-Nov-14	253.53	245.53	1 984	(115)	–
	24-Nov-15	272.00	262.77	3 165	(237)	–
	01-Dec-16	209.11	209.11	30 374	(645)	–
	Total LTI vesting				(997)	–
R S M Ndlovu	26-Nov-14	253.53	245.53	360	(21)	–
	24-Nov-15	272.00	262.77	3 566	(267)	–
	01-Dec-16	209.11	209.11	5 203	(111)	–
	Total LTI vesting				(399)	–
P J Uys	26-Nov-14	253.53	245.53	4 924	(284)	–
	24-Nov-15	272.00	262.77	3 844	(288)	–
	01-Dec-16	209.11	209.11	30 489	(647)	–
	Total LTI vesting				(1 219)	–

[1] *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[2]	Fixed remune-ration	LTI[3]	Total
30 June 2019							
J J Durand	**368**	**11 286**	**2 296**	**372**	**14 322**	**–**	**14 322**
M Lubbe	**368**	**1 837**	**437**	**385**	**3 027**	**–**	**3 027**
N J Williams	**368**	**4 201**	**906**	**379**	**5 854**	**–**	**5 854**
Total	**1 104**	**17 324**	**3 639**	**1 136**	**23 203**	**–**	**23 203**
30 June 2018							
W E Bührmann[1]	288	2 286	587	278	3 439	–	3 439
J J Durand	345	10 482	2 147	349	13 323	596	13 919
M Lubbe	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

(1) *Mr W E Bührmann retired on 30 April 2018.*
(2) *Benefits include medical scheme contributions, vehicle benefits and UIF contributions.*
(3) *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 remune-ration	LTI[3]	Total
30 June 2019						
P R Louw	**2 758**	**547**	**385**	**3 690**	**–**	**3 690**
R S M Ndlovu	**2 379**	**472**	**379**	**3 230**	**–**	**3 230**
P J Uys	**6 070**	**1 156**	**385**	**7 611**	**–**	**7 611**
Total	**11 207**	**2 175**	**1 149**	**14 531**	**–**	**14 531**
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

(1) *Mr R S M Ndlovu was appointed on 1 May 2018.*
(2) *Benefits include medical scheme contributions, vehicle benefits and UIF contributions.*
(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.

SHARE APPRECIATION RIGHTS (SARs)

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 2018	Adjusted offer price (Rand)	SARs accepted/ (exercised or expired) 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 2019[5]	Fair value of SARs as at 30 June 2019[6] (R'000)
Executive											
W E Bührmann[1]	29-Nov-12	147.25	98 817	3 921	98 817	142.04	(98 817)	203.00	6 024	–	–
	04-Dec-13	191.70	25 485	1 386	25 485	185.07	(25 485)	203.00	457	–	–
	26-Nov-14	253.53	8 958	615	8 958	245.53	(8 958)			–	–
	24-Nov-15	272.00	26 470	2 142	26 470	262.77	(26 470)			–	–
	01-Dec-16	209.11	82 971	5 804	82 971	209.11	(82 971)			–	–
J J Durand	29-Nov-12	147.25	271 258	10 763	271 258	142.04				271 258	12 849
	04-Dec-13	191.70	93 128	5 064	93 128	185.07				93 128	2 321
	26-Nov-14	253.53	108 468	7 442	108 468	245.53				108 468	1 415
	24-Nov-15	272.00	192 676	15 591	192 676	262.77				192 676	2 859
	01-Dec-16	209.11	150 872	10 554	150 872	209.11				150 872	5 001
	14-Dec-17	206.35	132 309	9 705	132 309	206.35				132 309	5 656
	05-Dec-18	205.07	87 135	5 436	–	205.07	87 135			87 135	2 489
M Lubbe	29-Nov-12	147.25	13 961	554	13 961	142.04				13 961	661
	04-Dec-13	191.70	7 444	405	7 444	185.07				7 444	185
	26-Nov-14	253.53	4 011	275	4 011	245.53				4 011	52
	24-Nov-15	272.00	8 036	650	8 036	262.77				8 036	119
	01-Dec-16	209.11	65 632	4 591	65 632	209.11				65 632	2 175
	14-Dec-17	206.35	15 481	1 136	15 481	206.35				15 481	662
	05-Dec-18	205.07	14 648	914	–	205.07	14 648			14 648	418
N J Williams	29-Nov-12	147.25	81 901	3 250	81 901	142.04				81 901	3 880
	04-Dec-13	191.70	22 221	1 208	22 221	185.07				22 221	554
	26-Nov-14	253.53	16 430	1 127	16 430	245.53				16 430	214
	24-Nov-15	272.00	27 492	2 225	27 492	262.77				27 492	408
	01-Dec-16	209.11	98 716	6 905	98 716	209.11				98 716	3 272
	14-Dec-17	206.35	55 677	4 084	55 677	206.35				55 677	2 380
	05-Dec-18	205.07	28 465	1 776	–	205.07	28 465			28 465	813
Total					1 608 414		(112 453)		6 481	1 495 961	48 383

(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. The 8 958 (R245.53), 26 470 (R262.77) and 82 971 (R209.11) SARs expired on 30 April 2019 as the Remgro share price was less than the adjusted offer price on the last day that it could be exercised.

(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 of SARs granted before December 2018 is equal to the face value on grant date. Offer price of SARs granted from December 2018 onwards is the five-day VWAP on offer date.

(4) This refers to the increase in value of the SAR Plan shares of the indicated participants from the offer date to the date of exercise.

(5) SARs offered from December 2018 onwards, have performance conditions and reflect the number of SARs as if performance conditions were fully met.

(6) Fair value was calculated using the standard binomial pricing model. The estimated vesting percentage is considered to be the on-target performance level of 60%.

DIRECTORS (continued)

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 exercise.

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

LONG-TERM INCENTIVES SUMMARY (continued)

SHARE APPRECIATION RIGHTS (SARs) (continued)

PRESCRIBED OFFICERS

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 2018	Adjusted offer price (Rand)	SARs accepted/ (exercised) during the year	Share price on exercise date (Rand)	Cash value of SARs exercised during the year[3] (R'000)	Balance of SARs accepted as at 30 June 2019[4]	Fair value of SARs as at 30 June 2019[5] (R'000)
P R Louw	29-Nov-12	147.25	22 646	899	22 646	142.04				22 646	1 073
	04-Dec-13	191.70	12 944	704	12 944	185.07				12 944	323
	26-Nov-14	253.53	5 952	408	5 952	245.53				5 952	78
	24-Nov-15	272.00	9 497	768	9 497	262.77				9 497	141
	01-Dec-16	209.11	91 120	6 374	91 120	209.11				91 120	3 020
	14-Dec-17	206.35	20 301	1 489	20 301	206.35				20 301	868
	05-Dec-18	205.07	17 881	1 116	–	205.07	17 881			17 881	511
R S M Ndlovu	04-Dec-13	191.70	375	20	375	185.07				375	9
	26-Nov-14	253.53	1 080	74	1 080	245.53				1 080	14
	24-Nov-15	272.00	10 699	866	10 699	262.77				10 699	159
	01-Dec-16	209.11	15 605	1 092	15 605	209.11				15 605	517
	14-Dec-17	206.35	10 267	753	10 267	206.35				10 267	439
	05-Dec-18	205.07	15 665	977	–	205.07	15 665			15 665	448
P J Uys	02-Apr-13	183.15	218 400	10 519	218 400	177.24				218 400	4 963
	04-Dec-13	191.70	3 325	181	3 325	185.07				3 325	83
	26-Nov-14	253.53	14 774	1 014	14 774	245.53				14 774	193
	24-Nov-15	272.00	11 533	933	11 533	262.77				11 533	171
	01-Dec-16	209.11	91 463	6 398	91 463	209.11				91 463	3 032
	14-Dec-17	206.35	85 936	6 303	85 936	206.35				85 936	3 673
	05-Dec-18	205.07	35 822	2 235	–	205.07	35 822			35 822	1 024
Total					625 917		69 368		–	695 285	20 739

(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 of SARs granted before December 2018 is equal to the face value on grant date. Offer price of SARs granted from December 2018 onwards is the five-day VWAP on offer date.*
(3) *This refers to the increase in value of the SAR Plan shares of the indicated participants from the offer date to the date of exercise.*
(4) *SARs offered from December 2018 onwards, have performance conditions and reflect the number of SARs as if performance conditions were fully met.*
(5) *Fair value was calculated using the standard binomial pricing model. The estimated vesting percentage is considered to be the on-target performance level of 60%.*

PRESCRIBED OFFICERS (continued)

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 exercise.*

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

LONG-TERM INCENTIVES SUMMARY (continued)

The tables below provide information on a director and prescribed officer basis of CSPs granted and accepted during the year. It also illustrates the cash value of CSPs vested during the year.

CONDITIONAL SHARE PLAN SHARES (CSPs)

DIRECTORS

Participant	Offer date[(1)]	Offer price[(2)] (Rand)	Number of CSPs offered and accepted	Fair value of CSPs on offer date (R'000)	Balance of CSPs accepted as at 30 June 2018	CSPs accepted during the year	Share price on vesting date[(3)] (Rand)	Cash value of CSPs vesting in year[(4)] (R'000)	Balance of CSPs accepted as at 30 June 2019[(5, 6)]	Fair value of CSPs as at 30 June 2019[(7)] (R'000)
Executive										
J J Durand	05-Dec-18	205.07	87 135	15 933	–	87 135			87 135	9 030
M Lubbe	05-Dec-18	205.07	14 648	2 678	–	14 648			14 648	1 518
N J Williams	05-Dec-18	205.07	28 465	5 205	–	28 465			28 465	2 950
Total					–	130 248			130 248	13 498

(1) *Unless otherwise indicated, one-third of the CSPs vest, 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.*
(2) *Offer price of CSPs granted is the 5-day VWAP on offer date.*
(3) *Five-day VWAP of Remgro on vesting date.*
(4) *This refers to the total value of the CSP shares on vesting.*
(5) *CSPs have performance conditions and reflect the number of CSP shares as if performance conditions were fully met.*
(6) *Dividend equivalents will be accumulated and delivered in shares upon vesting.*
(7) *Fair value was calculated using the standard binomial pricing model. The estimated vesting percentage is considered to be the on-target performance level of 60%.*

PRESCRIBED OFFICERS

Participant	Offer date[(1)]	Offer price[(2)] (Rand)	Number of CSPs offered and accepted	Fair value of CSPs on offer date (R'000)	Balance of CSPs accepted as at 30 June 2018	CSPs accepted during the year	Share price on vesting date[(3)] (Rand)	Cash value of CSPs vesting in year[(4)] (R'000)	Balance of CSPs accepted as at 30 June 2019[(5, 6)]	Fair value of CSPs as at 30 June 2019[(7)] (R'000)
P R Louw	05-Dec-18	205.07	17 881	3 270	–	17 881			17 881	1 853
R S M Ndlovu	05-Dec-18	205.07	15 665	2 864	–	15 665			15 665	1 624
P J Uys	05-Dec-18	205.07	35 822	6 550	–	35 822			35 822	3 712
Total					–	69 368			69 368	7 189

(1) *Unless otherwise indicated, one-third of the CSPs vest, 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.*
(2) *Offer price of CSPs granted is the 5-day VWAP on offer date.*
(3) *5-day VWAP of Remgro on vesting date.*
(4) *This refers to the total value of the CSP shares on vesting date.*
(5) *CSPs have performance conditions and reflect the number of CSP shares as if performance conditions were fully met.*
(6) *Dividend equivalents will be accumulated and delivered in shares upon vesting.*
(7) *Fair value was calculated using the standard binomial pricing model. The estimated vesting percentage is considered to be the on-target performance level of 60%.*

NON-EXECUTIVE DIRECTORS' FEES

The committee approved a fee increase of 6.8% for non-executive directors' annual fees. The non-executive directors' fees for the 2019 financial year, which were approved by the shareholders, are disclosed below (on a designation basis).

