



RMI



INTEGRATED
REPORT

22

CREATING ENDURING VALUE

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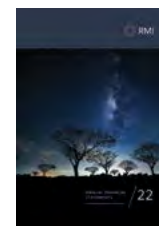
CREATING ENDURING VALUE

This integrated report of **Rand Merchant Investment Holdings Limited (RMI)**, which is our primary report to our stakeholders, is available online at www.rmih.co.za/investor-relations or on request from our company secretary at: schalk.human@rmih.co.za

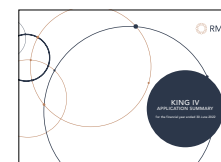
THE FOLLOWING REPORTS ARE AVAILABLE ON OUR WEBSITE:



Our [summary final results announcement](#), which provides an overview of RMI's performance and outlook, **circular to shareholders** and **notice of annual general meeting**



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




Our [King IV application summary](#)


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

NAVIGATION ICONS

 Information available online at www.rmih.co.za/investor-relations

 Pages in the integrated report with supplementary information

 The application of King IV principles



CONTEXT

This is the primary report of RMI to stakeholders, which covers the period from 1 July 2021 to 30 June 2022. Any material events that occurred after 30 June 2022 and before the RMI board of directors (board) approval date of 11 October 2022 have also been included in this report.

This integrated report provides information relating to RMI's business model, operating context, material risks and opportunities, governance, operational performance and outlook.

During the period, RMI unbundled its interests in Discovery Limited (Discovery) and Momentum Metropolitan Holdings Limited (Momentum Metropolitan) and sold its interest in Hastings Group Consolidated Limited (Hastings). These businesses are treated as discontinued operations in the financial disclosure in this integrated report. This report also includes details of the restructure and transition of RMI to 'OUTsurance Group Limited' (OUTsurance listing) per the announcement on SENS on 22 September 2022 and available on the RMI website at: www.rmih.co.za/investor-relations.

As a consequence of the envisaged OUTsurance Listing, this is the final integrated report for RMI. The letter from the chairperson accordingly reflects on the unique history of the group.

Our sustainability focus

RMI's responsibilities to its people, society and the environment align with its core operating activities and, at a minimum, with selected international sustainability standards. This integrated report sets out RMI's sustainability framework and articulates its approach to the environment, society and governance for the year under review.

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

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




Summary information on OUTsurance Holdings Limited's (OUTsurance) progress towards achieving the objectives of the UN SDGs is provided in the portfolio review section (read more from **page 48**) and is expanded upon in its integrated report available on its website at: www.outsurance.co.za/about-outsurance/financialresults/

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.

Determining what is material

RMI has applied the principle of materiality when assessing what information should be included in its integrated report. RMI's material matters are identified through an internal and external engagement process and are those that impacted its stock of capitals, influenced its strategy and ultimately its ability to create and unlock value in the short, medium and long term.

 *Read more from page 43.*

Reporting frameworks

RMI's integrated reporting process and the contents of this integrated report are guided by the principles and requirements of the:

- International Sustainability Standards Board's Integrated Reporting Framework (Integrated Reporting Framework)
- JSE Limited Listings Requirements (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.

Board approval

The board acknowledges its responsibility for ensuring the integrity of this integrated report. It has applied its collective mind to its preparation and presentation and is of the opinion that the report is in accordance with the Integrated Reporting 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.

The board's 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 RMI's stakeholders' decision-making. 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 2022 on 11 October 2022.

Jannie Durand
Chairperson

Herman Bosman
Chief executive officer (CEO) and financial director (FD)

Johan Burger
Independent non-executive director

Peter Cooper
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

James Teeger
Independent non-executive director

End of an era: RMI bows out, passing the baton to growth-hungry OUTsurance

- RMI reached the end of an era on Thursday, publishing its last set of financial results as a JSE-listed company.
- In November, its shareholders will vote on the decision to change its JSE listing to OUTsurance.
- Although the company was only incorporated in 2010 and listed on the JSE in 2011, it traces its roots to the RMB group of companies founded by GT Ferreira, Laurie Dippenaar and Paul Harris in 1977.
- Get the biggest business stories emailed to you every weekday, or go to the News24 Business front page.

Shareholders of Rand Merchant Investment Holdings (RMI) shareholders will cast their last votes on 8 November, set to authorise the changing of the group's name on the JSE to OUTsurance and closing the book on nearly five decades of history as a holding company. The firm, which was instrumental in founding JSE-listed giants like Discovery and Momentum, hopes it will leave on a high, having delivered 453.5% in total shareholders return since listing in 2011.

While there's an element of nostalgia knowing it cannot create another Discovery or OUTsurance, RMI CEO Herman Bosman said the company has achieved what its founders set out to achieve. Since the firm believes it would be impractical

to establish another wave of financial services startups with potential to be giants given the current regulatory environment, it is time to accept that its job is done.

"Whether there will be another wave of investment holding companies in financial services, I'm not sure," he said. "When you look at how the regulators think about the fact that they want a more open and inclusive economy, maybe, for the time being, the role of investment holding company is somewhat limited."

Bosman says that when RMI's businesses matured, becoming competitive and fully independent, the group always decided to list them. However, there were always businesses still taking shelter under its wings, and remaining an investment holding

company in order to support them made sense.

"The founders of the group wanted to have a very specific culture. They identify great partners next to them. When Discovery started and OUTsurance started, the wider group being, Momentum RMB, etc., did not have a short-term insurer or a health insurer. So, there was space for these businesses to be created," he says.

With OUTsurance, RMI Investment Managers, as well as its private equity fintech incubation programme AlphaCode the only investments remaining in its portfolio, RMI saw the chance to break out of its investment holding company box and took it.

The company is already in advanced talks with Momentum and Royal Bafokeng Holdings to sell its stake in

RMI Investment Managers to them. It will keep AlphaCode under RMI and Treasury in the OUTsurance Group for now, but the idea is to set up a new group to house AlphaCode until it has grown enough to sell.

Bosman said he was proud of what RMI achieved for its shareholders, even in the last few years as investment holding companies fell out of favour with investors and the discounts in their share prices started widening.

RMI calculated that between 1 April 2014 and 20 September 2022, it delivered approximately R47.9 billion or 118.7% in shareholder returns compared to the JSE Financial 15 Index's 5.6% return over the same period.

In comes OUTsurance

Marthinus Visser, the CEO of OUTsurance Holdings, is excited about moving forward as a listed company. In the 25 years under RMI's wing, OUTsurance has grown to one of SA's biggest short-term insurers in the personal lines business, which includes vehicle, home and contents insurance. The company last reported R23.5 billion in gross written premiums and R2.3 billion of normalised earnings.

Visser estimates that OUTsurance's market share in personal lines short-term insurance is now around 15%, and that climbs to 20% when isolating car insurance. But the insurer wants to make more inroads in commercial insurance where it has just under 4% of the market, with Visser saying "we can't see any reason why we can't eventually get that into double digits."

"It also provides us with some resilience in terms of growth so that we're not just reliant on the economy," he added. The personal lines business moves with the economic cycle.

OUTsurance has also been growing its life insurance and investment businesses. It has partnered with Shoprite to expand its share in the life insurance market and is now moving from just direct sales to working with brokers and advisers to sell both life insurance and investments. "With OUVest, for example, we started with a direct channel which we know. But we came to the realisation that with more complex products where people have higher requirements in terms of advice and trust, you need more human involvement in the distribution. So, we are pivoting towards more face-to-face in that space," says Visser.

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RMI SNAPSHOT

RMI is a JSE-listed holding company which has invested in businesses across the South African, Australian and United Kingdom financial services landscapes over the past decade.

The last twelve months have seen RMI unlock significant value for shareholders through its portfolio restructuring that has resulted in the distribution of RMI's listed interests in Momentum Metropolitan and Discovery (the unbundling), the sale of RMI's 30% interest in Hastings (the Hastings sale) and the payment of a special dividend, as declared on 16 March 2022 (the special dividend). Collectively, the unbundling, the Hastings sale and the special dividend represent approximately R36 billion of value distribution to RMI shareholders.

Following the unbundling and the Hastings sale, RMI now almost exclusively reflects the value of OUTsurance, which includes its Australian business, Youi, alongside RMI's investments in fintech businesses through AlphaCode and investment management affiliates through RMI Investment Managers.

