



2021

INTEGRATED REPORT

FOCUS • COLLABORATE • GROW

CONTENTS

➤ STRATEGIC REPORT

- Overview ➤
- Who we are ➤
- Our year in numbers ➤
- Chairperson's review ➤
- Our renewed purpose ➤
- Chief executive officer's strategic review ➤
- Portfolio review ➤
- Financial review ➤

➤ VALUE CREATING BUSINESS MODEL

- Business model in action ➤
- Value creating partnerships ➤
- Operating environment ➤
- Material matters, risks and opportunities ➤

➤ APPROACH TO SUSTAINABILITY

- Sustainability framework ➤
- ESG performance of our portfolio companies ➤

➤ GOVERNANCE

- Our leadership ➤
- Our approach to corporate governance ➤
- Remuneration review ➤
- Social, ethics and transformation committee's report ➤

➤ SHAREHOLDER INFORMATION

- Shareholding ➤
- Performance on the JSE ➤
- Shareholders' diary ➤
- Administration ➤

This is an interactive report. Use the tools at the top right of each page to navigate the integrated report.



This report is best viewed in Adobe Acrobat for desktop, mobile or tablet.

Our **integrated report**, which is our primary report to our stakeholders, is available online at www.rmih.co.za/investor-relations and in print on request from our company secretary at: schalk.human@rmih.co.za

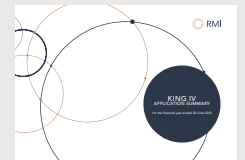
The following reports are available online:



Our **annual financial statements** (including the external auditor's unmodified report and the report of the audit and risk committee)



Our **summary financial results announcement and notice of annual general meeting**, which provides an overview of RMI's performance and outlook to investors



Our **King IV application summary**

NAVIGATION ICONS



Directs you to information on our website at: www.rmih.co.za/investor-relations



Directs readers to the page in the integrated report with supplementary information



Identifies the application of King IV principles

CONTEXT

Rand Merchant Investment Holdings Limited (RMI) is committed to reporting openly and honestly, providing our stakeholders with a concise and transparent assessment of RMI's ability to create sustainable value over the short, medium and long term by practicing and implementing an integrated multi-capital framework rather than applying a narrow focus on financial capital alone.

This is our primary report to stakeholders, which is published annually and covers the period from 1 July 2020 to 30 June 2021. Any material events that occurred after 30 June 2021 and before the RMI board of directors (board) approval date of 27 October 2021 have also been included in this integrated report. This includes the restructure announced on 20 September 2021, read more in the SENS online at: www.rmih.co.za/investor-relations

This integrated report provides information relating to RMI's strategic direction, business model, operating context, material risks and opportunities, governance, operational performance and its future outlook. It also provides an overview of the performance of RMI's portfolio companies over the same period and their future outlook.

Our sustainability focus

Our responsibilities to our people, society and the environment align with our core operating activities and, at a minimum, with selected international sustainability standards. This integrated report sets out our framework for, and articulates our commitment to sustainability and our responsible approach to the environment, society and governance.



Read more from page 49.

Our support for the United Nations Sustainable Development Goals (UN SDGs)

Our portfolio companies are making meaningful progress towards achieving the objectives of the UN SDGs. This integrated report contains summary information on their progress.



Read more from page 51.

RMI has identified that it is able to make a meaningful contribution to the achievement of the following UN SDGs:



Our value creation process

Our value creation and preservation processes, are an integral part of our strategy. The creation, preservation and erosion of value are the consequences of how we leverage and apply our capitals to deliver on our strategic objectives and optimise value for our stakeholders. The consequent outcomes, impacts and trade-offs are described in our business model section.



Read more from page 43.

Determining what is material

We apply the principle of materiality when assessing what information should be included in our integrated report. Our material matters are identified through an internal and external engagement process and are those that impact our stock of capitals, influence our strategy and, ultimately, our ability to create value.



Read more from page 46.

Reporting frameworks

Our integrated reporting process and the contents of this integrated report are guided by the principles and requirements of the following:

- Value Reporting Foundation's (formerly the International Integrated Reporting Council) revised Integrated Reporting Framework (<IR> Framework), launched in January 2021
- Listings Requirements of the JSE Limited (JSE Listings Requirements)
- South African Companies Act 71 of 2008, as amended (Companies Act)
- King Code of Governance Principles for South Africa 2016 (King IV)
- UN SDGs

Assurance

RMI received assurance from its external auditor, PricewaterhouseCoopers Inc., on the fair presentation of the annual financial statements. This assurance report is available in RMI's annual financial statements at: www.rmih.co.za/investor-relations

The external auditor also read the integrated report and considered whether any information is materially inconsistent with the annual financial statements or the knowledge they obtained during the course of their audit or otherwise appears to be materially misstated. No such inconsistency or misstatement was reported.

RMI's audit and risk committee had oversight of the preparation of the integrated report and recommended it to the board for approval.

Forward-looking statements

Certain statements in this integrated report may be regarded as forward-looking statements or forecasts, but do not represent an earnings forecast. All forward-looking statements are based solely on the views and consideration of the board. RMI undertakes no obligation to update publicly or to release any revisions to these forward-looking statements to reflect events or circumstances after the date of publication of this integrated report. All forward-looking statements have not been reviewed or reported on by the external auditor.

Board approval

The board acknowledges its responsibility for ensuring the integrity of this integrated report. It has applied its collective mind to the preparation and presentation of this integrated report and is of the opinion that the report is in accordance with the <IR> Framework. The board has critically assessed the assurance obtained and is satisfied that this results in an adequate and effective control environment, which supports the integrity of information used for internal decision-making by management, the board and its committees, as well as the integrity of the integrated report.

The board also considered materiality for the integrated report and the effect that the presence or absence of an item of information might have on the accuracy or validity of a statement in the integrated report, or a decision made by a stakeholder. Our overall objective with this integrated report is to provide information that could materially impact RMI's ability to create value over the short, medium and long term. The board is of the view that, to the best of its

knowledge and belief, this integrated report addresses matters material to our stakeholders' decision-making by explaining the impact of RMI's value creation process over time. It also takes into consideration RMI's impact on its stakeholders and the environment in which it operates.

The board unanimously approved RMI's integrated report for the financial year ended 30 June 2021 on 27 October 2021.

Jannie Durand
Chairperson

Herman Bosman
Chief executive officer (CEO) and financial director

Johan Burger
Independent non-executive director

Peter Cooper
Non-executive director

Sonja De Bruyn
Independent non-executive director

Laurie Dippenaar
Non-executive director

Paul Harris
Non-executive director

Albertinah Kekana
Non-executive director

Per Lagerström
Independent non-executive director

Mamongae Mahlare
Independent non-executive director

Murphy Morobe
Independent non-executive director

Ralph Mupita
Independent non-executive director

Obakeng Phetwe
Non-executive director

James Teeger
Independent non-executive director

STRATEGIC REPORT

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- 5 Overview
- 5 Who we are
- 7 Our year in numbers
- 9 Chairperson's review
- 12 Our renewed purpose
- 13 Chief executive officer's strategic review
- 23 Portfolio review
- 37 Financial review

OVERVIEW

RMI is a JSE-listed holding company with significant investments in property and casualty insurance (P&C), life insurance, asset management and fintech in South Africa, the United Kingdom and Australia.

In September 2021, RMI announced a significant restructuring (the restructure) centred around the ambition to **Focus, Collaborate and Grow** its P&C portfolio. The restructure sharpens our **strategic focus** in that, post the restructure, RMI will predominantly reflect the attractive fundamentals of its P&C businesses, namely OUTsurance, including OUTsurance's Australian business, Youi, and Hastings, in partnership with Sampo.

The restructure enables RMI to deliver on its renewed purpose which is to add **discernible value** by providing our stakeholders with the opportunity to access **unique, geographically-diversified P&C local champions**.

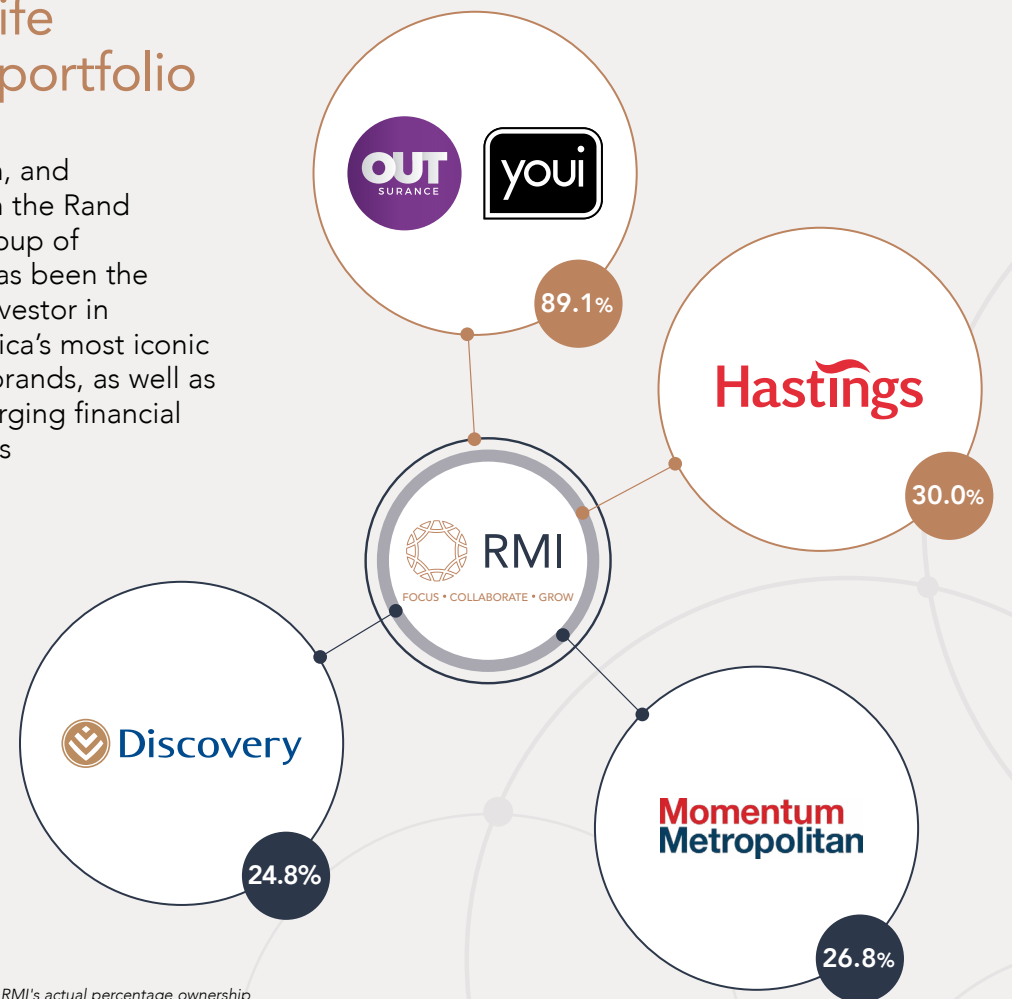
We will achieve our purpose by building on the established P&C platform and collaboration between OUTsurance and Hastings, while ensuring that, alongside our management partners and co-shareholders, our strategically important growth businesses (AlphaCode and RMI Investment Managers) continue on a path to scale, profitability and relevance.

This section of the report provides an overview of the RMI portfolio and the value created over the past year. The letter from our chairperson, Jannie Durand, places emphasis on the importance of partnerships as a key building block of the RMI model over the years. Our chief executive officer, Herman Bosman, goes on to unpack the implications of the restructure for RMI and our strategic focus, as well as RMI's future expansion ambitions. Finally, this section also provides a closer look at the operational and financial progress of each of our underlying businesses over the reporting period, and consequently the results of RMI.

WHO WE ARE

P&C and life insurance portfolio

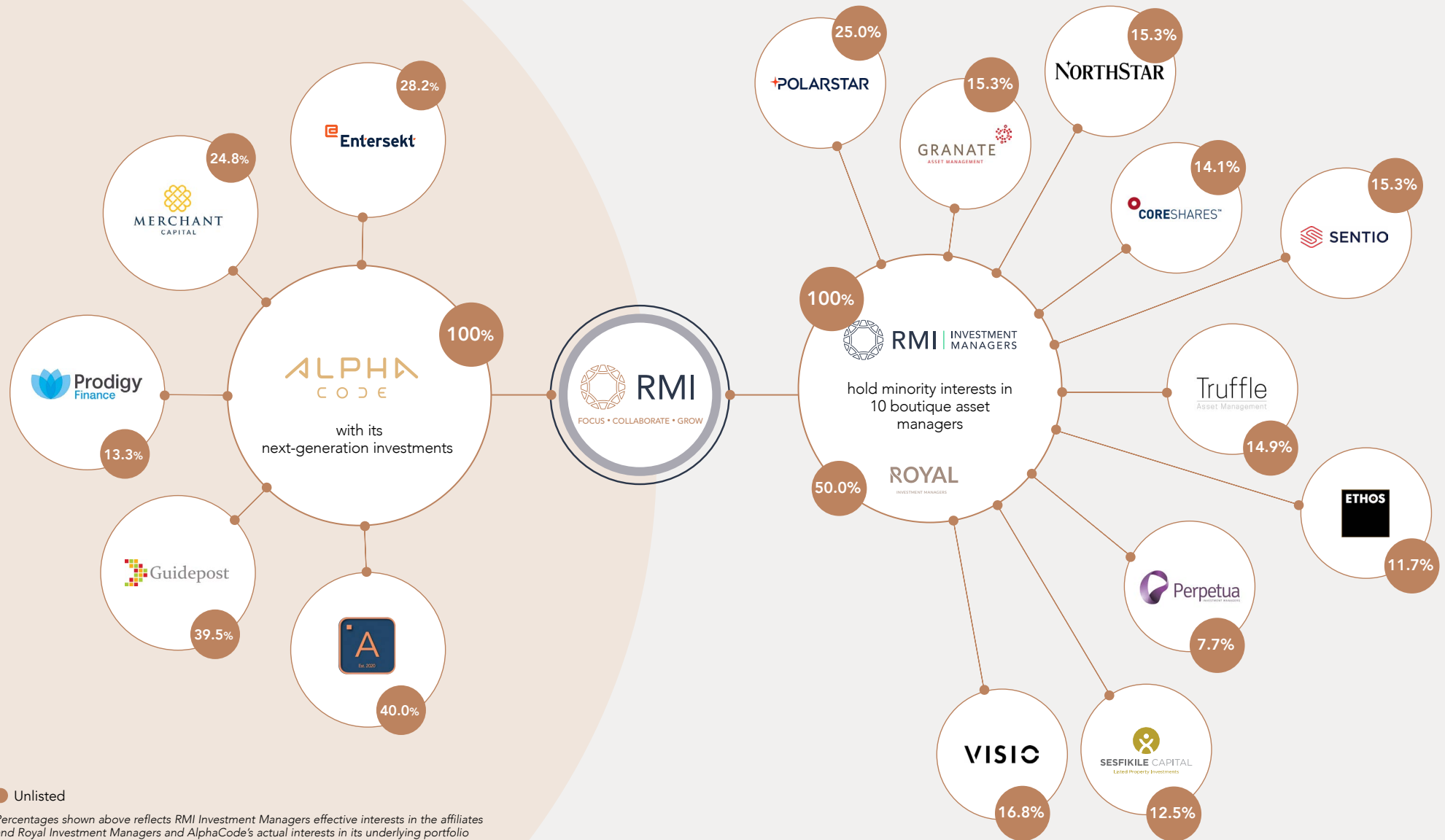
Since its formation, and in partnership with the Rand Merchant Bank group of companies, RMI has been the most significant investor in some of South Africa's most iconic financial services brands, as well as a portfolio of emerging financial services businesses



Percentages shown above reflect RMI's actual percentage ownership of the relevant company's issued shares

● Listed ● Unlisted

Growth portfolio



OUR YEAR IN NUMBERS

Key metrics for the financial year ended 30 June 2021

COMPOUND TOTAL
SHAREHOLDERS'
RETURN (TSR)

15.7%
per annum

since listing in 2011

GROWTH IN TOTAL
SHAREHOLDERS'
EQUITY

9.2%
per annum

since listing in 2011

DISCOUNT TO
INTRINSIC
VALUE

(28%)

at 30 June 2021

DIVIDEND
PER SHARE

45
cents per share

2020 total: 45 cents per share

NORMALISED
EARNINGS

↑ 15%

R3 545
million

2020: R3 086 million

HEADLINE
EARNINGS

↑ 50%

R2 929
million

2020: R1 956 million

NET FUNDING
COSTS

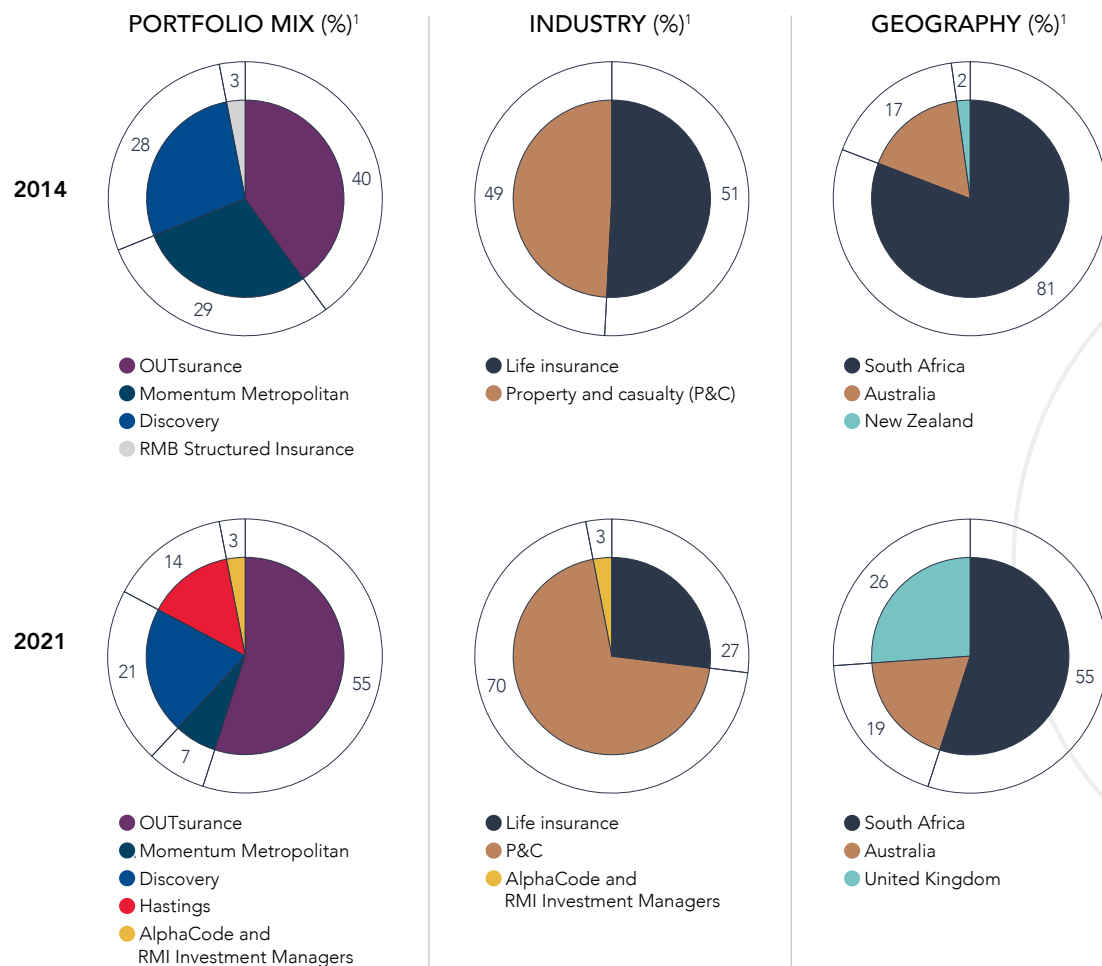
R532
million

HOLDING COMPANY
COSTS

R65
million

Evolution of portfolio mix

RMI is committed to its strategy of representing a portfolio of dynamic, modern and underwriting-disciplined P&C businesses. The focus is to be an active and value-adding shareholder in unlisted businesses encapsulating an entrepreneurial and aspirational culture.



Capital deployed since 2014 (R million)

INVESTMENT ACTIVITY

TRADITIONAL PORTFOLIO²



GROWTH PORTFOLIO³



1. Percentages based on contribution to RMI earnings at 30 June 2014 and 30 June 2021, respectively
 2. Traditional portfolio comprises the life and P&C insurance businesses
 3. Growth portfolio comprises RMI Investment Managers and AlphaCode

CHAIRPERSON'S REVIEW

THE VALUE OF SUPPORTIVE PARTNERSHIPS

A year of resilience, both in our operations and the South African spirit

Despite the ongoing impact of the Covid-19 pandemic and a subdued macro-economic outlook in our focus geographies, RMI has delivered a strong overall operational performance with pleasing growth in normalised earnings, read more from page 37. However, the Covid-19 pandemic continued to dominate the investment environment and economy, both locally and globally.

RMI and its portfolio companies have made the necessary adjustments to our operating models to keep our employees and communities safe; through remote and/or hybrid working models and digital enablement. However, the protracted third wave and ongoing prevalence of the virus means that the effects of loss have also been felt on a deeply personal level in RMI and our portfolio companies. On behalf of the board, we honour the lives and the memories of the colleagues, family members and friends lost to date.

I would also like to reflect on the leading roles that Discovery and Momentum Metropolitan have played, and continue to play, during the pandemic. The last few months of our financial year saw the highest recorded life insurance claims paid by our portfolio companies to date in this pandemic, and in most cases, relative to historic norms. The industry was also affected by the looting and civil unrest that broke out in parts of the country in July 2021. While the impacts have been financially significant, the balance sheets of the life companies remain well capitalised and our portfolio companies continue to pay out life and funeral claims, and facilitate the payments by SASRIA in relation to the civil unrest. As the national vaccination programme continues to expand, Discovery and Momentum Metropolitan are actively supporting the vaccination of our population, as well as introducing and supporting initiatives to encourage vaccination in those hesitant to vaccinate –

Discovery was the first corporate in South Africa to require mandatory vaccination of its workforce. We stand behind our companies in encouraging vaccination to facilitate an accelerated societal and economic normalisation.

Supportive governance in evaluating the restructure of RMI

In addition to navigating the effects of Covid-19 on our portfolio companies, the last twelve months have seen our board consider many substantive strategic and governance topics. The key deliberations centred around the restructuring of our business, the rationale and structure of which is explained in more detail in the chief executive officer's strategic review from page 13. This is a significant moment in RMI's evolution and one that we believe will, in the short term, reduce the discount at which RMI has traded

to our assessment of the underlying intrinsic value and, over the long term, will result in a focused portfolio and alignment between the corporate structure and our portfolio of assets. Given the scarcity value of the remaining underlying P&C businesses (OUTsurance and Hastings), it should result in a value for the portfolio that is reflective of the sum of its parts. To ensure that we arrived at a decision that is in the best interests of all RMI's shareholders, we established a board sub-committee, whose members were all independent non-executive directors. This committee was tasked with assessing various structural options proposed by the RMI executive management team and then making recommendations to the board. On behalf of the board, I would like to extend our thanks to colleagues on the committee for their wise guidance and ongoing responsible stewardship.



JANNIE DURAND
Chairperson

A strong history of supportive and enduring partnerships

RMI's history has been closely connected with Remgro Limited (Remgro), starting with the merger in 1985 of Rand Consolidated Investments (RCI), co-founded by Paul Harris, GT Ferreira and Laurie Dippenaar (the Founders), and RMB, which had been acquired by a consortium headed by Johann Rupert, the chairperson of Remgro. The RCI team took over the management of RMB and Remgro became RMB's biggest shareholder. We have remained partners ever since, through the acquisition of Momentum in 1992, the listing of RMH in 1993, funding the establishment of Discovery in 1992, the unbundling and listing of RMI in 2011. The length, and strength, of our partnership can be attributed to sharing the same values-driven culture and commitment to ethical business practices. In the context of the announced RMI restructure, my dual role as chairperson of RMI as well as CEO of RMI's largest shareholder, Remgro, is relevant. Remgro has indicated that it is supportive of the restructure and has committed, in principle, to participate in the inter-linked equity raise.

Through its active and responsible holding company ownership model and instilling the ethos and approach of its Founders, RMI has contributed to the development and growth of responsible, competitive companies such as Discovery, Momentum Metropolitan and

OUTsurance. In line with these values, RMI will remain a committed and strategic shareholder of both Discovery and Momentum Metropolitan until the implementation of the restructure. In this regard, shareholders are referred to the Discovery financial results for the year ended 30 June 2021 published on 2 September 2021, wherein Discovery advised its shareholders of a potential capital raise to fund its participation in a capital raise at Ping An Health Insurance (Ping An). To the extent that Discovery funds this growth opportunity through equity rather than debt, RMI will support it, and also intends to participate in this capital raising.

The principle of partnership forms a fundamental tenet of the RMI business and will continue to do so post the implementation of the restructure. We expect value to continue to emerge from the collaboration between OUTsurance, Hastings, Sampo and RMI in relation to our P&C businesses. Read more from page 13. RMI's relationship with Momentum Metropolitan will continue on a formal basis through our joint interest in our asset management business. Discovery has a formal partnership with Guidepost (an RMI investment company through AlphaCode) in relation to its health and life business, which will also remain in place post the restructure.

Sustainability framework within our business

During the year under review, the board and its committees increased their focus on environmental, social and governance (ESG) matters and, in particular, the issue of climate change and its potential impact in view of our P&C focus going forward. Climate change, RMI's approach to sustainability and the UN SDGs are addressed in the risk and sustainability sections of this integrated report starting from page 46. This year, we have also provided additional information on the ESG performance of our portfolio companies from page 51.

In addition to the various corporate social investment programmes already in place, all our portfolio companies implemented measures to assist those in our communities directly and indirectly impacted by Covid-19 and the civil unrest in KwaZulu-Natal and Gauteng. RMI does not have a formal corporate social investment programme. However, during the prior financial year, it established a Covid-19 fund in conjunction with RMB Holdings Limited (RMH) with contributions from the board and management of both RMI and RMH. Both RMI and RMH then matched these contributions.

The core principle of the Covid-19 fund's approach is 'Food First.' To date, the fund has:

- distributed 1 955 food vouchers to the value of R2.5 million to beneficiaries nominated by staff of RMI and RMH
- supported 27 community organisations with donations amounting to R1.6 million
- contributed grant funding to the value of R6.3 million to 13 AlphaCode start-up businesses.

Leveraging off the existing platform and expertise created by AlphaCode, RMI has provided seed funding to a newly established entity, Additiv. Additiv is jointly owned by RMI and its black management team. Additiv's ambition is to act as an enabler to venture capital funding in South Africa by providing access to funding and facilitating business growth opportunities for emerging black technology businesses. Read more on page 34.

Board changes

RMI is currently assessing the composition of the board to align it with RMI's geographic and sectoral focus. We will make further announcements in this regard in due course.

At RMI's upcoming annual general meeting, we will be saying farewell to four board members who are stepping down:

Paul Harris
Non-executive director



As one of the Founders of the Rand Merchant Bank group of companies, Paul has served on the board for over 40 years. On behalf of the board, I thank you for the immeasurable contribution you have made not only to RMI and the wider group, but to the South African financial services landscape as a whole.

Sonja De Bruyn
Independent non-executive director



Sonja has been associated with RMI and our wider group of companies since 2010. On behalf of the board, thank you for your commitment and involvement in various committees, deep insights and thoughtful considerations in shaping our key strategic milestones.

Ralph Mupita
Independent non-executive director



Ralph has served on the board as an independent non-executive director since 2018. On behalf of the board, thanks go to Ralph for the deep sectoral expertise, insights and steady guidance that he has brought to board deliberations.

Obakeng Phetwe
Non-executive director



Obakeng has served on the board as a non-executive director since 2013, as a representative of Royal Bafokeng Holdings Proprietary Limited (Royal Bafokeng Holdings). On behalf of the board, thank you for your considered approach and manner as well as your contributions through the years.

Going forward

RMI has a busy year ahead as, subject to the requisite approvals, it begins to implement its new strategic direction starting with the unbundling of the two significant life insurance businesses that it has partnered through many years – on behalf of the RMI board, I wish the respective boards and management teams of Discovery and Momentum Metropolitan continued success.

The year ahead will have its challenges as Covid-19 will still be with us and economies are still struggling to recover from its impact. However, I believe that as it builds on the established P&C platform and collaboration between OUTsurance and Hastings and the growth businesses (AlphaCode and RMI Investment Managers), RMI is well-positioned to continue to create sustainable value for its stakeholders.

I would also like to recognise the entire RMI team whose skills and experience ensure it is well-equipped to deliver on the new strategy.

Jannie Durand
Chairperson
27 October 2021

OUR RENEWED PURPOSE

Is to add **discernible value** by providing our stakeholders with the opportunity to **access unique, geographically diversified P&C businesses**

We will achieve this through our partnerships with **unlisted (preferably), dynamic growth companies** across **all life phases** that are, or could become, **local champions** that demonstrate attractive characteristics in **select geographies**

Our **collaborative model and flexible capital structure** will enable us to **provide attractive returns to our shareholders** now and into the future

How we will achieve our purpose



Focus

- Specialist investment and portfolio management team
- Sector insight and focus
- Refined filtering of geographic and lifestyle expansion
- With OUTsurance and Hastings as the core assets



Collaborate

- Partnerships across an aligned and integrated P&C platform
- Openness and willingness to contribute intra-group



Grow

- Through new initiatives and organic growth within our existing portfolio companies
- Identify and partner with local champions in new geographies
- Expand our P&C platform by investing in early and growth-stage insurtech (and related verticals) businesses, where appropriate

FOCUS COLLABORATE GROW

CHIEF EXECUTIVE OFFICER'S STRATEGIC REVIEW

A FUNDAMENTAL RESTRUCTURE TO ALIGN WITH OUR EVOLUTION AS A P&C FOCUSED INVESTOR

On 20 September 2021, RMI announced its intention to implement a strategic portfolio restructuring comprising the distribution of its listed shares held in Discovery and Momentum Metropolitan (the unbundling) to RMI shareholders, coupled with an equity raise (the equity raise) to:

- provide structural alignment to RMI's evolved strategy by creating a focused P&C investment group
- create an efficient and agile corporate structure
- optimise the capital structure and enhance dividend yield
- unlock shareholder value through a reduction in the discount at which RMI's share price trades to its underlying intrinsic value

It is important to recognise the context within which this restructure is taking place.