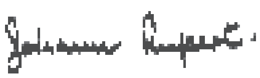
Type of fee (Rand)	**Fee for the year ended 30 June 2019**	Fee for the year ended 30 June 2018
Board member	**367 500**	345 000
Chairman of the Audit and Risk Committee	**280 000**	260 000
Member of the Audit and Risk Committee	**138 500**	130 000
Member of the Remuneration and Nomination Committee	**61 500**	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

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 2019**	Fee for the year ended 30 June 2018
Non-executive (independent)		
G T Ferreira	**429**	403
P K Harris	**429**	403
N P Mageza[(1)]	**568**	533
P J Moleketi	**506**	475
M Morobe	**480**	445
F Robertson	**568**	533
S E N De Bruyn	**709**	663
Subtotal	**3 689**	3 455
Non-executive (non-independent)		
E de la H Hertzog	**368**	345
J Malherbe	**368**	345
A E Rupert[(2, 3)]	**–**	–
J P Rupert[(3)]	**–**	–
Subtotal	**736**	690
Total	**4 425**	4 145

(1) *During the year under review Mr N P Mageza also received R697 000 (2018: R654 000) as director's fees from RCL Foods Limited, a subsidiary of Remgro Limited.*
(2) *Mr A E Rupert was appointed as a non-executive director with effect from 29 November 2018.*
(3) *Messrs A E Rupert and J P Rupert receive no emoluments.*



Johann Rupert
Chairman of the Remuneration and Nomination Committee

Stellenbosch
19 September 2019

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 2019.

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 18 to 19 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 20.*

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 subsidiaries are Wispeco Holdings Proprietary Limited (Wispeco) and Siqalo Foods Proprietary Limited. 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 Limited and Distell Group Holdings Limited are included in the agenda of this committee as a standing item. During the year under review, the aforementioned companies submitted reports (where applicable) on their Social and Ethics activities to this committee.

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.

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 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 106 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 at www.remgro.com, 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 at www.remgro.com, 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 28 November 2019. In the notice of the Annual General Meeting included in the Integrated Annual Report on page 151, shareholders are referred to this report by the committee, read with the detailed Sustainable Development Report published on the Company's website at www.remgro.com. Any specific questions to the committee may be sent to the Company Secretary prior to the meeting. Committee members will be attending the Annual General Meeting to deal with any questions.

Murphy Morobe
Chairman of the Social and Ethics Committee

Stellenbosch
19 September 2019

ABRIDGED SUSTAINABLE DEVELOPMENT REPORT

SUSTAINABILITY HIGHLIGHTS

SUCCESSFUL PARTICIPATION IN THE

FTSE/JSE RESPONSIBLE INVESTMENT INDEX

CONTINUED PARTICIPATION IN THE

CARBON DISCLOSURE PROJECT (CDP)

CONTINUED MEMBERSHIP OF THE

ETHICS INSTITUTE OF SOUTH AFRICA

OBTAINING OUR

LEVEL 7

CONTRIBUTOR STATUS IN TERMS OF THE

BBBEE SCORECARD

"Our true power does not lie in our sameness, but in our rich diversity: diversity of fauna and flora; people and cultures."

– Dr Anton Rupert

View the full report online at www.remgro.com

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 human being, 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 environmental 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 sustainability highlights on the previous page for Remgro's external recognition and achievements during the reporting period in this regard.

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 below. 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 66 and 104 of the Integrated Annual Report respectively.

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	AQRate Proprietary Limited
External calculation of carbon footprint	Carbon footprint calculation	Carbon Calculated, assisted by an independent consultant

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 and/or gifts to gain unfair commercial advantages is also strictly prohibited.

The Group furthermore requires ethical behaviour from its suppliers and business partners and ensures that terms of trade and related agreements enforce ethical behaviour along with responsible environmental consumption and compliance with legislation enshrining human rights.

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 one minor alleged incident was received through the hotline which was found to be invalid and dealt with successfully. 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 Annual 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. During the year, Remgro established a new Investor Relations function to improve investor engagement. The investment community is encouraged to contact the investor relations manager 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, Share Appreciation Rights (SAR) Plan and Conditional Share Plan (CSP) 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 part of ensuring alignment of its service providers with Remgro company values, Remgro has embarked on a process to update Service Level Agreements at head office to reflect its expectations regarding environmental responsibility, compliance with human rights and anti-corruption policies.

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 Limited 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	16.76
Management control	Percentage black persons in executive management and/or executive board committees	19	7.17
Skills development	Skills development expenditure as a proportion of total payroll	20	20.03
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	23.99
Socio-economic development	Corporate social investment for the benefit of black persons	5	5.00
Total score		**109**	**72.95**

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 2019, Remgro obtained a score of 72.95 (2018: 66.48), thereby obtaining a level 7 contributor status. The details of the assessment are fully set out in Figure 1 on the previous page and includes the BBBEE initiatives of Remgro's main independent operating subsidiaries, RCL Foods Limited (RCL Foods), Distell Group Holdings Limited (Distell), Siqalo Foods Proprietary Limited (Siqalo Foods) 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 148 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 2019**	30 June 2018
Voting rights black people	4.00	**2.85**	2.93
Voting rights black women	2.00	**1.65**	1.72
Economic interest black people	4.00	**2.82**	2.98
Economic interest black women	2.00	**1.74**	1.84
Economic interest of black designated groups	3.00	**3.00**	3.00
Black new entrants	2.00	**–**	–
Net value	8.00	**4.70**	4.98
	25.00	**16.76**	17.45

Although Remgro's BBBEE score includes the initiatives of RCL Foods, Distell, Siqalo Foods 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" below.

MANAGEMENT CONTROL

The Board transformed over time, with five of the eleven non-executive directors (45%) 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. A five-year Employment Equity plan is submitted to the Department of Employment and Labour where Remgro's transformation objectives are set out in detail. Progress against this five-year plan is reported on annually to the Department of Employment and Labour. 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 113.

Remgro's summarised employment equity as at 30 June 2019 is presented in Figure 2 on the next page 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 114.

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 40 of the Integrated Annual Report.

"It is therefore imperative to attract, select and retain employees of the highest calibre."

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 184 people being employed as at 30 June 2019 (2018: 182 employees). Refer to Figure 3 where more detail regarding the composition of our employees by race, gender and age is illustrated.

For the year under review Remgro's employee turnover rate was 5.4%, compared to 6.0% for the comparative year to 30 June 2018. 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 2.2% for 2019 and 3.3% for 2018.

FIGURE 2

SUMMARISED EMPLOYMENT EQUITY REPORT (AS AT 30 JUNE 2019)

Occupational levels	Male				Female				FN		Total
	A	C	I	W	A	C	I	W	M	F	
Top management	1	1	–	4	–	–	–	1	–	–	7
Senior management	–	2	–	12	–	–	–	3	–	–	17
Professionally qualified and experienced specialists and mid-management	–	–	2	20	1	3	–	10	–	–	36
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	3	12	–	12	2	9	1	27	–	–	66
Semi-skilled and discretionary decision-making	21	22	–	1	6	8	–	–	–	–	58
GRAND TOTAL	25	37	2	49	9	20	1	41	–	–	184

A | African C | Coloured I | Indian W | White FN | Foreign Nationals M | Male F | Female

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 the previous 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 established structures, ensured a much more inclusive engagement process. Through this inclusive engagement process a new EE plan was developed, approved by the Social and Ethics Committee and submitted to the Department of Employment and Labour.

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.

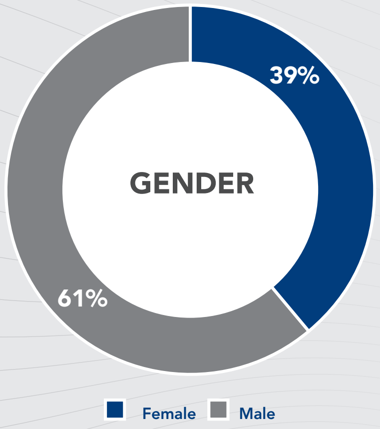
Remgro offers retirement benefits to its employees in the form of a defined-benefit (closed fund) and a defined-contribution fund that are administered independently of the finances of the Company. In addition, employees are also offered medical insurance and study assistance.

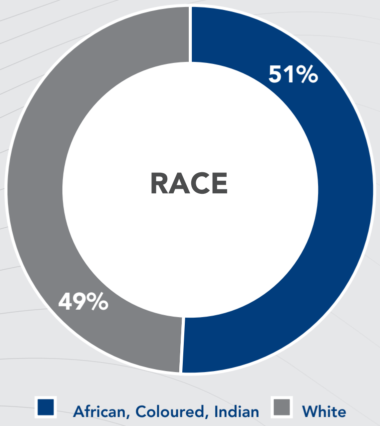
TRAINING AND SKILLS DEVELOPMENT

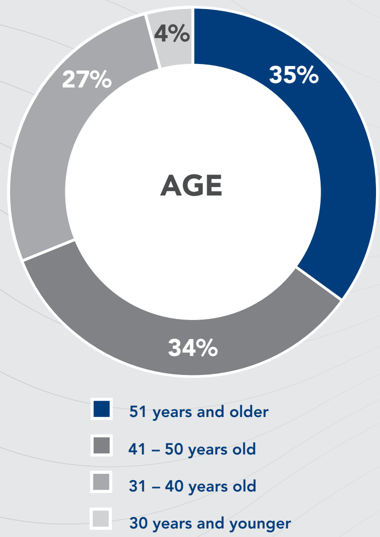
The main purpose of training is to equip employees in such a way that they can realise their full potential to benefit the Company and themselves. Due to the specialised nature of Remgro's workforce resulting from it being an investment holding company, no prescribed training programmes are promoted. 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.

FIGURE 3

COMPOSITION OF EMPLOYEES (AS AT 30 JUNE 2019)







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 CSI 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 R24 million (2018: R27 million), as set out in the table below.

Summary of CSI spend	**Year 30 June 2019 R million**	Year 30 June 2018 R million
Community development	**7**	6
Cultural development	**3**	4
Entrepreneurship, training and education	**10**	13
Environment	**2**	2
Healthcare	**1**	1
Sport development	**1**	1
	24	27

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 four main operating subsidiaries, namely RCL Foods, Distell, Siqalo Foods 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

Remgro and its investee companies generate an impact on the environment in the manufacturing and delivery of their products and services. As such, Remgro is critically dependent on healthy and functioning ecosystem services that allow it to prosper and create value for its customers, employees, communities and shareholders. These services include clean and plentiful water, delivery of reliable energy, and the receiving of waste by-product. To this end, Remgro acknowledges and tries to minimise its impact through focused environmental management and the setting of appropriate targets while, also, investigating creative solutions that can have a net social and environmental benefit.

At the forefront of Remgro's response is the Remgro Safety, Health and Environmental Management Policy, which covers Remgro Management Services Limited (RMS – the service company), RCL Foods, Siqalo Foods, Distell and Wispeco. The policy defines 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, Siqalo 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 investee companies 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

The global macroeconomic environment impacted Remgro's results.

FINANCIAL REPORT

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 2019.

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 18 and 19 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 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 boards and audit committees (where applicable) functioning at Remgro's significant operating subsidiaries (RCL Foods Limited (RCL Foods), Distell Group Holdings Limited (Distell), Siqalo Foods Proprietary Limited (Siqalo Foods) and Wispeco Holdings Proprietary Limited (Wispeco)), 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 2019
- 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 51 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 71 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. As required by section 3.84(g)(iii) of the JSE Listings Requirements, the committee obtained the information listed in paragraph 22.15(h) of the JSE Listings Requirements and satisfied itself that the external auditor and audit partner, Mr Anton Wentzel, have the necessary accreditation and are suitable for re-appointment. The committee nominated, for approval at the Annual General Meeting on 28 November 2019, PwC as external auditor for the 2020 financial year. The committee is also satisfied that the designated partner is not on the JSE's list of disqualified individuals.