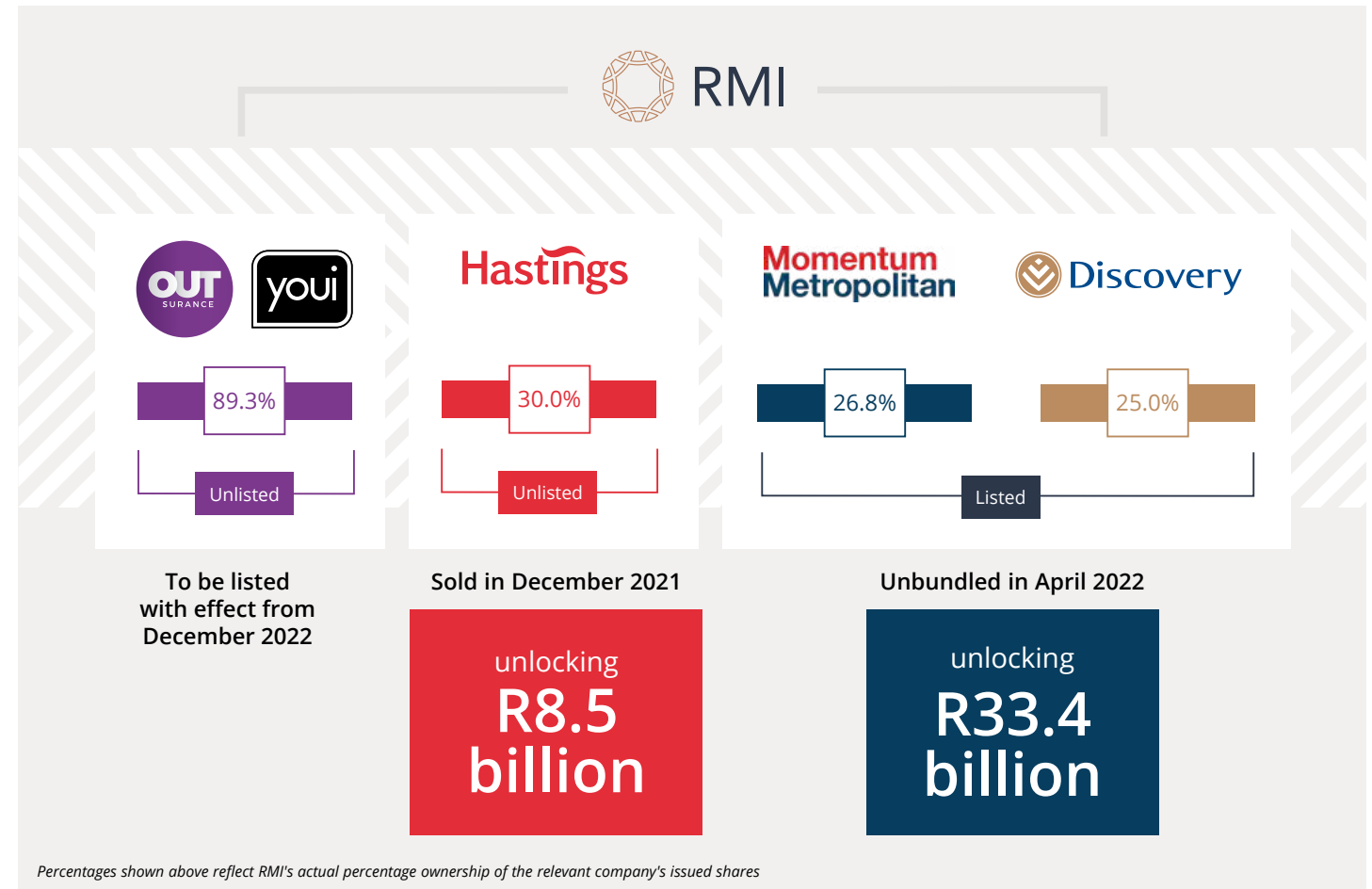
In March 2022, RMI announced its intention to cease investment activity, reduce its management and cost base and transition and rebrand to OUTsurance Group Limited. The OUTsurance listing (which is expected to become effective in December 2022, subject to shareholder and regulatory approval) will give RMI shareholders a single access point to an efficient and appropriately capitalised corporate structure, which is a growing insurance group operating across multiple geographies.

The OUTsurance listing marks a significant juncture for the RMI and RMB Holdings (RMH) group of companies, that have for almost half a century been the most significant investor in some of South Africa's most iconic financial services brands.

This section provides an overview of the remaining RMI portfolio as well as the value created over the last year.

As this is the final integrated report for RMI, the letter from the chairperson reflects on the unique Founders, exceptional entrepreneurial leaders, management and boards that navigated this journey and the South African and globally defining businesses that have emerged from the group and the enduring culture that remains the foundation of this success.

Our chief executive officer, Herman Bosman, unpacks RMI's more recent corporate restructures and resulting shareholder value creation and establishing OUTsurance, AlphaCode and RMI Investment Managers as independent businesses.



GROWTH PORTFOLIO



As part of the transition process to an OUTsurance listing, RMI's remaining assets in AlphaCode and RMI Investment Managers, with an intrinsic value of R1.9 billion as at 30 June 2022, are housed in a wholly-owned company, RMI Treasury Company Limited (RMI TreasuryCo)

● Unlisted
 Percentages shown above reflect RMI Investment Managers' effective interests in the affiliates

Key metrics for the financial year ended 30 June 2022

NORMALISED EARNINGS

⌵ (17%)

R2 954
MILLION

FROM CONTINUING AND
DISCONTINUED OPERATIONS
2021: R3 545 MILLION

ORDINARY DIVIDEND

65.5
CENTS PER SHARE

2021: 45.0 CENTS PER SHARE

NET FUNDING COSTS

R159
MILLION

2021: R532 MILLION

HEADLINE EARNINGS

⌵ (11%)

R2 598
MILLION

2021: R2 929 MILLION

SPECIAL DIVIDEND

142
CENTS PER SHARE

2021: NO SPECIAL DIVIDEND

HOLDING COMPANY COSTS

R134
MILLION

2021: R65 MILLION



JANNIE DURAND
Chairperson

“ If you would understand anything, observe its beginning and its development ”
- ARISTOTLE

Reflecting on a 45-year journey

Once in a generation, a group of individuals come together and are able to solidify a bond built on mutual respect, share a common value system, navigate macro, socio-economic and political challenges, identify opportunities that times such as these invariably present and partner with sector-defining leadership to create an iconic group of businesses – this is the unique legacy of the RMI and RMH group of companies and its Founders.

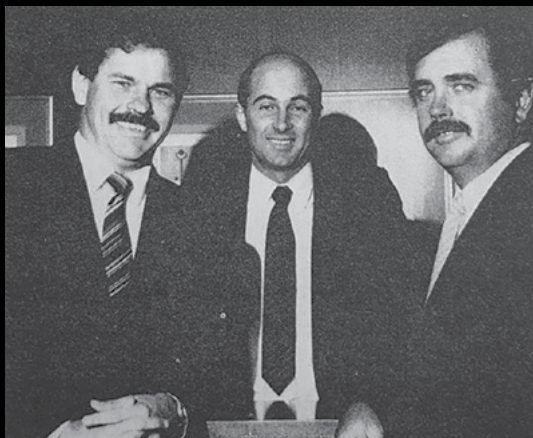
I pen this review for the final time as chairperson of RMI at another significant shift in the journey of the Rand Merchant group. To honour this, my report will ‘look and feel’ different to its predecessors. We take a moment to reflect, not just on the history of the wider group, but also on the ethos, key milestones and lessons that should be honoured and that continue to permeate (in various unique and evolved forms) through our past and current investee companies. More broadly, we hope that this is not just a reflection on the past but serves at the least as an inspiring record and possibly an enduring blueprint for future generations of pioneers in the South African corporate landscape.

There are multi-dimensional facets in a 45-year journey, with its many composite parts and role players. We do not try and capture every element in this report and, no doubt, in the chronology and telling we have missed certain parts and do not do sufficient justice to all the people who have played a pivotal part in the group’s history. Rather, the focus is on recording the principles upon which the group was founded and on capturing its essence.

The hope is that, in paging through this report, you will get a sense of the Rand Merchant group and the founding ideals that have guided its evolution over the decades.



Our story is rooted in partnership and culture ...



From left to right: Laurie Dippenaar, GT Ferreira and Paul Harris



From left to right: Johann Rupert and GT Ferreira (post merger of RCI and Rand Merchant Bank Limited)

THE FOUNDING YEARS: FUNDAMENTAL PARTNERSHIPS

1977: from humble beginnings

On 30 June 1977, GT Ferreira, Pat Goss and Laurie Dippenaar pooled their savings of R10 000 to launch a financial structuring house, Rand Consolidated Investments Limited (RCI) at 20 Anderson Street in Johannesburg. Three months later, Pat Goss left to run his family's business, but remained both as an investor and, importantly, a critical partner serving on boards and providing advice to his original co-founders. Paul Harris subsequently joined the business, which then had three partners under the age of thirty.

This new kid on the block, with Laurie Dippenaar as its meticulous and tight-fisted CEO, had to pinch pennies as it competed for business against the incumbent larger banks across *inter alia* structured finance, project finance, capital markets trading and property.

45 years later, this financial services group grew through partnership and has invested in more than 40 businesses that include the formation of FirstRand Limited (FirstRand), Momentum Metropolitan, Discovery and OUTsurance.



CAPITAL INPUT
(30 JUNE 1977)

R10 000

NET ASSET VALUE
(30 JUNE 1979)

R2 million

PHOTOCOPIES

5 cents

per copy at a Xerox machine down the street from the offices at 20 Anderson Street (before the business could afford its own)

NUMBER OF
EMPLOYEES

4

TELEPHONE
NUMBER

1

“ We decided that the name ‘Rand Consolidated Investments Limited’ had a better ring to it than ‘DFG (Dippenaar, Ferreira and Goss) Leasing’. We registered some shares in family members’ names so that we could qualify as a Limited company, which we thought projected a better image. ”

- GT FERREIRA

Why did the Founders' partnership work?

Ebbe Dommissie, the author of the book *Fortune: The Rise and Rise of Afrikaner Tycoons* says of the Founders:

"Each of the three founders brought distinctive personal qualities to the partnership. Ferreira was regarded as the diplomat and the strategist; Dippenaar, the custodian of values and the number cruncher; and Harris the creative thinker who was prepared to take risks and who excelled as a dealmaker."

"From the outset the Founders realised that their value systems, complementary talents and beliefs around culture formed part of what tied them closely together."

Establishing a value system and a core culture

From the start, the partnership and its resultant businesses were built on a common value system encompassing trust and robust engagement between the partners in which the 'business case prevailed' over personal interests.