Firstly, corporate activity is not uncommon in the Rand Merchant Bank group of companies. Since the formation of the group in the early 1980s, we have focused on assembling and building phenomenal South African assets in the financial services sector and, in parallel, placing emphasis on the most efficient and optimal corporate structure within which to house and represent these assets.

Through this process we:

- created FirstRand Limited (FirstRand), now South Africa's largest banking group by market capitalisation, in 1998
- unbundled Discovery from FirstRand in 2007
- split RMH and RMI in 2011
- unbundled FirstRand from RMH in 2020

Each time, significant value was created through a sharper strategic and corporate focus – **we see the implementation of this restructure as a natural milestone in the continued evolution of our group.**



HERMAN BOSMAN
Chief executive officer

Key metrics of the restructure:

VALUE DISTRIBUTED THROUGH UNBUNDLING DISCOVERY AND MOMENTUM METROPOLITAN

R28.6
billion

based on market capitalisation as at 30 June 2021

OBSERVED REDUCTION IN STRUCTURAL DISCOUNT

R12.8
billion

calculated on 26 October 2021, using market prices for the life insurance businesses as at 17 September 2021 (last trading day prior to announcement of the restructure)

A 40-year history of defining corporate actions aimed at providing shareholder clarity and facilitating value realisation

| | 1977 | 1985 | 1992 | 1993 | 1995 | 1998 | 1999 | 2007 | 2010 | 2011 | 2015 | 2016 | 2017 | 2020 | 2021 |
|---|--------------------------------------|---|-----------------------------------|---|---|------------------------|-----------------------------|------------------------------------|---|---|---------------------|--|----------------------------------|---|---|
| Restructures | | RMB merger | | | | Formation of FirstRand | | Discovery unbundled from FirstRand | | Unbundling and separate listing of RMI from RMH (to better reflect value of insurance businesses) | | | | Unbundling of RMH's interest in FirstRand | Announced intention to unbundle Discovery and Momentum Metropolitan |
| Mergers and acquisition (M&A) activity | | RMB acquired Magnum (foundation of Discovery) | 77% interest in Momentum acquired | Quantum acquired (to become RMB Structured Insurance) | AEGIS acquired (foundation of OUTsurance) | | | | Merger of Momentum and Metropolitan (separate from FirstRand) | Sale of OUTsurance to RMI | | | Acquisition of 29.7% of Hastings | Increased shareholding in Hastings to 30% and delisting alongside Sampo | |
| Liquidity events | | | | RMH listed | | | Discovery listed on the JSE | | | | | | | Sale of RMB Structured Insurance | Sale of Luno |
| Organic initiatives | Rand Consolidated Investments formed | | | Momentum Health launched (renamed Discovery) | | | | | | | Launch of AlphaCode | Launch of RMH Properties and RMI Investment Managers | | | |

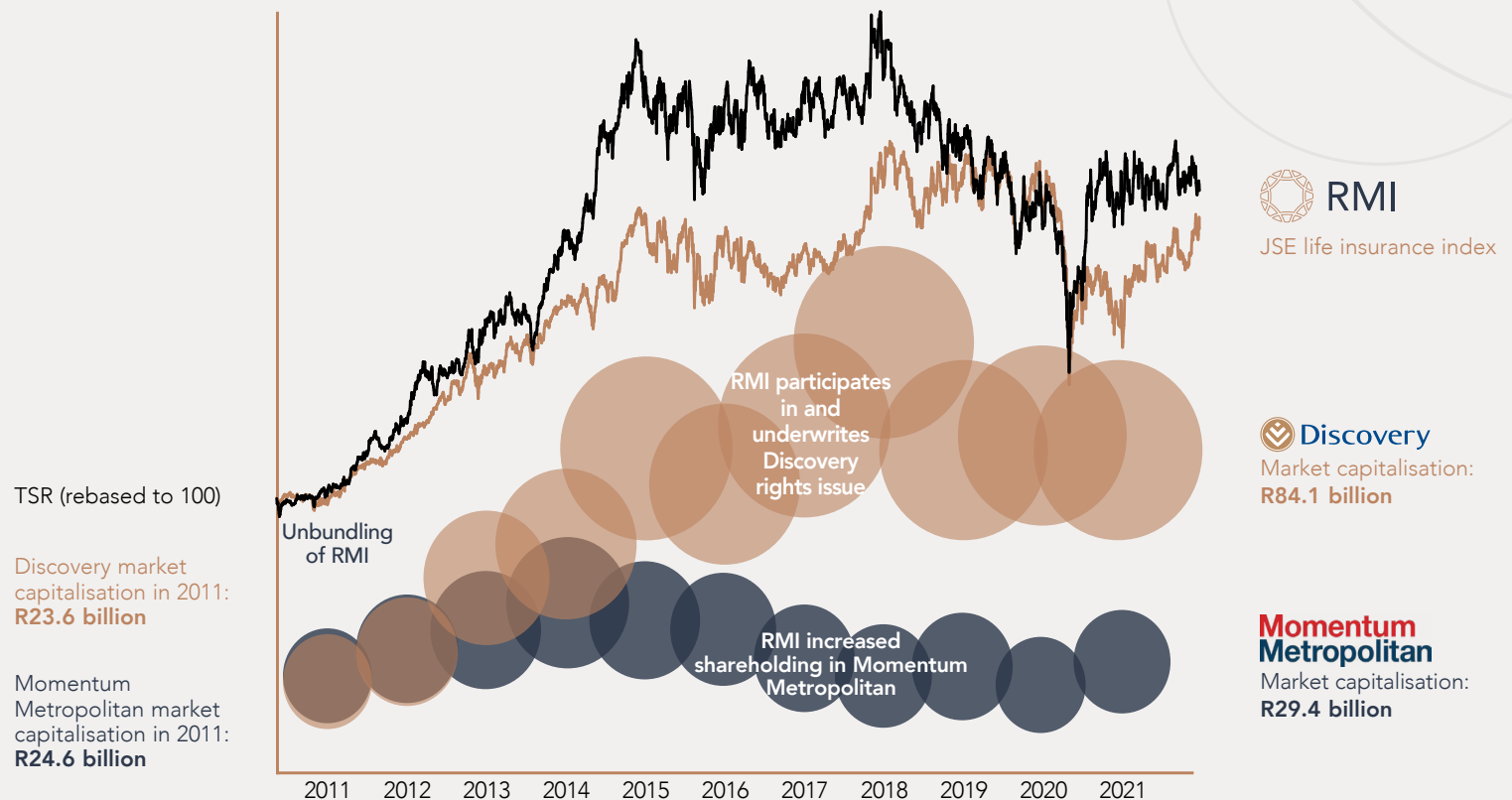
The second point of context is our relationship with Momentum Metropolitan and Discovery which spans across 30 years. **We are proud of the contributions that we have made to Discovery and Momentum Metropolitan and the mutually beneficial association that we have built,** which has generated significant value and returns for all our respective shareholders.

Discovery was started with capital of R10 million in 1992, from the Founders to Adrian Gore and Barry Swartzberg – the business is now an integrated, global financial services platform with a market capitalisation of approximately R80 billion (as at 30 June 2021) and TSR of 308% since the RMI listing in 2011. What is today Momentum Metropolitan, started as a turn-around opportunity in the early 1990s and now houses some of the most recognisable and leading insurance brands in South Africa and has grown to a business with a market capitalisation of approximately R30 billion (as at 30 June 2021), with a TSR of 115%.

RMI has, over the years, acted as a stable, long-term value adding shareholder by partnering with the leading management teams and boards of these businesses. Discovery and Momentum Metropolitan are independent businesses that compete fiercely, which we have always encouraged. We believe that this has resulted in better consumer outcomes and innovative brands and products in the segments in which they operate. Both businesses have demonstrated the resilience of their underlying operations over many years, and particularly over the course of the devastating Covid-19 pandemic.

We do not see the unbundling as an exit, rather as the appropriate juncture to pass the baton on to our shareholders who will now hold the Discovery and Momentum Metropolitan shares directly – **this is in line with RMI's approach to liberate investments at the appropriate stage in their life cycle** and/or to achieve better value reflection.

PARTNERSHIP FROM INCEPTION TO TODAY'S LARGE, ESTABLISHED BUSINESSES POISED FOR FUTURE GROWTH



On behalf of the board, we pay tribute to Adrian Gore, Barry Swartzberg, Hillie Meyer and their respective management teams and boards, and wish them and their respective businesses continued success



"After 30 years we are saying goodbye to RMI. On behalf of Discovery and personally, I would like to express my deepest gratitude for decades of incredible development, success, progress and fun. Aside from factors such as capital and governance, I think the magic of RMI is deep friendships, deep trust and the ability to give the businesses they invest in confidence that they can succeed and do well for society. It is a remarkable quality.

I have no doubt that whatever RMI do, they will succeed and the companies they invest in will continue to do well. We say goodbye to RMI with a deep sense of gratitude."



"I have found RMI to be a very supportive shareholder, always professional and conscious of governance demands.

In the early days, I had the privilege of learning under the leadership of GT Ferreira, Paul Harris and Laurie Dippenaar, who have built amazing businesses. I will forever be grateful for what I have learnt from them. Herman and I were among the younger hires at the time, but those shared experiences and common culture certainly contributed to the good relationship we have today.

I would like to thank RMI and Herman for always adding value throughout the years."

HILLIE MEYER
Momentum
Metropolitan
CEO

ADRIAN GORE
Discovery
CEO



Unpacking the restructure

In the remainder of my review, we focus firstly on the specifics of the restructure and secondly on the RMI business and strategy post implementation of the restructure. This is done by addressing a series of the pertinent questions that shareholders may have in this regard.

Why is RMI implementing the restructure?

Principally, the purpose of the restructure is to align our structure to **sharpen our focus on a specific sub-segment of insurance, being P&C**. This is not by any means a comment on the state of life insurance in South Africa, or a reflection on Discovery nor Momentum Metropolitan. However, the increased interest and investment activity in P&C is a natural evolution for RMI if one considers that (i) we have a preference for unlisted assets that cannot otherwise be accessed by our investors; (ii) our two life assets are listed and competing businesses where we hold minority interests; and (iii) via our majority unlisted interest in OUTsurance and strong partnership with the listed Nordic insurer, Sampo Group Plc (Sampo) in Hastings (unlisted), we have significant influence and agility in complementary, but non-competing businesses.

After the restructure, our business will (i) be simpler from a regulatory perspective; (ii) have an optimised capital structure and enhanced dividend yield; and (iii) be a more unique and focused investment proposition.

In addition, the restructure should, over time, unlock a significant portion of the discount currently reflected in the trading price of RMI relative to its underlying intrinsic value (this is unpacked further on page 18).

How is the restructure being implemented?

The restructure comprises two indivisible components:

- the distribution of all the shares held by RMI in Discovery and Momentum Metropolitan
- an equity raise of up to R6.5 billion

The restructure has the in-principle support of shareholders representing 65% of our shareholder base. These include our largest strategic shareholders, Remgro and Royal Bafokeng Holdings, the Founders, Messrs Laurie Dippenaar, Paul Harris, GT Ferreira and Pat Goss, and our large institutional shareholders, Coronation Asset Management Proprietary Limited, Allan Gray Proprietary Limited and Abax Investments Proprietary Limited (all on behalf of various clients).

It is envisaged that the restructure will be completed by the end of Q2 2022, post obtaining the requisite regulatory approvals in South Africa and other relevant jurisdictions. Further information will be provided at the annual general meeting.

In terms of sequencing, the equity raise will occur before the unbundling – further details will be contained in a circular to be distributed to RMI shareholders in Q1 2022.

The unbundling

An important consideration is that the restructure is being implemented as an unbundling (a pro rata distribution *in specie* by RMI in terms of section 46(1)(a)(ii) of the Companies Act and section 46 of the Income Tax Act, 1962, as amended) rather than a sale of our life insurance businesses. As disclosed in prior reports to shareholders, we believe that this is the most efficient mechanism to achieve the objectives of the restructure.

RMI is not taking a view on the value of our interests in Discovery and Momentum Metropolitan, suffice to say we support their strategies and believe that there remains continued growth potential in these businesses. Rather, through the unbundling, we are passing these shares on to be held directly by RMI shareholders, thereby enabling them to make their own investment decisions.

The equity raise

As a consequence of the unbundling, RMI will require an equity raise to optimise its capital structure. An equity raise is considered the most equitable and efficient mechanism as it provides all shareholders with the opportunity to participate in the capital raise on a pro rata basis, ensuring no nominal dilution.

RMI's intention is to implement a fully committed and/or underwritten equity raise. Further details of the pricing of the equity raise as well as underwriting/commitment arrangements which are a function of, *inter alia*, level of shareholder support for the restructure, precedent pricing for front-footed, strategic capital raisings and prevailing market conditions at the time of the equity raise, will be provided to shareholders in due course.

How has the size of the equity raise been determined?

The size of the equity raise is being determined to optimise the capital structure, maintain RMI's investment grade rating and target a gross debt level which is more commensurate with the asset base and anticipated dividend flow of the remaining assets, as RMI's shareholdings in Discovery and Momentum Metropolitan have served as collateral for the current leverage structure.

Key determinants of the final size of the equity raise include:

- RMI has indicated that it intends to support and participate in a potential equity capital raising by Discovery to fund its participation in a capital raise at Ping An
- Hastings option: RMI holds its interest in Hastings through Main Street 1353 Proprietary Limited (Main Street), an entity jointly owned by RMI and OUTsurance. The privatisation of Hastings in partnership with Sampo was completed in November 2020. Per the shareholders' agreement entered between Main Street and Sampo, RMI and OUTsurance have the option to increase their ownership in Hastings from 30% to up to 40% by May 2022 at the original delisting offer price. Hastings is core and strategic to the RMI portfolio. Thus, any decision to exercise the Hastings option will be based on the financial merits of the potential transaction at the time. If exercised, the post restructure balance sheet allows for RMI to fund its portion of the Hastings option. Shareholders will be advised of the board's decision in relation to the exercise of the Hastings option by the anticipated time of launch of the equity raise.

The final size of the equity raise is being considered and will be communicated to shareholders in due course.

Shareholders are advised that RMI will, subject to board and regulatory approvals at the time and performance of the underlying businesses, declare and pay out an interim cash dividend for the six months ending 31 December 2021, prior to implementation of the equity raise.

How will the proceeds of the equity raise be utilised?

The gross proceeds will enable RMI to:

- reduce gross debt from R11.8 billion as at 30 June 2021 to a target level of R6.0 billion at 30 June 2022
- target a leverage ratio (defined as gross debt/attributable earnings) of no more than 2.5 times
- maintain a reduced contingency buffer of approximately R1.0 billion (currently R2.0 billion). Post restructure, this will represent 12 – 18 months of operating expenses and funding costs to facilitate growth, capital requirements and provide an underpin in the event of dividends being constrained at the underlying portfolio companies
- target a dividend pay-out ratio (net of funding costs for Hastings) of 50% of free cash flow generated. OUTsurance and Hastings are, over time and subject to earnings growth, expected to generate attractive cash conversion ratios and maintain resilient capital positions. RMI's target dividend policy is a conservative statement of intent to maintain a steady/increasing dividend profile and positions RMI as a growth company. The dividend framework seeks to strike a balance between (i) supporting portfolio companies in their growth opportunities; (ii) optimising RMI's capital structure and, over time, reducing net debt; and (iii) funding attractive investment opportunities at the RMI level. Importantly, if investment opportunities do not meet our criteria, excess cash will be returned to shareholders.

What impact will the restructure have on the discount at which RMI trades?

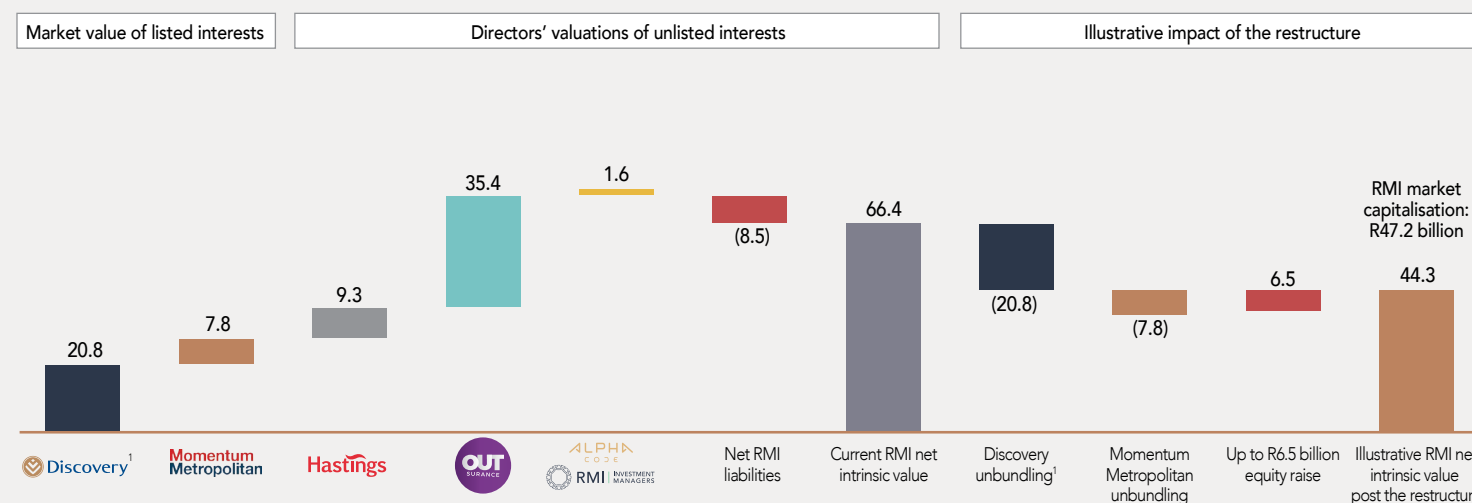
RMI has, over time, engaged shareholders on the merits of the holding company structure and the critical role that investment holding companies can play in creating and supporting new and growing businesses. The discounts at which structures such as ours trade relative to underlying intrinsic value have persisted since 2016.

We expect, and have already recently observed, a narrowing of the RMI trading discount through (i) refined strategic focus brought about by the restructure; (ii) the scarcity value of our current unlisted assets and future investments in businesses that cannot otherwise be accessed (through a single investment entry point); (iii) management partners able to flexibly drive long-term strategic opportunities outside of public market constraints and investment horizons; (iv) efficiency of friction costs and lean structure at the RMI holding

company level; and (v) a robust capital structure and increased ability to manage dividend flows from the portfolio companies and payments to RMI shareholders.

RMI will continue to disclose the directors' valuations of its unlisted portfolio to enable shareholders to form an assessment of the intrinsic value. Directors' valuations are (i) discount cash flow-based; and (ii) through-the-cycle valuations, thus based on longer-term trends and assumptions.

INDICATIVE IMPACT OF THE RESTRUCTURE: R28.6 BILLION RETURNED TO SHAREHOLDERS AND A MARKET CAPITALISATION MORE REFLECTIVE OF UNDERLYING ASSETS



RMI post the restructure

What are the fundamentals that inform RMI's view of P&C insurance?

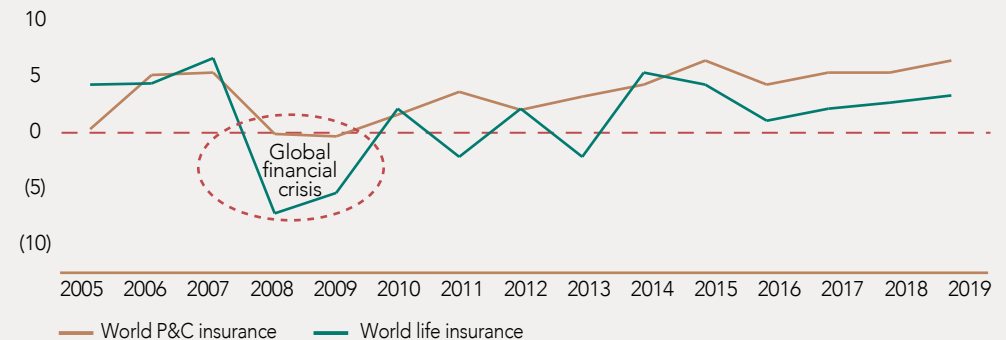
Post the restructure, RMI will be exposed, predominantly, to the attractive fundamentals of P&C:

- P&C in select markets has exhibited a higher growth rate due to increasing gross domestic product (GDP) per capita, a growing middle class, lower levels of penetration and improving regulatory environments. Demand for personal lines, motor, property and medical insurance tends to be relatively inelastic, and these premiums will likely remain at historical growth levels with commercial lines insurance offering opportunities for a reallocation of capital. We generally expect to see a pick-up in motor and asset sales as wealth increases. Climate change will also drive real growth in P&C and liability cover
- P&C is defensive to certain macro-economic forecasts (e.g. low interest rates), tends to exhibit lower levels of volatility during periods of challenging macro-economic fundamentals and are capital lite businesses
- While some lines of insurance can be expanded geographically fairly easily (e.g. travel insurance, life insurance), the success of motor, home and commercial insurers largely depends on numerous local factors:
 - Preferred distribution mechanisms, which differ across markets – more difficult to replicate the omni-channel mix across markets

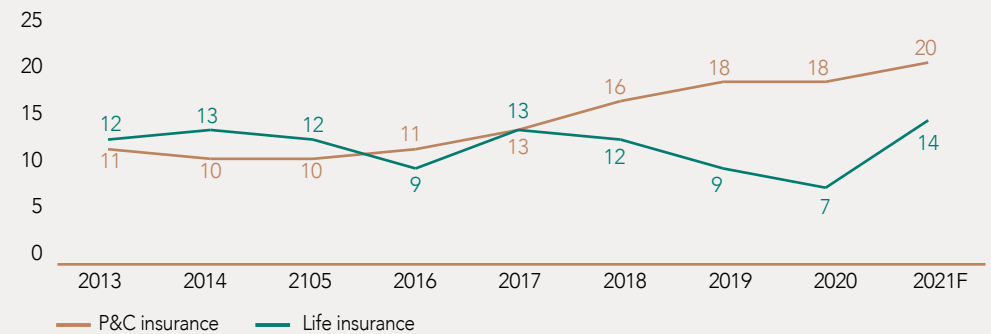
- Ability for superior risk selection and pricing enabled by actuarial capability, channel and brand strength
- Ability to manage cost ratios depends on successfully managing local claims panels
- Regulatory restrictions on pricing – limiting ability to differentiate on price. The complexity of insurance regulation across jurisdictions, and the significant costs involved in ensuring compliance, continues to be a large barrier to entry for newcomers in a market
- Available data for pricing algorithms differ across markets
- The traditional value chain is disaggregating and, in addition, Covid-19 has increased the speed of digitisation for general insurance, offering opportunities for advancement and innovation. These include distinctive underwriting, analytics and risk selection, ability to cover new risks at scale, ownership of the customer through direct access models, new products and services generating revenues from services beyond underwriting and balance sheet/regulatory management. Incumbents have the benefit of underwriting skills built on years of experience and proprietary data, and successful incumbents will keep pace and continue to leverage this to compete with emerging players by implementing appropriate digital/technology strategies.

Historical performance of P&C

P&C PREMIUM GROWTH (%) PERFORMANCE SINCE 2005



P&C RETURN ON EQUITY (%) PERFORMANCE SINCE 2013



Source: Global Insurance Report 2021, Allianz Research 12 May 2021

What will RMI's strategic focus be post the restructure?

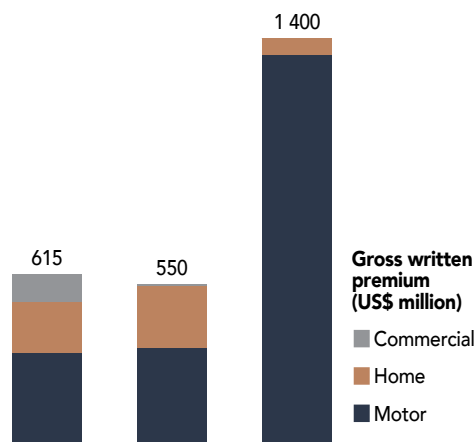
P&C portfolio

RMI will predominantly reflect the attractive fundamentals of its P&C businesses: OUTsurance, including OUTsurance's Australian business, Youi; and Hastings, in partnership with Sampo.

Collectively, OUTsurance, Hastings and Youi provide access to approximately 5.2 million clients, gross written premiums of more than US\$2.5 billion and leading positions in their respective geographies of South Africa (1 million policies, 18% market share in personal lines), Australia (1.1 million policies, 4% market share) and the United Kingdom (3.1 million policies, 8.3% market share). The underlying businesses' core financial metrics are robust and competitive relative to a global peer set. Further financial information and key metrics for OUTsurance, Youi and Hastings are set out from pages 24 and 26 respectively.

In addition, the core organic growth initiatives and strategic priorities for the P&C businesses are summarised on pages 25 and 27 of this integrated report.

RMI has built a unique P&C portfolio across three continents through organic growth and M&A activity.



76.1%
>80.0%



87.7%
66.6%



87.7%
>80.0% Combined ratio
Cash conversion

An important tenet of the RMI investment approach is the ability of the RMI portfolio companies to form partnerships and, where possible, foster and establish intra-group links between its **non-competing P&C local champions in their respective markets:**

STRATEGIC AND FINANCIAL BENEFITS OF COLLABORATION WITH NON-COMPETING LOCAL CHAMPIONS IN THEIR MARKETS



RMI



STRONG EMBEDDED RELATIONSHIPS AND COLLABORATION

Hastings leveraging OUTsurance's world-class call centre and offshoring capability

Ongoing exchange between the businesses on brand building, direct/digital marketing excellence

Capital strength of shareholders provides opportunities to reduce reliance on quota share reinsurance generating attractive returns

Best-in-class bodily injury experience and knowledge sharing

Sampo framework established spanning pricing, claims and digital



Growth portfolio

RMI has a portfolio with a net asset value (NAV) of R1.6 billion (representing 2.4% of NAV at 30 June 2021), in two emerging businesses, being its fintech portfolio held through AlphaCode, as well as RMI Investment Managers. These businesses comprise underlying investee companies in various stages of growth and capital requirements. While AlphaCode and RMI Investment Managers are not within

RMI's stated focus on P&C, they are strategically important given our role as long-term and active shareholders and our commitment to our management partners and co-shareholders in these businesses. The drive to scale and ambition to assist the growth of these businesses remains unchanged.

The underlying portfolio has been resilient, with a positive growth outlook for the businesses:

RMI Investment Managers: despite the difficult operating environment, RMI Investment Managers' performance was better than expected due to both strong assets under management (AUM) growth and the generation of performance fees. RMI Investment Managers has also implemented a black economic empowerment transaction in this reporting period with our partner Royal Bafokeng Holdings, which positions the underlying affiliates well for future growth opportunities.



Refer to RMI Investment Managers from page 29 for further information on the strategy and financial performance.

AlphaCode: the portfolio companies continue to meet and exceed key financial metrics, attract growth funding from blue chip investors and are recognised as leaders in their chosen segments and markets.



Refer to AlphaCode from page 32 for further information on the strategy and financial performance.

What are RMI's future expansion ambitions?

RMI will continue to position itself as a strategic value-adding specialised investor focused on the P&C insurance segment. We will build on our track record of investing in dynamic companies with unique and disruptive business models, by working with our management partners on long-term strategy, capital allocation, incentive structures, orderly succession planning, facilitating M&A, investment in growth opportunities and fostering collaboration (as set out on the previous page).

In addition to the organic growth opportunities in the P&C businesses, RMI will also continue to pursue potential inorganic growth opportunities in attractive P&C markets across different life stages in P&C and insurtech (and related verticals).

High-level design framework for geographic and life stage expansion

- RMI has a thematic, focused and targeted approach to identifying new markets and partnerships that demonstrate attractive attributes
- RMI aims to replicate success to date by identifying assets that are complementary, but non-competing and where value can be created by leveraging capabilities across the platform
- Due to the local nature of P&C, country-specific characteristics are important to enable RMI to identify and partner 'local champions' (both existing and future) in select markets

We have indicated some of the initial screening criteria below for RMI's geographic expansion. While not all criteria have to be met, most of them should be met for an opportunity to be assessed.

EXPANSION FRAMEWORK



Importantly, the primary focus remains on the organic growth opportunities of the existing portfolio (post the restructure)

Any future investments will need to fit into a framework of meeting our strategic focus, delivering attractive returns and be in line with our capital policy

Any investment activity to conform with RMI's investment framework:



Strategy

P&C focused, with preference for unlisted businesses

Geographically diversified

Across all life stages

Growth oriented with disruptive focus

Partner to world-class entrepreneurial management teams



Financial returns

Different return hurdles depending on stage of investment, but overall portfolio return target of >15% (ZAR)

Earnings per share accretive within three years¹



Capital policy

Leverage ratio remains within target range of <2.5 times and RMI's debt at investment grade

Dividend accretive within three years¹

1. The earnings per share and dividend targets would not apply to early-stage investments

Concluding remarks

The common thread through all the significant corporate actions in the group's history was that they were focused on achieving greater market clarity and value creation. As a management team, we are proud of what we have achieved together with Discovery and Momentum Metropolitan, and that we have now come full circle on a journey well-travelled throughout our history of building and liberating champions.