In terms of the requirements of the Independent Regulatory Board for Auditors, the Company is obliged to rotate its external auditor for the 2024 financial year. The committee has already taken steps to ensure that audit firm rotation is implemented in time.

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, Distell, Siqalo Foods, Wispeco and associates and joint ventures) are responsible for executing the Company's influence to ensure that effective internal controls are implemented and complied with.

EXPERTISE AND EXPERIENCE OF THE CFO 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 18 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 the acquisition of Siqalo Foods**
  On 2 July 2018 Unilever South Africa Holdings Proprietary Limited (Unilever) acquired 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 Unilever Spreads business was transferred to Siqalo Foods, which became a wholly owned subsidiary of Remgro on 2 July 2018. 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**
  The Company holds significant investments which are equity accounted for in terms of *IAS 28: Investments in Associates and Joint Ventures*. Some of the equity accounted investments have year-ends which are non-coterminous with that of the Company, the most significant investment in this regard being Mediclinic International plc (Mediclinic). These investments are equity accounted from results for a financial period ended within three months from the Group's financial year-end. Significant transactions that occur after the equity accounted investments' period-end, but before the Company's year-end, are accounted for in Remgro's consolidated financial statements. Significant adjustments for the current year related to dividends received from equity accounted investments, the additional investment in Community Investment Ventures Holdings Proprietary Limited (CIVH) and the conversion of Mediclinic's financial information from its presentation currency (British pound) to the Company's presentation currency as at 30 June 2019. The committee considered these transactions and is satisfied with the accounting treatment thereof. 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 (INAV) is one of the measures used to assess shareholder value created. Investee companies, which represent operating segments, are valued and included in the INAV. 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.

  The committee further considered the methodologies, assumptions and judgements applied by management in determining the impairment of assets, whose carrying values exceed its intrinsic values, and is satisfied that the approach taken was appropriate. The most significant assets in this regard being Remgro's investment in Mediclinic and the goodwill and indefinite life intangible assets that originated from the acquisition of Siqalo Foods in the current year and Distell in the comparative year.

Refer to notes 2, 4.4 and 10.3 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, 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 2019

REPORT OF THE BOARD OF DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2019

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 2019**	30 June 2018
Headline earnings (R million)	**8 195**	8 573
– per share (cents)	**1 448.9**	1 512.6
– diluted (cents)	**1 445.9**	1 504.5
Headline earnings, excluding option remeasurement (R million)	**8 083**	8 312
– per share (cents)	**1 429.1**	1 466.5
– diluted (cents)	**1 426.1**	1 458.4
Earnings – net profit for the year (R million)	**7 319**	8 943
– per share (cents)	**1 294.0**	1 577.9
– diluted (cents)	**1 292.0**	1 567.5
Dividends (R million)	**3 205**	3 023
– ordinary – per share (cents)	**564.00**	532.00

A final dividend of 349 cents (2018: 328 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:

UNILEVER SOUTH AFRICA HOLDINGS PROPRIETARY LIMITED (UNILEVER)

On 2 July 2018 Unilever acquired 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 Unilever Spreads business was transferred to Siqalo Foods Proprietary Limited (Siqalo Foods), which became a wholly owned subsidiary of Remgro on 2 July 2018.

Remgro's investment in Unilever was previously classified as an associate and accounted for using the equity method. With effect from 2 July 2018, Remgro consolidated Siqalo Foods at 100.0%, while the investment in Unilever, with a carrying value of R3 582 million, was disposed of for a consideration of R11 900 million, realising an accounting profit on the disposal of investment of R8 318 million.

In terms of *IFRS 3: Business Combinations* the purchase price of Siqalo Foods was R7 000 million. The fair value of the underlying assets acquired and liabilities assumed at the effective date were: intangible assets of R1 687 million, property, plant and equipment of R493 million, and other net liabilities of R388 million. The balance of R5 208 million, being the difference between the purchase price and Siqalo Foods' identifiable net assets, was allocated to goodwill.

The fair value adjustment to Siqalo Foods' statement of financial position relates mainly to the recognition of brands (*inter alia Rama*, *Stork* and *Flora*) and non-contractual customer relationships. The amortisation of these additional assets will result in an annual after-tax expense of R80 million included in headline earnings.

COMMUNITY INVESTMENT VENTURES HOLDINGS PROPRIETARY LIMITED (CIVH)

During July 2018, CIVH repurchased 6.3% of its shares from a shareholder, which increased Remgro's interest in CIVH to 54.4% (30 June 2018: 51.0%).

During the year under review, Remgro invested a further R2 855 million in CIVH, in terms of CIVH rights issues. These share subscriptions did not alter Remgro's interest in CIVH. The rights issue proceeds were mainly used to partly fund the Vumatel Proprietary Limited acquisition, as well as to fund Dark Fibre Africa Proprietary Limited's growth strategy. Remgro earned underwriting fees of R58 million in respect of one of the CIVH rights issues.

On 14 December 2018 Remgro advanced a loan amounting to R100 million to CIVH. The loan, including accrued interest, and the outstanding amount of the underwriting fees will be converted into CIVH shares subsequent to 30 June 2019, which will marginally increase Remgro's interest in CIVH to 54.7%.

PRESCIENT CHINA EQUITY FUND (PRESCIENT)

During October 2018, Remgro invested $50 million in Prescient. Prescient was launched during October 2018 and Remgro and Reinet Investments S.C.A. provided the seed capital. Prescient, which uses a systematic, quantitative approach to seek long term capital growth, invests in listed stocks in the Chinese market and is benchmarked to the Shanghai Shenzhen CSI 300 index.

MILESTONE CAPITAL STRATEGIC HOLDINGS LIMITED (MCSH)

Remgro previously invested $43 million in MCSH, consisting of an interest-bearing loan of $38 million and an investment of $5 million. During August 2018 MCSH repaid the loan and interest amounting to $42 million and Remgro disposed of its investment in MCSH for a total purchase consideration of $28 million. The purchase consideration was settled with cash amounting to $6 million, 10 714 310 Li Ning Company Limited (Li Ning) shares valued at $12 million and JHL Biotech, Inc. bonds (JHL bonds) valued at $10 million.

During December 2018 and January 2019, Remgro disposed of the 10 714 310 Li Ning shares for $12 million. The JHL bonds are held in escrow and will be utilised as Remgro's first contribution towards Milestone China Opportunities Fund IV (Milestone IV). Remgro committed up to a maximum amount of $100 million to Milestone IV during the year under review.

RAND MERCHANT INVESTMENT HOLDINGS LIMITED (RMI)

On 11 September 2018 RMI 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 ordinary shares. Remgro elected to reinvest its cash dividend amounting to R300 million, and received 7 894 998 new RMI ordinary shares at R38.00 per share.

RCL FOODS LIMITED (RCL FOODS)

During December 2018 Remgro acquired a further 7 042 924 RCL Foods shares for a total amount of R115 million. This transaction marginally increased Remgro's effective interest in RCL Foods to 77.5% (30 June 2018: 77.0%).

MILESTONE CHINA OPPORTUNITIES FUND III (MILESTONE III)

During the year under review, Remgro invested a further $3 million in Milestone III and received distributions of $9 million, thereby increasing its cumulative investment to $98 million and cumulative distributions received to $25 million. As at 30 June 2019 the fair value of Remgro's investment in Milestone III amounted to $113 million and the remaining commitment amounted to $2 million.

INVENFIN PROPRIETARY LIMITED (INVENFIN)

During the year under review Invenfin (a wholly owned subsidiary of Remgro) invested a further R79 million in Bos Brands Proprietary Limited (Bos Brands), thereby increasing its cumulative investment in Bos Brands to R323 million.

PREMIER TEAM HOLDINGS LIMITED (PTH) AND SARACENS COPTHALL LLP (COPTHALL)

On 24 October 2018, Remgro entered into an agreement in terms of which it disposed of its 50.0% interest in PTH (the entity that owns the Saracens rugby club) for a nominal amount with the right to sell its 49.5% interest in Copthall (the entity that houses the Saracens club's stadium, Allianz Park) after three years for £8 million. The combined transaction gave Remgro the ability to completely exit the Saracens Group.

Remgro's investments in PTH and Copthall were previously classified as associates and accounted for using the equity method. With effect from 24 October 2018, Remgro disposed of its investment in PTH and derecognised its associated investment in Copthall. The right to sell Copthall is classified as a financial instrument with fair value movements accounted for through profit and loss.

OTHER

Other smaller investments amounted to R228 million.

EVENTS AFTER YEAR-END

Other than the above-mentioned transactions, there were no other significant transactions subsequent to 30 June 2019.

FINANCING ACTIVITIES

During the 2016 financial year Remgro (through its wholly owned subsidiary Remgro Healthcare Holdings Proprietary Limited (RHH)) issued Class A preference shares of R3.5 billion (four-year tenure and fixed dividend rate of 7.7%) and Class B preference shares of R4.4 billion (five-year tenure and a fixed dividend rate of 8.3%).

During March 2019 Remgro entered into agreements to refinance its preference shares. The maturity date of the Class A preference shares was extended to 15 January 2024 at a fixed dividend rate of 7.5% effective from 16 June 2019. A breakage fee of R18 million was rolled into the amended preference share dividend rate. The Class B preference shares, with an original maturity date of 15 March 2021, was extended to 17 March 2025 at a fixed dividend rate of 7.8% effective from 16 March 2021.

CASH RESOURCES AT THE CENTRE

The Company's cash resources at 30 June 2019 were as follows:

R million	30 June 2019 Local	30 June 2019 Offshore	30 June 2019 Total	30 June 2018
Per consolidated statement of financial position	**5 274**	**7 388**	**12 662**	12 169
Investment in money market funds	**5 095**	**80**	**5 175**	3 996
Less: Cash of operating subsidiaries	**(1 337)**	**(773)**	**(2 110)**	(2 461)
Cash at the centre	**9 032**	**6 695**	**15 727**	13 704

On 30 June 2019, approximately 30% (R4 760 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

CHANGE IN ACCOUNTING POLICY

During the year under review, Remgro adopted *IFRS 9: Financial Instruments* and *IFRS 15: Revenue from Contracts with Customers*, which impacted the Group's financial statements.

IFRS 9 replaces the provisions of *IAS 39* that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. *IFRS 9* was adopted without restating comparative information in accordance with the transitional provisions. The adjustments arising from the new standard are therefore not reflected in the statement of financial position as at 30 June 2018, but are recognised in the opening statement of financial position on 1 July 2018.

In accordance with the transition provisions in *IFRS 15*, the Group has applied the modified retrospective application option, and certain adjustments are therefore recognised in the opening statement of financial position on 1 July 2018.

Refer to note 17 to the Annual Financial Statements that is published on the Company's website at www.remgro.com for the full impact of the adoption.