The Founders realised early on that the value system and the culture of an organisation was its most important asset. In the years to come, they would proactively manage and entrench a unique cultural blueprint which would ultimately flow into the various businesses spawned out of the Rand Merchant group.

In taking on larger, established financial services incumbents at the time (including Barclays and Standard Chartered), the Founders recognised that an entrepreneurial, owner-manager, 'change the rules' mindset would differentiate them.

Elements of the business philosophy and ethos flowing from the early days

"The Rand Merchant group is a unique 'federation' of business entities in which the whole is greater than the sum of the parts

At an operational level, entrepreneurial profit centres are distinctly autonomous with an owner-manager culture operating in a free market environment

Bias for action ... within the context of clearly thought through strategic and operational plans. All marked by new paradigms and innovative thinking and action... which always make bottom line common sense

Participative, non-hierarchical decision-making in the context of vigorous debate of the business case with no 'holy cows' and no barriers to communication

The 1980s: seeing opportunities, navigating uncertain and turbulent times and building the foundation

RCI was not initially cash-generative and by the early 1980s, the Founders had applied (three times) for a banking licence. Their applications were unsuccessful due to a moratorium in place in South Africa at the time and numerous other banking partnerships did not succeed. In fact, the Registrar of Banks cautioned the Founders that the larger incumbents would “eat their lunch and that the business was likely to fail if RCI entered the arena.”

Against the backdrop of the apartheid era, severe financial instability following the infamous Rubicon speech of then State President PW Botha and Barclays disinvestment from South Africa, Johann Rupert purchased the collapsed Rand Bank that would become the banking licence of Rand Merchant Bank (RMB). This was the start of yet another significant foundational partnership as he entrusted the Founders with RMB's custodianship.

At the time, RCI did not have sufficient liquidity to acquire a controlling stake in RMB. The Founders negotiated their first reverse takeover by funding their stake with RCI shares. GT Ferreira said “A reverse takeover is probably the most underestimated or underrated strategy, where you let somebody else take you over in exchange for shares but you actually become majority shareholder”.

The merger was finalised on 1 January 1985, RCI was renamed to RMB and Remgro became its largest shareholder and another key foundational partnership was formed. In 1987, RMH was registered as a bank controlling company.

Diversifying for a more predictable income stream

In 1985, the Founders were already seeking ways to protect the business by diversifying into insurance, considered a more predictable income stream than merchant banking. RMB's first insurance acquisition was Magnum Life Insurance. This was a strategic acquisition without an immediate business case but it presented a great opportunity and would become the foundation of Discovery.

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RAND CONSOLIDATED INVESTMENTS LIMITED

INCOME STATEMENTS FOR THE PERIOD 1 MARCH 1977 TO 30 JUNE 1978

COMPANY			CONSOLIDATED	
1977	1978		1978	1977
R	R	Notes	R	R
R -	R65 090	TURNOVER	1 R169 655	R -
-	5 699	NET OPERATING INCOME	9 & 10 82 686	-
-	2 432	Taxation	11 35 232	-
-	3 267	Net income	47 454	-
-	-	Income from investments in leases	1 282	-
-	3 267	Net income attributable to ordinary shareholders	47 736	-
753	753	Accumulated deficit at 28 February 1977	753	-
R(753)	R 2 514	RETAINED INCOME (1977 - DEFICIT) AT 30 JUNE 1978	R46 983	R -

J. Ferreira

RMB building today



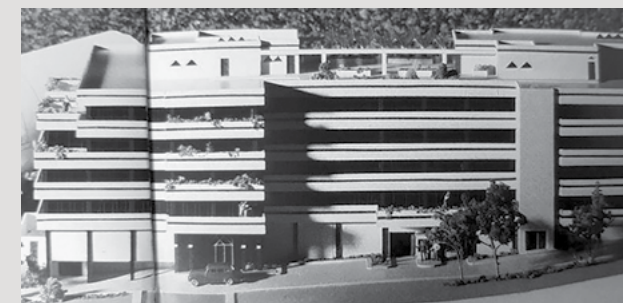
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RAND CONSOLIDATED INVESTMENTS LIMITED

BALANCE SHEETS AT 30 JUNE 1978

COMPANY			CONSOLIDATED	
1977	1978		1978	1977
R	R	Notes	R	R
550	10 550	CAPITAL EMPLOYED		
(753)	2 514	Share capital	2 10 550	-
		Distributable reserve	46 983	-
		Retained income		
R(203)	R13 064	SHAREHOLDERS' FUNDS	R57 533	R -
		EMPLOYMENT OF CAPITAL		
-	6 692	Fixed assets	3 6 692	-
-	10 000	Investment in subsidiary	4 -	-
-	90 145	Investments	5 90 145	-
341	688	Loan levy	3 448	-
-	-	Investment in leases	6 2 169	-
341	107 525		102 454	-
-	127 176	Current assets	7 140 818	-
341	234 701		243 272	-
544	221 637	Less Current Liabilities	4 & 8 185 739	-
R(203)	R 13 064		R 57 533	R -

J. Ferreira

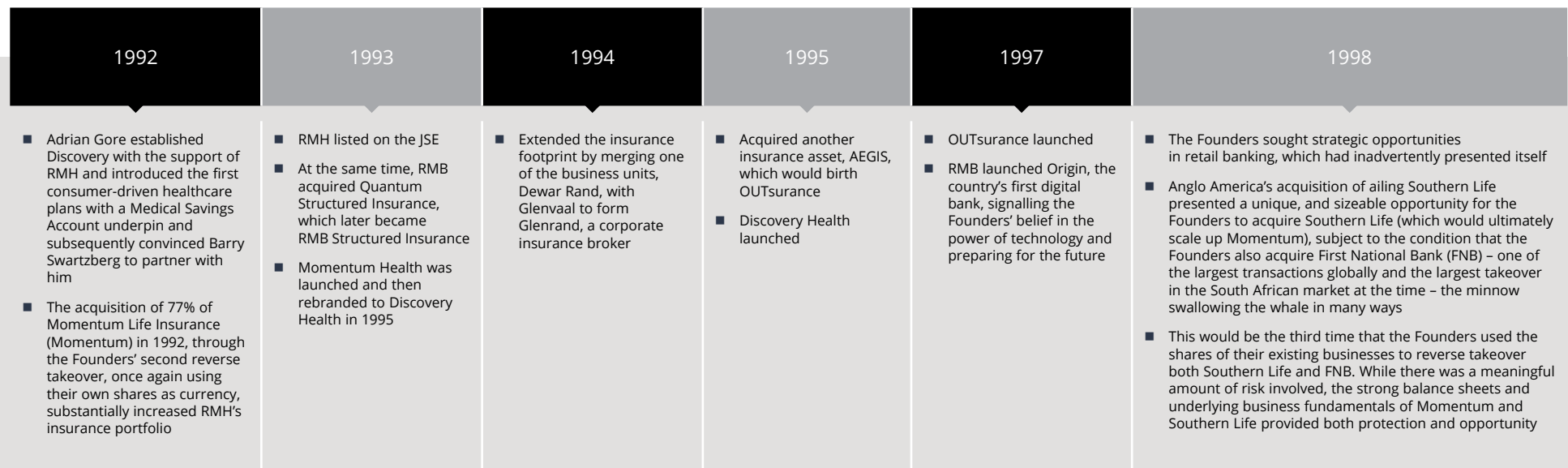


Model for first RMB building

PHENOMENAL GROWTH YEARS

1992 – 1998: seizing opportunities in financial services, identifying entrepreneurial partners

A new era in South African politics (the National Party regime was replaced by the African National Congress in 1994), a period of favourable macroeconomic and regulatory dynamics as South Africa again opened to foreign banks, opportunities in banking and insurance intersected with a period of consolidation and significant corporate activity for RMH and its Founders:



These founding years laid the platform which underpinned the subsequent era of phenomenal growth and entrepreneurial partnership building.

The second generation: entrepreneurial and management partners

The mid-1990s to mid-2000s marked a golden era in South African financial services.

South Africa was experiencing strong economic growth; the average GDP growth rate from 1994 – 2005 was 4.3% buoyed by growth across sectors including financial services.

The RMH group of companies were able to thrive in this period through skilled management partners combined with a strong value system and a network of key partnerships.

Integrating the various businesses in the group would be a challenge. The Founders, however, understood the importance of building key partnerships and inculcating their value system and owner-manager culture throughout the group, ensuring that people not only understood but subscribed to the culture.

Overall, the Founders leveraged key ingredients including the market dynamics at the time, banking and insurance licences, capital strength of the businesses and shared distribution channels to build a platform for growth for FirstRand, Discovery, Momentum and OUTsurance.