We consider the restructure to be an important step for RMI as we position for our next growth chapter, and look forward to all that lies ahead for the RMI group.

It goes without saying that processes such as this are complex and in the current environment, we are also impacted by factors outside of our control. As a management team, we are working to implement the restructure as quickly as possible and will provide the market with further communication in this regard in due course.

I would like to thank the chairperson and the board for their stewardship and support in navigating the numerous operational, macro-economic and exogenous challenges in the reporting period as well as their support for the restructure. We also give our thanks to the directors that will be leaving the board at the upcoming annual general meeting – Paul Harris, Sonja De Bruyn, Ralph Mupita, and Obakeng Phetwe. Their contributions and insights over the years have been invaluable.

Herman Bosman

CEO and financial director

27 October 2021

PORTFOLIO REVIEW

Contributors to our success

Unique and dynamic businesses with:

- Differentiated business models in a rapidly changing and competitive market
- Talented professional teams able to excel in a complex industry
- World-class entrepreneurs
- Innovative products
- Distribution channels expanded through the innovative use of technology

The RMI partnership provides:

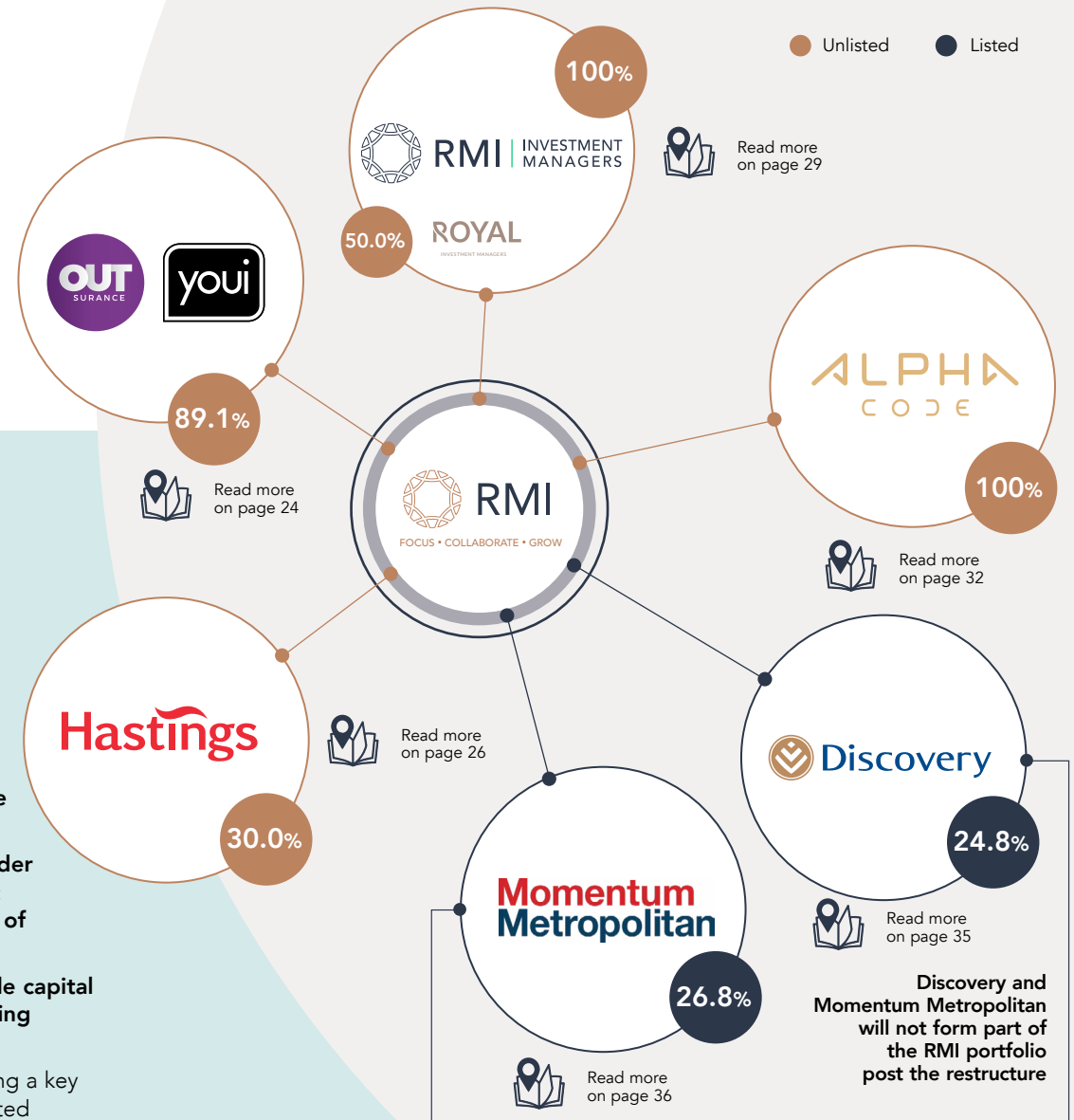
- Access to capital and its efficient allocation
- Long-term mindset and support across life stages
- An active value-add model
- Significant stakes, providing agility and ability to influence

The key attributes of our portfolio post the restructure

P&C focused unlisted portfolio of 'local champions' in select geographies

Differentiated by:

- A portfolio of globally relevant, best in class, **interesting, difficult to otherwise access P&C assets**
- **Unlisted asset bias**
- **Geographic diversification**
- **Non-competing co-operative group**
- Shared **collaboration platform with centres of excellence** across the P&C value chain (claims management, marketing, distribution and risk pricing)
- Innovative, **digitally-led** businesses with **strong entrepreneurial management teams**
- Attractive return profile
- Track record of **capital discipline** maintained
- **Market valuation and shareholder base reflective of the strategic positioning and characteristics of our business**
- Business underpinned by an **agile capital structure and a steady, increasing dividend profile**
- Portfolio **future-proofed** by being a key player in the **insurtech** (and related verticals) space



OUR UNLISTED PORTFOLIO



Purpose: You always get something out

OUTsurance provides P&C and life insurance products in South Africa and P&C insurance products in Australia and Namibia. It has a client-centric approach, providing value-for-money insurance solutions backed by world-class service. Premiums are calculated according to a client's unique risk profile. Clients who remain claim-free receive a cash OUTbonus, the first such reward system in South Africa.

At the core of the group's strategy is the incremental improvement of its operational performance to deliver pricing discipline, its relentless focus on brand trust and service outcomes. OUTsurance's systems transformation journey will ensure its agility to grow its competitive positioning and respond actively to changing market dynamics.



What differentiates OUTsurance

- Market leader in direct insurance
- World-class technology and claims handling processes
- Well-loved and easily recognisable brand
- Innovative value-for-money products
- World-class service
- Local and international presence in the P&C market
- High level of cash generation and dividend-paying capabilities
- Differentiated business model in a rapidly changing and competitive market
- Preferred employer attracting talented professionals
- Collaboration with Hastings

Key features of OUTsurance's performance in 2021

- 3% improvement in OUTsurance's operating profit due to improved operational profitability. Impact of improved premium growth on operating performance dampened by smaller savings on motor claims as driving patterns normalised post Covid-19 induced lockdowns, the investment in new growth initiatives (OUTsurance Brokers, OUTsurance Funeral, Youi CTP and Youi BZI) and lower investment yield earned on policyholder liabilities because of the current low yield environment. OUTsurance expects the operating profit to track premium growth more closely in future as these new ventures turn to profitability and emerge from their J-curves
- OUTsurance expects premium inflation on motor business to continue to recover on the back of the more normalised driving patterns and this should be positive for premium growth in the core OUTsurance Personal and Youi Direct businesses
- Significant unrealised gains on equity investments together with Hastings' improved performance contributed to the 15% increase in normalised earnings to R2.8 billion
- 18% increase in gross written premiums to R20.6 billion and 12% increase in net earned premiums to R18.1 billion
- Slight increase in claims ratio from 51.1% to 51.7%, despite the impact of expansionary strategies
- 31.0% cost-to-income ratio (2020: 29.4%) was mainly driven by expansion in South Africa, and Youi's increased contribution to the cost base, while OUTsurance Personal continued to deliver a reducing cost-to-income ratio
- OUTsurance's capital position has remained resilient throughout the pandemic, with a solvency coverage ratio of 2.2 times at year-end (2020: 2.5 times)
- 10% increase in total dividend for the year to 59.0 cents per share



For more information see
www.outsurance.co.za/about-outsurance/financialresults/

15% INCREASE IN
NORMALISED
EARNINGS OF
R2 779
million
(2020: 2 411 million)

R4.6
billion
IN OUTBONUS
PAYMENTS BETWEEN
2003 AND 2021

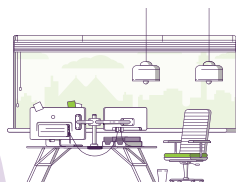
18% INCREASE IN
GROSS WRITTEN
PREMIUMS TO
R20.6
billion

574
NEW DIRECT
EMPLOYMENT
OPPORTUNITIES
CREATED THIS YEAR

36% INCREASE IN
ANNUALISED NEW
PREMIUMS WRITTEN TO
R5 756
million

12% INCREASE IN
VALUATION AT
R42.5
billion
(2020: R38.1 billion)

OUTsurance's positive traction across all its new initiatives, underpins a strong foundation for continued growth



OUTsurance South Africa

- **OUTsurance Business** recovered well following the disruption to new business related to Covid-19 lockdowns in 2020 with a 13% increase in gross written premiums to R1.7 billion
- The OUTsurance Broker channel grew gross written premiums by 63% to R607 million, which resulted in an acceleration in new business in the second half of the year
- The direct channel experienced a decrease in premiums to R1.1 billion, with the policy count remaining stable, as small and medium businesses continued to suffer from the impacts of the lockdown regulations. Fewer business interruption claims saw the claims ratio reduce from 63.1% to 57.4%



- **OUTsurance Life** delivered strong premium growth and an acceleration in new business growth in the funeral segment, supported by both the direct and Shoprite channels, which started trading in May 2020.
- The asset-liability matching approach followed by OUTsurance Life has been effective in offsetting the economic impact of significant yield curve movements during the year
- The 10% growth in embedded value and the value of new business margin of 8.6% reflects the expansion of the in-force book and the mix change towards more profitable funeral policies



- **OUTvest** has shown improved performance on the back of the launch of the ONEfee and retirement offering
- The focus is on the ramp-up for the face-to-face distribution via Independent Financial Advisors and OUTsurance Life Financial Advisors



Youi

Youi CTP Insurance rewards you

- **Youi CTP** launched in December 2020
- Youi CTP market share reached 2.2% in New South Wales
- Youi is now planning to roll out CTP in the state of South Australia



- Youi's partnership with **Blue Zebra Insurance (BZI)** continues to grow from strength to strength. BZI accounted for a material 14% of group new business premium. Total gross written premium for the financial year was \$75.3 million
- BZI launched on the Steadfast Client Trading Platform, a well-supported broker platform where Youi will initially be one of three participants. Early indications of quote volumes are promising
- Focus is on reducing claims and cost ratios to achieve profitability
- Youi holds an option to acquire an equity interest in BZI

Hastings

Purpose: to provide car, van, bike and home insurance clients with great service and straightforward products at competitive prices, however they choose to interact with Hastings.

Hastings is a fast-growing, agile, digitally-focused P&C insurance provider to the United Kingdom car, van, bike and home insurance market. It has strong relationships with all the major price comparison websites, a cost-effective digital marketing model and a focus on client retention. It has more than three million live client policies and is a multi award-winning business.

Effective 16 November 2020, Hastings Group Consolidated acquired 100% of the issued shares of Hastings Group Holdings plc and delisted Hastings

Group Holdings plc. From this date, RMI became a 30% shareholder in Hastings Group Consolidated by swapping its 29.7% shareholding in Hastings Group Holdings plc for shares in Hastings Group Consolidated and acquiring an additional 0.3% of the issued shares. Sampo, a leading Nordic insurance group, acquired the other 70% of the issued shares of Hastings Group Consolidated. RMI holds an option which expires in May 2022, to acquire another 10% of Hastings Group Consolidated from Sampo at the transaction price.

Key features of Hastings' performance in 2021

As Hastings has a 31 December year-end, these results relate to the six months ended 30 June 2021, with comparatives for the six months ended 30 June 2020.

- 7% decrease in gross written premiums to £481 million (2020: £515 million) reflects a mix change towards lower risk market segments
- 4% increase in live client policies to 3.1 million (2020: 3.0 million), with continued strong retention ratios and a stable retail income
- 27% increase in home insurance policies to 300 000 in force
- Loss ratio of 63.4%, down from 75.6% in the previous year. Increased pandemic-related uncertainty on bodily injury claims has resulted in the continued application of reserving caution. Claims frequency has increased from the lows in 2020, however, it remains below 2019 levels as a result of the ongoing pandemic
- 19% increase in operating profit to £93 million (2020: £78 million)¹, predominantly driven by policy growth and the improvement in loss ratio
- 24% increase in normalised earnings to £69.2 million (2020 £55.7 million)

1. Refers to operating profit of Hastings Group Holdings

What differentiates Hastings

- Entrepreneurial leadership
- A strong foothold in the price comparison website market in the United Kingdom
- Consistent innovation
- Growth trajectory
- Collaboration with OUTsurance and Sampo (and its P&C subsidiaries)

Hastings in numbers

INTRINSIC
VALUATION
R32.6
billion

NORMALISED
EARNINGS
R2 066
billion

OVER
3 300
employees

7% DECREASE IN
GROSS WRITTEN
PREMIUMS TO
£480.9
million

27%
INCREASE
IN HOME
INSURANCE
POLICIES

Hastings is targeting new business and key operational sectors to drive profitable growth

New business and related focus areas



HOME

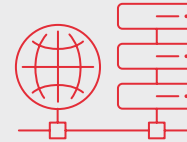
- Strengthened leadership and pricing team
- New models and data enrichment
- New internal claims capabilities
- New policy wording and excesses
- Panel insurer hosted pricing



NEW PROPOSITIONS

- New multi-car launch
- New app-based telematics proposition rollout
- Test and learn approach to other products

Key operational focus areas



DIGITAL

- New mobile quote and buy platform
- Next generation mobile application
- New functionality: policy changes, claims, renewals
- Digital adoption drive



CUSTOMER RETENTION

- New pricing models (including Financial Conduct Authority pricing practices)
- Second generation price comparison website renewals 'loyalty tool'
- New digital renewals capability
- Customer service improvement plan
- Brand and comms relaunch



PRICING AND ANTI-FRAUD

- Next generation PCW market, lifetime value and fraud models
- New cloud-based data platform
- Alternative risk pricing models
- Significant data
- Enrichment pipeline
- Footprint expansion testing



CLAIMS TRANSFORMATION

- Optimisation of new claims repair partners
- Advanced claims analytics
- New bodily injury approach (fraud, Whiplash Reform)
- Automation and digitalisation

Our unlisted growth businesses

RMI has a proven track record of investing in and partnering with early-stage technology-enabled and unique business models

Through our growth businesses, we are ideologically positioned to create a more inclusive economy

Our emerging businesses are key elements of RMI's ambition to support new initiatives and invest in all life stages by:

Playing a meaningful and active role in transforming the South African asset management industry, both now and over the long term

Creating the largest affiliate asset manager group in South Africa through patiently building the next generation of significant and independent investment management businesses

Investing in, partnering and growing early-stage fintech business through the AlphaCode portfolio companies

Various AlphaCode programmes and the Additiv fund with a bias towards supporting and building black-owned and managed fintech and technology-enabled businesses



RMI | INVESTMENT MANAGERS

ALPHA
CODE

NAV OF RMI INVESTMENT MANAGERS AND ALPHACODE

R1.6 billion
(2.4% OF RMI REPORTED NAV AT 30 JUNE 2021)

RMI INVESTMENT MANAGERS GROUP

Purpose

Enable RMI's access to a differentiated part of the investment industry through minority equity stakes in boutique investment managers

Strategic ambition

To build the next generation of independent investment management businesses and enable them to reach their full potential. Indirectly play our part in cultivating a savings culture in South Africa while transforming our portfolio companies to reflect the society they ultimately serve

RMI Investment Managers will achieve its ambition by:

Identifying South Africa's best investment management teams that are culturally aligned and share similar values, have an owner-manager mindset with a clear and independent vision

Partnering with these teams by becoming a long-term, supportive, non-interfering and patient shareholder in their business

Growing these businesses by providing comprehensive strategic support and an enabling platform including operational, governance, financial support, distribution support, succession planning, talent management and board representation. In addition, the team provides strategic advice in terms of raising retail assets and enhancing the affiliates' brand presence and credibility

Current portfolio of affiliates and effective % shareholding

AFFILIATE

2015

| | |
|------------------------------|-------|
| CoreShares Holdings | 14.1% |
| NorthStar Asset Management | 15.3% |
| Perpetua Investment Managers | 7.7% |

2016

| | |
|---------------------------|-------|
| Granate Asset Management | 15.3% |
| Sentio Capital Management | 15.3% |
| PolarStar Management | 25.0% |
| Sesfikile Capital | 12.5% |

2017

| | |
|----------------------|-------|
| Truffle Capital | 14.9% |
| Ethos Private Equity | 11.7% |

2018

| | |
|-----------------------|-------|
| Visio Fund Management | 16.8% |
|-----------------------|-------|

Growth horizons

IDENTIFY & PARTNER

Start-up (0 – 5 years)

Identifying and constructing a diversified portfolio of suitable, independent affiliate managers with high growth potential

2016 – 2021

Emerging (5 – 10 years)

Supporting, optimising and empowering the portfolio with a focus on achieving scale, relevance and operating leverage

2021 – 2026

2021: RMI Investment Managers has reached its five-year milestone and despite a challenging environment, the portfolio remained resilient with good progress made on AUM growth, product expansion and transformation, supported by our partners at Momentum Metropolitan and Royal Bafokeng Holdings

PARTNER & GROW

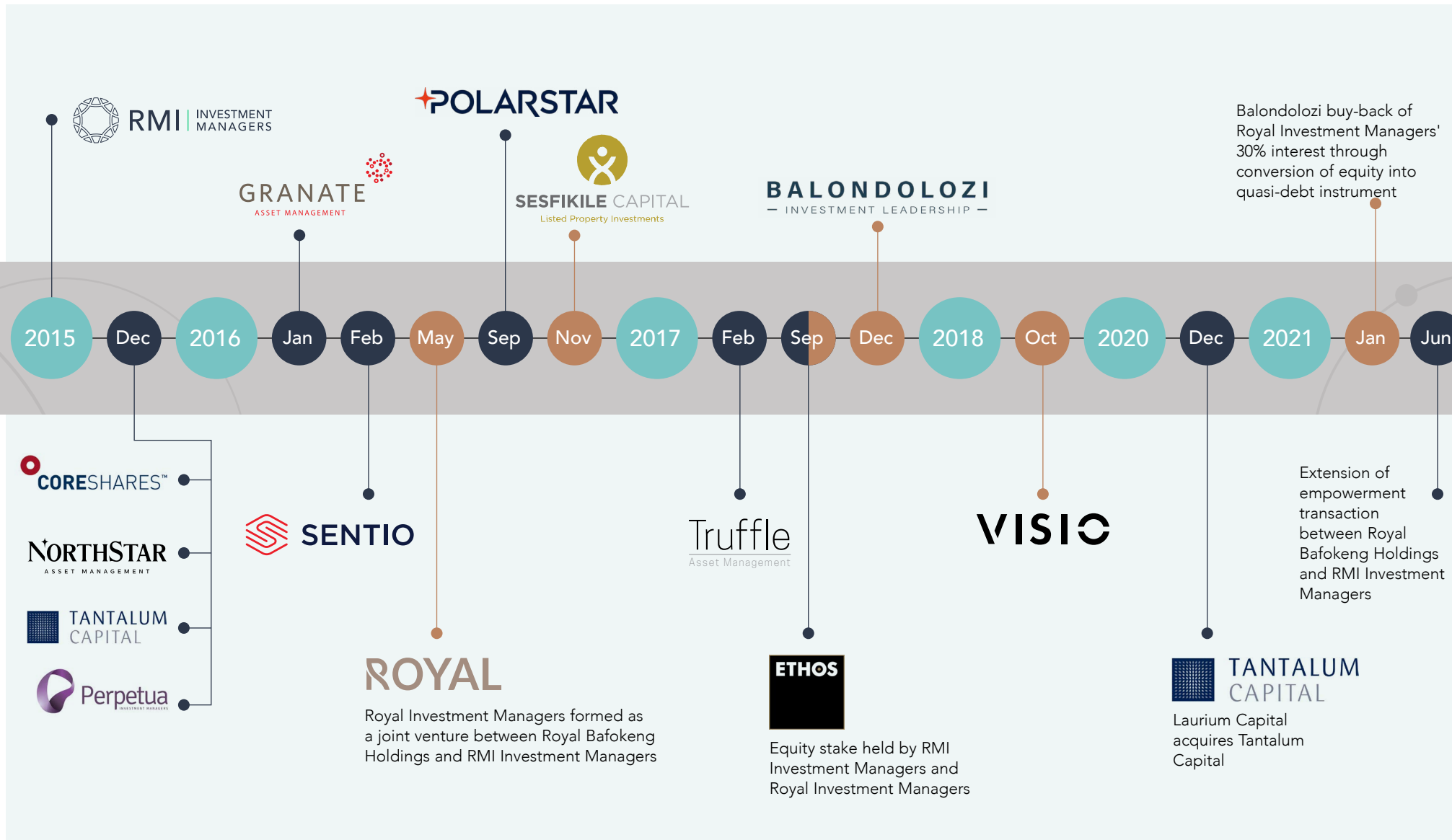
Mature (10 years +)

Sustaining a thriving affiliate portfolio with strong brand equity which is highly cash generative and positively impacting the savings culture in South Africa

2026 onwards

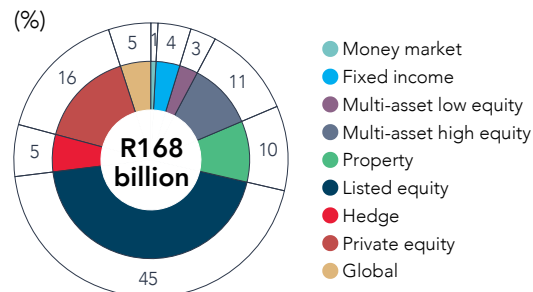
Transaction timeline

- RMI Investment Managers' affiliates
- Royal Investment Managers' affiliates



AUM overview for the period under review

AUM DIVERSIFICATION BY ASSET CLASS (%)



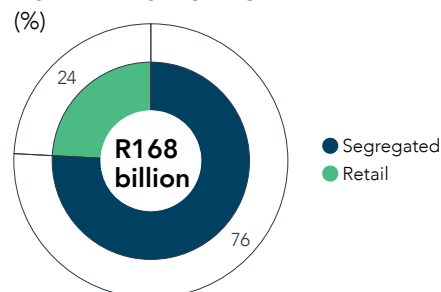
24% INCREASE IN TOTAL PORTFOLIO AUM TO

R168 billion
(+R32.9 billion)

38% INCREASE IN ALTERNATIVE STRATEGY AUM (HEDGE FUND AND PRIVATE EQUITY) TO

R35 billion

AUM DIVERSIFICATION BY MANDATE (%)



37% INCREASE IN RETAIL AUM DUE TO

R5.8 billion

net inflows and strong fund returns

Portfolio performance and future outlook

Key features of RMI Investment Managers' performance in 2021

Despite the extremely difficult operating environment, the affiliate portfolio of RMI Investment Managers remained resilient. The diversified nature of the affiliate portfolio and the asset classes under management, together with good growth in AUM and strong performance in fee earnings, resulted in a better than expected financial performance. AUM increased 24% (up R32.9 billion) to R168 billion in 2021, reflecting the strong bull market in South African equities (up 25%), global equities (up 16%) and South African bonds (up 14%). The total net inflows across the portfolio amounted to R5 billion for the period. The R5.8 billion invested into retail portfolios resulted in a 37% increase in total retail AUM. Alternative strategies (hedge funds and private equity) increased by 38% with R35 billion under management.

The business, now in its sixth year of partnering with a select group of independent South African boutique asset management firms, is largely in a consolidation phase. Its efforts are mainly focused on optimising its existing portfolio through strong, supportive, non-interfering partnerships with these affiliate managers. During the year under review, this included expanding its asset class reach by supporting the expansion of new products, which enabled the overall breadth of the affiliate stable to mature in a healthy organic manner. In December 2020, RMI Investment Managers reached an agreement to dispose of its 30% interest in Tantalum Capital to Laurium Capital. However, it continues to hold an economic interest in the merged entity through an agreed 24-month agterskot mechanism.

RMI Investment Managers and its shareholders recognise the importance of empowerment and playing a meaningful and active role in transforming the asset management industry in South Africa, through partnering and growing the next generation of significant investment management businesses. An agreement was reached during the period under review with Royal Bafokeng Holdings to extend its empowerment partnership to a wider group of affiliates. RMI Investment Managers believes that this transaction will provide an important growth catalyst to its affiliates and assist them in becoming leading players in the South African asset management industry.

Royal Investment Managers is a joint venture between RMI Investment Managers and Royal Bafokeng Holdings. The portfolio performed marginally below expectations, largely due to the difficult year where the impact of Covid-19 affected some businesses more than others. During the period under review, Royal Investment Managers finalised terms with Balondolozzi Investment Services to convert its 30% equity stake acquired in December 2017 into a quasi-debt instrument on favourable terms.

Future outlook

Management's view is that the portfolio composition is largely complete and balanced. RMI Investment Managers will remain opportunistic as it might relate to refining or expanding its portfolio to further enhance its overall positioning across the asset management value chain.

The team is focused on entrenching its value-add model to accelerate scale, profitability, AUM growth and relevance of its affiliates.

RMI Investment Managers will ensure that its reputation as a trusted, value-adding but non-interfering shareholder of choice for the independent asset management industry remains a core philosophy.

The team and its partners in Momentum Metropolitan and Royal Bafokeng Holdings remain excited and committed to working with its affiliates to support their growth.

ALPHA
CODE



AlphaCode Grow

A growth capital portfolio of South African-led, globally relevant fintech businesses

AlphaCode Grow strives to be a value-adding partner to the businesses in the portfolio and, over the past few years, has been actively involved with the portfolio companies across various projects and initiatives: appointing expert board members, recruiting top talent, designing effective remuneration structures, optimising operating models, implementing new capital structures and providing follow-on capital.

AlphaCode portfolio

Entersekt, a leader in authentication application security and payments enablement technology, offering a highly scalable solution set with a track record of success across multiple continents. AlphaCode Grow first invested in Entersekt in 2016 when it was mainly operating in South Africa. Since then, through our partnership and the access to growth capital it provided, Entersekt has grown into an internationally diversified business with high-calibre international partnerships such as Mastercard, Temenos and Netcetera. Entersekt has won the Best Mobile Security Technology award in the annual Banker Africa Southern Africa Banking Awards three years in a row and continues to be recognised as a global leader in authentication.

Guidepost, a high-touch health insurtech innovator that enables highly personalised, data-driven diabetes management at scale. Guidepost makes it easy for everyone with diabetes to be healthy by providing its proprietary data-centric technology platform to service healthcare, pharma, life insurance and health insurance clients. In South Africa, Guidepost has served over 23 000 patients for leading insurer and healthcare brands like Novo Nordisk, Sanofi, Sanlam Insurance, Discovery Health and Discovery Life. We are excited about the appointment of Herschel Meyers, former Discovery Life CEO, as chairperson of Guidepost and look forward to leveraging his expertise and entrepreneurial flair to grow this business.

Merchant Capital, a provider of alternative sources of working capital for small and medium-sized enterprises in South Africa. AlphaCode Grow invested in Merchant Capital in 2015. Standard Bank has since joined AlphaCode Grow as a large strategic investor. Through this partnership, substantial distribution synergies are being unlocked and new products are being developed. Merchant Capital has gained global recognition and was awarded Best Small Business Funding Solution in South Africa in the United Kingdom-based Wealth & Finance magazine's 2020 FinTech Awards. Having invested in Merchant Capital at an early stage, AlphaCode Grow has matured the business to the point where it now has third-party capital and is cash generative.

Prodigy Finance, an international fintech platform offering loans to postgraduate students attending top universities. AlphaCode Grow invested in Prodigy Finance when the business had issued approximately US\$0.5 billion in loans in students. Today, as Prodigy Finance matures, it has more than doubled in size, providing over US\$1 billion in loans, supporting over 20 000 international students and gained institutional investors such as Deutsche Bank, Goldman Sachs and the Canadian Pension Fund. Prodigy Finance was named as one of the top fintech start-ups in the United Kingdom in 2020 by Tracxn.com and continues to attract international attention. The business is well capitalised with an optimised operating model, setting it up for profitability over the coming year.