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 2019		30 June 2018	
	R million	**R per share**	R million	R per share
Equity employed				
Attributable to equity holders	**101 097**	**178.95**	98 098	173.04
Employment of equity				
Banking	**22 070**	**39.07**	20 871	36.82
Healthcare	**24 019**	**42.52**	29 373	51.81
Consumer products	**23 187**	**41.04**	20 826	36.74
Insurance	**9 335**	**16.52**	8 479	14.96
Industrial	**6 318**	**11.18**	6 563	11.58
Infrastructure	**6 664**	**11.80**	5 157	9.10
Media and sport	**1 042**	**1.84**	1 089	1.92
Other investments	**4 620**	**8.18**	4 060	7.16
Central treasury				
– Cash at the centre	**15 727**	**27.84**	13 704	24.17
– Debt at the centre	**(13 919)**	**(24.64)**	(14 097)	(24.87)
Other net corporate assets	**2 034**	**3.60**	2 073	3.65
	101 097	**178.95**	98 098	173.04

INCOME STATEMENT

	30 June 2019		30 June 2018	
	R million	**%**	R million	%
Source of headline earnings				
Banking	**3 737**	**46**	3 525	41
Healthcare	**1 693**	**21**	1 556	18
Consumer products	**918**	**11**	1 605	19
Insurance	**1 161**	**14**	1 228	14
Industrial	**944**	**12**	971	11
Infrastructure	**(174)**	**(2)**	57	1
Media and sport	**20**	**–**	(47)	(1)
Other investments	**39**	**–**	66	1
Central treasury				
– Finance income	**755**	**9**	524	6
– Finance costs	**(823)**	**(10)**	(891)	(10)
– Option remeasurement	**112**	**1**	261	3
Other net corporate costs	**(187)**	**(2)**	(282)	(3)
	8 195	**100**	8 573	100

INCOME STATEMENT (continued)

R million	30 June 2019	30 June 2018
Composition of headline earnings		
Subsidiaries	**763**	454
Profits	**1 612**	1 302
Losses	**(849)**	(848)
Associates and joint ventures	**7 432**	8 119
Profits	**7 835**	8 269
Losses	**(403)**	(150)
	8 195	8 573

SHARE INCENTIVE SCHEMES

Remgro currently has three long-term incentive plans, i.e. the old Remgro Equity Settled Share Appreciation Right Scheme (SAR Scheme), the Remgro Share Appreciation Rights Plan (SAR Plan) and the Remgro Equity Settled Conditional Share Plan (CSP).

In terms of the SAR Scheme and SAR Plan, 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 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

In terms of the CSP, participants are awarded Remgro ordinary shares that 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 on both schemes are conditional on fulfilment of the employment period and achievement of performance conditions (where applicable).

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 both schemes.

TREASURY SHARES

At 30 June 2018, 1 389 033 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 schemes.

During the year under review Remgro repurchased a further 2 000 000 Remgro ordinary shares at an average price of R198.07 per share for a total amount of R396 million, while 54 097 Remgro ordinary shares were utilised to settle Remgro's obligation towards scheme participants.

At 30 June 2019, 3 334 936 Remgro ordinary shares (0.6%) 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 42.62% (2018: 42.53%) of the total votes.

An analysis of the shareholders appears on pages 148 and 149.

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 18 to 19 of the Integrated Annual Report.

Mr A E Rupert has been appointed as a non-executive director of Remgro with effect from 29 November 2018, which directors' appointment will in terms of the Company's Memorandum of Incorporation have to be confirmed by the shareholders at the next Annual General Meeting. The Board wishes to welcome Mr A E Rupert as a director to the Company.

In terms of the provision of the Memorandum of Incorporation, Messrs J J Durand, N P Mageza, J Malherbe, P J Moleketi and F Robertson retire from the Board by rotation. These directors are eligible and offer themselves for re-election.

DIRECTORS' INTERESTS

At 30 June 2019 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 2.53% (2018: 2.51%).

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 150.

DIRECTORS' EMOLUMENTS

The total directors' fees for services rendered as directors during the past financial year amounted to R5.5 million (2018: R5.5 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 151 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 151 of the Integrated Annual Report.

DECLARATION OF CASH DIVIDEND

DECLARATION OF CASH DIVIDEND NO. 38

Notice is hereby given that a final gross dividend of 349 cents (2018: 328 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 2019.

A dividend withholding tax of 20% or 69.8 cents per share will be applicable, resulting in a net dividend of 279.2 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 2019 therefore amounts to 564 cents, compared to 532 cents for the year ended 30 June 2018.

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, 18 November 2019, to shareholders of the Company registered at the close of business on Friday, 15 November 2019.

Share certificates may not be dematerialised or rematerialised between Wednesday, 13 November 2019, and Friday, 15 November 2019, 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 21 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 127 to 143 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 2019

REPORT OF THE INDEPENDENT AUDITOR

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 127 to 143 of the 2019 Integrated Annual Report, which comprise the summary consolidated statement of financial position as at 30 June 2019, 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 2019.

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 2019. 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 2019

STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2019

R million	Notes	30 June 2019[1, 2]	30 June 2018
ASSETS			
Non-current assets			
Property, plant and equipment		**14 541**	13 626
Investment properties		**119**	119
Intangible assets		**24 024**	18 427
Investments – Equity accounted	6	**71 183**	73 722
– Available-for-sale		**–**	3 067
– Financial assets at fair value through other comprehensive income (FVOCI)		**3 727**	–
Financial assets at fair value through profit and loss (FVPL)		**147**	–
Retirement benefits		**748**	737
Long-term loans and debtors		**311**	697
Deferred taxation		**199**	158
		114 999	110 553
Current assets		**40 539**	40 375
Inventories		**12 034**	10 967
Biological agricultural assets		**866**	807
Debtors and short-term loans		**9 543**	8 599
Financial assets at FVPL		**148**	12
Taxation		**108**	81
Investment in money market funds		**5 175**	3 996
Cash and cash equivalents		**12 662**	12 169
		40 536	36 631
Assets held for sale		**3**	3 744
Total assets		**155 538**	150 928
EQUITY AND LIABILITIES			
Stated capital		**13 416**	13 416
Reserves		**88 251**	84 865
Treasury shares		**(570)**	(183)
Shareholders' equity		**101 097**	98 098
Non-controlling interest		**15 092**	15 348
Total equity		**116 189**	113 446
Non-current liabilities		**26 770**	25 891
Retirement benefits		**186**	195
Long-term loans	7	**21 020**	20 316
Deferred taxation		**5 563**	5 268
Financial liability at FVPL		**1**	112
Current liabilities		**12 579**	11 591
Trade and other payables		**11 106**	9 904
Short-term loans		**1 376**	1 557
Financial liabilities at FVPL		**54**	77
Taxation		**43**	53
Total equity and liabilities		**155 538**	150 928

(1) *Since 11 May 2018 and 2 July 2018, Remgro consolidated its investments in Distell and Siqalo Foods, respectively, and therefore, certain line items are not directly comparable with the prior year. Refer to "Comparison with the prior year" on page 134 for further detail.*
(2) *Refer to "Change in accounting policies" on page 131 for the impact of the implementation of new accounting standards.*

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

R million	Notes	30 June 2019	30 June 2018
CONTINUING OPERATIONS			
Revenue	13	**56 968**	31 115
Inventory expenses		**(33 606)**	(17 814)
Staff costs		**(8 576)**	(5 641)
Depreciation		**(1 303)**	(810)
Other net operating expenses		**(10 205)**	(5 590)
Trading profit		**3 278**	1 260
Dividend income		**78**	112
Interest received		**1 268**	886
Fair value adjustment on exchangeable bonds' option		**112**	261
Finance costs		**(1 477)**	(1 266)
Net impairment of investments, assets and goodwill		**(7 218)**	(201)
Loss allowances on loans		**(274)**	(1)
Profit on sale and dilution of investments		**137**	5 188
Consolidated profit/(loss) before tax		**(4 096)**	6 239
Taxation		**(987)**	(423)
Consolidated profit/(loss) after tax		**(5 083)**	5 816
Share of after-tax profit of equity accounted investments	6	**4 517**	2 893
Net profit/(loss) for the year from continuing operations		**(566)**	8 709
DISCONTINUED OPERATIONS[1]			
Profit for the year from discontinued operations		**8 318**	490
Net profit for the year		**7 752**	9 199
Attributable to:			
Equity holders		**7 319**	8 943
Continuing operations		**(999)**	8 453
Discontinued operations		**8 318**	490
Non-controlling interest		**433**	256
		7 752	9 199

[1] *On 30 June 2018 the investment in Unilever was transferred from "investments - equity accounted" to "assets held for sale" (refer to "Related party transactions" on page 142). Profit from discontinued operations consists of the equity accounted earnings of Unilever as well as the profit on its subsequent disposal.*

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

R million	30 June 2019	30 June 2018
Net profit for the year	7 752	9 199
Other comprehensive income, net of tax	55	(311)
Items that may be reclassified subsequently to the income statement:		
Exchange rate adjustments	(377)	2 012
Fair value adjustments for the year	(25)	(149)
Deferred taxation on fair value adjustments	7	55
Reclassification of other comprehensive income to the income statement	(90)	(206)
Other comprehensive income of equity accounted investments	1 232	(2 127)
Items that will not be reclassified to the income statement:		
Fair value adjustments on financial assets for the year	206	–
Deferred taxation on fair value adjustments	57	–
Remeasurement of post-employment benefit obligations	23	189
Deferred taxation on remeasurement of post-employment benefit obligations	(7)	(53)
Change in reserves of equity accounted investments	(971)	(32)
Total comprehensive income for the year	7 807	8 888
Total comprehensive income attributable to:		
Equity holders	7 423	8 374
Non-controlling interest	384	514
	7 807	8 888

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

R million	30 June 2019	30 June 2018
Balance at the beginning of the year	113 446	95 302
Change in accounting policies[1]	(1 116)	–
Restated balance at the beginning of the year	112 330	95 302
Total comprehensive income for the year	7 807	8 888
Dividends paid	(3 759)	(2 934)
Transactions with non-controlling shareholders	(9)	40
Other movements	11	18
Long-term share incentive scheme reserve	205	182
Purchase of treasury shares by wholly owned subsidiary	(396)	–
Non-controlling shareholders' interest in acquisition of subsidiary	–	11 953
Non-controlling shareholders' interest in disposal of subsidiary	–	(3)
Balance at the end of the year	116 189	113 446

[1] *Refer to "Change in accounting policies" on page 131 for the impact of the implementation of new accounting standards.*

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

R million	30 June 2019	30 June 2018
Cash flows – operating activities		
Cash generated from operations	**4 372**	2 096
Interest received	**1 256**	879
Taxation paid	**(1 217)**	(657)
Dividends received[(1)]	**3 381**	3 789
Finance costs	**(1 492)**	(1 159)
Cash available from operating activities	**6 300**	4 948
Dividends paid	**(3 759)**	(2 934)
Cash inflow/(outflow) from operating activities	**2 541**	2 014
Cash flows – investing activities		
Investment in property, plant and equipment and other assets	**(2 636)**	(1 268)
Proceeds on disposal of property, plant and equipment and intangible assets	**69**	246
Proceeds on disposal of assets held for sale[(2)]	**5 084**	43
Businesses acquired[(3)]	**(61)**	1 223
Proceeds on disposal of investments and loans[(4)]	**1 004**	407
Additions to investments and loans[(5)]	**(4 484)**	(339)
Acquisition of money market funds	**(1 179)**	(100)
Disposal of money market funds	**–**	1 992
Business disposed	**–**	4
Cash inflow/(outflow) from investing activities	**(2 203)**	2 208
Cash flows – financing activities		
Loans repaid	**(600)**	(118)
Purchase of treasury shares	**(396)**	–
Other movements	**180**	196
Cash inflow/(outflow) from financing activities	**(816)**	78
Net increase/(decrease) in cash and cash equivalents	**(478)**	4 300
Exchange rate profit on foreign cash	**38**	213
Cash and cash equivalents at the beginning of the year	**11 985**	7 472
Cash and cash equivalents at the end of the year	**11 545**	11 985
Cash and cash equivalents – per statement of financial position	**12 662**	12 169
Bank overdraft	**(1 117)**	(184)

(1) The dividend received from RMI in respect of the reinvestment alternative (refer to "Investment activities" on page 121), amounting to R300 million (2018: R471 million), is not included in "Dividends received" and "Additions to investments and loans" for cash flow purposes.
(2) Includes the R4 900 million cash received on the disposal of the investment in Unilever. Refer to "Investment activities" on page 121.
(3) The prior year includes the net cash and cash equivalents of Distell at acquisition date amounting to R1 306 million.
(4) Includes the repayment of the loan granted to MCSH. Refer to "Investment activities" on page 121.
(5) Include the investments in CIVH and Prescient. Refer to "Investment activities" on page 121.