GT Ferreira

Paul Harris

Laurie Dippenaar



In the pages that follow, we take a deeper dive to explore the journeys of the second generation of RMI partners



ADRIAN GORE
Chief executive officer, Discovery

In the early nineties, as a young actuary working at Liberty Life, Adrian Gore started to develop the idea of creating an innovative approach to health insurance. A friend employed by RMB told Adrian about a dormant insurance licence held by RMB. The idea grew enough for Adrian to approach Laurie Dippenaar in 1991 with a request to borrow the dormant licence. Laurie agreed (the second time around), following the presentation of a business plan

An enduring culture and partnership underpinned by 30 years of phenomenal growth



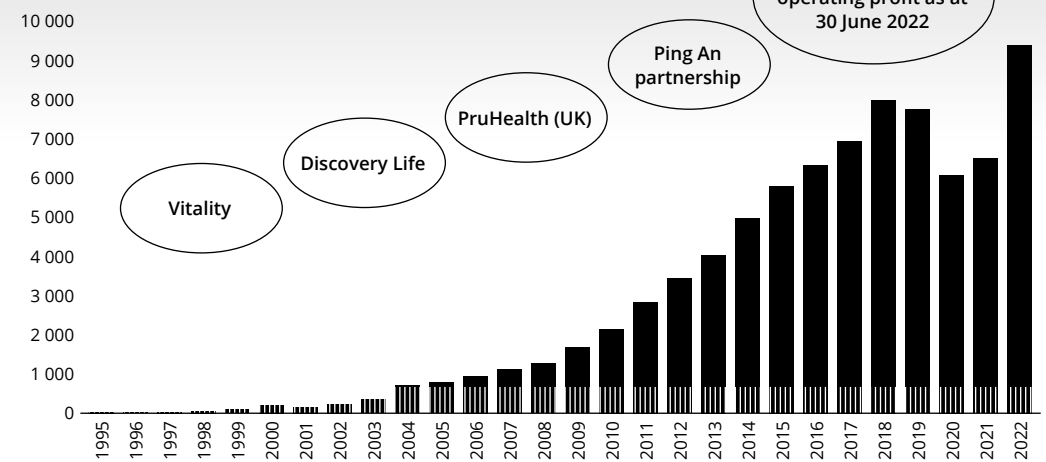
The Founders agreed to set aside R10 million in start-up capital for the venture. Inspired by the keys in the Rand Merchant logo, Adrian proposed calling the venture 'Key Life' and enlisted the help of his former colleague, Barry Swartzberg.

Changes in regulatory reform through the deregulation of the medical schemes market aimed at addressing the historical inequities of access to healthcare in South Africa, served as an opportunity for Discovery. While the majority of players continued with business as usual, a few innovative players emerged. Discovery's actuarial risk management approach and consumer-driven model led to the conception of the Medical Savings Account in February 1993.

Discovery convinced RMB to sign up as the first client and soon other clients, including a few hundred employees of the large corporate client Nashua, joined the scheme. Meanwhile, RMB had acquired another life insurer, Momentum and, as such, Discovery was initially known as 'Momentum Health'. Adrian and the team had the idea of tapping into Momentum's distribution channel to assist with marketing the Discovery product. New business started streaming in and the entrepreneurial journey had begun.

At the end of 1993, Discovery (Momentum Health) covered 3 300 lives and generated premium income of about R1 million. It reached profitability two years later in 1995. Since these humble beginnings, Discovery has become South Africa's leading health insurer, driving behavioural change through its Vitality programme. Discovery has diversified its

Operating profit (R million)



incentive-based model to include ancillary products such as life insurance, property and casualty insurance, investment products and, most recently, retail banking. This product diversification has been accompanied by geographic diversification into 39 countries across North America, Asia Pacific, Latin America, Europe, the Middle East and more recently into Africa.

Since its listing in 1999, Discovery has outperformed the JSE All Share Index and has grown operating profit from under R100 million to R9.4 billion in 2022 with over 20 million clients.

In addition to the initial seed capital, RMI has supported Discovery through various rounds of capital raising to fund growth and initiatives and has been a strategic guide in decision-making through its representation on the boards and various non-executive roles at Discovery. RMI is proud of its association with Discovery's phenomenal journey.

“ Although he hadn't thought of a product yet, Adrian had a clear idea of what he wanted to achieve. He wanted to start a different organisation that would tap into the consumerist spirit of the times. It would create innovative health insurance products to appeal to all, including the young and the healthy... he knew instinctively that if he got the right culture and values going, the product design would follow ”

– AN AGE OF DISCOVERY, 2010

Discovery

1995	1997	1998	1999	2000	2001	2004	2007	2010	2012	2015	2018	2021	2022
Discovery Health launched	Vitality ground-breaking wellness programme launched	Discovery Health achieves R1 billion in new business	Discovery lists on the JSE	Discovery Life launched	Discovery Health achieves R2 billion in new business	PruHealth launched in the UK Discovery Card launched	Discovery Health reaches two million lives	Discovery launches Discovery Insure	Vitality launched to Ping An clients in China	Discovery Invest reaches R50 billion in assets under management	Sumitomo Health launches Vitality in Japan	Discovery impacts 41.3 million lives in 33 markets	Discovery expands into six African countries

	1994	2000	2013	2018	2022
Number of Countries	1	1	5	19	39
Businesses	1	2	8	11	14
Employees	30	918	5 774	12 950	13 552



From left to right: N Koopowitz, B Swartzberg, H Mayer, J Robertson, A Pollard and A Gore



Discovery current group head office

We prize **innovation** for its ability to create impact in a cluttered world

We aspire to **longevity** since time engenders wisdom

We laud **leaders** that inspire through their actions

Most of all though, we applaud those who endeavour to **improve** the lives of others



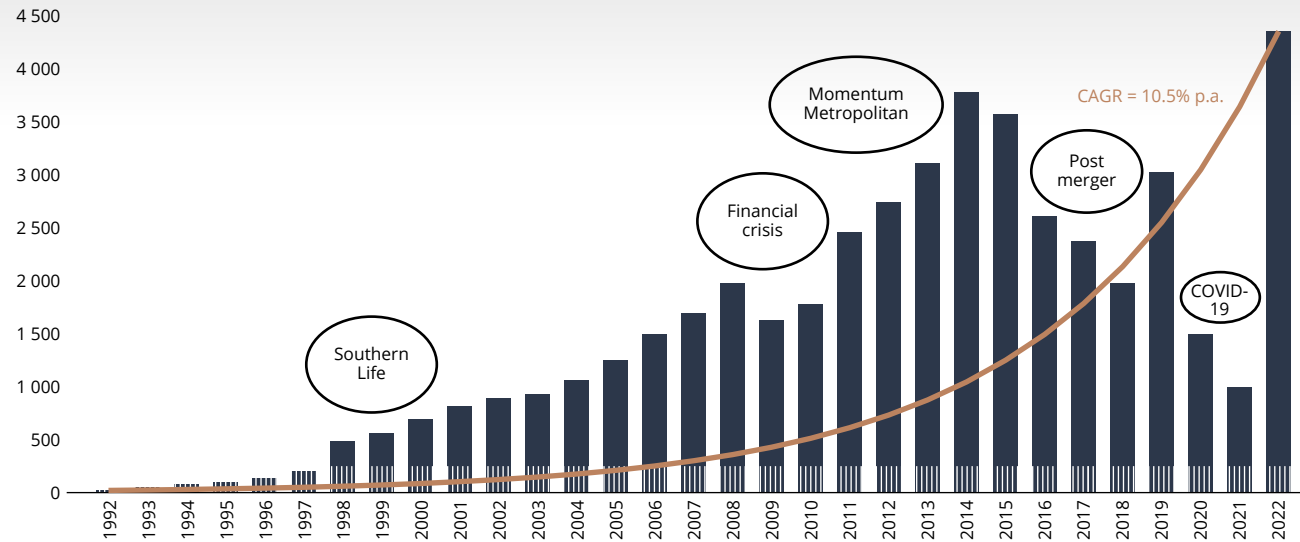
HILLIE MEYER
Chief executive officer,
Momentum Metropolitan

Momentum traces its roots to Momentum Life Assurers Limited, established in 1966 as a life assurance company, and Southern Life Association Limited, incorporated in 1904 as African Life Assurance Society. Momentum entered the Rand Merchant stable in 1992 through the acquisition by the Founders of 77% of Momentum Life Insurance (Momentum)

**Momentum
Metropolitan**



Normalised headline earnings (R million)



In 1998, the merger of Anglo American with RMH to establish FirstRand required that the business of Momentum Life Assurers Limited be transferred to the Southern Life Association Limited, which was renamed FirstRand Insurance Company Limited and later became Momentum Group Limited (Momentum).

The late 1990s and early 2000s were high-growth periods for the insurer, with tailwinds from South Africa's transition to democracy and no economic shocks of note. During this time, Momentum became a prominent life insurer in South Africa. In 2005, a report by Markinor on loyalty benchmarking revealed that Metropolitan Holdings Limited's (Metropolitan) customers were the most loyal in the long-term insurance sector.

This paved the way for the merger of Momentum and Metropolitan into a substantial insurer with R2.2 billion in net headline earnings in 2010, renamed MMI Holdings (MMI), with FirstRand as the largest shareholder.


What followed was a period of inorganic diversification, through the acquisition of Guardrisk and hampered growth. Hillie Meyer, who served as managing director of Momentum from 1996 to 2005, re-joined as CEO in 2018 after which the group reassessed its strategic focus and core competencies. The business was restructured from a matrix to a federated model, aimed at empowering




business units to innovate and execute in a commercial manner. MMI was renamed Momentum Metropolitan, to highlight the importance of the group's client-facing brands. Momentum Metropolitan reignited its strong culture of ownership, accountability, transparent disclosure as well as honest and open human connection.

With normalised headline earnings at a record high at the end of FY2022, this refocus is already bearing fruit.