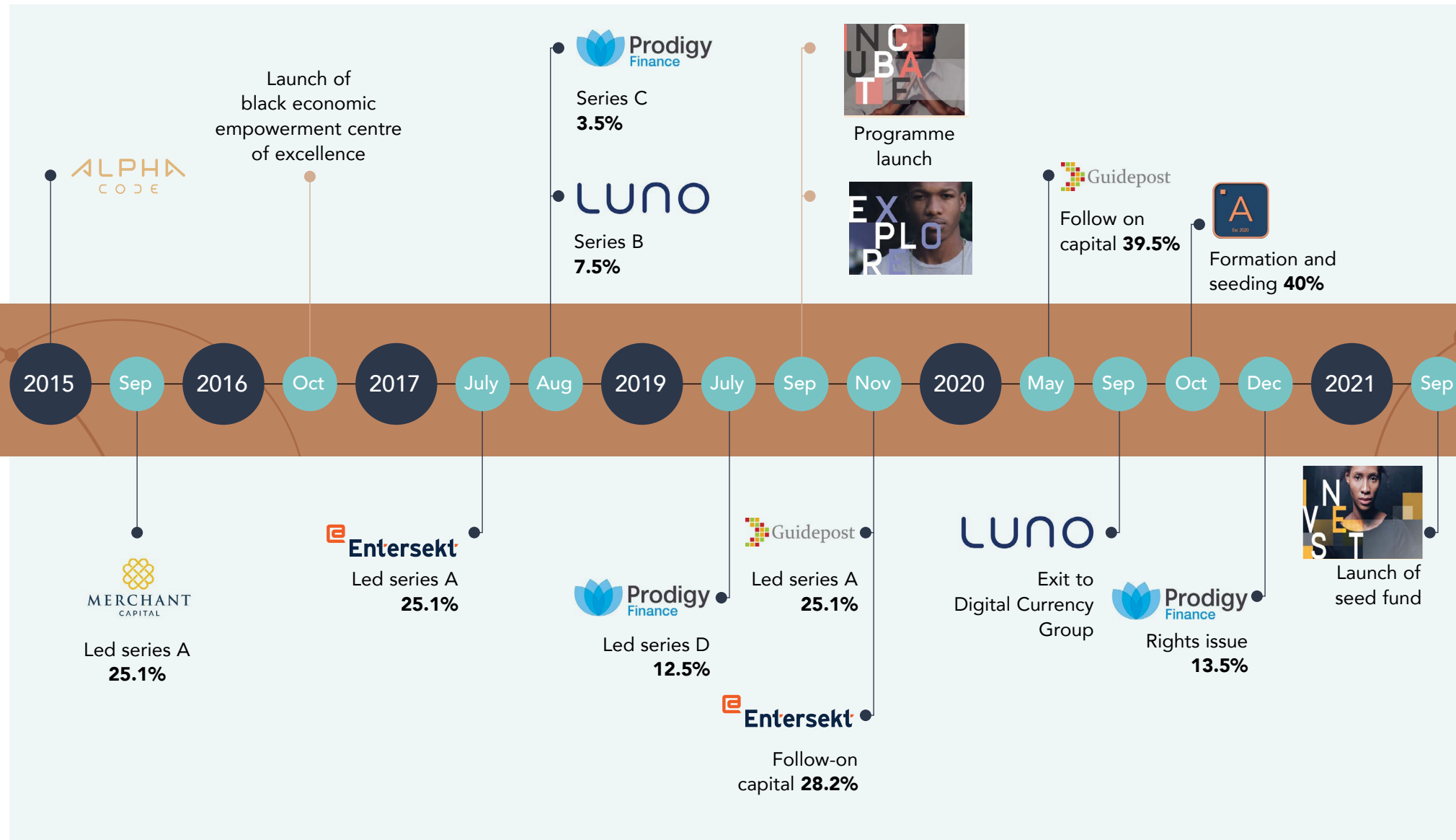
We are excited about the growth prospects of the AlphaCode Grow portfolio and are committed to continuing our engagements as a long-term, supportive and active shareholder. We are impressed at how the AlphaCode companies have navigated a very difficult 18 months, have attracted growth funding from blue chip investors and are recognised as leaders in their chosen markets. The portfolio companies are on a path to profitability, are well positioned to take advantage of growth opportunities and are set to become meaningful contributors to the RMI portfolio.

The impact of AlphaCode Grow

AlphaCode Grow is one of the largest venture capital investors in South Africa with a portfolio of approximately R930 million. The businesses are all led by South African entrepreneurs but are globally relevant and recognised internationally. The portfolio is fast-growing, having achieved 5.5 times revenue growth over the past four years and its first exit when it sold its stake in Luno to United States (US) cryptocurrency firm, Digital Currency Group.

ALPHA CODE

AlphaCode timeline



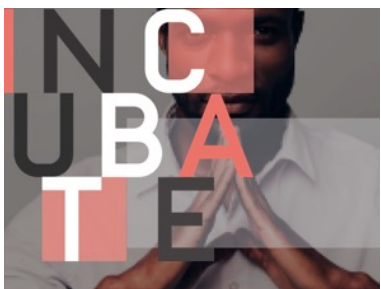
ALPHA CODE

AlphaCode Explore, Incubate and Invest

Entrepreneurship with social impact – using innovative ways to develop solutions using existing business techniques and strategies to drive social change



AlphaCode Explore is an initiative aimed at upskilling those interested in entrepreneurship using thought leadership events, workshops, masterclasses and peer learning sessions. A major project run within the initiative in the past year was a programme working with eight black female entrepreneurs spread across Johannesburg (including those from townships in and around the city). The project assisted the women to refine their business ideas, equip them with proven entrepreneurial frameworks and showcased how they could leverage technology as an enabler to grow their businesses.



AlphaCode Incubate is an important element of RMI's enterprise supplier development programme,

which is biased towards black-owned businesses. In the 2021 financial year, ten businesses were selected for the Incubate programme with R12.5 million of support which included R4 million of grant funding, more than 20 workshops, over 1 100 expert hours and the use of the co-working space.

We are very proud of what the AlphaCode Incubate entrepreneurs have achieved and the impact they are having in the market. One of the 2021 AlphaCode Incubate participants, Matchkit, helped South Africa Hockey crowdfund its way to the Tokyo Olympics with more than R250 000 raised, and played an instrumental role in facilitating a crowdfunding raise of more than R400 000 to contribute to the bonuses paid to the

South African Olympians who received medals in Tokyo.

After the first 12 weeks of the programme, AgriKool (another of the 2021 participants) grew their revenue by 100%. They have since gone on to secure pilots with Boxer, RSA Group and Freshmark, thereby creating further access to commercial markets for the 203 emerging peri-urban and rural smallholder farmers they service.



AlphaCode Incubate, Explore and Invest are run by **Additiv**, an enterprise and supplier development vehicle, facilitating business growth and providing seed funding to early stage fintech and related vertical businesses. RMI was the seed investor in Additiv as part

AlphaCode has recognised the need for very early-stage and seed funding in the South African entrepreneurial landscape and has launched its maiden seed fund, **AlphaCode Invest**. RMI is the anchor investor and the fund is a qualifying enterprise supplier development vehicle which will provide equity funding in the form of convertible notes of R1.0 to R2.0 million for early stage financial services (and related) entrepreneurs. The fund works closely with the AlphaCode Incubate programme, which offers a pipeline of start-ups and a proven base of mentor and entrepreneurial support to investees.

of its support of South Africa's entrepreneurial eco-system. Additiv is responsible, on behalf of AlphaCode, for delivering on the requirements of AlphaCode Incubate, Explore and Invest. Additiv is led by a dynamic entrepreneurial black management team who are seasoned experts in the entrepreneurial development field and are representative of the programme participants.

AlphaCode Explore, Incubate and Invest recognise the importance of building a pipeline of strong South African entrepreneurs who can use technology and creativity to solve some of South Africa's challenges and capitalise on the opportunities in the under-served financial services sector. Additiv will look to work with like-minded partners and investors over the coming year to expand the current programmes. By leveraging partner enterprise supplier development budgets, AlphaCode will continue to identify, partner and grow extraordinary financial services entrepreneurs through world-class, structured, prestigious interventions that have a meaningful impact in South Africa.

The social impact

NUMBER OF YEARS
ALPHACODE HAS
BEEN RUNNING

6

INVESTED IN
NEXT GENERATION
FINANCIAL
SERVICES BUSINESS

R850 MILLION

PROVIDED IN
GRANT FUNDING
TO BLACK-OWNED
FINANCIAL SERVICES
BUSINESSES

R53 MILLION

BUSINESSES
SUPPORTED
THROUGH
INCUBATORS AND
ACCELERATORS

41

BUSINESSES
ASSESSED FOR
INVESTMENT

>200

STUDENTS TRAINED
IN DATA
SCIENCE AND
ENTREPRENEURSHIP

38

OUR LISTED PORTFOLIO



Core purpose: Make people healthier and enhance and protect their lives

Strategic enablers – the Discovery brand, its people and technology

Discovery is a global, integrated financial services organisation that uses a pioneering shared value insurance model across businesses to achieve its core purpose of making people healthier and enhancing and protecting their lives.

It is a South African-founded diversified financial services organisation that operates in health insurance, life insurance, long-term savings and investments, short-term and commercial insurance, banking and behaviour change programmes.

Since its inception over two decades ago it has been guided by its core purpose, which has manifested in a globally recognised shared value insurance model underpinned by its leading behaviour change platform, Vitality. The Vitality platform has been exported to 22 countries, reaching more than 40 million lives.

What differentiates Discovery

- Visionary, ambitious leadership
- Diversified earnings base and continual investment in new initiatives
- Globally recognised business model
- Excellent growth
- Ease of international expansion
- Innovative new product pipeline

Discovery in numbers

22% INCREASE
IN MARKET
CAPITALISATION TO
R84.1 billion
(2020: R68.8 billion)

OPERATIONAL IN 22
COUNTRIES

OVER
12 980
employees
GLOBALLY

7% DECREASE IN
DISCOVERY BANK LOSS
TO **R1.1 billion**

9% DECREASE IN
NORMALISED
EARNINGS OF
R3 406 million
(2020: R3 747 million)

7% INCREASE IN
DISCOVERY HEALTH'S
NORMALISED
OPERATING PROFIT TO
R3.4 billion

IMPACTS
46 million
LIVES GLOBALLY

Level 1
BROAD-BASED
BLACK ECONOMIC
EMPOWERMENT
(B-BBEE)
CONTRIBUTOR

NO FINAL
DIVIDEND PAID IN
2021 DUE TO
ECONOMIC
UNCERTAINTY
RESULTING FROM
COVID-19
(2020: 101 cents
per share)

EMBEDDED VALUE
2021: R74.6 billion
2020: R70.8 billion
2019: R71.2 billion

R2.4 billion
PROVIDED FOR
DISCOVERY LIFE
COVID-19-
RELATED IMPACT
(2020: R1.1 billion)

Key features of Discovery's performance in 2021

- 5% increase in gross inflows under management to R162.0 billion
- 12% increase in insurance premium revenue to R56.8 billion
- 11% increase in total new business annualised premium income to R22.6 billion and retention levels across the group were strong
- 7% increase in normalised profit from operations to R6.5 billion, notwithstanding a R2.4 billion Covid-19 related impact for Discovery Life (R1.1 billion in the previous year), with Discovery Health's 7% increase in normalised operating profit to R3.4 billion being the largest contributor
- Successful execution of the management plan at VitalityLife contributed to a strong recovery in results with a contribution of R644 million to normalised profit from operations
- The loss incurred by Discovery Bank decreased by 7% to R1.1 billion. Its focus remains on strong, high-quality client and deposit growth while deliberately pursuing a prudent, quality-focused credit strategy
- 9% decrease in normalised headline earnings to R3.4 billion impacted by R389 million pre-tax mark-to-market foreign currency losses (R578 million pre-tax gains in prior year) arising from the Rand recovery during the year under review
- Nine-fold growth in headline earnings to R3.0 billion, as long-term interest rates stabilised in South Africa and the United Kingdom resulting in materially lower economic basis changes than in the preceding period
- 5% decrease in embedded value to R74.6 billion
- All Discovery's businesses have capital metrics above their set targets (an excess of liquid assets above minimum regulatory capital requirements of R13.4 billion)
- No final dividend declared in light of the uncertain and potentially volatile economic environment as a result of the Covid-19 pandemic

Future growth

Discovery has announced that to fund future growth prospects at Ping An, it requires a capital raising. Discovery's contribution to this raising is approximately R1.5 billion. To the extent that Discovery funds this growth opportunity through equity rather than debt, RMI will support it and intends to participate in this capital raising.



For more information see the Discovery integrated report for 2021 at: www.discovery.co.za

Momentum Metropolitan

Purpose: To enable businesses and people from all walks of life to achieve their financial goals and life aspirations, which is underpinned by values that reflect its priorities and the beliefs by which it conducts itself.

Momentum Metropolitan is an insurance-based financial services group listed on the JSE. It operates primarily in South Africa, with insurance interests in select African countries, the United Kingdom (asset management) and India (health). The core businesses of Momentum Metropolitan offer life and P&C insurance, asset management, savings, investment, healthcare administration and employee benefits. Their product and service solutions are provided to all market segments through the Momentum and Metropolitan operating brands.

What differentiates Momentum Metropolitan

- Execution through empowered end-to-end businesses
- Synergistic portfolio of value creating businesses strategically aligned and managed for sustainability
- Strong adviser brand equity and relationships
- Meets a wide range of client needs through a comprehensive but flexible product set
- High level of cash generation
- Traditionally produced a high dividend yield
- Established, stable, responsible business with a long-term perspective

Momentum Metropolitan in numbers

11% INCREASE IN MARKET CAPITALISATION TO

R29.2 billion

(2020: R26.4 billion)

34% DECREASE IN DILUTED NORMALISED EARNINGS TO

R1 007 million

(2020: R1 521 million)

16 483 employees

TOTAL CLAIMS PAID

R21.6 billion

93% DECLINE IN OPERATING PROFIT TO

R73 million

LARGELY DUE TO COVID-19 IMPACT
(2020: R1 001 million)

R836 billion

AUM AND ADMINISTRATION

31% INCREASE IN VALUE OF NEW BUSINESS PREMIUMS TO

R65.9 billion

(2020: R50.4 billion)

9% INCREASE IN EMBEDDED VALUE (EV) TO

R41.3 billion

AND RETURN ON EV (ROEV) OF 7.3%
(2020: ROEV of 3.7%)

Key features of Momentum Metropolitan's performance in 2021

- 93% decline in operating profit to R73 million largely attributable to prolonged negative impact of Covid-19 and allowance made for anticipated future impacts from the third and possible fourth wave of the pandemic
- 34% decrease in diluted normalised earnings to R1.0 billion, also largely due to the impact of Covid-19. Excluding the impact of Covid-19 and investment variances the group's normalised earnings would have been R3.5 billion
- Covid-19 provision increased by R2.2 billion in 2021 of which R2.1 billion related to mortality
- 31% improvement in new business volumes to R65.9 billion on a present value of new business premiums basis driven by:
 - excellent performance of Momentum Wealth investment platform business
 - exceptional growth in new business and a change in new business mix to more protection business delivered by Metropolitan Life
 - an increase in both Momentum Life's protection and savings new business volumes
 - pleasing new business volume growth in Momentum Metropolitan Africa
- Outstanding growth in value of new business to R725 million driven by strong new business volumes, excellent expense management and a sustained focus on improving new business quality and mix towards higher margin products
- The group remains well-capitalised, with group solvency cover ratio (SCR) of 1.5 times (2020: 1.6 times) and regulatory solvency position of all entities within target ranges
- The group has built a foundation and capabilities that have improved its competitive position and created a strong foundation from where it can continue to grow

Future focus

- It has launched its Reinvent and Grow strategy for the next three years, the key elements of which include:
 - significant focus on an investment in digital initiatives to generate efficiencies and to improve the ease of doing business for its clients and advisers
 - further focus and growth of existing distribution channels, complimented by the development of alternative distribution opportunities
 - targeting normalised headline earnings for the group of between R4.6 billion to R5.0 billion by 2024
 - dynamic and disciplined management of group capital, with the objective of improving the return on equity of the group from 18% to 20% by 2024



For more information see the Momentum Metropolitan integrated report for 2021 at: www.momentummetropolitan.co.za

FINANCIAL REVIEW

for the year ended 30 June 2021

Key performance indicators

| | | 2017 | 2018 | 2019 | 2020 | 2021 | % change for 2021 | 5-year % CAGR ¹ |
|---|-----------|--------|--------|--------|--------|---------------|----------------------|-------------------------------|
| Normalised earnings | R million | | | | | | | |
| OUTsurance (excluding Hastings) | | 2 463 | 2 639 | 2 390 | 2 218 | 2 535 | 14 | 1 |
| Hastings | | 1 918 | 2 758 | 1 941 | 1 720 | 2 066 | 20 | 2 |
| Discovery | | 4 656 | 5 401 | 5 035 | 3 747 | 3 406 | (9) | (8) |
| Momentum Metropolitan | | 3 208 | 2 003 | 3 074 | 1 521 | 1 007 | (34) | (25) |
| Other ² | | (5) | (25) | (22) | (10) | 142 | >100 | >100 |
| Group normalised earnings | R million | 3 927 | 4 266 | 4 081 | 3 086 | 3 545 | 15 | (3) |
| OUTsurance (excluding Hastings) | | 2 092 | 2 333 | 2 145 | 2 008 | 2 296 | 14 | 2 |
| Hastings | | 246 | 778 | 552 | 486 | 585 | 20 | 24 |
| Discovery | | 1 167 | 1 356 | 1 261 | 933 | 850 | (9) | (8) |
| Momentum Metropolitan | | 816 | 508 | 825 | 407 | 269 | (34) | (24) |
| Funding and holding company costs | | (389) | (684) | (680) | (738) | (597) | 19 | (11) |
| Other ² | | (5) | (25) | (22) | (10) | 142 | >100 | >100 |
| Earnings and dividends per share | cents | | | | | | | |
| Earnings | | 226.5 | 257.6 | 265.1 | 104.1 | 189.2 | 82 | (4) |
| Diluted earnings | | 223.0 | 252.9 | 264.0 | 102.7 | 188.5 | 84 | (4) |
| Headline earnings | | 234.2 | 269.7 | 249.0 | 127.9 | 191.6 | 50 | (5) |
| Diluted headline earnings | | 230.6 | 265.0 | 247.8 | 126.2 | 190.9 | 51 | (5) |
| Normalised earnings | | 263.6 | 281.5 | 266.9 | 201.5 | 231.4 | 15 | (3) |
| Diluted normalised earnings | | 259.7 | 276.6 | 265.5 | 199.9 | 231.1 | 16 | (3) |
| Ordinary dividend | | 118.0 | 104.0 | 110.0 | 45.0 | 45.0 | – | (21) |
| Dividend cover | times | | | | | | | |
| – Headline earnings | | 2.0 | 2.6 | 2.3 | 2.8 | 4.3 | | |
| – Normalised earnings | | 2.2 | 2.7 | 2.4 | 4.5 | 5.1 | | |
| Equity | R million | 20 490 | 23 704 | 26 141 | 27 545 | 29 014 | 5 | 9 |
| Share price | cents | | | | | | | |
| – Closing | | 3 899 | 3 745 | 3 397 | 2 920 | 3 134 | 7 | (5) |
| – High | | 4 599 | 4 740 | 4 144 | 3 528 | 3 404 | (4) | (7) |
| – Low | | 3 760 | 3 539 | 3 101 | 1 733 | 2 819 | 63 | (7) |
| Market capitalisation | R million | 58 707 | 57 026 | 52 036 | 44 729 | 48 007 | 7 | (5) |
| Volume of shares traded | million | 494 | 427 | 356 | 460 | 517 | 12 | 1 |

1. Compound annual growth rate

2. Other includes RMI, RMI Investment Managers, Merchant Capital, Entersekt, Prodigy, Guidepost and consolidation entries

Financial overview

Sources of normalised earnings

RMI regards normalised earnings as the appropriate basis to evaluate business performance as it eliminates the impact of non-recurring items and accounting anomalies. The total normalised earnings of RMI's portfolio companies for the year under review are listed in the table below:

| R million | For the year ended 30 June | | |
|---------------------------------------|-------------------------------|-------|-------------|
| | 2021 | 2020 | % change |
| OUTsurance (excluding Hastings) | 2 535 | 2 218 | 14 |
| – OUTsurance (including Hastings) | 2 779 | 2 411 | 15 |
| – Hastings included in OUTsurance | (244) | (193) | (26) |
| Hastings | 2 066 | 1 720 | 20 |
| RMI Investment Managers and AlphaCode | 142 | (10) | >100 |
| Discovery | 3 406 | 3 747 | (9) |
| Momentum Metropolitan | 1 007 | 1 521 | (34) |

A detailed reconciliation between reported headline earnings and normalised earnings has been provided in the annual financial statements of the respective portfolio companies. The annual financial statements of these portfolio companies are available on their respective websites.

RMI's consolidated normalised earnings for the year under review are listed in the table below:

| R million | For the year ended 30 June | | |
|--|-------------------------------|--------------|-------------|
| | 2021 | 2020 | % change |
| OUTsurance (excluding Hastings) | 2 296 | 2 008 | 14 |
| – OUTsurance (including Hastings) | 2 513 | 2 180 | 15 |
| – Hastings included in OUTsurance | (217) | (172) | (26) |
| Hastings | 585 | 486 | 20 |
| RMI Investment Managers and AlphaCode | 142 | (10) | >100 |
| Discovery | 850 | 933 | (9) |
| Momentum Metropolitan | 269 | 407 | (34) |
| Funding and holding company costs | (597) | (738) | 19 |
| Normalised earnings | 3 545 | 3 086 | 15 |
| Normalised earnings per share (cents) | 231.4 | 201.5 | 15 |

Market value of investments

The intrinsic value of RMI's portfolio increased by 19% during the year ended 30 June 2021. RMI's share price increased by 7% (2020: decreased by 14%), compared to a 9% increase in the life insurance index (2020: decreased by 26%) and a 3% decrease in the non-life insurance index (2020: decreased by 7%). RMI has delivered a total annual compound return to shareholders of 15.7% since its listing in March 2011.

The individual investment performances during the 2021 financial year are outlined below:

- The internal valuation of OUTsurance (excluding its stake in Hastings) increased by 11%
- The internal valuation of RMI's effective stake in Hastings increased by 20%
- The value of RMI's investments in RMI Investment Managers and AlphaCode investments increased by 6%
- Discovery's share price increased by 21% (2020: decreased by 30%)
- Momentum Metropolitan's share price increased by 11% (2020: decreased by 7%)

| R million | As at 30 June | | |
|---|---------------|---------------|-------------|
| | 2021 | 2020 | % change |
| Internal valuation of unlisted investments¹ | 46 295 | 41 223 | 12 |
| OUTsurance (excluding Hastings) ² | 35 429 | 32 024 | 11 |
| Hastings ³ | 9 258 | 7 684 | 20 |
| RMI Investment Managers and AlphaCode ⁴ | 1 608 | 1 515 | 6 |
| Market value of listed investments | 28 631 | 24 293 | 18 |
| Discovery ⁵ | 20 811 | 17 231 | 21 |
| Momentum Metropolitan ⁵ | 7 820 | 7 062 | 11 |
| Gross value of portfolio | 74 926 | 65 516 | 14 |
| Net liabilities of holding company ⁶ | (8 485) | (9 808) | 13 |
| Net value of portfolio⁷ | 66 441 | 55 708 | 19 |
| Net value of portfolio per share (cents) | 4 337 | 3 637 | 19 |

Notes:

1. Discounted cash flow valuations which, it should be noted, are majority or controlling interest valuation methodologies
2. Based on an internal discounted cash flow management model that has been independently verified
3. A discounted cash flow valuation was performed as at 30 June 2021. The 30 June 2020 valuation represents the closing market price of Hastings on the London Stock Exchange (Hastings was subsequently delisted on 16 November 2020). The ZAR:GBP exchange rate as at year-end was used to translate the GBP valuation into ZAR
4. The investments in RMI Investment Managers and AlphaCode are shown at the internal management valuation. RMI sold its stake in Luno in September 2020, the proceeds of which are included in the net liabilities of the holding company
5. Market capitalisation on 30 June 2021
6. The net liabilities of the holding company include all the liabilities and assets at holding company level other than the investments shown separately in the table above. Not all the assets included in the calculation are cash or cash-like
7. The information in the table above does not include a provision for capital gains tax. The size of RMI's investments or interests in its underlying portfolio companies qualifies for certain tax exemptions when certain corporate actions are performed

Segmental report

The segmental analysis is based on the management accounts prepared for RMI:

| Audited R million | OUTsurance | Hastings | Discovery | Momentum Metropolitan | Other ¹ | RMI |
|--|---------------|--------------|---------------|--------------------------|--------------------|---------------|
| Year ended 30 June 2021 | | | | | | |
| Net income | 18 568 | – | – | – | 75 | 18 643 |
| Interest received | 284 | – | – | – | 92 | 376 |
| Policyholder benefits and transfer to policyholder liabilities | (9 501) | – | – | – | – | (9 501) |
| Depreciation | (129) | – | – | – | (7) | (136) |
| Amortisation | (20) | – | – | – | – | (20) |
| Other expenses | (5 302) | – | – | – | (140) | (5 442) |
| Finance costs | (9) | – | – | – | (617) | (626) |
| Fair value adjustment to financial liabilities | (140) | – | – | – | – | (140) |
| Share of after-tax results of associates | 68 | 184 | 790 | 108 | 57 | 1 207 |
| Profit/(loss) before taxation | 3 819 | 184 | 790 | 108 | (540) | 4 361 |
| Taxation | (1 115) | – | – | – | (24) | (1 139) |
| Profit/(loss) for the year | 2 704 | 184 | 790 | 108 | (564) | 3 222 |
| Hastings included in OUTsurance | (61) | 61 | – | – | – | – |
| Profit/(loss) for the year | 2 643 | 245 | 790 | 108 | (564) | 3 222 |
| Normalised earnings | 2 779 | 341 | 850 | 269 | (694) | 3 545 |
| Hastings included in OUTsurance | (244) | 244 | – | – | – | – |
| Normalised earnings | 2 535 | 585 | 850 | 269 | (694) | 3 545 |
| As at 30 June 2021 | | | | | | |
| Assets | 20 853 | – | – | – | 3 697 | 24 550 |
| Investments in associates | 3 716 | 6 184 | 12 482 | 6 149 | 770 | 29 301 |
| Intangible assets | 213 | – | – | – | – | 213 |
| Total assets | 24 782 | 6 184 | 12 482 | 6 149 | 4 467 | 54 064 |
| Hastings included in OUTsurance | (3 627) | 3 627 | – | – | – | – |
| Total assets | 21 155 | 9 811 | 12 482 | 6 149 | 4 467 | 54 064 |
| Total liabilities | 13 186 | – | – | – | 11 864 | 25 050 |

1. Other includes RMI, RMI Investment Managers, Merchant Capital, Entersekt, Prodigy, Guidepost and consolidation entries

Segmental report (continued)

| Audited R million | OUTsurance | Hastings | Discovery | Momentum Metropolitan | Other ¹ | RMI |
|--|---------------|---------------|---------------|--------------------------|--------------------|---------------|
| Year ended 30 June 2020 | | | | | | |
| Net income | 16 405 | – | – | – | 81 | 16 486 |
| Policyholder benefits and transfer to policyholder liabilities | (8 180) | – | – | – | – | (8 180) |
| Depreciation | (124) | – | – | – | (1) | (125) |
| Amortisation | (10) | – | – | – | – | (10) |
| Other expenses | (4 641) | – | – | – | (124) | (4 765) |
| Finance costs | (8) | – | – | – | (681) | (689) |
| Fair value adjustment to financial liabilities | (139) | – | – | – | – | (139) |
| Share of after-tax results of associates | 120 | 231 | 49 | 24 | (165) | 259 |
| Profit/(loss) before taxation | 3 423 | 231 | 49 | 24 | (890) | 2 837 |
| Taxation | (988) | – | – | – | (43) | (1 031) |
| Profit/(loss) for the year from continuing operations | 2 435 | 231 | 49 | 24 | (933) | 1 806 |
| Profit for the year from discontinued operations | 104 | – | – | – | – | 104 |
| Profit/(loss) for the year | 2 539 | 231 | 49 | 24 | (933) | 1 910 |
| Hastings included in OUTsurance | (116) | 116 | – | – | – | – |
| Profit/(loss) for the year | 2 423 | 347 | 49 | 24 | (933) | 1 910 |
| Normalised earnings | 2 411 | 293 | 933 | 407 | (958) | 3 086 |
| Hastings included in OUTsurance | (193) | 193 | – | – | – | – |
| Normalised earnings | 2 218 | 486 | 933 | 407 | (958) | 3 086 |
| As at 30 June 2020 | | | | | | |
| Assets | 19 462 | – | – | – | 2 514 | 21 976 |
| Investments in associates | 3 732 | 6 388 | 12 017 | 6 305 | 846 | 29 288 |
| Intangible assets | 117 | – | – | – | – | 117 |
| Total assets | 23 311 | 6 388 | 12 017 | 6 305 | 3 360 | 51 381 |
| Hastings included in OUTsurance | (3 640) | 3 640 | – | – | – | – |
| Total assets | 19 671 | 10 028 | 12 017 | 6 305 | 3 360 | 51 381 |
| Total liabilities | 11 825 | – | – | – | 12 011 | 23 836 |

1. Other includes RMI, RMI Investment Managers, Merchant Capital, Entersekt, Prodigy, Guidepost, Luno and consolidation entries

Geographical segments

| Audited R million | South Africa | Australia | United Kingdom | RMI |
|---|-----------------|---------------|-------------------|---------------|
| Year ended 30 June 2021 | | | | |
| Net income | 10 751 | 8 268 | – | 19 019 |
| Policyholder benefits and transfer to policyholder liabilities | (5 074) | (4 427) | – | (9 501) |
| Other expenses | (3 585) | (2 779) | – | (6 364) |
| Share of after-tax results of associates | 633 | – | 574 | 1 207 |
| Profit before taxation | 2 725 | 1 062 | 574 | 4 361 |
| Taxation | (796) | (343) | – | (1 139) |
| Profit for the year | 1 929 | 719 | 574 | 3 222 |
| As at 30 June 2021 | | | | |
| Assets | | | | |
| Property and equipment | 364 | 692 | – | 1 056 |
| Investments in associates | 19 490 | – | 9 811 | 29 301 |
| Financial assets | 6 788 | 6 104 | – | 12 892 |
| Other assets | 3 977 | 6 838 | – | 10 815 |
| Total assets | 30 619 | 13 634 | 9 811 | 54 064 |
| Liabilities | | | | |
| Insurance contract liabilities | 2 785 | 7 526 | – | 10 311 |
| Other liabilities | 12 825 | 1 914 | – | 14 739 |
| Total liabilities | 15 610 | 9 440 | – | 25 050 |

| Audited R million | South Africa | Australia | United Kingdom | RMI |
|---|-----------------|---------------|-------------------|---------------|
| Year ended 30 June 2020 | | | | |
| Net income | 9 475 | 7 011 | – | 16 486 |
| Policyholder benefits and transfer to policyholder liabilities | (4 454) | (3 726) | – | (8 180) |
| Other expenses | (3 413) | (2 315) | – | (5 728) |
| Share of after-tax results of associates | 538 | – | (279) | 259 |
| Profit/(loss) before taxation | 2 146 | 970 | (279) | 2 837 |
| Taxation | (742) | (289) | – | (1 031) |
| Profit/(loss) for the year from continuing operations | 1 404 | 681 | (279) | 1 806 |
| Profit for the year from discontinued operations | – | 104 | – | 104 |
| Profit/(loss) for the year | 1 404 | 785 | (279) | 1 910 |
| As at 30 June 2020 | | | | |
| Assets | | | | |
| Property and equipment | 336 | 824 | – | 1 160 |
| Investments in associates | 19 260 | – | 10 028 | 29 288 |
| Financial assets | 6 650 | 5 994 | – | 12 644 |
| Other assets | 2 263 | 6 026 | – | 8 289 |
| Total assets | 28 509 | 12 844 | 10 028 | 51 381 |
| Liabilities | | | | |
| Insurance contract liabilities | 2 617 | 6 984 | – | 9 601 |
| Other liabilities | 10 471 | 1 621 | 2 143 | 14 235 |
| Total liabilities | 13 088 | 8 605 | 2 143 | 23 836 |



VALUE CREATING BUSINESS MODEL

FOCUS • COLLABORATE • GROW

BUSINESS MODEL IN ACTION

Our interaction with the resources and relationships on which our business model depends influences whether we create, preserve or erode value over time.