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

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 implementation of *IFRS 9: Financial Instruments* and *IFRS 15: Revenue from Contracts with Customers*. Refer to "Change in accounting policies" for further detail on the implementation of these standards and amendments. During the year under review various other interpretations and amendments became effective, but their implementation 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. CHANGE IN ACCOUNTING POLICIES

This section explains the impact of the adoption of *IFRS 9: Financial Instruments* and *IFRS 15: Revenue from Contracts with Customers* on the Group's financial statements.

A. IMPACT OF THE ADOPTION OF *IFRS 9: FINANCIAL INSTRUMENTS*

IFRS 9 replaces the provisions of *IAS 39* that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. *IFRS 9* was adopted without restating comparative information in accordance with the transitional provisions. The adjustments arising from the new standard are therefore not reflected in the statement of financial position at 30 June 2018, but are recognised in the opening statement of financial position on 1 July 2018.

1. CLASSIFICATION AND MEASUREMENT

- **Loans and receivables**

  Loans and receivables are classified as financial assets at amortised cost. The implementation of *IFRS 9* had no impact on the classification of these assets. It is the Group's business model to hold these instruments for collection of cash flows, and the cash flows represent solely payments of principal and interest.

- **Equity investments previously classified as available-for-sale**

  The Group elected to present changes in the fair value of all its equity investments previously classified as available-for-sale in other comprehensive income as these investments are held as long-term investments and are not expected to be sold in the short to medium term. As a result, assets with a fair value of R3 067 million were reclassified from available-for-sale financial assets to financial assets at fair value through other comprehensive income (FVOCI) and the related fair value gains of R661 million remains in the fair value reserve on 1 July 2018. Any subsequent remeasurements of these instruments will be reflected in other comprehensive income and no portion will be transferred to the income statement. Dividends from these investments are accounted for in profit and loss.

- **Borrowings, derivatives and hedging activities**

  The adoption of *IFRS 9* had no impact on the Group's classification and measurement of borrowings, derivatives and the Group's hedging activities.

2. IMPAIRMENT OF FINANCIAL ASSETS

The impact on the Group's results from the adoption of *IFRS 9* relates solely to the new impairment requirements. The Group's financial assets carried at amortised cost consist of:

- Current trade and other receivables related to sales of goods and services;
- Cash and cash equivalents; and
- Loans receivable.

The impact of the change in impairment methodology on the Group's total equity is disclosed below. The adjustment arose from changes in the impairment provisions for the Group's current trade and other receivables.

The Group's subsidiaries apply the *IFRS 9* simplified approach to measuring expected credit losses on its current trade receivables, which calculates the loss allowance on a lifetime basis. The Group has credit guarantee insurance in place where management of each business unit deems it necessary. The Group's credit policies requires each new customer to be analysed individually for creditworthiness before delivery and payment terms are offered.

To measure the expected credit loss, trade receivables have been grouped based on shared characteristics and days past due. The calculation of the expected credit loss takes into account any insurance cover in place.

Reconciliation of the loss allowance for trade receivables as at 30 June 2018 to 1 July 2018:

R million	**Trade receivables impairment provision**
Closing impairment provision (as calculated under *IAS 39*) – 30 June 2018	**135**
Amount restated in opening equity	**25**
Opening impairment provision (as calculated under *IFRS 9*) – 1 July 2018	**160**

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others:

- the failure of a debtor to engage in a repayment plan with the Group;
- the failure to make contractual payments for a period of greater than the number of days past due as set by each business unit; and/or
- a legal process has not enabled recovery.

3. DEBT INSTRUMENTS

The debt instruments classified as measured at amortised cost at 30 June 2018 are considered to have a low credit risk. The loss allowance calculated for these were therefore limited to 12 months' expected losses and was immaterial. The debt instruments are considered to have a low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

The loss allowances for financial assets are based on assumptions pertaining to risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on past experience, existing market conditions as well as forward looking estimates at the end of each reporting year.

B. IMPACT OF THE ADOPTION OF *IFRS 15: REVENUE FROM CONTRACTS WITH CUSTOMERS*

In accordance with the transitional provisions in *IFRS 15*, the Group has applied the modified retrospective application option, and certain adjustments are therefore recognised in the opening statement of financial position on 1 July 2018.

1. ACCOUNTING FOR PAYMENTS TO CUSTOMERS FOR NON-DISTINCT GOODS AND SERVICES

The adoption of *IFRS 15* has required the Group to identify separate performance obligations in contracts with customers. The Group makes payments or provides products to customers linked to a loyalty programme and distribution of sales and marketing related functions carried out by them. These costs have previously been included in expenditure items in the income statement, but is now accounted for against revenue. This change had no impact on net profit.

2. ACCOUNTING FOR REFUNDS

When the customer has a right to return the product within a given year, the Group is obliged to refund the purchase price. The Group recognises revenue when the goods have been formally accepted by the customer or the goods have been delivered and the time year for rejection had expired as there is uncertainty about the possibility of return. When goods are returned, revenue is derecognised and the customer credited with value of the goods originally delivered.

In terms of *IFRS 15*, a refund liability for the estimated expected refunds of R19 million outstanding to customers was recognised as an adjustment to trade and other payables on 1 July 2018. Simultaneously, the Group has a right to recover the product from the customer where the customer exercises his right of return, which right is included in trade and other receivables amounting to R12 million at 1 July 2018. The asset is measured by reference to the former carrying value of the product. The costs to recover the products are not material as the products are usually returned during the normal distribution process.

3. IMPACT ON THE ACCOUNTING FOR PAYMENTS TO CUSTOMERS FOR NON-DISTINCT GOODS AND SERVICES

The Group makes payments in the form of various rebates and allowances to customers linked to distribution or sales and marketing related functions carried out by these customers. These costs, which were insignificant to Remgro's 2018 financial year, were previously presented as part of other net operating expenses. Subsequent to the 1 July 2018 implementation of *IFRS 15*, payments made to customers for non-distinct goods and services are classified as part of revenue. *IFRS 15* requires that, unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the entity, the consideration payable to the customer should be accounted for as a reduction of the transaction price (and therefore of revenue). If the payment to the customer is for distinct goods or services, the entity shall account for the purchase in the same way it accounts for other purchases from suppliers.

The Group analysed its payments to customers and concluded these payments to be in lieu of non-distinct services directly related to revenue contracts. Therefore, the Group accounts for these costs against revenue in accordance with the newly introduced principles.

C. IMPACT OF THE ADOPTION OF *IFRS 9* AND *IFRS 15* ON EQUITY ACCOUNTED INVESTMENTS

Remgro's equity accounted investments followed the same transitional arrangements as described above.

The impact of the implementation of *IFRS 9* from equity accounted investments on Remgro's statement of financial position was a decrease amounting to R795 million in both equity accounted investments and reserves. The amendment that had the largest impact was applying the expected credit losses on FirstRand Limited's (FirstRand) results, which in turn affected RMB Holdings Limited's (RMH) statement of financial position on 1 July 2018. The implementation of *IFRS 9* by these two companies reduced Remgro's carrying value of equity accounted investments and reserves by R735 million.

The impact of the implementation of *IFRS 15* amounted to a reduction in the carrying value of equity accounted investments and reserves of R298 million, of which R289 million is attributable to SEACOM Capital Limited (SEACOM). SEACOM adjusted the accounting of its indefeasible right of use contracts which included the obligation to provide services at various capacities across two networks and with different pricing structures for which cash is received in advanced.

D. IMPACT OF THE ADOPTION OF *IFRS 9* AND *IFRS 15* ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The following table shows the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EXTRACT)

R million	30 June 2018 As previously presented	IFRS 9	IFRS 15	1 July 2018 Restated
ASSETS				
Non-current assets				
Investments – Equity accounted	73 722	(795)	(298)	72 629
– Available-for-sale	3 067	(3 067)	–	–
– Financial assets at FVOCI	–	3 067	–	3 067
Current assets				
Debtors and short-term loans	8 599	(25)	12	8 586
Total assets	150 928	(820)	(286)	149 822
EQUITY AND LIABILITIES				
Reserves	84 865	(805)	(298)	83 762
Shareholders' equity	98 098	(805)	(298)	96 995
Non-controlling interest	15 348	(9)	(4)	15 335
Total equity	113 446	(814)	(302)	112 330
Deferred taxation	5 268	(6)	(3)	5 259
Trade and other payables	9 904	–	19	9 923
Total equity and liabilities	150 928	(820)	(286)	149 822

3. COMPARISON WITH THE PRIOR YEAR

On 2 July 2018 the Unilever Spreads business, Siqalo Foods Proprietary Limited (Siqalo Foods), became a wholly owned subsidiary of Remgro (refer to "Related party transactions" for further detail). Furthermore and as previously reported, Remgro holds the majority of voting rights in Distell Group Holdings Limited (Distell) since 11 May 2018, which resulted in the investment in Distell being consolidated from that date.

As a result of the above transactions, certain line items in the statement of financial position and income statement are not directly comparable with the prior year. The accounting for these business combinations has been completed and the fair values at the acquisition dates were as follows:

R million	At acquisition date Siqalo Foods 2 July 2018	Distell 11 May 2018
Property, plant and equipment	493	6 608
Intangible assets	1 687	10 169
Inventories	124	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)	(498)	(3 693)
Trade and other payables	(14)	(3 857)
Non-controlling interest	–	(11 893)
Fair value of net assets acquired	1 792	5 405
Goodwill	5 208	3 535
Total purchase consideration	7 000	8 940

Siqalo Foods and Distell's revenue contributions for the year under review are R2 626 million and R26 180 million (30 June 2018: R4 219 million), respectively.

4. HEADLINE EARNING RECONCILIATION

R million	30 June 2019	30 June 2018
CONTINUING OPERATIONS		
Net profit/(loss) for the year attributable to equity holders (earnings)	**(999)**	8 453
– Impairment of equity accounted investments[1]	**5 533**	580
– Reversal of impairment of equity accounted investments[1]	**–**	(529)
– Impairment of available-for-sale investments	**–**	44
– Impairment of property, plant and equipment[2]	**757**	71
– Reversal of impairment of property, plant and equipment	**(3)**	–
– Impairment of intangible and other assets[3]	**931**	34
– Profit on sale and dilution of equity accounted investments	**(60)**	(5 156)
– Loss on sale and dilution of equity accounted investments	**16**	52
– Profit on sale of available-for-sale investments	**–**	(116)
– Profit on disposal of property, plant and equipment	**(208)**	(114)
– Loss on disposal of property, plant and equipment	**39**	–
– Recycling of foreign currency translation reserves	**(90)**	(10)
– Loss on sale of subsidiary	**–**	42
– Non-headline earnings items included in equity accounted earnings of equity accounted investments	**3 198**	4 726
– (Profit)/loss on disposal of property, plant and equipment	**7**	(44)
– Profit on sale of investments	**(537)**	(583)
– Loss on sale of investments	**16**	78
– Impairment of investments, assets and goodwill[4]	**3 729**	5 935
– Recycling of foreign currency translation reserves	**(6)**	(647)
– Other headline earnings adjustable items	**(11)**	(13)
– Taxation effect of adjustments	**(450)**	32
– Non-controlling interest	**(469)**	(35)
Headline earnings from continuing operations	**8 195**	8 074
DISCONTINUED OPERATIONS		
Net profit for the year attributable to equity holders (earnings)	**8 318**	490
Profit on sale of equity accounted investments[5]	**(8 318)**	–
– Non-headline earnings items included in equity accounted earnings of equity accounted investments		
– Loss on disposal of property, plant and equipment	**–**	12
– Taxation effect of adjustments	**–**	(3)
Headline earnings from discontinued operations	**–**	499
Total headline earnings from continuing and discontinued operations	**8 195**	8 573
Option remeasurement[6]	**(112)**	(261)
Headline earnings, excluding option remeasurement	**8 083**	8 312