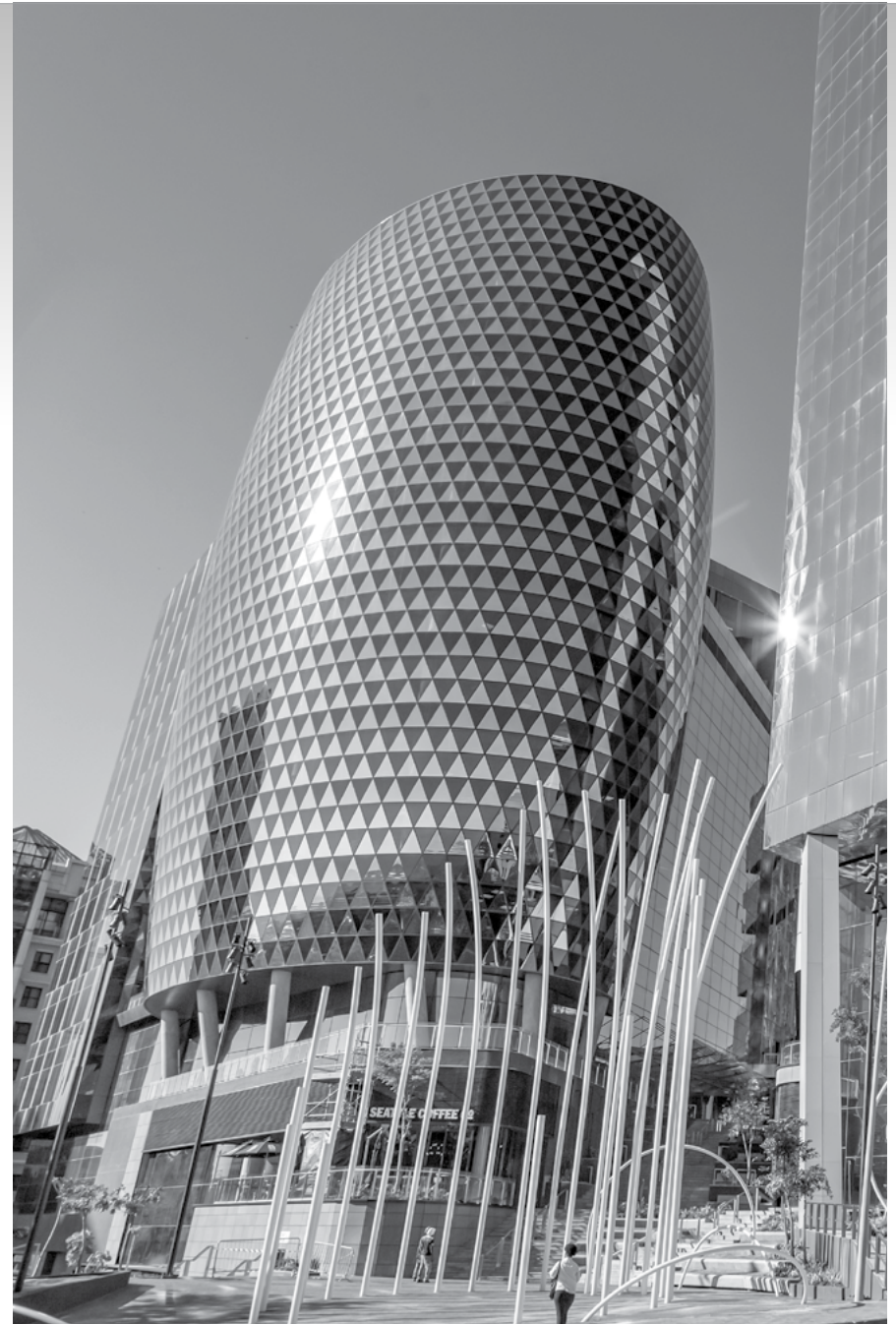
Momentum Metropolitan is testament to RMI's history and role as a partner to management and our portfolio companies through all types of business and economic cycles.

Momentum Metropolitan

1966	1973	1976	1987	1989	1992	1994	1996
AVBOB forms a life insurance company named Afrikaanse Verbond Lewensversekering Genootskap Beperk (AVL)	AVL acquires Monument Assurance and changes its name to Momentum Lewensversekerers Beperk	Momentum Life expands its interests by acquiring Yorkshire General Insurance Co. and Allianz Life	Based in the Momentum centre in Pretorius Street, Pretoria, Momentum Life acquires Rand Assurance Co	Momentum Life acquires Lifegro Assurance Centurion	RMH acquires an interest in Momentum Life	Momentum launches a new logo and corporate identity 	Momentum spreads its wings and establishes its new head office in Centurion, Pretoria

1998	2001	2004	2010	2012	2013	2019
Momentum merges with Southern Life, aimed at building a more solid platform for the insurance business	Momentum becomes the biggest supplier to independent intermediaries	Momentum adopts a new logo and corporate identity 	Metropolitan and Momentum merge to form MMI 	MMI reaches an agreement with RMB and Royal Bafokeng Holdings to acquire their shares in the Eris Property Group	MMI acquires Guardrisk to diversify the group for further growth	MMI becomes the first major insurer to score level 1 B-BBEE under the revised Financial Sector Code Momentum and Metropolitan take a step back to their origin and rediscover the elements that form the foundation of the group through a new name MOMENTUM METROPOLITAN 

Momentum Metropolitan Sandton office





MARTHINUS VISSER
Chief executive officer, OUTsurance

Not unlike the formation of RCI 19 years earlier, OUTsurance was started by three energetic individuals armed with not much more than passion, strong work ethic, a vision for disrupting the insurance industry and a business plan

From start-up to market leader



In 1995, RMH acquired a 50% interest in AEGIS which, at the time, was a broker-led insurance business with Laurie Dippenaar as its chairperson. Willem Roos, who later became the CEO of OUTsurance, was a young actuary appointed by a subsidiary of AEGIS to do a check on its reserving methodology. Together with Rene Otto, a lawyer and another employee of AEGIS, Willem developed the idea of starting a direct insurance business line within AEGIS. They presented their business proposal at a meeting of AEGIS' executives. The response was muted.

Fortunately for the duo, Laurie saw strong merit in the proposal and agreed for RMH to provide seed funding for the business, knowing that it was likely that it may cannibalise the AEGIS broker business but the Founders felt it important to have 'two horses in the race.' Within six weeks, the team had approval to start a stand-alone direct insurance business which they called 'Project Direct'. The OUTbonus was not part of the initial business plan, but was a concept later developed by Willem Roos.

Around this time, the team appointed Howard Aron to drive system development with Rene as the CEO and Willem in charge of actuarial, finance and marketing. The first point of business was to apply for a new insurance license from the Regulator and to build the systems from scratch, achieved with the help of three developers.

OUTsurance was launched nine months later proudly under the banner of 'a member of the RMB group', owned 12% by management and 88% by RMH. OUTsurance would be RMH's first foray into the mass retail customer market.

RMH allocated a few offices to the team in 1 Merchant Place in a section of the office building that was not fully equipped. OUTsurance started advertising through radio and print only, as TV advertising was beyond the budget scope of the start-up. No outbound calls were possible, with 30 staff manning the phones for inbound customer calls only. Today, OUTsurance employs some 7 000 employees across South Africa and Australia.

Marthinus Visser, the current CEO of OUTsurance Holdings, joined six months after the launch of the business in the actuarial team and was responsible for rehauling the rating and underwriting models, one of the cornerstone competencies of the business to this day. The business broke even after 22 months with 20 000 customers and, in the words of Willem Roos, *"knocked the initial business proposal to Laurie out of the park"*.

In 2003, having outgrown its initial offices, OUTsurance moved into its new campus in Centurion by which time it had rebranded to its stand-out green and purple colours. While now separated from the Rand Merchant group as far as location was concerned, the business took with it the culture and core value system of RMH but with its own elements. Willem Roos describes the OUTsurance culture as follows: *"we always undertook to take the business seriously, but not to take ourselves too seriously."* Having

been fully funded by RMH, Willem regards the team as having been 'intrapreneurs' and over the years sought out and valued the mentorship and strategic guidance from the Founders.

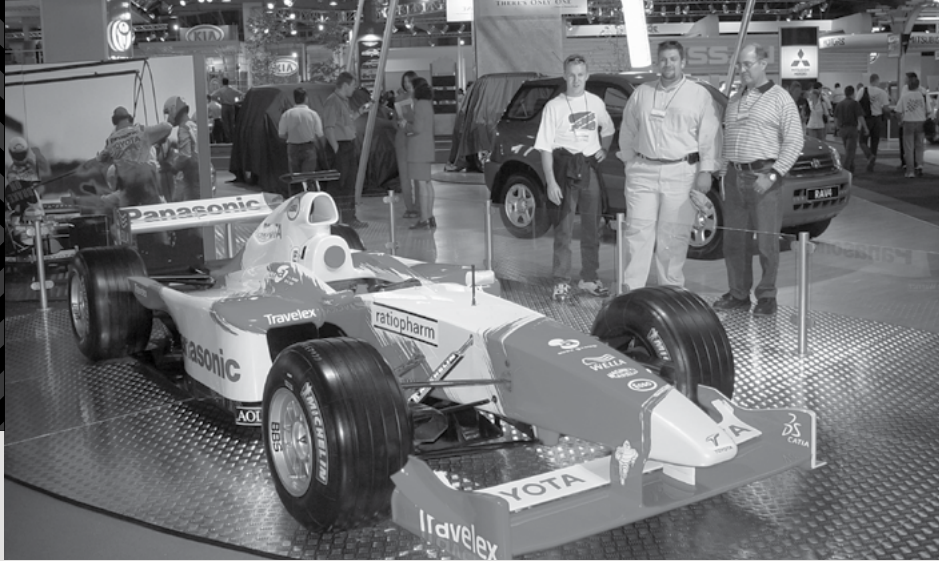
One of these strategic decision points was OUTsurance's international expansion. Laurie was of the view that OUTsurance should focus on expanding further within the South African market but, after some strong convincing from Paul Harris, it was agreed that opportunities should be explored. In 2008, OUTsurance was launched in Australia as 'Youi' with Howard on the ground together with Hugo Schreuder, as CEO, to build the greenfield business.