INPUTS

The resources we draw on

Financial capital

- Attributable earnings and dividends from our portfolio companies, debt arrangements and access to equity capital (where appropriate)

Manufactured capital

- The structures and fixed and technological assets

Human capital

- The skills, experience and specialised knowledge of our employees
- Diversity in thought, representation and composition of our businesses
- Our investment in employee training and development
- Our entrepreneurial aspirational and values-driven culture
- Talent management and succession planning

Intellectual capital

- The intellectual property and organisational knowledge that differentiate us
- Our brand and reputation
- Robust governance structures and risk and opportunity management

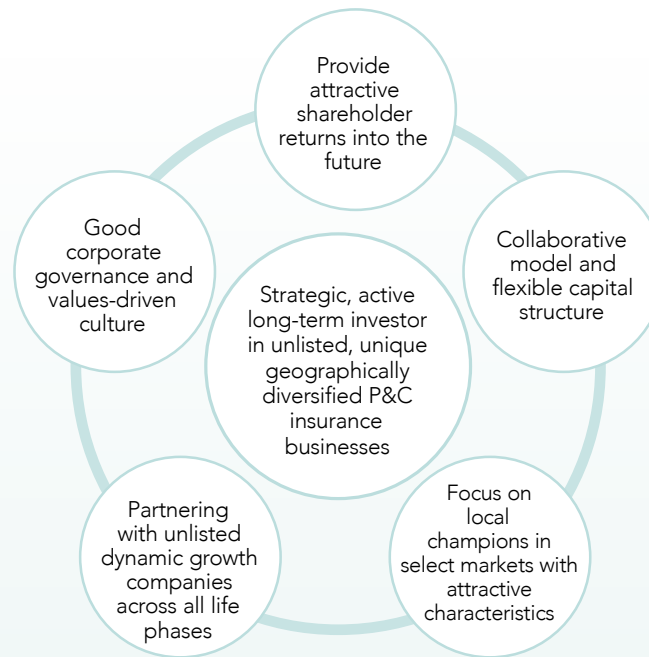
Social and relationship capital

- Our collaborative value creating partnerships
- The value we have created through our investment in enterprise and supplier development through AlphaCode
- Contribution to venture capital and black-owned technology businesses through Additiv

Natural capital







- Our use of and impact on natural resources in our operations, including energy, water and climate and our influence on the approach of our portfolio companies

BUSINESS MODEL



OUTPUTS

Our portfolio companies

| Unlisted | |
|---|--|
|  (89.1%) |  (30.0%) |
|  RMI INVESTMENT MANAGERS (100%) |  (100%) |
| Listed | |
|  (24.8%) |  (26.8%) |

OUTCOMES

Value for our stakeholders

Financial capital

- ▲ • R48.0 billion market capitalisation (2020: R44.7 billion)
- ▲ • R66.4 billion NAV of portfolio (2020: R55.7 billion)
- ▲ • R3 545 million in normalised earnings (2020: R3 086 million)
- ▲ • 15.7% per annum compound TSR since listing in 2011
- • R11.8 billion in gross debt (2020: R11.8 billion)

Manufactured capital

- • Digital and technology infrastructure enables our employees to work remotely during the Covid-19 pandemic

Human capital

- • 12 employees (2020: 18 employees)
- • R47 million paid in salaries and benefits
- • Investment in employee development

Intellectual capital

- ▲ • Development and implementation of our evolved strategy and purpose
- ▲ • Well-defined and effective approach to governance, consistent with good practice
- • Compliance with all appropriate legislative and regulatory requirements
- • Impact of our active approach to engagement on the governance practices of our portfolio companies

Social and relationship capital

- ▲ • Collaboration platform sharing knowledge and best practice across our businesses with tangible financial benefits
- ▲ • R13.0 million investment in our AlphaCode Incubate enterprise and supplier development programme
- ▲ • Impact of our active approach to engagement on the social performance of our portfolio companies
- ▲ • R10.4 million invested in assisting individuals, businesses and non-profit organisations impacted by Covid-19

Natural capital

- ▲ • More efficient use of electricity and water in our new five-star green office building
- • Impact of our active approach to engagement on the ESG performance of our portfolio companies

Legend: ▲ Value created ■ Value maintained ▼ Value eroded

VALUE CREATING PARTNERSHIPS

FOCUS COLLABORATE GROW



FOCUS

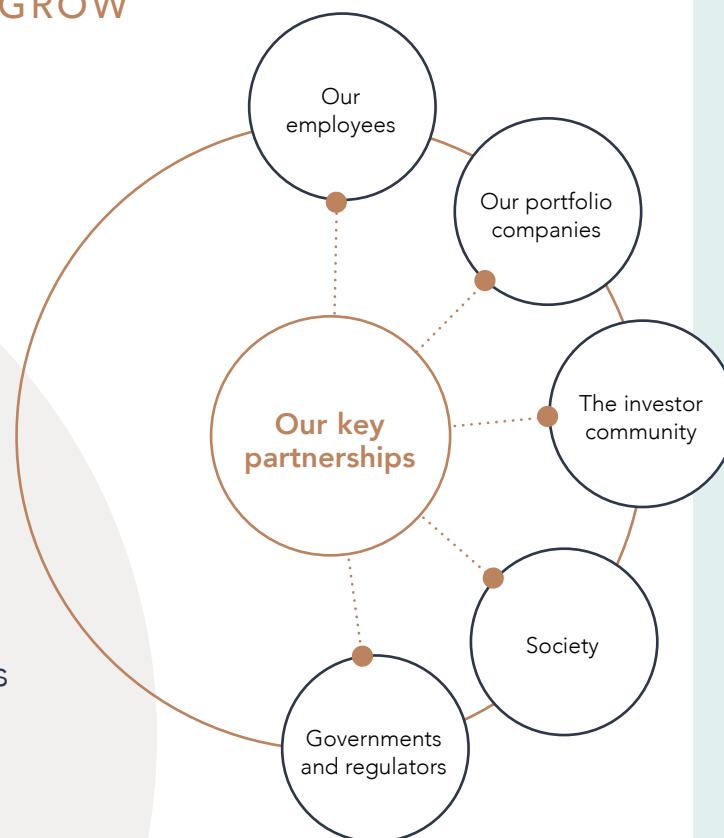


COLLABORATE



GROW

Collaborative and unique partnerships are a core tenet of our history and business model



Value creation through collaborative stakeholder engagement

It is our unique partner attributes that have differentiated us in the past and will continue to do so in the future.

RMI has a team of dedicated professionals at the holding company that share the RMI values and culture of partnership, and are **committed to excellence, creativity and impact**.

RMI's unique, active, collaborative partnerships with our **portfolio companies** are truly value creating. We choose to invest in businesses whose management teams share similar values, perspectives and a collaborative mindset. Through this approach we have been part of the evolution of businesses, such as **OUTsurance**, **Discovery** and **Momentum Metropolitan** from inception to well-established and managed businesses.

Our most recently established partnership with leading Nordic insurance group, Sampo, led to **RMI and OUTsurance increasing our shareholding to 30% in United Kingdom-based P&C insurer Hastings**. Sampo holds the remaining 70% interest in this now delisted entity.



For more information see:
www.sampo.com



For more information see:
www.hastingsgroup.uk







RMI, OUTsurance, Youi and Hastings are **combining their respective experience as long standing owners and operators of insurance businesses in different geographies to share a collaboration platform and build centres of excellence and knowledge** sharing across the insurance value chain.

RMI is committed to continual and transparent engagement with the investor community through the publication of our financial statements, integrated report and investor presentations, annual general meetings and bilateral engagements as required.

We have a productive and proactive engagement model with governments and regulators on matters specific to our businesses as well as broader industry and societal topics.

OPERATING ENVIRONMENT

Our operating model, investment decisions and the results of our portfolio companies are impacted by factors in our external environment and the outlook in the countries in which our businesses operate

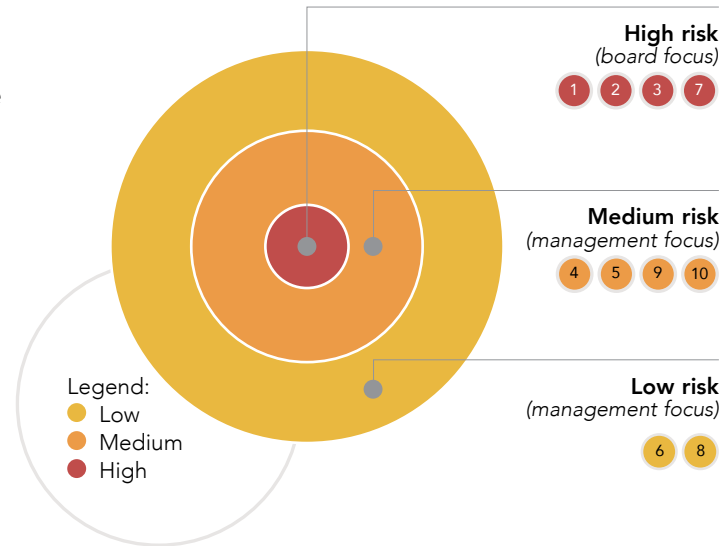
| | External factors impacting our current environment | External factors we expect to impact the environment in the years ahead |
|---|---|--|
|  Covid-19 | <ul style="list-style-type: none"> In the second half of 2021, the Delta variant of the virus spread globally and the number of infections and deaths soared The availability of vaccines in the developed world has raised hopes that restrictions can be reduced or lifted, however, the number of people who choose not to get vaccinated remains a challenge. Vaccination in developing countries is lagging due to vaccine supply constraints South Africa's vaccination programme got off to a slow start, but vaccines are now readily available, however, vaccine hesitancy remains a challenge to reaching government vaccination targets | <ul style="list-style-type: none"> A fourth wave of Covid-19 infections is likely to affect South Africa late in 2021. Its impact is uncertain, however, it is expected to be less severe than the third wave that brought with it the extremely contagious Delta variant (assuming no further mutations and increased vaccination rates) It is expected that Covid-19 will be with us for some time yet, although vaccinations and the development of effective treatment protocols is expected to, over time, ameliorate the effects |
|  Global economic recovery | <ul style="list-style-type: none"> The International Monetary Fund (IMF) expects global economic growth to rebound to 5.5% in 2021, however, the effect of the latest Covid-19 wave on the global economy remains to be seen and measured Consumer confidence indicators strengthened globally with retail spending approaching pre-pandemic levels | <ul style="list-style-type: none"> The IMF expects global economic growth to expand by an additional 4.2% in 2022 buoyed by government policy stimulus programmes and the continued roll-out of Covid-19 vaccines However, forecast risk remains high |
|  South Africa's recovery | <ul style="list-style-type: none"> GDP contracted by 7.2% in 2020 and National Treasury has predicted real economic growth of 3.3% for 2021. The civil unrest and looting that took place in July 2021 resulted in the economy suffering yet a further setback Ratings agencies affirmed South Africa's long term sovereign credit rating at BB-, which is three notches below investment grade | <ul style="list-style-type: none"> National Treasury's real economic growth prediction for 2022 moderates to 2.2% with output and employment remaining well below pre-pandemic levels until 2023 Structural constraints, the slow pace of economic reforms and low vaccination rates will continue to constrain medium-term economic growth and limit the ability to contain the debt-to-GDP ratio We remain confident that partnerships across government, economic sectors and civil groupings should support a turnaround in the medium to long term |
|  The United Kingdom's recovery | <ul style="list-style-type: none"> The Organisation for Economic Co-operation and Development (OECD) projects strong GDP growth of 7.2% in the United Kingdom during 2021 as a large proportion of its population is vaccinated and restrictions on economic activity are progressively eased A rebound in consumption, in particular of services, is driving growth Unemployment is expected to peak at the end of 2021 as the Coronavirus Job Retention Scheme is withdrawn | <ul style="list-style-type: none"> The OECD projects GDP growth of 5.5% for the United Kingdom in 2022, following its expected return to its pre-pandemic level in early 2022. Increased border costs following its exit from the European Union's Single Market will continue to weigh on foreign trade. Inflation is set to increase due to past increases in commodity prices and strong GDP growth, and should remain below the 2% inflation target |
|  Australia's recovery | <ul style="list-style-type: none"> The OECD projects Australia's GDP to grow by 5.1% in 2021 driven by domestic demand Until widespread vaccination is achieved, outbreaks may necessitate further restrictions | <ul style="list-style-type: none"> The OECD projects GDP growth of 3.4% in 2022. Confidence is high and labour demand is strong Rising incomes and a declining savings rate will support consumption The unemployment rate is expected to fall further |
|  Climate change | <ul style="list-style-type: none"> The threat to human life and economic activity posed by climate change is underscored by recent severe weather events. Extreme rainfall and destructive flooding struck Western Europe and central China; unusually damaging monsoon rains fell in India and the Philippines; while severe drought and massive wildfires are gripping Western North America | <ul style="list-style-type: none"> Climate scientists warn that severe weather events will become more frequent and severe in the coming decade |

MATERIAL MATTERS, RISKS AND OPPORTUNITIES

Through our retrospective and forward-looking materiality determination process, which includes engagement with our key stakeholders, we identify the matters material to our stakeholders and our business, which then form the basis of our integrated reporting.

In the section that follows, we have identified these material matters and the risks and/or opportunities related to these matters.

RMI and its investment portfolio are exposed to a variety of risks, which we continually monitor. When RMI makes a strategic decision we ensure that it is in line with our board-approved risk appetite and tolerance statements and our risk management strategy. A more comprehensive analysis of our risk management process and financial risks, including those relating to the global economy and currencies is disclosed in the management of insurance and financial risk in the annual financial statements, which are available on our website at: www.rmih.co.za/investor-relations






Risk governance

Our board assumes responsibility for the governance of risk in RMI and it sets the direction for how we approach and address risk. It mandates the audit and risk committee and social, ethics and transformation committee to exercise ongoing oversight of the management of our financial and non-financial risks and compliance management.








Our enterprise risk management framework provides structures and processes which, together with the risk management culture inculcated throughout RMI, ensure the optimisation of our risk management efforts.

Operational risk and governance matters are overseen by various committees at portfolio company level, with their main focus being the management of insurance risk, operational risk, financial risk and capital management.

The table below sets out the change in residual risk ratings from 30 June 2020 to 30 June 2021:

| Residual risk ranking | Material matters | Risk | Our response and focus on value creation |
|---|-----------------------------------|---|--|
| EXTERNAL RISKS | | | |
| 1  | Covid-19 | <ul style="list-style-type: none"> Ongoing impact of the pandemic | <ul style="list-style-type: none"> Globally, Covid-19 has disrupted business during the year under review. RMI continues to monitor the impact the pandemic has had on life insurance providers, which has proved to be more severe than originally modelled. Our portfolio companies, who had already revised their provisions to allow for new information on the pandemic, made additional provisions at year-end During the period under review the safety, health and well-being of our employees, portfolio companies and those in our broader communities has been a key part of our response to the pandemic |
| 2  | Geographic diversification | <ul style="list-style-type: none"> Sovereign risk that could result from country downgrades on the equity market | <ul style="list-style-type: none"> RMI continues to maintain constructive engagement with 'SA Inc' and stakeholders, and systematically monitors the macro-economic environment in this regard The geographical diversification we have already achieved in our unlisted portfolio goes some way to mitigating this risk and future strategy is to, over time, identify new geographies either directly by RMI or indirectly through its portfolio companies |
| 3  | Climate change | <ul style="list-style-type: none"> The impact of climate change on changing claims risks and returns on investment | <ul style="list-style-type: none"> We, along with our P&C businesses, continue to review the impact of climate change and are conducting extensive research in this regard to ensure we are well-positioned to address its impact on our portfolio While being a risk, there will be opportunities created through the coverage of new insurance risks |

 Increase  Stable

| Residual risk ranking | Material matters | Risk | Our response and focus on value creation |
|--|--|---|--|
| STRATEGIC RISKS | | | |
| 4  | RMI discount | <ul style="list-style-type: none"> Structural and persistent discount at which holding companies such as RMI continue to trade | <ul style="list-style-type: none"> In the short term, the restructure is expected to narrow the discount at which RMI trades to its underlying intrinsic value In the long term, focused strategic actions are expected to achieve value recognition and normalisation of the discount |
| 5  | Portfolio focus Growth opportunities Geographic diversification | <ul style="list-style-type: none"> Combination of listed and unlisted life and P&C businesses reflecting a portfolio that, while evolving, lacked focus | <ul style="list-style-type: none"> RMI is repositioning and restructuring its investment portfolio as a P&C-focused insurance investor in unlisted businesses in select geographies Organic growth opportunities at OUTsurance and Hastings, still in j-curve but should, over time, be reflected in profitability |
| 6  | Reputation and track record Governance | <ul style="list-style-type: none"> Reputational risk that an action, event or transaction may compromise the brand that has been established over many decades | <ul style="list-style-type: none"> By instilling our values-driven culture and practices at RMI and in our portfolio companies we protect and enhance our brand and reputation |
| FINANCIAL RISKS | | | |
| 7  | Insurance risk | <ul style="list-style-type: none"> The unpredictable nature of the insurance risks and catastrophic events can affect our long-term sustainability | <ul style="list-style-type: none"> Resilient balance sheets and capital positions across all the life and P&C businesses Dynamic underwriting practices and evolving business models and insurance products |
| 8  | Capital structure and liquidity | <ul style="list-style-type: none"> Liquidity risk resulting in RMI not being able to meet payment obligations as they fall due, or being forced to liquidate our positions under adverse conditions | <ul style="list-style-type: none"> Regular forecasting and monitoring of our liquidity requirements Flexible and dynamic capital structure that manages debt levels and covenants within lender agreed tolerance levels and maintains a sufficient cash buffer to support portfolio companies, if required |
| OPERATIONAL RISKS | | | |
| 9  | Talent management Transformation | <ul style="list-style-type: none"> Human resource risk in terms of our ability to find and retain the people we need to ensure that our business operates effectively and achieves its objectives Progress on the spirit of transformation and diversity requirements | <ul style="list-style-type: none"> Our corporate culture, operating environment, human capital strategy and remuneration policy are designed to attract and retain skills and talent Diverse board and management composition RMI is a Level 2 contributor to B-BBEE (2020: Level 3) |
| 10  | Cybersecurity | <ul style="list-style-type: none"> The risk of information technology disruption and information security breaches as a result of cyberattacks | <ul style="list-style-type: none"> We have numerous policies, processes and systems in place, which are continually reviewed, to protect the continuity and stability of our systems and the security of data, both in the physical office environment and hybrid work environments |

 Increase  Stable



APPROACH TO SUSTAINABILITY

FOCUS • COLLABORATE • GROW

SUSTAINABILITY FRAMEWORK

RMI's goal is to be a long-term investor that provides shareholders with attractive and sustainable total returns

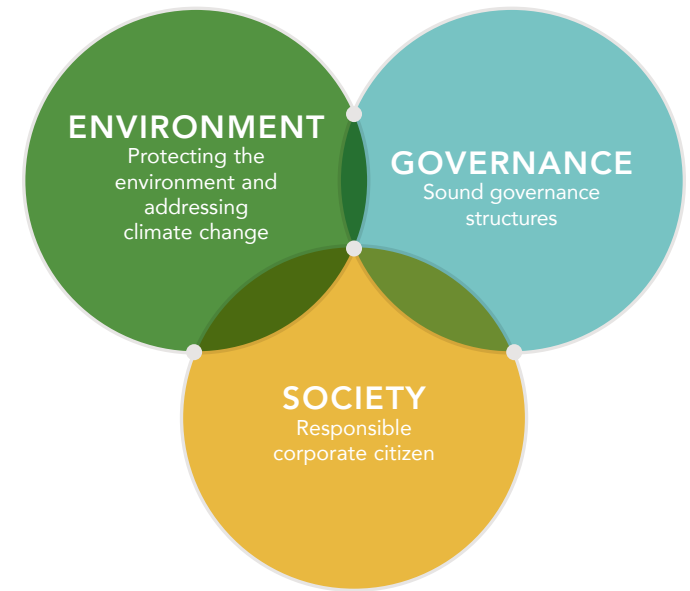
A key enabler of RMI's value-add model is consistent, active and strategic dialogue through participation on the boards and board committees of our portfolio companies.

This vantage ensures that we have a deep understanding of and are able to proactively engage in the design of their approaches to sustainability.



Read more about the approach to ESG of our portfolio companies from page 51.

It is through this approach to active and responsible ownership that we are able to contribute to the UN SDGs.

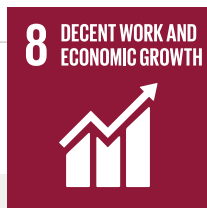


We have identified that the goals to which we can facilitate the greatest contribution directly as RMI or indirectly through our portfolio companies are:



SDG 5: Gender equality

Achieving diversity and gender equality is important to RMI, both in our own operations and those of our portfolio companies.



SDG 8: Decent work and economic growth

Sustainable economic growth is a central pillar of the contribution that responsible and successful companies can make over time.

The RMI portfolio companies collectively employ in excess of 35 000 people across its key geographies, a key enabler to sustainable and responsible economic growth over time.



SDG 9: Industry, innovation and infrastructure

RMI portfolio companies contribute to the creation of innovative insurance products with societal benefits.



SDG 12: Responsible consumption and production

By offering long-term sustainable and efficiently delivered products and services that contribute to sustainable production and consumption, our portfolio companies remain competitive over the long term. As responsible corporate citizens both, RMI and its portfolio companies adopt a responsible approach to the consumption of scarce resources.



SDG 13: Climate action

Both RMI and its portfolio companies have, for some time, recognised and taken action to address the impact of climate change on our ability to continue to create sustainable value.



Protecting the environment and addressing climate change

As an active shareholder we are able to influence and monitor the efforts of our portfolio companies to reduce their impact on the environment, and in particular on climate change.



See The ESG performance of our portfolio companies from page 51.

Climate change has rapidly become a reality for insurance companies. All our portfolio companies recognise that climate change represents one of the biggest risks for society, the economy and financial institutions, and that they have a responsibility to mitigate their impact on climate change and facilitate a transition to a low carbon economy.

Investors are seeking clear, comprehensive and high-quality information on the impacts of climate change. To achieve this our portfolio companies are committed to, over time, meeting the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) by enhancing their existing goals, metrics and key risk indicators, and related reporting and disclosures.

Our P&C portfolio, which is most affected, prudently considers climate-related risks across their operations through a scientific risk-based approach to insurance pricing and underwriting. Currently, they monitor their carbon intensity per employee against set targets as a key risk indicator.

RMI is also taking measures to reduce our carbon footprint. Our offices are now housed in a building that mainly uses renewable energy sources, responsibly disposes of waste and has a heat recovery system which reuses waste heat from the building's heating ventilation and air conditioning system to heat water for use in the hotel, which forms part of the complex.

A responsible corporate citizen

Our people

At RMI, we recognise that our success depends on instilling a corporate culture that is linked to our organisational purpose and aligned with our business strategy. Engaging with our employees plays a key role in achieving this. We are a small team, which makes it easier to engage personally with our employees, gain their commitment to the achievement of our purpose and strategy, and embed a corporate culture that is aligned with our strategy.

Our human capital strategy is designed to attract, develop and retain the best talent in our industry. We empower employees, encourage them to innovate, hold them accountable, reward them appropriately and provide them with open and honest feedback with the aim of facilitating their development and recognising their achievements.

During the year ended 30 June 2021, our team consisted of 12 employees.

75% OF WHOM ARE WOMEN

67% OF WHOM ARE BLACK

60% OF THE MEMBERS OF OUR SENIOR MANAGEMENT TEAM ARE WOMEN

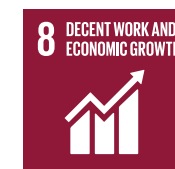
40% OF THE MEMBERS OF OUR SENIOR MANAGEMENT TEAM ARE BLACK

Our wellness initiative provides RMI's employees and their immediate families with access to a confidential support service that offers counselling, life management, legal guidance and e-care. We also provide coaching and medical check-ups for our employees.



Social support

During the Covid-19 pandemic we established Covid-19 relief from funds contributed by the board and senior management and matched by RMI and RMH. The initiative was driven by our staff who distributed 1 955 food vouchers to the value of approximately R2.5 million to beneficiaries in need nominated by staff of RMI and RMH.



The growth of entrepreneurs

RMI has a proud record of contributing to the growth of the South African financial services industry through our seeding and backing of extraordinary entrepreneurs, such as Adrian Gore and Barry Swartzberg from Discovery, and Willem Roos, Rene Otto and Howard Aron from OUTsurance. Through our initiative, AlphaCode Incubate, we identify early-stage businesses with a bias towards black technology businesses to participate in a 12-month incubation programme. These businesses are provided with grant funding of approximately R1.0 million and the assistance of specialist interventions.

We have also established a seed fund to provide follow-on capital to support the development of black technology small to medium sized enterprises, with the ambition to grow and develop the next generation of South African fintech and insurtech entrepreneurs.

ESG PERFORMANCE OF OUR PORTFOLIO COMPANIES

This section of our report provides a summary of the ESG performance of our unlisted P&C insurance investments in OUTsurance and Hastings, and our listed life insurance investments in Discovery and Momentum Metropolitan.

The social impact of RMI's investment in our emerging businesses can be found on page 34.

As an investor in insurance companies, we identify the following material ESG matters:

Climate change mitigation

Responsible innovation

Responsible marketing and labelling

Also identified as material are:

Financial inclusion

Diversity

Corporate governance

Shared value creation

The social aspects of supply chain management as well as the environmental aspects

Ensuring our portfolio companies comply with ongoing licencing requirements

As financial services companies, our portfolio companies' greenhouse gas (GHG) emissions are mainly related to energy consumption, transportation and, to some extent, waste to landfill.

Employment

>35 000 people

ARE EMPLOYED BY OUR
INVESTEES COMPANIES, OF
WHICH APPROXIMATELY

33 000

ARE EMPLOYED IN
SOUTH AFRICA

OUR UNLISTED PORTFOLIO



Environmental responsibility

OUTsurance's board-approved climate change and environmental sustainability policy and strategy encapsulates its response, which includes a commitment to environmentally responsible practices, identifying and managing climate-related risks and opportunities by applying the eight principles set out in its policy.



See page 49 of its annual report 2021 at: www.outsurance.co.za

OUTsurance is also committed to enhancing its existing goals, metrics and key risk indicators and related reporting and disclosures, in line with TCFD recommendations.

Key goals include:

- considering the environment and climate-related risks in its strategies and decisions
- providing leadership and influence through its conduct and communication
- identifying, assessing, mitigating, managing and reporting on climate-related risks and opportunities
- limiting its impact on the environment by reducing its carbon footprint
- actively seeking environmental sustainability projects

Electricity usage is the biggest source of GHG emissions (61%). Through the introduction of renewable energy production using onsite solar panels, OUTsurance generated 1 478.85MWh of renewable energy in the year under review, a 61% improvement on the renewable energy it previously generated. Ongoing improvements in the quality of water consumption data will support an improved understanding of water consumption trends. OUTsurance applies the reduce, reuse and recycle principle to its waste management, uses paperless document distribution to reduce its carbon footprint, has several recycling efforts in place and also encourages its employees to recycle.

PERFORMANCE AGAINST KEY ESG RISK INDICATORS

IN 2021, OUTSURANCE ACHIEVED A

15.6%
REDUCTION
YEAR-ON-YEAR IN
ITS TCO₂E PER
EMPLOYEE TO
2.1 AND MET ITS
TARGET OF
MAINTAINING THIS
METRIC BELOW 3

TRANSFORMATION AT OUTSURANCE

49.9%
OF EMPLOYEES
ARE WOMEN

72.6%
OF EMPLOYEES
ARE BLACK

55.2%
OF MANAGERS ARE
BLACK

50.0%
OF THE EXECUTIVE
TEAM IS BLACK

Social responsibility

Level 2 contributor to B-BBEE through programmes that aim to support transformation and diversification, including a diverse supplier base, a supplier development programme and job creation resulting from supplier or enterprise development initiatives.