(1) *Refer to "Net impairments of equity accounted investments" on page 137 for further detail.*
(2) *Included in "Impairment of property, plant and equipment" is an amount of R744 million relating to the Sugar business unit in RCL Foods.*
(3) *"Impairment of intangible and other assets" includes an impairment of R888 million of the goodwill recognised on the acquisition of Siqalo Foods.*
(4) *"Impairment of investments, assets and goodwill" from equity accounted investments for the year under review includes Remgro's portion of the impairments of Mediclinic's properties and trade names in Switzerland and its investment in Spire of R2 873 million (2018: R5 257 million).*
(5) *"Profit on sale of equity accounted investments" consists of the profit realised on the disposal of Unilever.*
(6) *Included in headline earnings is a positive fair value adjustment of R112 million (2018: positive fair value adjustment of R261 million), relating to the decrease in value of the bondholders' exchange option (accounted for as a derivative liability) of the bonds (option remeasurement) that were issued during March 2016 to partially refinance the foreign bridge funding that was raised for the Al Noor Hospitals Group plc transaction. The bonds are exchangeable into Mediclinic shares and/or cash, and fair value adjustments on the option (reflecting inter alia the movement in the underlying Mediclinic share price) are expected to cause volatility in headline earnings during its five-year term.*

5. EARNINGS AND DIVIDENDS

Cents	30 June 2019	30 June 2018
Headline earnings per share		
– Basic	**1 448.9**	1 512.6
Continuing operations	**1 448.9**	1 424.6
Discontinued operations	**–**	88.0
– Diluted	**1 445.9**	1 504.5
Continuing operations	**1 445.9**	1 416.5
Discontinued operations	**–**	88.0
Headline earnings per share, excluding option remeasurement		
– Basic	**1 429.1**	1 466.5
Continuing operations	**1 429.1**	1 378.5
Discontinued operations	**–**	88.0
– Diluted	**1 426.1**	1 458.4
Continuing operations	**1 426.1**	1 370.4
Discontinued operations	**–**	88.0
Earnings per share		
– Basic	**1 294.0**	1 577.9
Continuing operations	**(176.6)**	1 491.4
Discontinued operations	**1 470.6**	86.5
– Diluted	**1 292.0**	1 567.5
Continuing operations	**(177.5)**	1 481.1
Discontinued operations	**1 469.5**	86.4
Dividends per share		
Ordinary	**564.00**	532.00
– Interim	**215.00**	204.00
– Final	**349.00**	328.00

6. INVESTMENTS – EQUITY ACCOUNTED

R million	30 June 2019	30 June 2018
Associates	**65 417**	70 735
Joint ventures	**5 766**	2 987
	71 183	73 722

EQUITY ACCOUNTED INVESTMENTS RECONCILIATION

	30 June 2019	30 June 2018
Carrying value at the beginning of the year	**73 722**	80 883
Change in accounting policies[1]	**(1 093)**	–
Restated balance at the beginning of the year	**72 629**	80 883
Share of net attributable profit	**4 517**	3 383
Dividends received	**(3 615)**	(4 259)
Exchange rate differences	**(472)**	1 779
Investments made[2]	**3 252**	675
Net impairments	**(5 534)**	(52)
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
Equity accounted movements on reserves	**239**	(2 145)
Other movements	**167**	(37)
Carrying value at the end of the year	**71 183**	73 722

[1] *Refer to "Change in accounting policies" on page 131 for the impact of the implementation of new accounting standards.*
[2] *The year under review includes an investment of R2 855 million into CIVH.*

6. INVESTMENTS – EQUITY ACCOUNTED (continued)
NET IMPAIRMENTS OF EQUITY ACCOUNTED INVESTMENTS

Reversal of impairments/(impairments) were recognised for the following investments:

R million	30 June 2019	30 June 2018
Mediclinic	(3 898)	–
Best Global Brands Limited	(524)	–
PGSI	(378)	42
Grindrod	(300)	487
Other impairments	(434)	(581)
	(5 534)	(52)

The listed market value of the investment in Mediclinic is R17 891 million on 30 June 2019, which is significantly lower than the carrying value of R27 917 million. Accordingly, management assessed for impairment by means of a value in use calculation. The value in use calculation is based on a discounted cash flow model. The calculation requires the use of estimates in respect of cash flows, growth and discount rates and it assumes a stable regulatory environment. These estimates are based on publicly available information such as analysts' consensus forecast and guidance provided by Mediclinic in its annual results. Given that Mediclinic, in terms of London Stock Exchange listing requirements and its Disclosure Guidance and Transparency Rules, must monitor such publicly available information for reasonability against its internal budgets and forecast and publish guidance should there be a significant deviance, management has comfort that the estimates used in the discounted cash flow calculation are reasonable.

Cash flow projections for a five-year period were estimated and reflects management's best view of future earnings. The discount and terminal growth rates used for the business segments are as follows:

	Discount rate (%)	Terminal growth rate (%)
South Africa	11.5	4.5
Switzerland	5.7	0.6
Middle East	9.2	2.1

Any increase in the discount rate or decreases in the short-term cash flow projections or terminal growth rate could give rise to further impairment charges in future. The value in use of the investment is R24 019 million and, as a result, an impairment of R3 898 million was recognised.

Best Global Brands Limited (BGB), a Distell associate, was impaired due to a significant devaluation of approximately 50% of the Angolan kwanza and its resulting impact on the Angolan economy which negatively affected the earnings of BGB. The recoverable amount is the fair value less cost of disposal.

6. INVESTMENTS – EQUITY ACCOUNTED (continued)
SHARE OF AFTER-TAX PROFIT OF EQUITY ACCOUNTED INVESTMENTS

R million	30 June 2019	30 June 2018
Profit before taking into account impairments and non-recurring items	**9 228**	10 035
Net impairment of investments, assets and goodwill	**(3 729)**	(5 935)
Profit on the sale of investments	**521**	505
Recycling of foreign currency translation reserves	**6**	647
Other headline earnings adjustable items	**11**	13
Profit before tax and non-controlling interest	**6 037**	5 265
Taxation	**(1 160)**	(1 499)
Non-controlling interest	**(360)**	(383)
	4 517	3 383
Continuing operations	**4 517**	2 893
Discontinued operations	**–**	490

7. LONG-TERM LOANS

	30 June 2019	30 June 2018
20 000 Class A 7.5% cumulative redeemable preference shares[1]	**3 488**	3 512
10 000 Class B 8.3% cumulative redeemable preference shares[1]	**4 312**	4 382
Exchangeable bonds with an effective interest rate of 4.5%	**6 117**	6 090
Various other loans	**7 205**	7 533
	21 122	21 517
Short-term portion of long-term loans	**(102)**	(1 201)
	21 020	20 316

	30 June 2019	30 June 2018
8. ADDITIONS TO AND REPLACEMENT OF PROPERTY, PLANT AND EQUIPMENT	**2 543**	1 153
9. CAPITAL AND INVESTMENT COMMITMENTS[2] (Including amounts authorised but not yet contracted for)	**5 204**	4 366
10. GUARANTEES AND CONTINGENT LIABILITIES	**5**	9
11. DIVIDENDS RECEIVED FROM EQUITY ACCOUNTED INVESTMENTS SET OFF AGAINST INVESTMENTS	**3 615**	4 259

(1) *Refer to "Financing Activities" on page 122 for details pertaining to the refinancing of preference shares.*
(2) *During the year under review an investment commitment of R1 266 million was made to Milestone China Opportunities Fund IV.*

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, at fair value through other comprehensive income (FVOCI), at fair value through profit and loss (FVPL) 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 and actual net asset value of the investment.
- Derivative instruments: The fair values of derivative instruments, which are included in financial instruments at FVPL, are 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 2019				
ASSETS				
Non-current assets				
Financial assets at FVOCI	**1 532**	**14**	**2 181**	**3 727**
Financial assets at FVPL	**–**	**–**	**147**	**147**
Current assets				
Financial assets at FVPL	**–**	**7**	**141**	**148**
Investment in money market funds	**5 175**	**–**	**–**	**5 175**
	6 707	**21**	**2 469**	**9 197**
LIABILITIES				
Non-current instruments at FVPL	**–**	**1**	**–**	**1**
Current instruments at FVPL	**–**	**54**	**–**	**54**
	–	**55**	**–**	**55**
30 June 2018				
ASSETS				
Non-current assets				
Available-for-sale	934	41	2 092	3 067
Current assets				
Financial assets at FVPL	–	12	–	12
Investment in money market funds	3 996	–	–	3 996
	4 930	53	2 092	7 075
LIABILITIES				
Non-current instruments at FVPL	–	112	–	112
Current instruments at FVPL	–	34	43	77
	–	146	43	189

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	Financial assets at FVOCI	Financial assets at FVPL	Financial liability at FVPL	Total
ASSETS				
Balances at 1 July 2018	2 092	–	–	2 092
Transfer from level 2	41	–	–	41
Additions	215	299	–	514
Disposals	(523)	–	–	(523)
Exchange rate adjustment	60	–	–	60
Fair value adjustments through other comprehensive income	296	(3)	–	293
Fair value adjustments through profit and loss	–	(8)	–	(8)
Balances at 30 June 2019	2 181	288	–	2 469
LIABILITIES				
Balances at 1 July 2018	–	–	43	43
Put option exercised	–	–	(20)	(20)
Put option remeasurement	–	–	(23)	(23)
Balances at 30 June 2019	–	–	–	–

Level 3 financial assets consist mainly of investments in the Milestone China entities (Milestone) and the Pembani Remgro Infrastructure Fund (PRIF) amounting to R1 640 million and R231 million respectively. 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 (25%), cash and cash equivalents (6%), and unlisted investments (69%). Unlisted investments included at transaction prices in Milestone's fair value amounted to R705 million, while its remaining six unlisted investments were valued at R361 million. PRIF's main assets are the investments in ETG Group, Octotel, RSAWeb, Lumos Global and GPR Leasing. ETG Group was valued using a market based approach, specifically the comparable company method (Enterprise value/EBITDA), while the other investments 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. SEGMENT REVENUE

R million	Year ended 30 June 2019	2018
Consumer products		
Distell	**26 180**	4 219
RCL Foods	**25 786**	24 426
Siqalo Foods	**2 626**	–
Industrial		
Wispeco	**2 376**	2 265
Media and sport		
Other media and sport interests	**–**	205
Consolidated	**56 968**	31 115

DISAGGREGATED REVENUE INFORMATION

R million	Year ended 30 June 2019
Distell	
Spirits	**9 272**
Wine	**7 186**
Cider and RTDs	**9 724**
Other	**24**
Non-distinct and other costs not allocated to categories	**(26)**
	26 180
RCL Foods	
Consumer	**12 965**
Sugar & Milling	**14 935**
Logistics	**2 183**
Sales between RCL Foods business units	**(4 297)**
Group	**102**
	25 888
Siqalo Foods	
Spreads	**2 626**
Wispeco	
Extrusions and related products	**2 135**
Other	**241**
	2 376
Elimination of inter-segment revenue	**(102)**
Total revenue	**56 968**

14. RELATED PARTY TRANSACTIONS

UNILEVER SOUTH AFRICA HOLDINGS PROPRIETARY LIMITED (UNILEVER)

On 2 July 2018 Unilever acquired 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 Unilever Spreads business was transferred to Siqalo Foods, which became a wholly owned subsidiary of Remgro on 2 July 2018.

Remgro's investment in Unilever was previously classified as an associate and accounted for using the equity method. With effect from 2 July 2018, Remgro consolidated Siqalo Foods at 100.0%, while the investment in Unilever, with a carrying value of R3 582 million, was disposed of for a consideration of R11 900 million, realising an accounting profit on the disposal of investment of R8 318 million.

In terms of *IFRS 3: Business Combinations* the purchase price of Siqalo Foods was R7 000 million. The fair value of the underlying assets acquired and liabilities assumed at the effective date were: intangible assets of R1 687 million, property, plant and equipment of R493 million, and other net liabilities of R388 million. The balance of R5 208 million, being the difference between the purchase price and Siqalo Foods' identifiable net assets, was allocated to goodwill.