26 years after a lawyer, an actuary and a systems developer presented a 20-page business proposal to the Founders and secured seed funding of R120 million, OUTsurance has grown into a business with more than 2.5 million in-force policies and R23.5 billion in gross written premiums operating across South Africa, Australia, and is soon to enter a third international market. OUTsurance has also diversified into life insurance, savings and investments, through the OUTLife and OUTvest businesses.

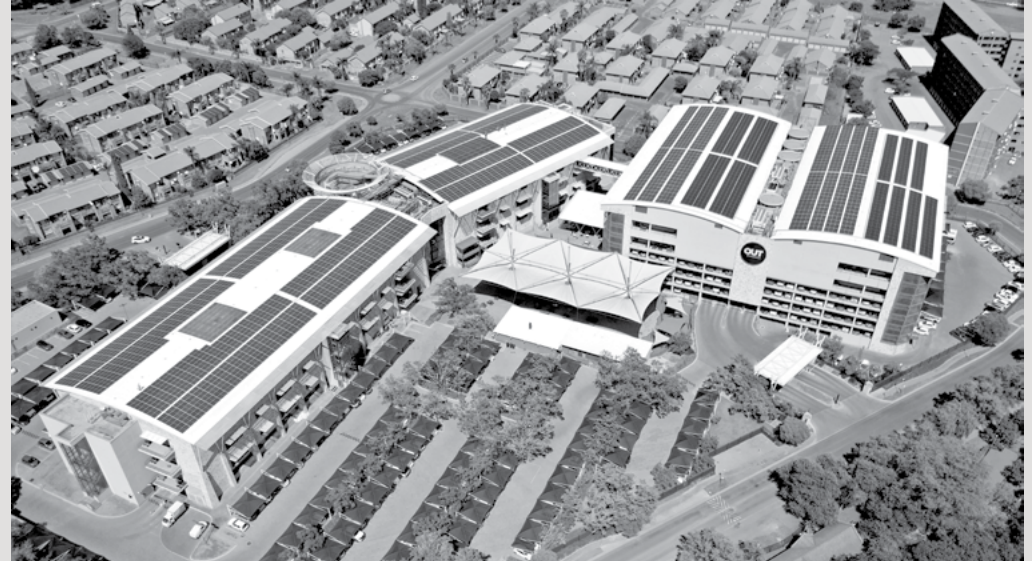
In addition to the initial capital, RMI has been a close partner to management throughout the years of phenomenal growth, acting as a sounding board and mentor along the journey. The enduring culture of the Rand Merchant group is engrained in the fibre of the OUTsurance business and will live on as OUTsurance begins its new chapter as a listed company.



1995	1999	2003	2006	2008	2010	2014	2017	2017	2019	2020	2022
Willem Roos and Rene Otto present the business proposal for a direct insurance business, which they called 'Project Direct', to Laurie Dippenaar	OUTsurance breaks even with 20 000 customers	OUTsurance moves to its new campus in Centurion	OUTsurance Namibia is established in partnership with FNB Namibia Holdings Limited	Youi is launched in Australia, providing short-term insurance cover direct to the Australian public	OUTsurance Life is established as a direct life insurer	Youi enters the New Zealand market in July 2014. The business was sold in 2019	OUTsurance acquires a 14.7% indirect stake in Hastings Group in the United Kingdom	OUTsurance launches OUTvest, providing investment services to the South African public	OUTsurance expands its tied-agent capacity through OUTsurance Brokers, a major growth and diversification strategy in South Africa	Youi establishes a partnership with Blue Zebra Insurance, expanding its distribution footprint. Youi also launches its Compulsory Third Party (CTP) product	OUTsurance announces its effective listing on the JSE



Auto Africa motor show in 2002. From left to right: M Visser, H Aron and N Rorke



OUTsurance head office in Centurion



2011 – today

Having looked back at the foundational and entrepreneurial partners of the group, I now turn to the more recent chapter following the unbundling of the insurance assets from RMH in 2011 to create separate focused insurance and banking entities led by Peter Cooper as CEO.

The insurance interests of RMH, Remgro and FirstRand were incorporated into a new wholly-owned subsidiary Rand Merchant Insurance Holdings (RMI). RMH's shares in RMI were unbundled to RMH's shareholders and RMI was separately listed on the JSE on 7 March 2011. At the time of its listing, RMI's portfolio consisted of a 90% shareholding in unlisted OUTsurance and its listed investments included a 25.2% shareholding in Momentum Metropolitan and a 25.8% holding in Discovery.

After a period of consolidation and corporate restructuring, RMI's focus turned towards an active value-add and engagement model, and future-proofing the large incumbents by identifying the next generation of products and services.

Having laid the groundwork, Peter Cooper recruited a new management team led by Herman Bosman to accelerate this strategic focus.

The new RMI management team, appointed in 2014, focused on building a portfolio of discernible financial services assets which would create enduring value for shareholders, anchored both in its established businesses as well as a portfolio of early-stage assets.

In 2015, RMI launched AlphaCode, a platform to identify, partner and grow the next generation of extraordinary financial services entrepreneurs. AlphaCode is one of the largest venture capital investors in South Africa with a R1 billion portfolio comprising of South African-led globally relevant fintech businesses. In addition, the social development arm of AlphaCode has made a meaningful impact in the South African start-up landscape. Through its Explore, Incubate and Invest development programmes, run by Additiv, AlphaCode has supported and mentored more than 40 start-up businesses and has provided over R53 million in grant funding.

In 2016, RMI's name changed to Rand Merchant Investment Holdings in line with its strategy to invest in the broader financial services sector.

In the same year, RMI Investment Managers was formed and began identifying and constructing a diversified portfolio of independent affiliate managers with high growth potential. RMI Investment Managers is the largest affiliate asset manager group in South Africa, supported by its partners at Momentum Metropolitan and Royal Bafokeng Holdings. Over the past six years, the total portfolio assets under management has grown to R204 billion with exposure across a wide range of asset classes.

RMI Investment Managers is playing a meaningful role in transforming the asset management industry in South Africa.


In order to diversify the portfolio geographically, in 2017, RMI acquired a 29.9% interest in Hastings, a UK-based digital property and casualty insurance company. It increased its shareholding in Hastings to 30% in 2020, alongside Nordic insurance group Sampo plc, accompanied by the delisting of Hastings.

In 2021, the decision was made by the board to unbundle RMI's investments in Discovery and Momentum Metropolitan to its shareholders. Subsequently, RMI disposed of its 30% interest in Hastings to Sampo in December 2021, a transaction which was meaningfully value-accretive. The value unlock realised through the

unbundling, together with the sale of Hastings and related special dividend, returned R44.4 billion in value to RMI's shareholders.

Between 2014 and today, RMI has created R47.9 billion in value in the form of share price appreciation and dividends to shareholders.

On behalf of the board, I thank Herman and the RMI team for their continuous forward thinking as well as proposing and implementing innovative solutions to complex corporate problems in a manner that empowered the management teams of the underlying portfolio companies and centred around stakeholder value creation. Thank you for a job well done over the past eight years.

 [Read more from page 43.](#)

Between 2014 and today RMI has created

R47.9 billion

in the form of share price appreciation
and dividends to shareholders

Between 2014 and today RMI has paid

R14.7 billion

in the form of dividends to shareholders

Between 2014 and today RMI has returned

119%

in total shareholder returns, assuming
reinvestment of dividends

The next chapter

In March 2022, RMI announced its intention to cease investment activity, reduce its management and cost base and transition through a rebranding to OUTsurance Group Limited. Subject to shareholder approval, the listing will be implemented through a change of name from RMI to OUTsurance Group Limited with the intention that OUTsurance will trade under the new name on the JSE by the end of the year. The reconfigured board of OUTsurance Group will convene its first board meeting in November.

OUTsurance is well-positioned from both a capital and governance perspective to continue creating sustainable value for its stakeholders. I wish the OUTsurance management team all the best for this new chapter in the evolution of the business, with the knowledge that they have the skills and experience to transition into the listed sphere.

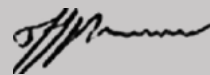


Board changes

I would like to thank the members of the RMI board for their continuous dedication to robust debate and deliberation spanning substantive strategic and governance topics. This guidance and ongoing responsible stewardship have led to the establishment of stable businesses with world-class management teams that are well-positioned to continue to deliver meaningful returns and value to shareholders in various forms.

The transition of RMI to OUTsurance will see the board reconfigured to be fit for purpose for a listed, specialist insurer and incorporating members from the existing RMI and OUTsurance boards.

The board extends its gratitude to Messrs Peter Cooper, David Frankel and Per Lagerström for their deep insights and thoughtful considerations in shaping our key strategic milestones.



JANNIE DURAND
Chairperson

11 October 2022

Directors stepping down at the next annual general meeting



PETER COOPER
Non-executive director

Peter has been part of the Rand Merchant group of companies since 1992. Peter, on behalf of the board, we thank you for the years you spent at the helm of RMI and RMH and the subsequent time spent serving on the RMI board. You have brought deep sectoral expertise, insights and steady guidance throughout the years.



PER LAGERSTRÖM
Independent non-executive director

Per has served on the RMI board since 2014, bringing with him a wealth of expertise in the fintech space. 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.



DAVID FRANKEL
Alternate non-executive director

David joined the RMI board in 2018 as an alternate. On behalf of the board, thank you for your commitment and the alternative and international lens you brought to board deliberations throughout the years.