NUMBER OF EMPLOYEES

5 954
(4 592 IN SOUTH AFRICA)

Corporate social investment

Giving back to the community is a fundamental part of the group's culture. Physical service and time spent in the community is considered to be as important as financial giving. It has two employee initiatives: Staff Helping SA OUT and Youi@Hand that support the community at large.

The pointsmen OUTsurance has sponsored for over a decade provide relief in heavily congested traffic areas to road users in Johannesburg and Tshwane.

Treating customers fairly is embedded in OUTsurance's approach. In South Africa, the statistics provided by the ombudsman for both life and P&C insurance show that in the year under review, out of every 1 000 complaints the ombudsman received, only 0.88 were from OUTsurance clients (industry average 2.52/1 000 complaints) and the number of OUTsurance decisions overturned were 0.46 per 10 000 claims, while the industry average was 4 per 10 000 claims.

Responsible governance

The OUTsurance group has adopted a group governance framework to ensure the prudent management and oversight of its insurance businesses in South Africa and Australia, which serves to protect the interests of policyholders and stakeholders and applies King IV, where applicable. A comprehensive governance report is included in its annual report for 2021.



See page 62 to 72 of OUTsurance's annual report 2021 at: www.outsurance.co.za

Hastings

Hastings published its first sustainability report, outlining the progress it has made on the company's ESG strategy and its investment in support measures and actions for colleagues, clients and community during the Covid-19 pandemic in 2020.



Available at: www.hastingsgroup.uk

Environmental responsibility

A highlight of Hastings' commitment to reducing its impact on climate change is its certification as being 100% carbon neutral in 2021 for the second year running, and its commitment to reducing its carbon footprint by 50% from its 2019 baseline by the end of 2022. It also supports two emission reduction projects and is also exploring a new head office that has improved environmental credentials.

CARBON NEUTRAL

HASTINGS HAS BEEN CERTIFIED CARBON NEUTRAL FOR THE PAST TWO YEARS

DIVERSITY AND INCLUSION AT HASTINGS

30% OF HASTINGS LEADERS ARE WOMEN, MEETING ITS 2020 TARGET OF 30% WOMEN IN LEADERSHIP POSITIONS

Social responsibility

Hastings has embedded its commitment to diversity and inclusion through the creation of a dedicated diversity and inclusion leadership role and the introduction of a colleague-led inclusion council. It was recognised as being one of the Top 50 Most Inclusive Companies in the United Kingdom. Hastings is a signatory to the Women in Finance Charter, which supports the progression of women in senior roles in the financial services sector. It is also a signatory to the 30% Club and has met its commitment to having women in 30% of leadership positions ahead of its 2020 target. Hastings also supports the Black Lives Matter movement.

During the Covid-19 pandemic, Hastings did not use any government support, none of its employees were made redundant and it established an employee welfare fund through which it distributed grants to support colleagues and their families in need. It also provided free breakdown cover and extra claim

NUMBER OF EMPLOYEES

3 300

support for National Health Service and frontline healthcare workers, extra support including payment holidays for vulnerable clients and premium refunds. In addition, it also made substantial contributions to local charities affected by Covid-19 during 2021.

Hastings is working with its suppliers and partners to drive high standards across its supply chain by assessing key ESG factors, including human rights policies. It has also committed to investing responsibly by establishing an investment framework that incorporates ESG considerations into investment decisions and not investing in excluded or sensitive sectors.

Responsible governance

The Hastings group's board of directors, which comprises representatives of its shareholders, Sampo and RMI, and two non-executive directors, oversees the consolidated business and acts as the conduit to ensure that the group appropriately adopts the policy and governance framework of the Sampo Group. The activities of the trading subsidiaries are coordinated by an executive committee, led by the group CEO. The executive committee members comprise senior functional leaders in each of the subsidiaries and leaders of group functions.



Refer to page 16 of Hastings' Sustainability Report 2020 available at: www.hastingsgroup.uk

OUR LISTED PORTFOLIO



Discovery's core purpose is to make people healthier and enhance and protect their lives, which is expressed in the health and financial products it offers its clients globally.

Environmental responsibility

Discovery is committed to reducing its environmental footprint through responsible energy, waste and water management and consumption, while at the same time exploring alternative solutions to reduce its impact in the long term. It has developed a climate change strategy and reporting framework which provides governance, strategy, risk management, metrics and targets guidance aligned to the recommendations of the TCFD. The Discovery group is undertaking a detailed analysis to understand the risks and opportunities of climate change, implementing strategic responses where necessary and building internal and client capabilities and responses to support the transition to a low carbon economy to reduce global warming by 2050.

Discovery voluntarily participates in the CDP Climate Change disclosure project, receiving a B score for the 2020 reporting cycle.

Social responsibility

Discovery is recognised as an employer of choice by the South African Graduate Employers Association. It adheres to the International Labour Organisation guidelines and recognises the rights of employees as enshrined in the Constitution of the Republic of South Africa. It has empowered its managers through the implementation of a retention model to proactively engage at-risk talent and critical skills. Building the best human capital capabilities is a material focus area for the group.

WORKFORCE TRANSFORMATION

58%
OF DISCOVERY'S
EMPLOYEES ARE
WOMEN

34%
OF ITS SENIOR
MANAGERS ARE
BLACK

43%
OF SENIOR
MANAGERS ARE
WOMEN

The aim of Discovery's employment equity plan is to make incremental progress towards a workforce that reflects the economically active population of South Africa at every employment level. To progress this plan, employment equity targets are set twice a year. Progress against the employment equity plan is monitored quarterly and evaluated across all levels, with roles and responsibilities set at each level of the organisation.

Through its preferential procurement and enterprise and supplier development programmes Discovery contributes to the development of B-BBEE.

The group's corporate social investment supports programmes with scalable replicable models of development that are aligned to its business priorities and in particular public health priorities, the National Development Plan and community needs. A minimum of 75% of its beneficiaries are black.

Discovery is a signatory to the United Nations supported Principles for Responsible Investment (UN PRI), which commits it to

Level 1
CONTRIBUTOR TO B-BBEE

NUMBER OF EMPLOYEES

12 980

incorporating ESG issues into its investment analysis and decision-making processes.

Discovery's purpose to make people healthier and enhance and protect their lives remains central and relevant to the lives of its clients and society during the Covid-19 pandemic. Discovery's people rose to the multiple challenges posed by Covid-19 and continued to find innovative ways to engage with its stakeholders. Its multi-faceted response to the pandemic ensured comprehensive and coordinated action within stakeholder groupings, while remaining cognisant of the interrelationships between its people, clients and members, related network, and society.

Responsible governance

Discovery is committed to preserving its unique entrepreneurial spirit while ensuring good governance. It sees governance as a critical component of value creation, promoting strategic decision-making that balances short, medium and long-term outcomes to reconcile the interests of its group, stakeholders and society. King IV forms the cornerstone of Discovery's approach to governance, which supports the achievement of its overarching goals of an ethical culture, good performance, effective control and legitimacy.



Detailed information on Discovery's corporate governance is available at:
www.discovery.co.za

Momentum Metropolitan

Momentum Metropolitan supports the Principles for Sustainable Insurance initiative, which aims to ensure that all activities in the insurance value chain are responsible and forward-looking. This is achieved by identifying, assessing, managing and monitoring risks and opportunities associated with material ESG issues.

Environmental responsibility

Momentum Metropolitan's voluntary participation in the CDP Climate Change disclosure project, for which it achieved a B score in 2020, reflects its commitment to reducing its impact on climate change, as does its formal support of the TCFD. It has also identified that it is able to make a meaningful contribution to UN SDG 7: Affordable and clean energy, through its financing of renewable energy infrastructure projects as part of its empowerment financing commitments, and UN SDG 13: Climate action through its efforts to mitigate its impact on climate change and facilitate a transition to a low carbon economy.

Momentum Investments, its investment arm, is a signatory of the UN PRI, which includes maintaining portfolios invested in assets that meet ESG criteria and the Just Transition Initiative to a low-carbon economy. It also invests in research to understand the risk and opportunities related to climate change and how best to address their impact on its clients and its business.

WORKFORCE TRANSFORMATION

B SCORE FOR
MOMENTUM
METROPOLITAN'S
2020 CDP
CLIMATE
CHANGE
VOLUNTARY
DISCLOSURE

FORMAL
SUPPORT
OF THE
TCFD

CONTRIBUTING
TO THE
AVAILABILITY OF
AFFORDABLE AND
CLEAN ENERGY
THROUGH ITS
FUNDING OF
RENEWABLE
ENERGY
PROJECTS

Social responsibility

Momentum Metropolitan is recognised as a Top Employer in terms of its human capital practices and it applies the United Nations Global Compact principles with regard to human rights and labour, which includes upholding the UN Declaration of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. It has launched a gender-based violence manifesto to affirm its commitment to empowering its employees. It is also committed to authentically transforming its business. Black women comprise 51% of its workforce; 36% of its top, senior and middle managers are black and 18% of the females in top, senior and middle management are black.

The efforts of Momentum Metropolitan to deliver on its role as a responsible corporate citizen include addressing the impact on the communities in which it operates of the state of the

economy and the Covid-19 pandemic.

Delivering on Momentum Metropolitan's role as a corporate citizen includes:

- making a measurable difference to youth unemployment by focusing on employability rather than employment and entrepreneurship, focusing on supporting black female entrepreneurs in the agricultural value chain
- empowerment financing
- enterprise and supplier development
- financial inclusion

Level 1
CONTRIBUTOR TO
B-BBEE

NUMBER OF EMPLOYEES

13 338
PERMANENT
EMPLOYEES

- preferential procurement
- responsible investment
- promoting well-being for all
- treating customers fairly
- improving financial literacy through consumer education

Through its human and social and relationship capital practices, Momentum Metropolitan is making a meaningful contribution to these UN SDGs:



Responsible governance

By applying the principles contained in King IV, Momentum Metropolitan aims to protect and create value, ensure ethical, effective and responsible leadership at board and executive management level and throughout the group. It also promotes strategic decision-making that balances short, medium and long-term outcomes, integrity and robust risk and performance management and supports the embedding of an ethical culture and a response to its role as a responsible corporate citizen that goes well beyond compliance.



Detailed information on Momentum Metropolitan's ESG performance is available in its integrated report at: www.momentummetropolitan.co.za

GOVERNANCE

FOCUS • COLLABORATE • GROW

- 57 Our leadership
- 63 Our approach to corporate governance
- 71 Remuneration review
- 85 Social, ethics and transformation committee's report

OUR LEADERSHIP

Independent non-executive directors



Johan Burger



James Teeger



Sonja De Bruyn



Murphy Morobe



Ralph Mupita



Per Lagerström



Mamongae Mahlare

Herman Bosman



Executive director



Laurie Dippenaar



Jannie Durand



Peter Cooper



Albertinah Kekana

Non-executive directors



Paul Harris



Obakeng Phetwe



David Frankel



Faffa Knoetze



Udo Lucht

Alternate non-executive directors

Independent non-executive directors

Johan Burger (62)

Chairperson of the investment and remuneration committees

BCom (Hons) CA(SA)

Appointed: 30 June 2014

Johan joined RMB in 1986, where he performed a number of roles before being appointed financial director in 1995. Following the formation of FirstRand in 1998, he was appointed financial director of the FirstRand banking group and in 2002 was appointed CFO of the FirstRand group. In addition to his role as group CFO, Johan was also appointed group COO in 2009 and deputy CEO in October 2013. He was appointed CEO in October 2016 and held this role until March 2018.

ATTENDANCE AT MEETINGS

Board 4/4

Committees



Other directorship in listed entity

- FirstRand Limited

Sonja De Bruyn (49)

LLB (Hons) LSE MA (McGill) SFA (UK)
Executive Leadership Programme
(Harvard)

Appointed: 8 December 2010

Sonja is a principal partner of Identity Partners, an investment firm which holds equity investments, carries out advisory work and facilitates finance for small to medium sized enterprises through the Identity Development Fund. Sonja's areas of study, which included law, business and economics, served her well as vice president of M&A and Corporate Finance of the investment banking division of Deutsche Bank. She played an integral part in Women Development Business Investment Holdings and participated in FirstRand's B-BBEE transactions.

ATTENDANCE AT MEETINGS

Board 4/4

Committees



Other directorships in listed entities

- Discovery Limited
- Remgro Limited
- RMB Holdings Limited (chairperson)

Per Lagerström (57)

Chairperson of audit and risk committee

BSc (Accounting) MSc (Economics)
(London School of Economics)

Appointed: 30 June 2014

Per is the co-founder of the Energos group, specialists in big data solutions for human capital. Previously he was a partner at McKinsey & Company, where he headed up the Financial Services Sector and the Organisation Practice.

ATTENDANCE AT MEETINGS

Board 3/4

Committees



Other directorship in listed entity

- RMB Holdings Limited

Mamongae Mahlare (46)

BSc (Chemical Engineering)
MBA (Harvard)

Appointed: 31 March 2018

Mamongae is the chief executive officer of Takealot. She was previously managing director of Illovo Sugar SA and has held previous positions at Coca Cola Beverages South Africa, SABMiller's operations in Tanzania and Mozambique and was an associate consultant at Bain & Company.

ATTENDANCE AT MEETINGS

Board 4/4

Committees



Other directorship in listed entity

- RMB Holdings Limited

Independent non-executive directors

Murphy Morobe (64)

Lead independent directors' Chairperson of directors affairs and governance, nominations and social, ethics and transformation committees
Diploma in Project Management MCEF (Princeton)

Appointed: 1 August 2014

After finishing a seven-year stint as CEO of Kagiso Media Limited, Murphy assumed the role of chairperson and national director of the Programme to Improve Learner Outcomes (PILO) in 2013. As a committed social and development activist, Murphy has, since his release from Robben Island in 1982, continued to involve himself with various social causes, mainly relating to youth development. His roles in the public service included being chairperson of the Financial and Fiscal Commission (1994 – 2004) and other roles in the private sector.

ATTENDANCE AT MEETINGS

Board

4/4

Committees



Other directorships in listed entities

- Remgro Limited
- RMB Holdings Limited

Ralph Mupita (49)

BSc (Engineering) (Hons)
MBA GMP (Harvard)

Appointed: 31 March 2018

Ralph is the CEO of MTN and the past CEO of Old Mutual Emerging Markets, covering life insurance, asset management, general insurance, lending and banking businesses in Africa, Latin America and Asia.

ATTENDANCE AT MEETINGS

Board

4/4

Committees



Other directorship in listed entity

- MTN Group Limited (CEO)

James Teeger (54)

BCom BAcc CA(SA)
HDip Tax

Appointed: 31 March 2018

James leads the investment activities of the Oppenheimer family. He was previously a director of De Beers and spent 12 years at RMB where he held the position of co-head of structured finance.

ATTENDANCE AT MEETINGS

Board

4/4

Committees



Other directorship in listed entity

- RMB Holdings Limited

Non-executive directors

Jannie Durand (54)

Non-executive chairperson
BAcc (Hons) CA(SA)
MPhil (Oxford)

Appointed: 8 December 2010

Jannie joined the Rembrandt Group in 1996, became financial director of VenFin Limited in 2000 and CEO in May 2006. Jannie was appointed chief investment officer of Remgro in November 2009 and CEO from 7 May 2012.

ATTENDANCE AT MEETINGS

Board

4/4

Committees



Other directorships in listed entities

- Distell Group Limited
- Mediclinic International Limited
- RCL Foods Limited
- Remgro Limited (CEO)

Non-executive directors

Peter Cooper (65)

BCom (Hons) CA(SA) HDip Tax

Appointed: 8 December 2010

Peter graduated from the University of Cape Town. After qualifying as a chartered accountant in 1981, he worked in the financial services sector, first as a tax consultant and later specialising in structured finance.

Peter joined RMB's Special Projects division in 1992 and transferred to RMH in 1997. He is the immediate past CEO of RMI, as well as its sister company, RMH.

ATTENDANCE AT MEETINGS

Board 4/4

Committees

4/4 4/4

Other directorships in listed entities

- Imperial Logistics Limited
- Momentum Metropolitan Holdings Limited
- Shoprite Holdings Limited

Laurie Dippenaar (72)

MCom CA(SA)

Appointed: 8 December 2010

Laurie was a co-founder of RCI in 1977. He became an executive director of RMB in 1985 and managing director of RMB in 1988, a position he held until 1992 when RMH acquired a controlling interest in Momentum. He served as executive chairperson of Momentum from 1992 until the formation of FirstRand in 1998. He was appointed as the first CEO of FirstRand and held this position until the end of 2005, when he assumed a non-executive role. He was chairperson of FirstRand from November 2008 until 31 March 2018. He also served as the non-executive chairperson of OUTsurance for 22 years until 1 July 2020.

ATTENDANCE AT MEETINGS

Board 4/4

Committees

4/4 1/1 4/4

Paul Harris (71)

MCom

Appointed: 8 December 2010

Paul, who was a co-founder of RCI in 1977, became an executive director of RMB in 1985 and founded Australian Gilt Securities (later to become RMB Australia). He returned to South Africa in 1991 as deputy managing director of RMB, and in 1992 became CEO. He was appointed as CEO of FirstRand Bank Holdings in 1999, a position he held until December 2005 when he was appointed CEO of FirstRand. He retired from his executive position in December 2009 and remained on the board of FirstRand until April 2018.

ATTENDANCE AT MEETINGS

Board 4/4

Committees

4/4 1/1 4/4

Albertinah Kekana (48)

BCom (Hons) CA(SA)
PGDA AMP (Harvard)

Appointed: 6 February 2013

Albertinah is the CEO of Royal Bafokeng Holdings. She has extensive asset management, investment banking and business leadership experience. She was previously the COO of the Public Investment Corporation.

ATTENDANCE AT MEETINGS

Board 3/4

Committees

3/4 1/1 3/4

Other directorship in listed entity

- Transaction Capital Limited

Non-executive directors

Obakeng Phetwe (43)

BCom (Hons) CA(SA)

Appointed: 6 February 2013

Obakeng is the CEO of the Royal Bafokeng Nation Development Trust, which holds all the commercial assets on behalf of the Royal Bafokeng Nation.

ATTENDANCE AT MEETINGS

Board 3/4

Committees

3/4 3/4

Other directorship in listed entity

- Royal Bafokeng Platinum Limited

Executive director

Herman Bosman (52)

BCom (Law) LLM CFA

Appointed: 2 April 2014

Herman was with RMB for 12 years and ultimately headed up its corporate finance practice between 2000 and 2006. He returned to the group in 2014 as CEO of RMI and RMH after serving as CEO of Deutsche Bank South Africa from 2006 to 2013.

ATTENDANCE AT MEETINGS

Board 4/4

Committees

1/1

Other directorships in listed entities

- Discovery Limited
- RMB Holdings Limited (CEO)

Alternate non-executive directors

David Frankel (50)

BSc (Electrical Engineering) (Hons)
MBA (Harvard)

Appointed: 31 March 2018

David is managing partner and co-founder of Founder Collective. He was co-founder and CEO of Internet Solutions and served on the board of Dimension Data plc. He has served on the board of RMB since 2007.

ATTENDANCE AT MEETINGS

Board 4/4

Committees

4/4 4/4

Faffa Knoetze (58)

BCom (Hons) FIA

Appointed: 1 April 2016

After starting his actuarial career at Sanlam as a marketing actuary in the life business, Faffa spent most of his working career at Alexander Forbes, where he was the valuator and consulting actuary to a number of pension and provident funds. He joined Remgro on 2 December 2013 and focuses on the company's interests in the financial services (insurance and banking) and sport industries.

ATTENDANCE AT MEETINGS

Board 4/4

Committees

4/4 4/4

Other directorship in listed entity

- FirstRand Limited

Alternate non-executive directors

Udo Lucht (44)

BCom (Hons) CA(SA) CFA

Appointed: 3 September 2019

Udo is the current Head of Resources and Industrial investments at Royal Bafokeng Holdings. He spent 13 years at RMB before joining Royal Bafokeng Holdings in 2016.

ATTENDANCE AT MEETINGS

Board

4/4

Committees

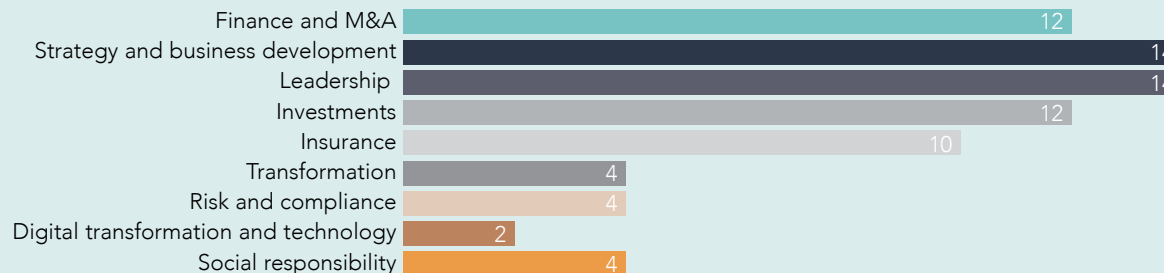


Other directorships in listed entities

- RMB Holdings Limited
- Royal Bafokeng Platinum Limited
- Yebo Yethu Limited
- Liquid Telecommunications Limited

Our board requires a range of skills that ensures it is well-equipped to lead and guide our organisation to create and sustain value

Board skills and experience



Board independence

Our board policy is to ensure that the majority of our board members are non-executive directors and that the majority of these non-executive directors are independent, as the level of independence of our board protects shareholders' interests.

Board diversity

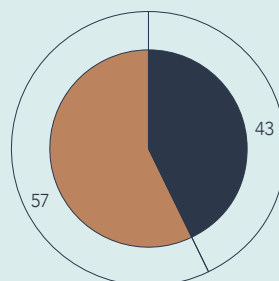
The policy includes guidelines on diversity of gender, race, culture, age, field of knowledge, qualifications, skills and experience. Our performance in this regard is monitored annually and taken into consideration when a new director is appointed.

The average age of our board members is **56 years**

Board tenure

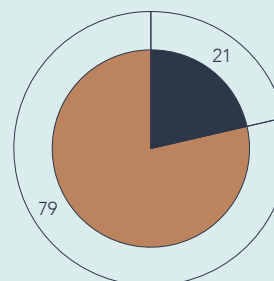


RACIAL DIVERSITY (%)



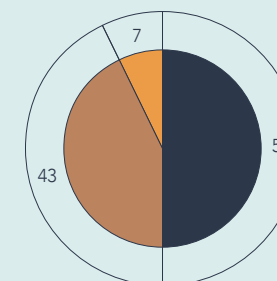
● Black
● White

GENDER DIVERSITY (%)



● Women
● Men

BOARD INDEPENDENCE (%)



● Independent non-executive directors
● Non-executive directors
● Executive director

OUR APPROACH TO CORPORATE GOVERNANCE

Creating and protecting value through good governance

RMI's governance framework is designed to provide a solid foundation for our application of King IV and our aim of achieving:

- an ethical culture
- good performance leading to sustainable value creation
- effective control
- legitimacy, trust and a good reputation as a responsible corporate citizen

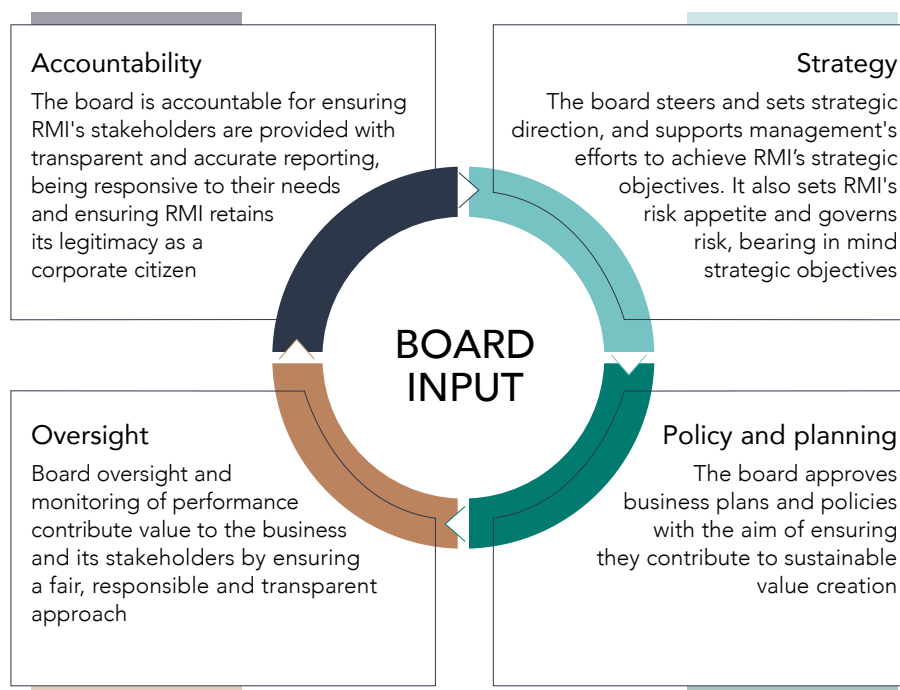
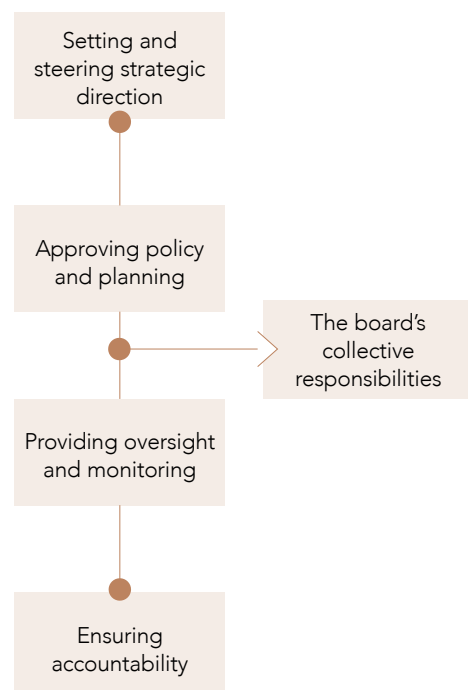
Our board sets the tone and is the custodian of corporate governance in RMI. Through practicing good governance and applying King IV, RMI aims to protect and create

sustainable value through responsible, ethical, value creating investment practices and maintaining effective control, and legitimacy through our stakeholder relationships. Good governance also contributes to effective, ethical and responsible leadership at board and executive level and throughout our business. Our approach to governance promotes strategic decision-making that balances short, medium and long-term outcomes, integrity and robust risk and performance management, supports the embedding of an ethical culture and a value-creating and innovative approach to our role as a responsible corporate citizen.



1 2 3 4 6 11 16 17

The board's collective responsibilities in terms of its primary governance role



OUTCOMES

Effective governance leading to:

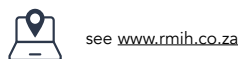
- Strategic decision to focus on P&C insurance going forward
- Embedding an ethical culture
- Stakeholder inclusivity
- Focus on transformation
- A responsible corporate citizen
- Support of the UN SDGs

Our governance framework

The framework positions the board as the custodian of corporate governance in RMI and provides it with effective control of the business. By effectively governing RMI and taking into consideration our stakeholders' interests, our board and management contribute value to both the business and its stakeholders. The board uses its quarterly meetings to discharge its duties in terms of the Companies Act, the JSE Listings Requirements, King IV and legislation regulating the financial services industry. The board considers quarterly reports on operating and financial performance, risks, opportunities and compliance, the results of efforts to embed an ethical culture in RMI, our safety health and environmental performance, including our climate change mitigation and our social performance. It also monitors the macro environment and its potential impact on our business.



A self-assessment was conducted against the 17 principles of King IV, which established that RMI is applying the principles. The board continually oversees the application of the practices recommended by King IV. For more information on how we have applied the principles of King IV, please refer to our online application of each principle.



RMI's whistle-blowing hotline number is (010) 211 4910.

Our board governance structure



Board independence review



The chair of the board is not independent, as defined in the JSE Listings Requirements 3.84 (b), and as recommended in Principle 7 of King IV. The board appointed independent non-executive director, Murphy Morobe, as lead independent director, with the aim of strengthening the independence of the board. Five board members have served on the board for over nine years. Also, as recommended in Principle 7 of King IV, an annual assessment conducted by the nominations committee, which included an assessment of their independence by their peers, concluded that that these board members all exercise objective judgement and independent behaviour.

The directors to be re-elected

In accordance with the company's memorandum of incorporation and the JSE Listings Requirements, those directors longest in office at the date of the annual general meeting, must retire by rotation and can choose to offer themselves for re-election. They are: Jannie Durand, Peter Cooper, Per Lagerström and Murphy Morobe. Laurie Dippenaar, being over 70 years of age, also is also required to stand for re-election. Paul Harris has indicated his intention to retire at the annual general meeting.

Oversight rooted in King IV



Leadership, ethics and corporate citizenship

The directors hold one another accountable for decision-making and behave ethically, effectively and responsibly. All board members ensure that when they make decisions, they are well-informed and will act independently with courage, awareness and insight.

The board ensures that RMI plays a key role in society as an employer, taxpayer, contributor to transformation and economic growth, and as a responsible corporate citizen. Information on the progress we have made with embedding an ethical culture in the group is provided alongside.

RMI has established a directors' affairs and governance committee to oversee value creation and to safeguard our human and intellectual capital.

The board, with the assistance of the remuneration and nominations committees annually considers its composition in terms of balance of skills, experience, diversity, independence and knowledge and whether this enables it to effectively discharge its roles and responsibilities.

RMI has a unitary board with a non-executive director as chair. The chair is not independent, as defined in the JSE Listings Requirements. However, the board believes that Jannie Durand's specialist knowledge of the financial services industry makes it appropriate for him to hold this position. Murphy Morobe is the lead independent non-executive director.

The balance of knowledge, skills, experience, diversity and independence, that the board requires in order to discharge its governance role and responsibilities objectively and effectively are set out on page 62 of this integrated report.