The fair value adjustment to Siqalo Foods' statement of financial position relates mainly to the recognition of brands (*inter alia Rama*, *Stork* and *Flora*) and non-contractual customer relationships. The amortisation of these additional assets will result in an annual after-tax expense of R80 million included in headline earnings.

COMMUNITY INVESTMENT VENTURES HOLDINGS PROPRIETARY LIMITED (CIVH)

During July 2018, CIVH repurchased 6.3% of its shares from a shareholder, which increased Remgro's interest in CIVH to 54.4% (30 June 2018: 51.0%).

During the year under review, Remgro invested a further R2 855 million in CIVH, in terms of CIVH rights issues. These share subscriptions did not alter Remgro's interest in CIVH. The rights issue proceeds were mainly used to partly fund the Vumatel Proprietary Limited acquisition, as well as to fund Dark Fibre Africa Proprietary Limited's growth strategy. Remgro earned underwriting fees of R58 million in respect of one of the CIVH rights issues.

On 14 December 2018 Remgro advanced a loan amounting to R100 million to CIVH. The loan, including accrued interest, and the outstanding amount of the underwriting fees will be converted into CIVH shares subsequent to 30 June 2019, which will marginally increase Remgro's interest in CIVH to 54.7%

RAND MERCHANT INVESTMENT HOLDINGS LIMITED (RMI)

On 11 September 2018 RMI 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 ordinary shares. Remgro elected to reinvest its cash dividend amounting to R300 million, and received 7 894 998 new RMI ordinary shares at R38.00 per share.

RCL FOODS LIMITED (RCL FOODS)

During December 2018 Remgro acquired a further 7 042 924 RCL Foods shares for a total amount of R115 million. This transaction marginally increased Remgro's effective interest in RCL Foods to 77.5% (30 June 2018: 77.0%).

INVENFIN PROPRIETARY LIMITED (INVENFIN)

During the year under review Invenfin (a wholly owned subsidiary of Remgro) invested a further R79 million in Bos Brands Proprietary Limited (Bos Brands), thereby increasing its cumulative investment in Bos Brands to R323 million.

PREMIER TEAM HOLDINGS LIMITED (PTH) AND SARACENS COPTHALL LLP (COPTHALL)

On 24 October 2018, Remgro entered into an agreement in terms of which it disposed of its 50.0% interest in PTH (the entity that owns the Saracens rugby club) for a nominal amount with the right to sell its 49.5% interest in Copthall (the entity that houses the Saracens club's stadium, Allianz Park) after three years for £8 million. The combined transaction gave Remgro the ability to completely exit the Saracens Group.

Remgro's investments in PTH and Copthall were previously classified as associates and accounted for using the equity method. With effect from 24 October 2018, Remgro disposed of its investment in PTH and derecognised its associated investment in Copthall. The right to sell Copthall is classified as a financial instrument with fair value movements accounted for through profit and loss.

OTHER

For other related party transactions refer to note 6 and 11.

15. EVENTS AFTER YEAR-END

There were no other significant transactions subsequent to 30 June 2019.

ANNEXURE A

SEGMENT REPORT
FOR THE YEAR ENDED 30 JUNE 2019

R million	Year ended 30 June 2019 Headline earnings[1]	30 June 2019 Net assets Book value[2]	30 June 2019 Net assets Intrinsic value	Year ended 30 June 2018 Headline earnings[1]	30 June 2018 Net assets Book value[2]	30 June 2018 Net assets Intrinsic value
Banking						
RMH	2 644	16 245	33 545	2 486	15 385	30 123
FirstRand	1 093	5 825	15 069	1 039	5 486	14 045
Healthcare						
Mediclinic	1 693	24 019	17 891	1 556	29 373	31 329
Consumer products						
Unilever	–	–	–	499	3 588	11 900
RCL Foods	254	7 968	7 960	647	8 128	11 534
Distell[3] – entity contribution	459	9 055	9 060	467	9 110	9 674
– *IFRS 3 charge*[4]	(47)	–	–	(8)	–	–
Siqalo Foods – entity contribution	332	6 164	6 164	–	–	–
– *IFRS 3 charge*[4]	(80)	–	–	–	–	–
Insurance						
RMI	1 161	9 335	15 947	1 228	8 479	17 285
Industrial						
Air Products	343	1 093	4 264	289	1 026	4 158
Total	328	2 174	2 722	501	2 007	2 382
KTH	161	1 816	2 127	55	1 964	2 218
Wispeco	121	933	866	122	874	984
PGSI	(9)	302	302	4	692	692
Infrastructure						
CIVH	(204)	5 064	8 403	48	2 301	4 940
Grindrod	72	1 049	1 049	(46)	1 624	1 624
Grindrod Shipping	(65)	292	292	–	623	623
SEACOM	(2)	–	912	15	353	870
Other infrastructure interests	25	259	259	40	256	256
Media and sport						
eMedia Investments	39	773	773	1	866	866
Other media and sport interests	(19)	269	267	(48)	223	268
Other investments[5]	39	4 620	4 795	66	4 060	4 196
Central treasury						
Cash at the centre/Finance income	755	15 727	15 727	524	13 704	13 704
Debt at the centre/Finance costs	(711)	(13 919)	(13 919)	(630)	(14 097)	(14 097)
Other net corporate costs/assets	(187)	2 034	2 499	(282)	2 073	2 536
	8 195	101 097	136 974	8 573	98 098	152 110
Potential CGT liability			(5 327)			(6 438)
Total		101 097	131 647		98 098	145 672

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 4 for the calculation of headline earnings.*
(2) *Total book value equals shareholders' equity.*
(3) *The comparative year includes the headline earnings of Capevin Holdings Limited.*
(4) *IFRS 3 charge represents the amortisation and depreciation expenses, net of tax, relating to the additional assets identified when Remgro obtained control over these entities.*
(5) *Consists mainly of the investments in Business Partners and the Milestone entities.*

The 2019 Annual General Meeting will be held on Thursday, 28 November 2019. Shareholders are invited to engage with the Board.

ADDITIONAL INFORMATION

FIVE-YEAR REVIEW AND SHARE STATISTICS

CONSOLIDATED INCOME STATEMENTS

R million	Year ended 30 June 2019	Year ended 30 June 2018	Year ended 30 June 2017	Year ended 30 June 2016	Year ended 30 June 2015
Profit/(loss) before taking into account the following	**3 259**	1 253	886	(757)	1 680
Non-recurring and capital items and impairments	**963**	4 986	304	(105)	408
Consolidated profit/(loss) before tax	**4 222**	6 239	1 190	(862)	2 088
Taxation	**(987)**	(423)	(227)	21	(395)
Consolidated profit/(loss) after tax	**3 235**	5 816	963	(841)	1 693
Share in after-tax profit of equity accounted investments	**4 517**	3 383	7 545	6 250	7 228
Net profit after tax	**7 752**	9 199	8 508	5 409	8 921
Non-controlling interest	**(433)**	(256)	(77)	(45)	(206)
Attributable net profit for the period	**7 319**	8 943	8 431	5 364	8 715
Headline earnings	**8 195**	8 573	8 221	5 874	7 996
Headline earnings per share (cents)	**1 448.9**	1 512.6	1 485.5	1 119.6	1 555.0
Earnings per share (cents)	**1 294.0**	1 577.9	1 523.4	1 022.4	1 694.9
Dividends per share (cents)					
– Ordinary	**564**	532	495	460	428

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

R million	30 June 2019	30 June 2018	30 June 2017	30 June 2016	30 June 2015
Property, plant and equipment, biological agricultural assets and investment properties	**14 660**	13 745	6 797	6 607	6 317
Investments – Equity accounted	**71 183**	73 722	80 883	78 565	57 831
Other non-current assets	**29 156**	23 086	9 058	9 486	9 418
Current assets	**40 539**	40 375	22 317	14 442	21 126
Total assets	**155 538**	150 928	119 055	109 100	94 692
Total equity	**116 189**	113 446	95 302	81 657	75 917
Non-current liabilities	**26 770**	25 891	18 493	20 821	5 404
Current liabilities	**12 579**	11 591	5 260	6 622	13 371
Total equity and liabilities	**155 538**	150 928	119 055	109 100	94 692
Net asset value per share (Rand) (attributable to equity holders)					
– at book value	**178.95**	173.04	163.13	153.13	142.12
– at intrinsic value	**233.03**	256.97	251.48	306.44	288.89

CONSOLIDATED STATEMENTS OF CASH FLOWS

R million	**Year ended 30 June 2019**	Year ended 30 June 2018	Year ended 30 June 2017	Year ended 30 June 2016	Year ended 30 June 2015
Cash flow generated from returns on investments	**7 555**	5 818	5 434	4 387	5 226
Taxation paid	**(1 217)**	(657)	(363)	(328)	(397)
Cash available from operating activities	**6 338**	5 161	5 071	4 059	4 829
Dividends paid	**(3 759)**	(2 934)	(2 708)	(2 358)	(2 136)
Cash flow from operating activities	**2 579**	2 227	2 363	1 701	2 693
Net investing activities	**(2 203)**	2 208	(6 572)	(18 767)	(1 151)
Net financing activities	**(816)**	78	8 553	16 365	(1 349)
Net increase/(decrease) in cash and cash equivalents	**(440)**	4 513	4 344	(701)	193

SHARE STATISTICS

	Year ended 30 June 2019	Year ended 30 June 2018	Year ended 30 June 2017	Year ended 30 June 2016	Year ended 30 June 2015
Weighted number of unlisted B ordinary shares ('000)	**39 057**	39 057	38 171	36 244	35 506
JSE Limited					
Weighted number of Remgro ordinary shares in issue – excluding the unlisted B ordinary shares ('000)	**526 562**	527 717	515 252	488 384	478 695
Market capitalisation at end of period (R million) – ordinary shares only	**99 440**	108 114	112 967	122 519	123 134
Price (cents per share)					
– Last day of period	**18 790**	20 429	21 346	25 466	25 594
– Highest	**21 760**	24 460	27 026	28 106	28 190
– Lowest	**17 541**	19 400	20 273	21 455	21 850
Number of shares traded ('000)	**291 284**	339 366	328 691	281 917	235 156
Value of shares traded (R million)	**57 624**	74 311	74 685	70 671	58 994
Shares traded/weighted number of ordinary shares (%)	**55.3**	64.4	63.8	57.7	49.1
Number of transactions	**1 068 333**	929 257	1 122 177	859 300	780 733

SHAREHOLDERS' INFORMATION

STATISTICS AT 30 JUNE 2019

	30 June 2019 %	30 June 2019 Number of shares	30 June 2018 %	30 June 2018 Number of shares
MAJOR BENEFICIAL SHAREHOLDERS				
Ordinary shares				
Public Investment Corporation	**13.66**	**72 273 810**	14.56	77 048 485
Other	**86.34**	**456 943 197**	85.44	452 168 522
	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

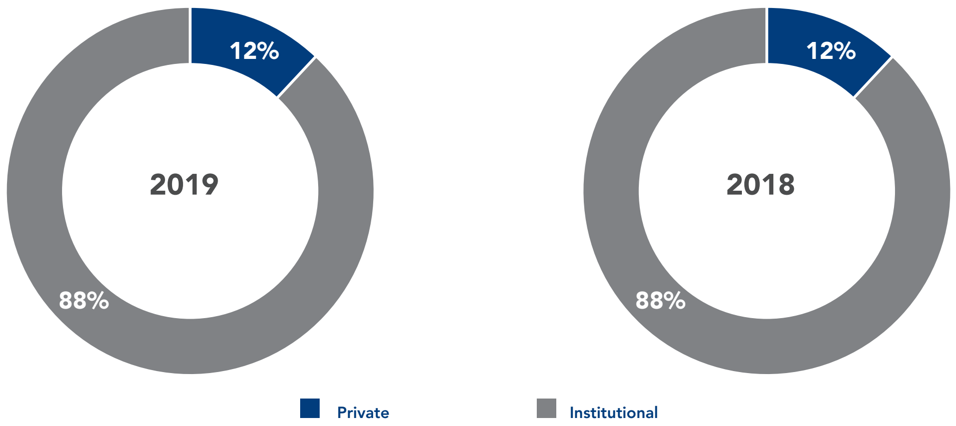
No other shareholder held a beneficial interest of more than 5% in the ordinary shares of the Company on 30 June 2019.