HERMAN BOSMAN

Chief executive officer

“It’s been a great journey, thank you.”

CHIEF EXECUTIVE OFFICER’S REVIEW

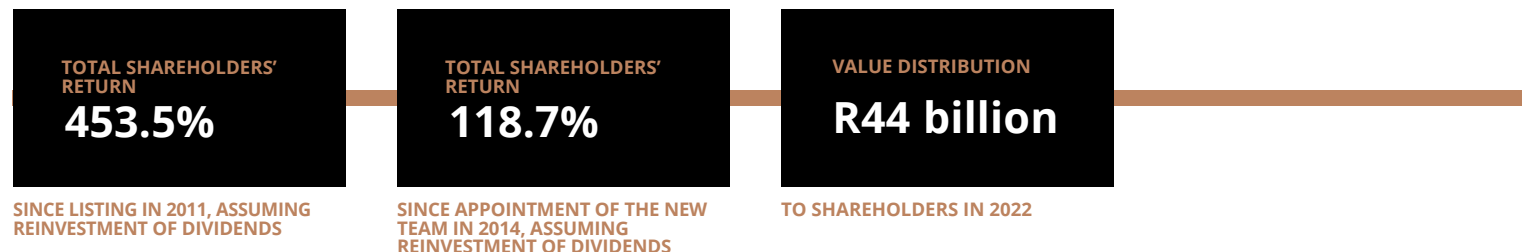
End of an era and generational shift

The year 2022 marks the end of an era of an active investment strategy, portfolio engagement model and shareholder value creation by RMI. We now pass the baton to OUTsurance as an independently listed group.

In many ways, this new chapter is the culmination of almost five decades of partnership, shared organisational culture and long-term vision setting.

For RMI, the past 12 months have seen significant corporate action and value unlock for its shareholders, starting with its announcement on 20 September 2021 concerning the intention of the board to implement a strategic portfolio restructuring comprising the distribution of RMI’s listed shares held in Discovery and Momentum Metropolitan to shareholders. The rationale for the unbundling was to establish a focused property and casualty investment group, create an efficient and agile corporate structure, optimise the capital structure and unlock shareholder value through a reduction in the discount at which RMI was trading to its underlying intrinsic value. The unbundling was concluded in April 2022.

Following the release of the unbundling announcement, RMI negotiated an offer from Nordic insurance group Sampo, its co-shareholder in Hastings, to acquire RMI’s 30% interest. The board assessed the offer within a framework, balancing its communicated strategic focus, attractive financial returns and consistency with capital structure policy. Ultimately, the board concluded that the offer represented an opportunity to monetise RMI’s investment in Hastings at an attractive valuation. The sale of RMI’s interest in Hastings was concluded in December 2021.

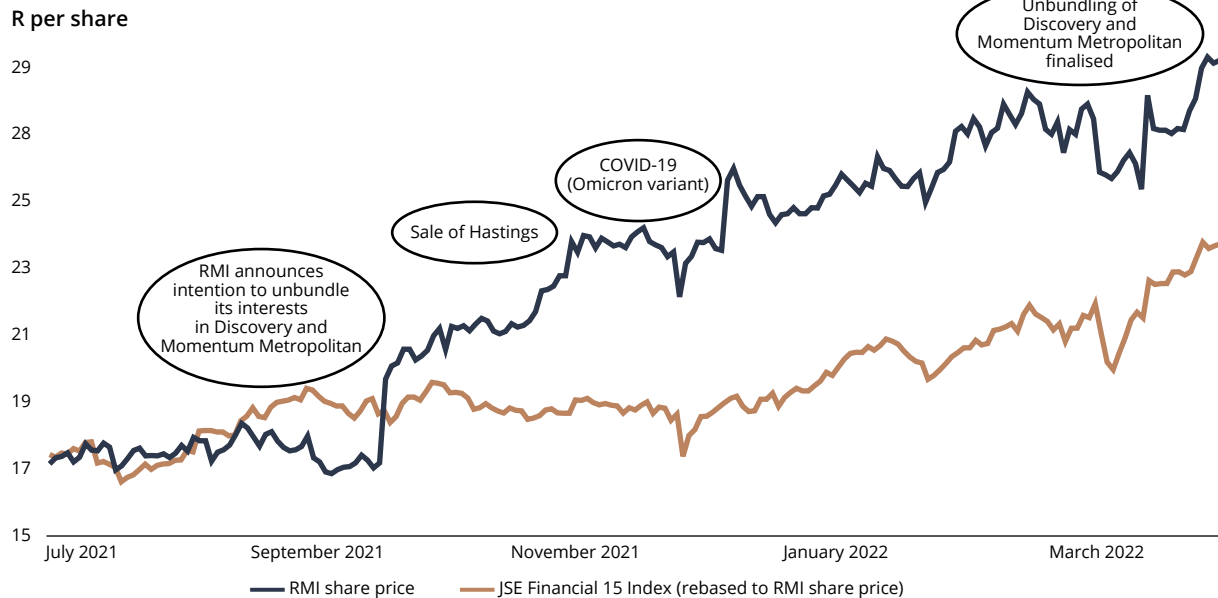


Value unlocked in the last 12 months

Collectively, the value unlock, pursuant to the unbundling of RMI's interests in Momentum Metropolitan and Discovery, as well as the proceeds resulting from the sale of RMI's interest in Hastings and the subsequent special dividend payment, represented R44.4 billion of value creation for the shareholders of RMI.



RMI's share price increased 70% to the date of the unbundling, in comparison to JSE Financial 15 Index of 37%. As at 30 June 2022, RMI traded at a 2% discount to its intrinsic net asset value, having traded at a 28% discount as at the end of the previous financial year.



Discount to NAV dives as RMI forges ahead with unbundling

Investment holding company gives shareholders details on the allocation of Discovery and Momentum shares

Geeth Theunissen
Investment Writer

RMI shareholders will have until April 19 to elect whether to participate in the unbundling process, and will not be able to choose to receive cash in lieu of payment for their shares in the holding company.

The group plans to release a Seta statement on April 21 providing further details on the unbundling process, with final settlement expected to be completed by April 25.

The rationale behind unbundling is premised on addressing a lingering discount between the holding company's own market value and that of its underlying constituents – an issue that often plagues investment holding companies. Such has been the severity of shareholder criticism of discounts that it has resulted in several delistings altogether, with PSC and Longlife being two of the most high profile recent examples.

RMI's statement on Friday listed among its reasons the intent to "unlock material shareholder value through a reduction in the discount at which RMI trades to its underlying intrinsic value" and the desire to create an efficient and agile corporate structure that would enhance its dividend yield.

As part of that process, RMI sold off its 30% holding in UK insurance firm Hastings in December, which helped it net about R2.18bn and staved off the need for a previously planned rights issue needed to pay off about R6.5bn in debt.

Thanks to that cash haul and a solid set of interim results that saw headline earnings rising 6% to R608m in the six months to

25% stake held by RMI in Discovery will be unbundled, as well as 26.8% interest in Momentum Metropolitan

R2.18bn special dividend for shareholders

DISHING OUT THE DISCOUNTED DOUGH
RAND MERCHANT INVESTMENT HOLDINGS
Share price, daily close (cents)

Close 4953
% move -6.204%
High 5050

Further enhanced by RMI's surprise announcement in mid-March that it will swap its JNE holding with Outsurance, which is undervalued by the crown jewel in its portfolio. That will give investors direct access to Outsurance, which will be one of the few new life insurance vehicles available on the JSE.

What will become of RMI's other assets, such as its launch investment arm, AlphaCode, remains to be seen but its impending delisting marks yet another holding company's exit from the JSE, which thus far seems powerless to halt the wave of delistings.

Shareholder value has been

The unbundling and the Hastings sale necessitated that the board re-evaluate the strategic direction of RMI as an investment holding company. The board based its deliberations on the outcome of a detailed country and company analysis to identify potential target investments and compared this to the status quo, being an efficient and capitalised corporate structure almost solely representing OUTsurance (which, in its own right, is a growing short-term insurance group operating across multiple geographies). Having weighed all relevant considerations, the board concluded that it is in the best interests of shareholders not to continue with an active investment strategy and to embark on an orderly and managed transition such that the strategy of OUTsurance would be the strategy of the RMI group (this is effectively a listing of OUTsurance).

Listing OUTsurance as a natural evolution

Today, circa 95% of the value of RMI is represented by OUTsurance and its underlying operating entities. This value has been built over 25 years, starting with the acquisition of AEGIS which formed the basis of OUTsurance in 1995. The group's success has always been rooted in its core purpose, which is to offer its customers value-for-money products, backed by leading and trusted customer service and enabled by a focus on operational excellence, technology and unique entrepreneurial business culture. This purpose is mirrored in, and in many ways born

out of the ethos of the RMI group to create long-term, discernible value for shareholders by partnering with exceptional management teams and allowing management the individuality to operate their businesses as owners. This approach has allowed OUTsurance to grow into the market-leading insurer it is today, spanning multiple geographies, business phases and product offerings.

Subject to shareholder approval to be obtained at RMI's annual general meeting in November, the OUTsurance listing will be implemented through a change of name from RMI to OUTsurance Group Limited. This offers an expedient and non-disruptive mechanism to implement the transition. As a consequence, the current management team of RMI will step away from the business and the OUTsurance management team will implement OUTsurance's strategy for the group. In addition, the current RMI and OUTsurance boards will be reconfigured into a single board, retaining the appropriate skills necessary to govern a listed, specialist insurer.