RMI has a formal and transparent policy regarding the appointment of directors to the board, which includes guidelines on gender and racial diversity, which the nominations committee monitors.

Strategy, performance and reporting

The board is accountable for the performance of RMI. It considers all the elements of the value creation process when steering and setting the group's strategic direction. It approves short, medium and long-term strategies and business plans. It maintains oversight of the group's performance against its strategy and business plans, measuring performance against agreed targets.

The board also assumes responsibility for RMI's integrated report and annual financial statements and makes every effort to ensure that our reporting meets the needs of our stakeholders and complies with any legal requirements.

Information on required disclosures are to be found in this integrated report, our annual financial statements and a summary of our financial performance.



See our website at: www.rmih.co.za/investor-relations

Governance that establishes an ethical culture



RMI's code of ethics guides the ethical behaviour of all our employees. The code of ethics addresses duties of care and skill, good faith, honesty and integrity, whistle-blowing, processes for dealing with conflicts of interest and the need to always act in the best interests of RMI.

The social, ethics and transformation committee, supported by group functions, ensures that the relevant policies are embedded and that governance around the policies is measured.

The group performed an annual review of the code of ethics, personal account trading policy and "The Company and I" in 2020. All findings were addressed by management through the social, ethics and transformation committee. RMI employs a compliance officer and has implemented a whistle-blowing hotline.

Board delegation and independence



The board's roles and responsibilities and the way that it executes its duties and decision-making are documented and set out in the board charter. The board reviews the board and committee charters annually. The board meets once every quarter. Should an important matter arise between scheduled meetings, additional meetings may be convened.

A detailed delegation of authority policy and framework indicate matters reserved for the board and those delegated to management. The board is satisfied that RMI is appropriately resourced and that its delegation to management contributes to an effective arrangement by which authorities and responsibilities are exercised.

The board ensures that its arrangements for delegation within its own structures promote independent judgement and assist with the balance of power and the effective discharge of its duties.

The roles of chair and CEO are separate, and the composition of the board ensures a balance of authority, precluding any one director from exercising unfettered powers of decision-making.

The boards of RMI's major investments are similarly constituted with the necessary mix of skills, experience and diversity. There is

also an appropriate mix between executive and non-executive appointments.

The audit and risk committee considered and satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function and experience of the senior members of management responsible for the financial function. It also considered and satisfied itself of the appropriateness of the expertise and experience of the financial director.

PricewaterhouseCoopers Inc. (PwC) was re-appointed as external auditor of the company until the next annual general meeting. PwC has been RMI's auditor since inception. The committee believes that the auditor has observed the highest level of business and professional ethics. The audit and risk committee is satisfied that the auditor has, at all times, acted with unimpaired independence.

The audit and risk committee has recommended a successor to PwC in respect of mandatory audit firm rotation.

The company secretary is Schalk Human, MCom (Accounting), CA(SA), a full-time appointee. The audit and risk committee on behalf of the board reviewed the performance of the company secretary and found that he has the requisite competence, experience, stature and independence to fulfil his role and recommended his ongoing appointment as company secretary.

Governance of responsible investing



As an active and responsible owner, RMI contributes to the development of responsible, competitive companies and enables growth and societal development. We practise active ownership through our participation in the boards and board committees of our portfolio companies and by engaging in ongoing dialogue with our management partners. This allows us to gain a good understanding of the approach they have to sustainability and to exercise influence in this regard.

Evaluating performance



The board assesses its performance every second year. It conducted a self-assessment in April 2020. The assessment included the performance of its individual members, meetings, duties and responsibilities, corporate governance, relationship with the management team, reporting and monitoring, among others.

The highest scores achieved during this assessment were compliance with its duties and responsibilities as set out in the board charter and those of the respective committees; effective leadership, based on an ethical foundation, which sets the tone for good corporate citizenship; frank and constructive views expressed by board members; and adequate communication and updating by the management team between board meetings.

While the lowest scores were, on average, still relatively high, the board did feel there could be some improvement in the reporting the board formally received in relation to each directors' declaration of interests; agreeing corporate governance frameworks with portfolio company boards; the strategic foresight to devote sufficient time to determine the emerging issues that could affect the business in the future and finding an appropriate balance in engaging with various stakeholder groups.

The directors are of the opinion that the board and its committees have discharged all their responsibilities. Assessments of the performance of the CEO are conducted annually and no major issues or concerns have been identified.

Board and director development



The board and its members have access to professional and independent guidance on corporate governance and its legal duties and any training they deem appropriate.

Stakeholder inclusivity 16

RMI strives to have meaningful, timely and open communication with its key stakeholders, which it identifies through engagement. In order to create sustainable long-term value for RMI and our stakeholders, we engage on the issues that are material to our stakeholders and take these into consideration in our decision-making. Through this process, our board and management achieve stakeholder inclusivity and contribute value to both the business and its stakeholders.



See page 44 for information on our stakeholder engagement.

Remuneration that is fair and promotes the achievement of our strategic objectives 14

RMI's remuneration policy supports the achievement of our strategy and sets out guiding principles by which all employees are remunerated. The policy aims not only to attract and retain top talent but is also designed to ensure that individuals within the group live its "owner-manager" culture and core values of integrity, innovation, individual empowerment and personal accountability.

Creating an environment in which employees are sufficiently challenged and appropriately rewarded, based on achieving the end result, is fundamental to our overall remuneration philosophy.

The remuneration committee is charged with assisting the board in exercising its responsibility of ensuring that fair, responsible and transparent reward practices are implemented at RMI that promote the achievement of its strategic objectives in the short, medium and long term.



Refer to page 71 for the remuneration review

Compliance governance 7 13

Our board is committed to full compliance with all applicable laws and regulations and it supports the application of certain non-binding codes and standards.

The audit and risk committee is responsible for monitoring RMI's process for complying with the laws and regulations applicable to it. Our regulatory compliance and risk management processes ensure compliance with new legislation or amendments to current legislation.

The board confirms that the group complied with the provisions of the Companies Act, JSE Listings Requirements and is operating in conformity with the requirements of its memorandum of incorporation.

There were no material or repeated regulatory penalties, sanctions or fines for contraventions of, or non-compliance with, statutory obligations.

Enabling an effective control environment



The audit and risk committee is responsible for assisting the board in fulfilling its fiduciary duties by monitoring the effectiveness of RMI's control environment. To achieve this, it does not only rely on the adequacy of the internal control process, but also considers reports on the effectiveness of its risk management activities. The committee ensures that the assurance functions of management and internal and external audit are sufficiently integrated.

The various assurance providers to the board include:

- senior management, which considers the company's risk strategy and policy, along with its effectiveness and efficiency
- the audit and risk committee, which considers the adequacy of risk management strategies, systems of internal control, risk profiles, legal compliance, internal and external audit reports and also reviews the independence of the external auditor, the extent and nature of audit engagements, scope of work and findings. The committee also reviews the level of disclosure in the annual financial statements and the appropriateness of accounting policies adopted by management and the ethics register. The board reviews the performance of the audit and risk committee against its charter.

The company outsources its internal audit function to Remgro Management Services, which provides an effective independent appraisal function and employs a risk-based audit approach. The head of internal audit has direct access to the chair of the audit and risk committee, as well as to the chair of the board.

In accordance with paragraphs 3.4 (g) (iii) and 22.15(h) of the JSE Listings Requirements, the audit and risk committee requested and received information from PwC that allowed it to assess the credentials as a registered audit firm in good

standing, including the appointed audit partner, Corlia Volschenk. The information also supported and demonstrated its claim of independence; the findings by the Independent Regulatory Board for Auditors with regard to its monitoring of the firm in respect of its independence, quality control and any corrective action taken by the firm; as well as any legal claims against the firm. Similarly, information was obtained and discussed in respect of the designated auditor. The committee concluded that it was satisfied with the independence and audit quality of PwC and the designated auditor, Corlia Volschenk.

External audit fees are disclosed in the annual financial statements.

The social, ethics and transformation committee advises and provides guidance to the board on the effectiveness of management's efforts in respect of social, ethics, sustainable development-related matters and transformation. It also carries out its duties in terms of the Companies Act and reports on the fulfilment of its mandate in this regard to the board and stakeholders



See the report of the social, ethics and transformation committee on page 85.

The committee has confirmed that there were no instances of material non-compliance requiring disclosure in the year under review.

The audit and risk committee obtained assurance on the financial statements and internal financial controls and carried out its statutory duties set out in section 94 of the Companies Act. It satisfied itself as to the expertise and adequacy of resources of the finance function and the experience of senior members of management responsible for the finance function. It also considered and was satisfied with the appropriateness of the expertise and experience of the financial director.

Technology and information governance



The audit and risk committee's mandate includes the monitoring of information technology (IT) governance, information security and cyberrisk. To fulfil its mandate, the committee evaluates the effectiveness of our cybersecurity strategy and any critical risks facing RMI with regard to IT governance and its role in our ability to deliver against our strategy.

The committee has confirmed that there were no instances of material non-compliance requiring disclosure in the year under review.

What the board focused on this year

- The fundamental restructuring of our portfolio to align with our evolution as a P&C-focused investor
- Unbundling of our listed portfolio
- The impact of Covid-19 on our portfolio companies
- RMI's response to Covid-19
- Oversight of key strategic and business risks and assessing the compatibility of proposed actions with our risk appetite and risk tolerances
- Performance against our business strategy and plans
- Capital allocation
- ESG performance of both RMI and that of our portfolio companies and, in particular, climate change mitigation
- Uncertain global economic environment and its impact on our portfolio

What the board will focus on in 2022

- Progress with the evolution of our P&C portfolio
- Finalising of the unbundling of our listed portfolio
- Ongoing impact of Covid-19
- Ensuring RMI continues to play an active and responsible role in its portfolio companies
- The ESG performance of RMI and its portfolio companies
- Capital allocation



What the audit and risk committee focused on this year

- Assisted the board in its responsibilities covering the internal and external audit process
- Monitored adherence to risk appetite and risk tolerances
- Reviewed the dividend policy
- Reviewed the integrated report and recommended its approval by the board

What the audit and risk committee will focus on in 2022

- The management of financial and non-financial risks
- Ensuring the consistency and appropriateness of accounting policies and the compliance thereof with International Financial Reporting Standards
- The safeguarding of the group's assets
- The group's process for monitoring its compliance with the laws and regulations applicable to it
- Recommended a successor to PwC in respect of mandatory audit firm rotation



The report of the audit and risk committee is contained in the annual financial statements, which are available on our website



What the directors' affairs and governance committee focused on this year

- Evaluated the corporate governance structures
- Evaluated the board and committee structures

What the directors affairs and governance committee will focus on in 2022

- Perform board self-assessments
- Identify training needs
- Update board and committee charters
- Review code of ethics



What the investment committee focused on this year

- Evaluated investment proposals

What the investment committee will focus on in 2022

- The committee will continue to evaluate new investment proposals and either approve or reject these or refer to the board for approval, in line with its mandate



What the nominations committee focused on this year

- There were no changes to the board in the year under review

What the nominations committee will focus on in 2022

- The nominations committee will continue to evaluate new potential board members for recommendation for appointment to the board should vacancies arise post implementation of the restructure and departure of four board members, with transformation being an important objective



What the remuneration committee focused on this year

- Benchmarked the remuneration packages
- Changes were made to the share incentive and future bonuses as outlined in the report from the remuneration committee

What the remuneration committee will focus on in 2022

- The remuneration committee will continue to ensure that remuneration packages remain in line with best practice and that the interests of management and shareholders are aligned



See the remuneration report from page 71.



What the social, ethics and transformation committee focused on this year

- The committee focused on the impact of Covid-19 on RMI and its investee companies and the measures put in place to mitigate the impact
- Monitored progress of transformation initiatives across the group

What the social, ethics and transformation committee will focus on in 2022

- The committee will continue to discharge its responsibilities contained in its charter, with a focus on transformation and the continued assessment of the impact of Covid-19 on the group companies, its employees and the communities in which the group companies operate



See the report of the social, ethics and transformation committee on page 85.

REMUNERATION REVIEW

This report sets out RMI's remuneration policy and implementation report for the 2021 financial year and is presented in three parts:

Part 1

BACKGROUND STATEMENT

The background statement which provides context to the company's remuneration policy and performance and sets the context for several changes made to our policy during the year

Part 2

REMUNERATION POLICY

An overview of the forward-looking remuneration policy applicable in the 2022 financial year

Part 3

IMPLEMENTATION REPORT

The implementation report which sets out in detail how the existing policy was implemented during the year under review, including disclosure on payments made to the executive director, prescribed officer and non-executive directors during the year ended 30 June 2021

The remuneration committee (the committee) report provides an overview and understanding of remuneration principles, policies and practices with specific reference to the executive director, investment team members, employees and non-executive directors. The information in this report has been approved by the board on recommendation from the committee. The committee's mandate is to ensure that RMI's remuneration policies and decisions continue to support the achievement of the group's strategic objectives in a fair and responsible way, while encouraging individual performance.

The committee remains committed to maintaining a strong and healthy relationship with RMI's shareholders and other stakeholders, which is built on trust and a clear understanding of our remuneration policy and the practices which have been implemented. The improved disclosure of our remuneration practices in our 2021 remuneration report supports this position. The committee is satisfied that it has fulfilled its responsibilities in accordance with its mandate for 2021 and that the remuneration policy achieved its stated objectives.

Remuneration committee membership and meetings

The members and chairperson of the committee are appointed by the board. The committee consists of at least three directors, with the majority being independent non-executive directors.

The chairperson of the board may be a member of the committee but not the chairperson of the committee.

The committee meets at least once a year or at the request of the chairperson, any member of the committee or the board. Comprehensive minutes of meetings are kept. The committee invites, at its discretion, appropriate professional advisors whose inputs may be required. The committee met three times during the year.

Attendance and membership of the committee are reflected with the board CVs from page 58.

The chairperson attends the annual general meeting to answer questions concerning remuneration.

Roles and responsibilities

The roles and responsibilities of the committee include:

- Assisting the board in exercising its responsibility of ensuring that fair, responsible and transparent reward practices are implemented in RMI that would promote the achievement of its strategic objectives in the short, medium and long term
- Ensuring that the disclosure of remuneration is in line with King IV principles, accurate and transparent
- Ensuring that the remuneration policy implemented aligns the interests of employees with those of shareholders and other stakeholders
- Considering non-executive directors' fees and making recommendations to the board for approval by shareholders
- Providing a channel of communication between the board and management on remuneration matters.

The committee was mandated to:

- Formulate the group's remuneration philosophy for approval by the board
- Oversee the establishment of a remuneration policy
- Debate and approve annual salary adjustments
- Ensure that fixed and variable remuneration are in line with the strategic objectives of RMI
- Delegate any of its functions and the power to implement its decisions.

Part 1

BACKGROUND STATEMENT

Introduction

Dear shareholders,
Following an extensive remuneration review process which included comprehensive discussions around our remuneration policy and analysing your comments, I have pleasure in submitting the report for the year ended 30 June 2021.

Voting outcomes and shareholder feedback

At the 2020 annual general meeting, we received approval voting outcomes of 80.5% (2019: 79.6%) for our remuneration policy and 80.1% (2019: 79.6%) for our implementation report, respectively. Notwithstanding that we received the necessary level of support in both votes required by King IV and the JSE Listings Requirements, we engaged with some of our major shareholders, who provided feedback and discussed their concerns regarding our existing remuneration structures as well as the level of disclosure. We took note of their concerns and undertook further engagements with our largest shareholders during March 2021 with follow-up engagements in August 2021. We have provided more extensive disclosure in this remuneration report and have also taken steps to ensure our structures align with market practice, best practice in governance and RMI's strategy. Shareholders' concerns and our responses are set out alongside:

SHAREHOLDERS' CONCERNS

1 Insufficient disclosure

Resolution

This year's report includes significantly enhanced detail on our remuneration policy, including the performance conditions and associated targets.

2 Linking pay to performance

Resolution

Long-term incentive structures (LTIs) have always been linked to performance conditions set at the time of making awards. We anticipate that the enhanced disclosure of our incentive structures, as well as the applicable performance conditions for 2022 will satisfy the expected link between pay and performance of RMI.

3 Discretionary forfeitable shares awarded to our CEO

Resolution

This was a once-off allocation to allay retention concerns in light of the effects of Covid-19. In addition, the award will only vest to the extent that its value exceeds that of our CEO's April 2014, September 2015 and September 2016 Share Appreciation Rights (SAR) awards. Should the cumulative value of the April 2014, September 2015 and September 2016 SAR awards be higher than the value of this award, this award will lapse. This award is, therefore, conditional and partial, and not an additional award *per se*.

4 Remuneration policy provides for high levels of potential reward (through the Management Participation Structure (MPS) and SAR scheme)

Resolution

The operating provisions of the MPS have been updated to allow the committee to apply its discretion to outcomes as at the time of vesting. This is done to ensure that neither windfall gains, nor unjust outcomes occur. Existing awards will run their course.

It is important to note, with regards to the MPS and SAR scheme:

- These are multi-year issues which should be spread across the award period
- The CEO receives no STI
- The MPS is designed to vest after 10 years

Regarding the SAR scheme, three major changes were made: i) We have replaced our SAR scheme with a more balanced and less leveraged position: going forward a mix between SARs and nil cost options (NCOs) will be offered under a newly constituted long term incentive plan (LTIP). NCOs are full share instruments and by nature less leveraged compared to SARs. We believe the mix between these instruments will provide more balanced outcomes; ii) We have amended our award practices of large upfront allocations and will now make annual allocations which provide for more smoothed remuneration outcomes; iii) Finally, we have revised the performance conditions used to ensure appropriate alignment between pay and performance.

5 The extension of the exercise period applicable to certain in-flight SAR awards

Resolution

The 2014 SAR scheme awards exercise period was extended by 12 months as a consequence of the effects of Covid-19. This formed part of the retention strategy adopted by the board and complemented the mechanics associated with the allocation of the once-off forfeitable shares outlined above.

6 There is no minimum shareholding requirement (MSR) policy

Resolution

The committee has approved the introduction of an MSR for the CEO, which is detailed further in the remuneration policy section of this report.

The remuneration policy and implementation report will be tabled for non-binding votes by shareholders at the annual general meeting on 24 November 2021. If either the remuneration policy or implementation report receive dissenting votes in excess of 25%, the committee will:

- Embark on formal engagements with dissenting shareholders
- Address legitimate and reasonable objections raised
- If required, amend the remuneration policy or clarify and/or adjust the remuneration governance, processes or disclosure

Areas of focus during the year

The committee, in line with King IV, fulfilled the following main duties during the reporting period:

- Shareholder engagement on remuneration matters (that is, the engagement was not mandated by unfavourable remuneration-related voting results but was undertaken on a proactive basis)
- Based on shareholder feedback and to align to RMI's strategy, in consultation with PwC, performed a holistic review of remuneration structures which included the development of a new LTIP, calibration of appropriate performance conditions and allocations in light of the new instruments used
- Performed executive director and senior management benchmarking as set out in part 2
- Implementation of an MSR policy
- Recommended adjustments to non-executive directors' fees for approval by the board, and ultimately, shareholders
- Prepared the remuneration report for inclusion in the integrated report and for voting upon at the annual general meeting

Future areas of focus

In the course of the next reporting period, the committee plans to focus on:

- Finalising updates to RMI's revised remuneration policy
- Continue proactive engaging with shareholders
- Continue improving remuneration disclosure

Remuneration consultants

The committee engaged the services of PwC as remuneration consultants during the 2021 financial year. PwC conducted benchmarking to provide independent and objective guidance, assisted RMI in reviewing its remuneration policies and practices and in implementing the revised LTIP structure.

Approval

The remuneration policy is reviewed and approved annually.

The committee is satisfied that:

- the remuneration policy is fair, transparent and responsible
- the remuneration policy achieves its stated objectives
- the committee has satisfactorily discharged its functions and has complied with its terms of reference

The committee recommended this remuneration report to the board of directors for approval, which was granted.

RMI looks forward to further engagement with shareholders on its remuneration practices.

Signed on behalf of the board,



Johan Burger

Chairperson of the remuneration committee
27 October 2021

Part 2

REMUNERATION POLICY

Overview

RMI's remuneration policy supports its strategy and sets forth guiding principles by which all employees are remunerated. The policy aims not only to attract and retain top talent, but is also designed to ensure that individuals within the group live its "owner-manager" culture and core values of integrity, innovation, individual empowerment and personal accountability.

Creating an environment in which employees are sufficiently challenged and appropriately rewarded based on achieving the end result, is fundamental to the overall remuneration philosophy. It is the dedication and commitment of a stable, talented and professional management team that ultimately differentiates a company such as RMI and help it fulfil its goal of creating sustainable long-term value and returns.

Human resources are very important in delivering on RMI's value proposition, albeit on a different level to that in an operating company. RMI's remuneration policy is to:

- Attract, retain and motivate employees
- Align the rewards of employees with the risk exposure of shareholders and other stakeholders
- Ensure that the compensation of employees is affordable and reasonable in terms of the value created for shareholders
- Protect the rights of RMI as an employer
- Encourage behaviour consistent with the RMI code of ethics, values and long-term strategy

Fair and responsible remuneration

RMI is committed to remunerating employees fairly and responsibly within the context of overall employee remuneration and the committee gives due consideration to the principle of fair and responsible remuneration in line with best practice, bearing in mind the group's strategic objectives. The committee remains responsible for ensuring that executive remuneration (including remuneration of prescribed officers) is justifiable in the context of overall employee remuneration as per the principles of King IV.

In striving to be a responsible corporate citizen, the group continuously considers initiatives to nurture the principle of fair and responsible remuneration and improve the employment conditions of all employees within the group. The group reserves the right to adopt progressive measures to address identified pay disparities, as may be deemed necessary from time to time.

Elements of remuneration

Remuneration comprises both fixed and variable elements (a short-term incentive (STI) for junior employees and LTIs for senior employees). Remuneration packages are structured depending on the required skill, qualification and experience of individuals at each level as well as the employee's level of influence on strategy and the functions of the role. The committee monitors executive remuneration on an ongoing basis to ensure that it remains market-related and drives sustainable value creation for all stakeholders.

A summary of the elements of remuneration together with the policy changes for 2022 are set out below:

| ELEMENT | TYPE | DEFINITION | APPLICABLE GRADES | 2022 POLICY CHANGES |
|-----------------------|----------|--|--|---|
| Cost to Company (CTC) | Fixed | Comprising of basic pay (salary) and cash benefits (cell phone allowance) | All employees, with the cell phone allowance applicable to senior employees | No changes |
| STI | Variable | <ul style="list-style-type: none"> An annual STI is paid in the form of a bonus in cash for the applicable financial year The STI gives employees an incentive to achieve the group's short and medium-term goals, with payment levels based on both business and individual performance, moderated by the key performance indicators of the employee | <ul style="list-style-type: none"> Applicable only to junior employees who do not have line of sight over the longer-term performance of RMI Investment executives' participation is phased out Prescribed officers participate in STI per the remuneration policy of the underlying investee The CEO does not receive any form of STI | From 2022, the senior investment executives' STI participation will be phased out so that no STI will be offered after 2024 |
| LTI | Variable | <ul style="list-style-type: none"> An annual LTI award is made in the form of SARs and NCOs The LTI incentivises employees to achieve the group's longer-term goals The allocation levels are based on the contribution the individual is expected to make to the achievement of the group's longer-term goals Performance conditions applicable to the award are set at each round of allocations | The CEO, investment executives and senior management participate | <ul style="list-style-type: none"> A combination of SARs and NCOs will be offered going forward, starting with the September 2021 allocation The vesting profile of the awards changes to three-year cliff vesting and a shorter exercise period (two years post vesting) has been introduced All awards are settled in shares |
| | | The MPS is a carry structure designed to reward participants for the outperformance of the initial investment above a hurdle rate and supports long-term retention and value creation | The CEO, investment executives and senior management of RMI Investment Managers participate | The committee has discretion to reduce the quantum on vesting |

The targeted remuneration mix for the CEO is 40% CTC, 0% STI, 40% SARs and NCOs and 20% MPS.

Fixed remuneration (FR)

The main objective of CTC is to provide individuals with a fixed cash salary aligned with the job they perform. Part of RMI's philosophy is to position CTC at or slightly above the median of the market, to ensure that it is able to attract and retain key talent in a competitive job market.

In addition, RMI conducted a total remuneration (TR) benchmarking exercise during the 2021 financial year to establish how RMI's executive remuneration compares in the market. To ensure that the group is able to attract and retain executives and key talent in a competitive job market, TR is positioned at or slightly above the median of the market, with FR being positioned at the upper quartile of the market. Remuneration packages are benchmarked bi-annually.

The comparative companies which RMI's remuneration was benchmarked against were the following:

Comparator companies

Reinet Investments C.S.A
 PSG Konsult Limited
 Remgro Limited
 Alexander Forbes Group Limited
 Coronation Fund Managers Limited
 Zeder Investments Limited
 Ninety-one Limited
 Sygnia Limited
 PSG Limited

Short-term incentive

CHANGES FOR 2022

The committee determined that the current STIs of the senior investment executives should be discontinued as it does not drive appropriate alignment with the long-term value creation focus of an investment holding company structure. Participation by senior investment executives in the STI will be phased out to have a smooth transition in value and cash flow. STI participation will be phased out over a three-year period and will be converted to additional LTI exposure in the form of NCOs as follows:

| Financial year | % of STI in cash | % of STI converted into additional NCOs |
|----------------|--|---|
| 2021 | 100% | Nil |
| 2022 | 66.67% | 33.33% granted in 2021, vesting in 2022 |
| 2023 | 33.33% | 66.67% to be granted in 2022, vesting in 2023 |
| 2024 | Nil | 100% to be granted in 2023, vesting in 2024 |
| After 2024 | No additional NCOs will be awarded and the STI will be fully phased out. | |

Overview and eligibility

RMI's STI awards take into account a combination of company and individual performance and is offered only to junior employees who do not have line of sight over the longer-term performance of RMI.

Long-term incentives (LTIP)

CHANGES FOR 2022

A new plan, namely the 2021 LTIP was implemented and future awards will be made in terms of this plan. The rationale for the change is to provide more balanced remuneration outcomes: SARs are by nature more leveraged instruments, while NCOs are full share instruments and therefore come with more certainty but less upside.

In line with market practice, the allocation policy was amended and in future, annual allocations will be made.

Finally, the performance conditions used for future awards were reviewed and aligned with long-term shareholder value creation.

Structure

In terms of the 2021 LTIP, eligible employees will receive an annual performance award of a combination of SARs and NCOs, vesting of which is subject to the achievement of performance conditions. Upon vesting, participants are entitled to exercise their SARs or NCOs within the exercise period, following which exercised awards will be settled in equity.

Neither SARs nor NCOs carry shareholder rights until they have been settled.

Existing SAR awards from RMI's SAR scheme will be allowed to run their course, with no further allocations granted. However, from the 2022 financial year, SARs and NCOs will only be awarded under the new 2021 LTIP.

Instruments

SARs and NCOs, equally weighted, result in a 2:1 SARs to NCOs face value allocation.

Participants

The executive director and senior management participate in SARs or NCOs. Participation in the SARs or NCOs is not a condition of employment, and the committee has the absolute discretion to make an award to any permanent employee within the group in terms of the 2021 LTIP.

Award policy

The historical top-up allocation process is replaced with an annual allocation process consistent with current market practice. Annual allocations provide for a more

balanced exposure to share price fluctuations and results in less volatile and more smoothed remuneration outcomes.

Awards are generally to be made annually after the end of the financial year-end closed period.

Performance period, vesting profile and exercise

All awards will be subject to a set performance period of three years.

Upon the lapsing of the performance period, the SARs and NCOs which comprise an award will vest, to the extent that the applicable performance conditions have been achieved.

- SARs and NCOs awarded under the 2021 LTIP will cliff-vest at the end of three years from the date of the award
- SARs, awarded under the previously used plan, will vest in equal portions at the end of years three, four and five from the date of the award

Vested SARs and NCOs must be exercised within two years from the date of vesting.

Performance conditions

The same performance conditions will be used for the SARs and NCOs, but different targets will be attached to take account of the fact that the SARs already contain an underlying performance hurdle of share price appreciation.

- Absolute total shareholders' return (TSR) – 45% weighting: TSR measures the total amount returned to shareholders through capital gains and dividends. It is generally accepted that TSR is one of the best true measures of performance, as the potential for generating a competitive TSR relative to the risks inherent, is the investor's most important reason for investment decisions. Absolute TSR has been chosen over relative TSR given the limited comparable listed independent peers against which RMI's relative TSR can be tracked. Therefore, RMI's TSR performance will be determined with reference to an appropriate long-bond rate
- Intrinsic net asset value (INAV) growth – 45% weighting: INAV growth measures growth in the collective underlying equity value of RMI's portfolio companies and excludes any underlying shareholder sentiment adjustment and adjusts for net debt (i.e. short and long-term interest-bearing debt minus cash on hand). INAV growth will be measured referencing a valuation analysis approach (i.e. performance measured with reference to RMI's weighted average cost of capital (WACC))
- Efficiency measures, incorporating a target expense ratio and risk measures, provide appropriate balance to the two financial measures – 10% weighting

Performance targets

Each performance measure will have a threshold, target and stretch level attached:

TSR

| LTI instrument | Threshold 50% vesting | Target 100% vesting | Stretch 200% vesting |
|----------------|--|--|--|
| SARs | 80% of the 3 to 5-year long-bond rate | 110% of the 3 to 5-year long-bond rate | 200% of the 3 to 5-year long-bond rate |
| NCOs | 110% of the 3 to 5-year long-bond rate | 170% of the 3 to 5-year long-bond rate | 230% of the 3 to 5-year long-bond rate |

Reference points for target and stretch vesting were determined through analysis of the outperformance of the JSE Top 40 and FINI 15 indices relative to the three to five-year long-bond rate over the past 10 years.