	30 June 2019	30 June 2018	30 June 2017	30 June 2016
DISTRIBUTION OF SHAREHOLDERS				
Ordinary shares				
Public shareholders	**54 812**	60 496	64 552	60 890
Percentage of shareholders	**99.91**	99.93	99.88	99.85
Number of shares	**504 306 132**	513 954 491	512 476 207	465 687 383
Percentage of shares issued	**95.29**	97.12	96.84	96.80
Non-public shareholders				
Directors and their associates/Share Trust/Treasury shares	**48**	44	78	90
Percentage of shareholders	**0.09**	0.07	0.12	0.15
Number of shares	**24 910 875**	15 262 516	16 740 800	15 418 987
Percentage of shares issued	**4.71**	2.88	3.16	3.20
Number of shareholders	**54 860**	60 540	64 630	60 980

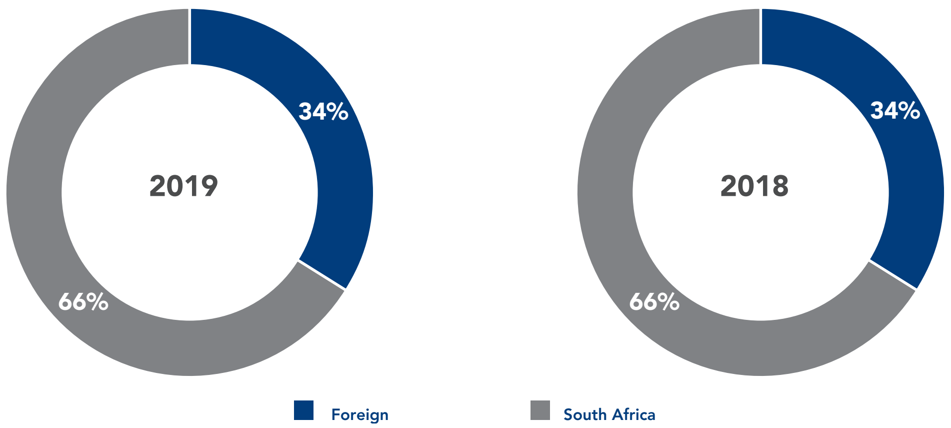
	30 June 2019	30 June 2018	30 June 2017	30 June 2016
NUMBER OF SHARES IN ISSUE				
– Ordinary shares of no par value	**529 217 007**	529 217 007	529 217 007	481 106 370
– Unlisted B ordinary shares of no par value	**39 056 987**	39 056 987	39 056 987	35 506 352
Total number of shares in issue	**568 273 994**	568 273 994	568 273 994	516 612 722
Number of shares held in treasury				
Ordinary shares repurchased and held in treasury	**(3 334 936)**	(1 389 033)	(1 666 638)	(1 725 393)
	564 939 058	566 884 961	566 607 356	514 887 329
Weighted number of shares	**565 619 396**	566 773 693	553 423 346	524 628 257

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 2019				
S E N De Bruyn	**497**	**–**	**–**	**497**
J J Durand	**–**	**849 376**	**1 650**	**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**	**2 224 995**	**142 982**	**2 656 058**
M Lubbe	**32 184**	**–**	**–**	**32 184**
N P Mageza	**–**	**296**	**–**	**296**
J Malherbe	**48 670**	**–**	**1 161 565**	**1 210 235**
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	**3 266 830**	**9 561 780**	**13 398 773**

* *Messrs J P Rupert and A E Rupert are both directors of an Associate that holds 7 551 005 ordinary shares in Remgro Limited.*

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
N P Mageza	–	296	–	296
J Malherbe	48 670	–	1 161 565	1 210 235
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.

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 2019 Annual General Meeting of Remgro Limited (the Company) will be held on Thursday, 28 November 2019, at 10:30 in the Conference Centre, Erinvale Estate Hotel & Spa, Lourensford Road, Somerset West, 7130, to, consider and, if deemed fit, to 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 Report of the Independent Auditor and the Audit and Risk Committee Report, of the Company and its Group (Group) for the financial year ended 30 June 2019 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 Report of the Independent Auditor and the Audit and Risk Committee Report, of the Company and the Group for the financial year ended 30 June 2019 are published on the Company's website at www.remgro.com. The Report of the Board, the Report of the Independent Auditor, the Audit and Risk Committee Report and the summary Annual Financial Statements are included in the Integrated Annual Report on pages 121, 126, 118 and 117 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 2020, 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 Mr J J Durand who retires as director in terms of clause 27.4.3.1 of the Company's Memorandum of Incorporation (Memorandum of Incorporation) and who has offered himself and is eligible for re-election, be re-elected as a director of the Company.

4. ELECTION OF DIRECTOR

ORDINARY RESOLUTION NUMBER 4

Resolved that Mr N P Mageza who retires as director in terms of clause 27.4.3.1 of the Memorandum of Incorporation and who has offered himself and is eligible for re-election, be re-elected as a director of the Company.

5. ELECTION OF DIRECTOR

ORDINARY RESOLUTION NUMBER 5

Resolved that Mr J Malherbe who retires as director in terms of clause 27.4.3.1 of the Memorandum of Incorporation and who has offered himself and is eligible for re-election, be re-elected as a director of the Company.

6. ELECTION OF DIRECTOR

ORDINARY RESOLUTION NUMBER 6

Resolved that Mr P J Moleketi who retires as director in terms of clause 27.4.3.1 of the Memorandum of Incorporation and who has offered himself and is eligible for re-election, be re-elected as a director of the Company.

7. ELECTION OF DIRECTOR

ORDINARY RESOLUTION NUMBER 7

Resolved that Mr F Robertson who retires as director in terms of clause 27.4.3.1 of the Memorandum of Incorporation and who has offered himself and is eligible 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 18 and 19 of the Integrated Annual Report. The Board supports the re-election of all the aforementioned directors.

8. ELECTION OF DIRECTOR

ORDINARY RESOLUTION NUMBER 8

Resolved that the appointment of Mr A E Rupert as a director of the Company be confirmed in terms of clause 27.3.7 of the Memorandum of Incorporation.

ADDITIONAL INFORMATION IN RESPECT OF ORDINARY RESOLUTION NUMBER 8

In terms of the provisions of clause 27.3.7 of the Memorandum of Incorporation, the Board has the power to appoint any person as director, provided that such appointment must be confirmed by the shareholders at the next Annual General Meeting of the Company. Biographical details of Mr A E Rupert are set out on page 18 of the Integrated Annual Report. The Board supports the aforementioned appointment.

9. ELECTION OF MEMBER OF THE AUDIT AND RISK COMMITTEE

ORDINARY RESOLUTION NUMBER 9

Resolved that Ms S E N De Bruyn, being eligible and offering herself for re-election, be and is hereby elected as a member of the Audit and Risk Committee for the financial year ending 30 June 2020.

10. ELECTION OF MEMBER OF THE AUDIT AND RISK COMMITTEE

ORDINARY RESOLUTION NUMBER 10

Resolved that subject to the passing of Ordinary Resolution Number 4, Mr N P Mageza, being eligible and offering himself for re-election, be and is hereby elected as a member of the Audit and Risk Committee for the financial year ending 30 June 2020.

11. ELECTION OF MEMBER OF THE AUDIT AND RISK COMMITTEE

ORDINARY RESOLUTION NUMBER 11

Resolved that subject to the passing of Ordinary Resolution Number 6, Mr P J Moleketi, being eligible and offering himself for re-election, be and is hereby elected as a member of the Audit and Risk Committee for the financial year ending 30 June 2020.

12. ELECTION OF MEMBER OF THE AUDIT AND RISK COMMITTEE

ORDINARY RESOLUTION NUMBER 12

Resolved that subject to the passing of Ordinary Resolution Number 7, Mr F Robertson, being eligible and offering himself for re-election, be and is hereby elected as a member of the Audit and Risk Committee for the financial year ending 30 June 2020.

ADDITIONAL INFORMATION IN RESPECT OF ORDINARY RESOLUTIONS NUMBERS 9 TO 12

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 18 and 19 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.

13. GENERAL AUTHORITY TO PLACE 5% OF THE UNISSUED ORDINARY SHARES UNDER THE CONTROL OF THE DIRECTORS

ORDINARY RESOLUTION NUMBER 13

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 13 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 13

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 13 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 13 cannot be used to issue shares for cash as contemplated in the Listings Requirements.

14. NON-BINDING ADVISORY VOTE ON REMUNERATION POLICY

ORDINARY RESOLUTION NUMBER 14

Resolved that the Company's Remuneration Policy, as set out in the Remuneration Report from page 86 of the Integrated Annual Report, be and is hereby endorsed by way of a non-binding advisory vote.

15. NON-BINDING ADVISORY VOTE ON REMUNERATION IMPLEMENTATION REPORT

ORDINARY RESOLUTION NUMBER 15

Resolved that the Company's Implementation Report in regard to its Remuneration Policy, as set out in the Remuneration Report from 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 14 AND 15

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 14 or 15 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 from page 86 of the Integrated Annual Report.

16. 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 2020 be determined on the following basis:

Type of fee (Rand)	**Proposed fee for the year ending 30 June 2020**	Fee for the year ended 30 June 2019
Board member	**390 000**	367 500
Chairman of the Audit and Risk Committee	**297 000**	280 000
Member of the Audit and Risk Committee	**147 500**	138 500
Member of the Remuneration and Nomination Committee	**65 500**	61 500
Chairman of the Social and Ethics Committee	**120 000**	112 500
Member of the Social and Ethics Committee	**65 500**	61 500
Meeting fee for *ad hoc* Committees	**25 000**	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 in terms of section 66(9) of the Companies Act for the financial year ending 30 June 2020.

17. 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, in terms of section 48 of the Companies Act, 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;
- 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 their 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 148);
- Share capital of the Company (pages 50 of the Annual Financial Statements and 148 of the Integrated Annual Report).

The directors, whose names are set out on pages 18 and 19 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.

18. 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 for 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.

19. 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.

20. REPORT BY SOCIAL AND ETHICS COMMITTEE

The Company's Social and Ethics Committee Report, included on page 104 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, 18 October 2019.

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, 22 November 2019, 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, 19 November 2019.

APPROVALS REQUIRED FOR RESOLUTIONS

Ordinary Resolutions Numbers 1 to 15 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 14 and 15 are non-binding advisory votes.

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, 26 November 2019, 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 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 2019

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 2019 Annual General Meeting of the Company to be held on Thursday, 28 November 2019, 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 – Mr J J Durand			
4. Election of director – Mr N P Mageza			
5. Election of director – Mr J Malherbe			
6. Election of director – Mr P J Moleketi			
7. Election of director – Mr F Robertson			
8. Election of director – Mr A E Rupert			
9. Election of member of the Audit and Risk Committee – Ms S E N De Bruyn			
10. Election of member of the Audit and Risk Committee – Mr N P Mageza			
11. Election of member of the Audit and Risk Committee – Mr P J Moleketi			
12. Election of member of the Audit and Risk Committee – Mr F Robertson			
13. General authority to place 5% of the unissued ordinary shares under the control of the directors			
14. Non-binding advisory vote on Remuneration Policy			
15. Non-binding advisory vote on Remuneration Implementation Report			
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 ______________________________ 2019

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, 26 November 2019, 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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