INAV

| LTI instrument | Threshold 50% vesting | Target 100% vesting | Stretch 200% vesting |
|----------------|-----------------------|---------------------|----------------------|
| SARs | 83% of WACC | WACC | 117% of WACC |
| NCOs | WACC | 117% of WACC | 134% of WACC |

Efficiency

| LTI instrument | Threshold 50% vesting | Target 100% vesting | Stretch 200% vesting |
|----------------------|---|---------------------|----------------------|
| SARs and NCOs | Specific efficiency objectives will be set at the beginning of the vesting period and evaluated by the committee at the end of the vesting period | | |

Settlement

The SARs and NCOs are settled in shares, purchased off the market, and cannot be settled through the use of treasury shares or the issuance of shares.

Termination provisions

Fault termination

Where a participant's employment is terminated due to resignation or dismissal, the termination will be classified as a "fault termination". In this case, all unexercised SARs and/or NCOs (vested or unvested) will be forfeited upon the date of termination of employment. No consideration shall be payable to the participant.

No fault termination

Where a participant's employment is terminated due to retirement, voluntary retirement, redundancy, disability, death or the sale of a subsidiary company, or for any other reason other than those set out under 'fault termination', the termination will be classified as 'no fault'.

In this case, a portion of the participant's unvested awards shall vest on a pro-rata basis. The portion of the award which does not vest will be forfeited and lapse on the date of termination of employment. No consideration shall be payable to the participant for such forfeited portion. Vested but unexercised awards shall be capable of

exercise within a period of 12 months from date of termination of employment, subject to the exercise period applicable. Any portion of the vested awards which is not exercised shall be forfeited and lapse, with no consideration being payable to the participant. The committee has the discretion to make exceptions under specific circumstances.

Mutual separation

If it is an agreed termination, the committee can exercise its discretion regarding unexercised awards (whether vested or unvested).

Malus

The LTIP rules include malus provisions. In the event that a specified trigger event occurs before the exercise of a SAR or an NCO of an award to which the committee has specified that malus applies, the committee may, in its discretion, reduce the award in whole or in part (including, for the avoidance of doubt, to nil).

Whenever such a reduction is made, the relevant award, or portion thereof, as relevant, shall be treated as having been forfeited and will immediately lapse.

MPS

CHANGES FOR 2022

The committee will have absolute discretion to adjust the vesting outcomes of the MPS. The committee has been empowered in this fashion as to avoid any windfall gains or unjust outcomes, with discretion acting as the 'guard rails' under which the participants' interests shall vest.

Overview

The MPS (the scheme) was implemented by the board as the outcome of a process that began in 2014, aimed at achieving the active management of the portfolio, activating the portfolio through its expansion, diversifying the current exposure and modernising the portfolio by investing in dynamic financial services businesses. In the development of the scheme in its current form, the board referenced private equity models of a management fee and carry structure over a certain hurdle rate. In the case of RMI, the focus was on the carry element only and is designed as management participation after RMI has been compensated for its capital invested and its cost of capital.

Rationale

The rationale of this scheme is to:

- Encourage long-term focus by aligning the objectives of management and shareholders, thereby building on the group's owner-manager culture
- Incentivise management to also focus on smaller investments (relative to the overall size of the portfolio), which may have an insignificant impact on the RMI share price over the short to medium term, but which could potentially contribute to significant long-term value creation
- Retain key employees in a highly competitive market

Description

The key parameters of the scheme are as follows:

- Qualifying investments are approved at the discretion of the committee
- Participation is limited to 10% per investment and for investments smaller than R500 million
- Currently, management's participation is capped at R150 million on qualifying next generation/fintech investments (10% of R1.5 billion) and R87 million on qualifying investments by RMI Investment Managers (10% of R870 million), after compensating RMI for the capital invested. Thereafter, participants can participate further by investing their own money alongside RMI
- A hurdle rate set at the prevailing prime interest rate applies
- A long-term investment period applies, with the value of the shares increasing over time, if the hurdle rate is outperformed

The committee has full discretion regarding all aspects of the structure. In particular, the committee may exercise its discretion to increase the hurdle rate on well-performing investments to compensate for investments that are underperforming, thereby achieving a portfolio effect.

Valuation methodology

The following approach is followed:

STEP 1

Determine the value of the underlying investments

Underlying investments are valued using market-accepted valuation methodologies such as discounted cash flow models, where a discount rate is determined considering the specific risks of the underlying investments, or a price/earnings methodology, where a market-related ratio is applied. Investments can be valued using a combination of valuation methodologies dependent on the nature of the underlying investment.

STEP 2

Determine the value per share

The value per share is determined by dividing the value of the underlying investment by the total number of issued shares. This value is reduced by the capital invested by RMI per share, escalated by the hurdle rate. The value of the share-based payment liability recognised by RMI is the value per share multiplied by the total number of issued shares.

Participation details

Participation is limited to the CEO, senior and junior investment executives and senior executives at RMI Investment Managers.

Duration

The scheme currently has no set duration. Realisation of value occurs at the earliest of realisation of underlying assets or an offer at a 10% discount to fair value on the tenth anniversary of the structure. This offer is only available for 365 days after the tenth anniversary date.

Contracts of employment

All employees, including the executive director, are required to sign standard employment contracts with RMI. These contracts set out the working hours, salary, leave entitlement, notice and probation periods and other relevant information. Employment contracts are not fixed-term and are subject to the normal retirement age of the company (being 60 – 65 years of age, depending on the date of appointment). The notice period for termination of employment is one calendar month.

Sign-on awards

Sign-on awards can be made upon appointment of an investment executive in lieu of compensation for value foregone in terms of unvested LTIs as a result of termination of employment with a previous employer in order to join RMI.

Termination payments/restraint of trade

The termination of a contract of employment of an employee of any level does not give rise to payments related to the termination itself nor any restraint of trade provision.

External appointments

The executive director will be permitted to serve as a non-executive director on boards of other companies as long as prior approval is obtained. Fees paid for such services will accrue to RMI.

MSR

From the 2022 financial year, RMI has introduced an MSR for the CEO, in order to ensure that his interests are aligned with those of RMI's shareholders and broader stakeholders. The CEO is required to acquire and maintain RMI shares to the value of 200% of his annual fixed remuneration at implementation date.

The additional salient features of this requirement are as follows:

- The target minimum shareholding is expected to be accumulated over a period of five years from the implementation date of the policy

- Compliance with the target MSR will be tested annually and the committee reserves its rights to recommend corrective steps be adopted should it appear that the CEO will not meet the relevant target
- Only shares which are held either outright by the CEO, or indirectly but for his benefit, will count towards satisfaction of the target MSR
- The CEO may satisfy the target MSR by purchasing shares in RMI (personal investment shares) through the use of post-tax remuneration or cash-based incentives, or by electing to subject shares received in terms of the LTIP 2021 or the legacy long-term incentive scheme to a holding period. Unvested, and vested but unexercised SAR or NCO awards will not count towards the target MSR
- The CEO will not be entitled to larger-than-normal (market benchmark) LTI awards in any year to assist him in meeting his target MSR.

Non-executive directors' fees

Non-executive directors do not have employment contracts with RMI, do not receive any benefits associated with permanent employment, nor do they participate in any STI and LTI schemes.

Non-executive directors are paid a fixed annual fee, based on an agreed number of meetings. An hourly rate is used to remunerate non-executive directors for *ad hoc* meetings. The fees and hourly rates are received quarterly and are subject to approval by shareholders at RMI's annual general meeting. Fees are market-related and consider the nature of RMI's operations.

A proposed increase of 4.5% for non-executive directors' fees has been approved by the board for 2022, subject to shareholder approval. The fees paid to non-executive directors during the reporting period are included in the implementation report that follows (side by side with the proposed fees for 2022).

Non-binding vote: remuneration policy

The remuneration policy in effect for 2022 will be tabled for approval by our shareholders at our annual general meeting on 24 November 2021.

Part 3

IMPLEMENTATION REPORT

The remuneration outcomes for the executive director (CEO) and prescribed officer (CEO of OUTsurance) are discussed below. The remuneration of the CEO of OUTsurance is independently determined by the remuneration committee of OUTsurance but included below in accordance with the provisions of the Companies Act.

Fixed remuneration adjustments

RMI employees who received CTC increases for 2021, will receive increases at a flat rate of 4.5%, whereas employees who did not receive increases during 2021 will receive increases at a slightly higher rate of 5.25%.

In addition, in some instances certain employees will receive higher than inflation increases, at the discretion of the committee.

Variable remuneration

In line with the policy, the CEO did not participate in the STI scheme.

Long-term incentive awards and outcomes

In line with the SAR scheme, the necessary top-up allocations were done during the year. In addition, a forfeitable share award was made to the CEO amounting to R23 million (783 112 RMI shares). The forfeitable shares will only vest to the extent that the value of the forfeitable shares exceeds the collective value of the 2014, 2015 and 2016 SAR awards.

The below table sets out the SARs awarded to the CEO:

| R'000 | Strike price (cents) | Vesting date | Balance 1 July 2020 | Issued | Forfeited | Exercised | Balance 30 June 2021 | Value 30 June 2021 |
|-----------|----------------------|--------------|---------------------|--------|-----------|-----------|----------------------|--------------------|
| HL Bosman | 2 874 | 02/04/2017 | 631 | – | – | – | 631 | 3 070 |
| HL Bosman | 2 874 | 02/04/2018 | 631 | – | – | – | 631 | 3 070 |
| HL Bosman | 2 874 | 02/04/2019 | 631 | – | – | – | 631 | 3 070 |
| HL Bosman | 4 125 | 14/09/2018 | 27 | – | – | – | 27 | 121 |
| HL Bosman | 4 125 | 14/09/2019 | 27 | – | – | – | 27 | 121 |
| HL Bosman | 4 125 | 14/09/2020 | 26 | – | – | – | 26 | 120 |
| HL Bosman | 4 341 | 14/09/2019 | 167 | – | – | – | 167 | 940 |
| HL Bosman | 4 341 | 14/09/2020 | 167 | – | – | – | 167 | 940 |
| HL Bosman | 4 341 | 14/09/2021 | 167 | – | – | – | 167 | 901 |
| HL Bosman | 3 992 | 19/09/2020 | 179 | – | – | – | 179 | 682 |
| HL Bosman | 3 992 | 19/09/2021 | 180 | – | – | – | 180 | 643 |
| HL Bosman | 3 992 | 19/09/2022 | 180 | – | – | – | 180 | 514 |
| HL Bosman | 3 947 | 14/09/2021 | 249 | – | – | – | 249 | 1 020 |
| HL Bosman | 3 947 | 14/09/2022 | 249 | – | – | – | 249 | 765 |
| HL Bosman | 3 947 | 14/09/2023 | 250 | – | – | – | 250 | 608 |
| HL Bosman | 3 091 | 14/09/2022 | 130 | – | – | – | 130 | 603 |
| HL Bosman | 3 091 | 14/09/2023 | 130 | – | – | – | 130 | 450 |
| HL Bosman | 3 091 | 14/09/2024 | 131 | – | – | – | 131 | 356 |
| HL Bosman | 2 937 | 05/10/2023 | – | 355 | – | – | 355 | 1 162 |
| HL Bosman | 2 937 | 05/10/2024 | – | 355 | – | – | 355 | 871 |
| HL Bosman | 2 937 | 05/10/2025 | – | 355 | – | – | 355 | 697 |

RMI MPS:

| Participant | Investment | Number of shares | Percentage of investment | Hurdle rate | Value before portfolio effect R000's | Portfolio effect R000's | Value after portfolio effect R000's |
|-------------|-----------------------------------|------------------|--------------------------|-------------|--------------------------------------|-------------------------|-------------------------------------|
| HL Bosman | RMI Investment Managers | 2 484 | 1.4% | Prime | – | – | – |
| HL Bosman | RMI Invest One (Merchant Capital) | 389 | 3.51% | Prime | 1 057 | (1 057) | – |
| HL Bosman | RMI Invest Two (Entersekt) | 513 | 3.71% | Prime | 3 237 | (3 237) | – |
| HL Bosman | RMI Invest Three (Prodigy) | 1 787 | 3.67% | Prime | – | – | – |
| HL Bosman | RMI Invest Four (Guidepost) | 485 | 3.64% | Prime | – | – | – |
| HL Bosman | AlphaCode (Luno) | 370 | 3.65% | Prime | 1 231 | (1 231) | – |

Remuneration outcomes

Schedule of directors' emoluments paid for services rendered to RMI in respect of the year ended 30 June 2021:

| R'000 | Services as director | Cash package | Other benefits ¹ | SAR ² | Total 2021 |
|----------------------------|----------------------|--------------|-----------------------------|------------------|---------------|
| Executive | | | | | |
| HL Bosman ³ | – | 9 828 | 1 331 | 2 564 | 13 723 |
| – Paid by RMI ⁴ | – | 10 920 | 1 479 | – | 12 399 |
| – Recovered from RMH | – | (1 092) | (148) | – | (1 240) |
| – Value of SAR vesting | – | – | – | 2 564 | 2 564 |
| Non-executive | | | | | |
| JJ Durand ⁵ | 504 | – | – | – | 504 |
| JP Burger | 344 | – | – | – | 344 |
| P Cooper | 226 | – | – | – | 226 |
| SEN De Bruyn | 338 | – | – | – | 338 |
| LL Dippenaar | 252 | – | – | – | 252 |
| DA Frankel (alternate) | 226 | – | – | – | 226 |
| PK Harris | 253 | – | – | – | 253 |
| A Kekana ⁵ | 252 | – | – | – | 252 |
| F Knoetze (alternate) | – | – | – | – | – |
| P Lagerström | 368 | – | – | – | 368 |
| UH Lucht (alternate) | – | – | – | – | – |
| MM Mahlare | 226 | – | – | – | 226 |
| MM Morobe | 357 | – | – | – | 357 |
| RT Mupita ⁵ | 226 | – | – | – | 226 |
| O Phetwe | 226 | – | – | – | 226 |
| JA Teegee | 287 | – | – | – | 287 |
| Total | 4 085 | 9 828 | 1 331 | 2 564 | 17 808 |

1. 'Other benefits' comprise pension fund, provident fund and medical aid contributions.

2. Includes the value of SARs issued by RMI which are due for vesting and are exercisable in the 12 months following the end of the reporting period.

3. Mr Bosman's executive remuneration is paid for by RMI. A portion of his remuneration is recovered from RMH.

4. The amount paid by RMI is net of Mr Bosman's contribution to the Covid-19 relief fund.

5. Directors' fees for services rendered by Messrs Durand and Mupita and Ms Kekana were paid to Remgro, MTN and Royal Bafokeng Holdings respectively for their time spent on the RMI board.

6. There were no other services rendered by non-executive directors to RMI.

Schedule of directors' emoluments paid for services rendered to RMI in respect of the year ended 30 June 2020:

| R'000 | Services as director | Cash package | Other benefits ¹ | SAR ² | Total 2020 |
|----------------------------|----------------------|--------------|-----------------------------|------------------|---------------|
| Executive | | | | | |
| HL Bosman ³ | – | 8 458 | 1 177 | 2 271 | 11 906 |
| – Paid by RMI ⁴ | – | 11 277 | 1 569 | – | 12 846 |
| – Recovered from RMH | – | (2 819) | (392) | – | (3 211) |
| – Value of SAR vesting | – | – | – | 2 271 | 2 271 |
| Non-executive | | | | | |
| JJ Durand ⁵ | 526 | – | – | – | 526 |
| JP Burger | 364 | – | – | – | 364 |
| P Cooper | 306 | – | – | – | 306 |
| SEN De Bruyn | 358 | – | – | – | 358 |
| LL Dippenaar | 312 | – | – | – | 312 |
| DA Frankel (alternate) | 232 | – | – | – | 232 |
| PK Harris | 279 | – | – | – | 279 |
| A Kekana ⁵ | 285 | – | – | – | 285 |
| F Knoetze (alternate) | – | – | – | – | – |
| P Lagerström | 349 | – | – | – | 349 |
| UH Lucht (alternate) | – | – | – | – | – |
| MM Mahlare | 232 | – | – | – | 232 |
| MM Morobe | 350 | – | – | – | 350 |
| RT Mupita ⁵ | 232 | – | – | – | 232 |
| O Phetwe | 232 | – | – | – | 232 |
| JA Teeger | 291 | – | – | – | 291 |
| Total | 4 348 | 8 458 | 1 177 | 2 271 | 16 254 |

1. Other benefits comprise pension fund, provident fund and medical aid contributions.

2. Includes the value of share appreciation rights by RMI which vest and exercisable in the 12 months following the end of the reporting period.

3. Mr Bosman's executive remuneration is paid for by RMI. A portion of his remuneration is recovered from RMH.

4. The amount paid by RMI is net of Mr Bosman's contribution to the Covid-19 relief fund.

5. Directors' fees for services rendered by Messrs Durand and Mupita and Ms Kekana were paid to Remgro, MTN and Royal Bafokeng Holdings respectively for their time spent on the RMI board.

6. There were no other services rendered by non-executive directors to RMI.

Directors' emoluments paid by subsidiaries and associates

Schedule of directors' emoluments paid by subsidiaries and associates in respect of the year ended 30 June 2021:

| R'000 | Total 2021 | Total 2020 |
|---------------------------|--------------|--------------|
| HL Bosman ¹ | 2 384 | 1 895 |
| P Cooper ² | 1 310 | 1 692 |
| SEN De Bruyn ³ | 1 364 | 1 364 |
| LL Dippenaar ⁴ | – | 580 |
| Total | 5 058 | 5 531 |

1. Directors' fees for services rendered by Mr Bosman were paid to RMI. R1 822 000 (2020: R1 525 000) was received from Discovery and R562 000 (2020: R370 000) was received from OUTsurance for services rendered as non-executive board member of Discovery and OUTsurance respectively.

2. R1 199 000 (2020: R1 160 000) was received from Momentum Metropolitan and R111 000 (2020: R532 000) was received from OUTsurance.

3. Received from Discovery.

4. Received from OUTsurance.

Emoluments paid to prescribed officers

In addition to Mr HL Bosman, financial director and CEO of RMI, Mr MC Visser, CEO of OUTsurance, also meets the definition of prescribed officer as defined in the Companies Act. His emoluments are set out below:

| R'000 | Cash package | Performance bonus | Benefit derived from share incentive scheme | Total |
|---------------------|--------------|-------------------|---|---------------|
| 30 June 2021 | | | | |
| MC Visser | 6 045 | 5 743 | 679 | 12 467 |
| 30 June 2020 | | | | |
| MC Visser | 4 945 | – | 1 116 | 6 061 |

OUTsurance share incentive scheme:

| Participant | Strike price (cents) | Vesting date | Balance 1 July 2020 000's | Issued 000's | Forfeited 000's | Exercised 000's | Balance 30 June 2021 000's | Benefit derived R000's |
|-------------|----------------------|--------------------------|---------------------------|--------------|-----------------|-----------------|----------------------------|------------------------|
| MC Visser | 930 | 01/07/2017 to 01/07/2020 | 700 | – | – | (700) | – | 679 |
| MC Visser | 1 008 | 01/09/2018 to 01/09/2021 | 935 | – | – | – | 935 | – |
| MC Visser | 1 034 | 01/09/2019 to 01/09/2022 | 2 418 | – | – | – | 2 418 | – |
| MC Visser | 1 027 | 01/09/2020 to 01/09/2023 | – | 2 902 | – | – | 2 902 | – |

Mr Visser has been granted rights to participate in the Divisional Incentive Scheme as follows:

- 7.5% participation in the OUTsurance Business and OUTsurance Life/OUTvest schemes
- 7.5% participation in the Youi schemes

Non-executive directors' fees

The fees paid to non-executive directors for the 2021 financial year are reflected in the table below, as approved by the committee and the board under the authority granted by shareholders at the annual general meeting held on 3 December 2020. We also set out the proposed fees which will be tabled for approval at the 2021 annual general meeting:

| R million | Total 2022 | Total 2021 | % Increase |
|---|----------------|------------|------------|
| Board (four meetings per annum) | | | |
| – Chairperson | 597 218 | 571 500 | 4.5% |
| – Member | 298 557 | 285 700 | 4.5% |
| Audit and risk committee (two meetings per annum) | | | |
| – Chairperson | 149 331 | 142 900 | 4.5% |
| – Member | 74 613 | 71 400 | 4.5% |
| Social, ethics and transformation committee (two meetings per annum) | | | |
| – Chairperson | 74 718 | 71 500 | 4.5% |
| – Member | 37 307 | 35 700 | 4.5% |
| Investment committee (per meeting) | | | |
| – Chairperson | 17 634 | 16 875 | 4.5% |
| – Member | 14 108 | 13 500 | 4.5% |
| Remuneration committee (one meeting per annum) | | | |
| – Chairperson | 14 108 | 13 500 | 4.5% |
| – Member | 11 286 | 10 800 | 4.5% |
| Ad-hoc meetings (per hour) | 4 703 | 4 500 | 4.5% |

Compliance with the remuneration policy

The committee is satisfied that all remuneration practices during the 2021 financial year complied with the company's remuneration policy, without deviation, details of which are provided above.

Non-binding vote: the implementation report

As mentioned above, the implementation report for the reporting period will be tabled for approval by our shareholders at our annual general meeting on 24 November 2021.

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE'S REPORT

This report is prepared in accordance with the Companies Act, with specific reference to Regulation 43.

Membership and meetings

The committee comprises three suitably skilled and experienced members appointed by the board. All members are independent non-executive directors.

The committee meets at least twice a year or at the request of the chairperson, any member of the committee or the board.

Comprehensive minutes of meetings are kept. The social, ethics and transformation committee met twice during the year.

The chairperson of the committee attends the annual general meeting to answer any questions that shareholders might have.



Attendance and membership of the committee are reflected with the board CVs from page 58.

Activities during the past year

The committee focused on the impact of Covid-19 on RMI and its portfolio companies and the measures put in place to mitigate its impact.

The committee also focused on the implementation of the transformation strategy and the execution of the enterprise and supplier development and skills development plans. Through AlphaCode, RMI has put in place bespoke enterprise and social development programmes to identify, partner and grow black-owned and managed financial services businesses.

RMI contracted the services of an independent service provider to maintain a whistle-blowing hotline.



Details are available on RMI's website: www.rmi.co.za

Below is a summary of the activities in terms of the committee's own developed framework:

| Regulation 43 description | Action taken during the financial year |
|---|---|
| 1 CORPORATE SOCIAL RESPONSIBILITY | |
| CORPORATE SOCIAL INVESTMENT | RMI established a Covid-19 relief fund of R10.4 million through voluntary contributions from senior management, board members and RMI |
| EMPLOYEE EDUCATIONAL DEVELOPMENT | The committee supports staff participating in the continuing professional development programmes of the professional bodies of which they are members |
| EMPLOYEE WELLNESS | Employees are members of a wellness programme |
| 2 B-BBEE | <p>Performed and reviewed the calculation of RMI's B-BBEE rating</p> <p>An independent consulting firm has been appointed to assist RMI in formulating and refining its B-BBEE strategy. RMI obtained a level two contributor rating, compared to a level three rating in the prior year</p> <p>A copy of the B-BBEE1 form is available on RMI's website at: www.rmi.co.za</p> |
| 3 EMPLOYMENT EQUITY (EE) TRANSFORMATION | Even though RMI has a small staff complement, it focuses on EE transformation with new appointments made |
| 4 CULTURE RISK | Undertook an informal assessment of the culture risk of RMI |
| 5 ENVIRONMENTAL AND SOCIAL RISK GOVERNANCE | As an investment holding company, environmental and social risk are mainly driven by RMI's portfolio companies. RMI's role is one of oversight rather than as a participant. RMI reviewed the environmental and social risk governance frameworks of portfolio companies |
| 6 BUSINESS CONDUCT – STANDARDS FOR EMPLOYEES | Performed an annual review of the code of ethics, personal account trading policy and 'The Company and I' |
| 7 MARKET CONDUCT – STANDARDS FOR THE MARKET | RMI monitored that no anti-trust measures were breached by its portfolio companies |
| 8 MONITORING – INTERNAL COMPLIANCE | Refined the monitoring of internal compliance |
| 9 GOVERNANCE REPORTING | Provided feedback to the board after each meeting and in the integrated report |

Focus during the coming year

The committee will continue to discharge its responsibilities contained in its charter, with a focus on transformation and the continued assessment of the impact of Covid-19 on the group companies, its employees and the communities in which the group companies operate.



Murphy Morobe

Chairperson of the social, ethics and transformation committee

27 October 2021

SHAREHOLDER INFORMATION

FOCUS • COLLABORATE • GROW

- 87 Shareholding
- 88 Performance on the JSE
- 88 Shareholders' diary
- 89 Administration

SHAREHOLDING

| R million | 30 June 2021 | | | 30 June 2020 | | |
|---|------------------------|---------------------|--------------|------------------------|---------------------|--------------|
| | Number of shareholders | Shares held (000's) | % | Number of shareholders | Shares held (000's) | % |
| Analysis of shareholding | | | | | | |
| Financial Securities Limited (Remgro) | 1 | 469 449 | 30.6 | 1 | 469 449 | 30.6 |
| Royal Bafokeng Holdings Proprietary Limited | 2 | 216 935 | 14.2 | 2 | 222 853 | 14.5 |
| Public Investment Corporation | 6 | 109 591 | 7.2 | 8 | 114 701 | 7.5 |
| Allan Gray (on behalf of clients) | 1 | 91 068 | 5.9 | 1 | 118 839 | 7.8 |
| Total of shareholders holding more than 5% | 10 | 887 043 | 57.9 | 12 | 925 842 | 60.4 |
| Other | 25 059 | 644 765 | 42.1 | 27 888 | 605 966 | 39.6 |
| Total | 25 069 | 1 531 808 | 100.0 | 27 900 | 1 531 808 | 100.0 |
| Shareholder type | | | | | | |
| Corporates | | 686 384 | 44.8 | | 692 302 | 45.2 |
| Unit trusts | | 262 529 | 17.1 | | 250 330 | 16.4 |
| Pension funds | | 168 090 | 11.0 | | 173 178 | 11.3 |
| Private investors | | 41 040 | 2.7 | | 44 636 | 2.9 |
| Insurance companies and banks | | 53 489 | 3.5 | | 45 033 | 2.9 |
| Other | | 320 276 | 20.9 | | 326 329 | 21.3 |
| Total | | 1 531 808 | 100.0 | | 1 531 808 | 100.0 |
| Public and non-public shareholders | | | | | | |
| Public | 25 059 | 753 769 | 49.2 | 27 890 | 747 851 | 48.8 |
| Non-public | 10 | 778 039 | 50.8 | 10 | 783 857 | 51.2 |
| – Corporates | 3 | 686 384 | 44.8 | 3 | 692 302 | 45.2 |
| – Directors and associates | 7 | 91 655 | 6.0 | 7 | 91 655 | 6.0 |
| Total | 25 069 | 1 531 808 | 100.0 | 27 900 | 1 531 808 | 100.0 |
| Geographic ownership | | | | | | |
| South Africa | | 1 348 900 | 88.1 | | 1 347 571 | 88.0 |
| International | | 182 908 | 11.9 | | 184 237 | 12.0 |
| Total | | 1 531 808 | 100.0 | | 1 531 808 | 100.0 |

The information above is extracted from the shareholder analysis provided by Orient Capital Limited

PERFORMANCE ON THE JSE

| | 2021 | 2020 |
|--|-----------|-----------|
| Number of shares in issue (000's) | 1 531 808 | 1 531 808 |
| Market prices (cents per share) | | |
| – Closing | 3 134 | 2 920 |
| – High | 3 404 | 3 528 |
| – Low | 2 819 | 1 733 |
| – Weighted average | 3 111 | 2 793 |
| Closing price/net asset value per share (times) | 1.8 | 1.7 |
| Closing price/headline earnings per share (times) | 16.4 | 22.8 |
| Volume of shares traded during the year (million) | 517 | 460 |
| Value of shares traded during the year (R million) | 16 082 | 12 840 |
| Market capitalisation at year-end (R million) | 48 007 | 44 729 |

SHAREHOLDERS' DIARY

Reporting

Interim results for the 2022 financial year

Announcement for the six months ending
31 December 2021

Mid-March 2022

Final results for the 2022 financial year

Announcement for the year ending
30 June 2022

Mid-September 2022

Posting of financial results and AGM notice

End-October 2022

Annual general meeting

End-November 2022

Dividends

Interim dividend for the 2022 financial year

Declare

Mid-March 2022

Payable

Early April 2022

Final dividend for the 2022 financial year

Declare

Mid-September 2022

Payable

End-October 2022

ADMINISTRATION

Rand Merchant Investment Holdings Limited (RMI)

Registration number: 2010/005770/06

JSE ordinary share code: RMI

ISIN code: ZAE000210688

Directors

JJ Durand (chairperson), HL Bosman (chief executive officer and financial director), JP Burger, P Cooper, (Ms) SEN De Bruyn, LL Dippenaar, PK Harris, (Ms) A Kekana, P Lagerström, (Ms) MM Mahlare, MM Morobe, RT Mupita, O Phetwe and JA Teeger

Alternates

DA Frankel, F Knoetze and UH Lucht

Company secretary and registered office

JS Human

Physical address: 12th Floor, The Bank
Corner Cradock and Tyrwhitt Avenues
Rosebank, Johannesburg, 2196

Postal address: Private Bag X1000, Saxonwold, 2132

Telephone: +27 10 753 2430

Web address: www.rmih.co.za

Sponsor

(in terms of JSE Listings Requirements)

Rand Merchant Bank (a division of FirstRand Bank Limited)

Physical address: 1 Merchant Place, corner of Fredman Drive and Rivonia Road, Sandton, 2196

Transfer secretaries

Computershare Investor Services Proprietary Limited

Physical address: Rosebank Towers, 15 Biermann Avenue, Rosebank

Postal address: Private Bag X9000, Saxonwold, 2132

Telephone: +27 11 370 5000

Telefax: +27 11 688 5221



RMI

www.rmih.co.za