While the 'Rand Merchant' name will cease to exist, we have no doubt that the OUTsurance management team will continue to be responsible custodians of the rich legacy, culture, ethos and tradition that they inherit. We are proud of what OUTsurance and its management team have achieved and are confident that the OUTsurance and Youi management teams are fully equipped to navigate the business into the next phase of its growth.

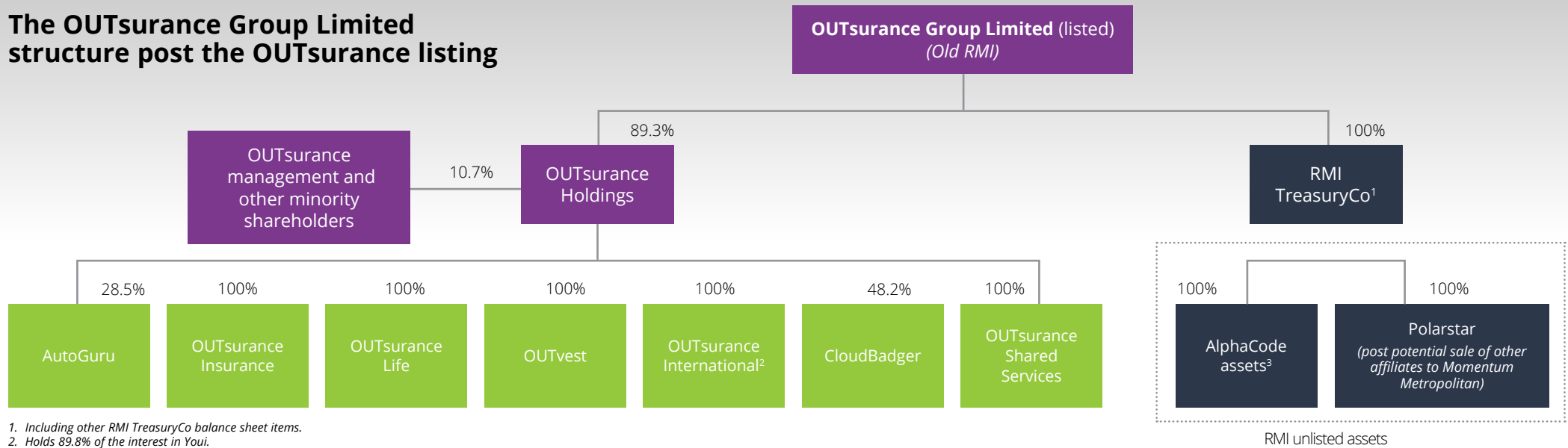
Setting up the next generation for success

RMI's existing fintech portfolio, AlphaCode will be housed within RMI TreasuryCo. The next generation of entrepreneurial businesses in this portfolio are all dynamic, innovative and focused on the future. OUTsurance is a supportive custodian of the AlphaCode portfolio companies. To ensure continuity and afford these businesses the time to continue on their growth paths, two executives of RMI will manage the AlphaCode portfolio companies on an outsourced basis to support the management partners in these businesses and maximise returns to RMI shareholders over time.

RMI Investment Managers is currently in advanced stage confidential discussions with its co-shareholders, Momentum Metropolitan and Royal Bafokeng Investment Holding Company Proprietary Limited (RBIH), about Momentum Metropolitan's interest to acquire RMI's interest in RMI Investment Managers (excluding PolarStar Management Proprietary Limited and PolarStar Management SEZC Limited, which will be retained within RMI TreasuryCo).

This proposed transaction would solidify the existing empowerment, distribution and financial ambitions of RMI Investment Managers, while retaining the independence and unique boutique characteristics of the affiliate model. RBIH has given its in-principle support to the proposed transaction and remains a committed and aligned partner.

The OUTsurance Group Limited structure post the OUTsurance listing



1. Including other RMI TreasuryCo balance sheet items.
2. Holds 89.8% of the interest in Youi.
3. Management contract in respect of the AlphaCode assets.

Personal note of thanks

I joined the Rand Merchant group in 1995 and could not have asked for a better spiritual home.

I am proud to have directed RMI and RMH over the past eight years. I believe the journey has been marked by being creative, open-minded and taking the appropriate decisions for RMI and its stakeholders at the right time, while acknowledging our role as partner to our management teams.

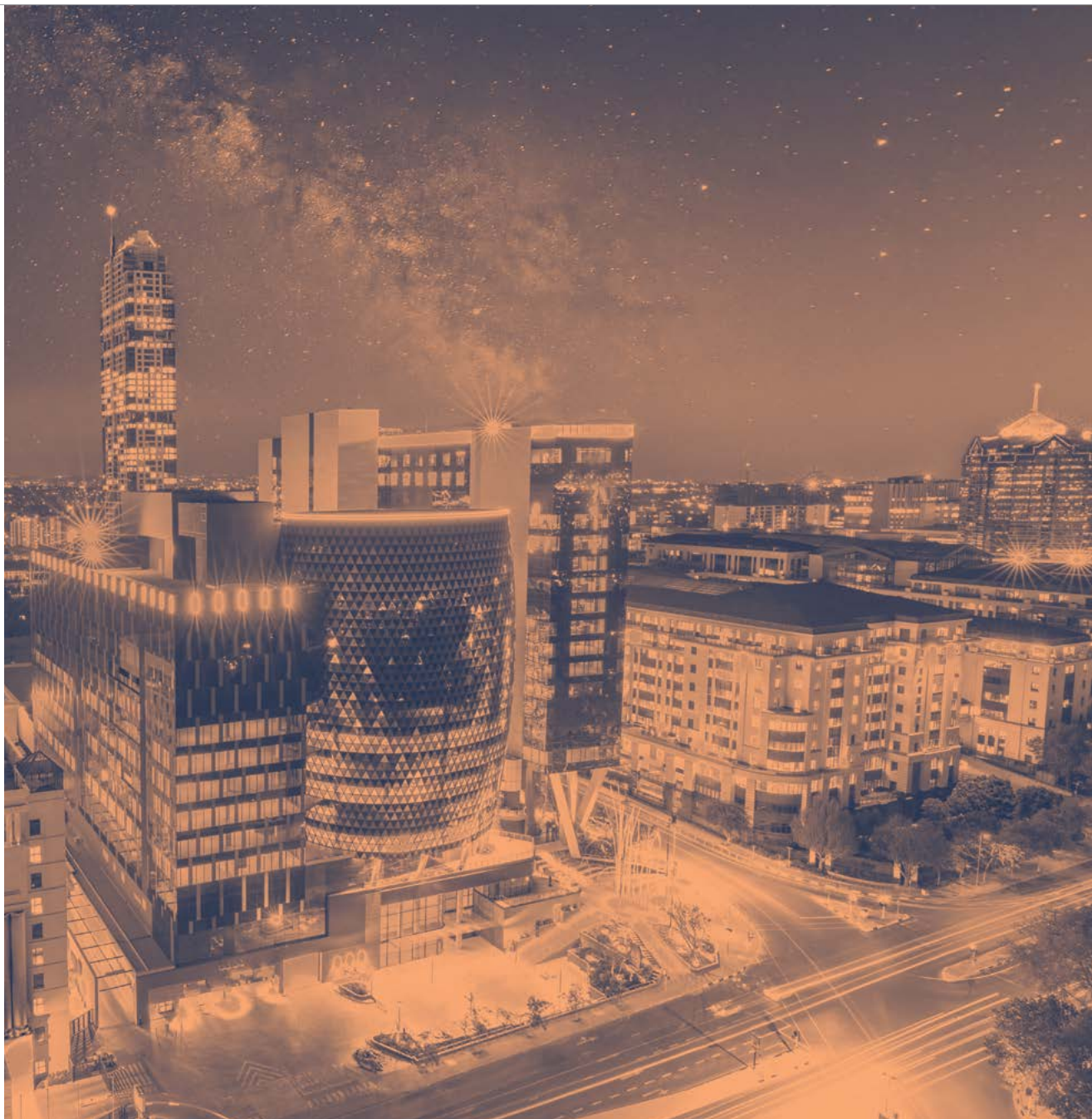
Thank you to the shareholders and board for the guidance, challenge and support. It was an honour to act as an adviser and later as shareholder representative and board member to the portfolio company management partners with whom I forged trusted and robust friendships.

Lastly, to my team – I was always proud to be part of a world-class team and appreciate your dedication and professional application.



HERMAN BOSMAN
CEO

11 October 2022



2

PERFORMANCE

28 | Portfolio review

34 | Financial review

PORTFOLIO REVIEW

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 and 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
- Dynamic management team
- 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

Key features of OUTsurance's performance in 2022

- OUTsurance's operating profit decreased by 13% to R2.9 billion, mainly driven by the increase in the group's claims ratio from 52.6% to 56.1%, reflecting the impact of the KwaZulu-Natal floods, increase in catastrophe events in Australia and the normalisation of motor claims frequencies;
- Normalised earnings including its stake in Hastings decreased by 17% to R2.3 billion. Excluding Hastings, normalised earnings decreased by 11% to R2.2 billion;
- Gross written premiums increased by 14% to R23.5 billion;
- Annualised new business premium written increased by 23% to R7.1 billion;
- The cost-to-income ratio increased marginally from 30.3% to 30.4%; and
- The total dividend for the year decreased by 17% to 48.7 cents per share.

17% DECREASE IN
NORMALISED EARNINGS
R2 316
MILLION

2021: R2 779 MILLION

23% INCREASE IN
ANNUALISED NEW
PREMIUMS WRITTEN
R7 052
MILLION

2021: R5 756 MILLION

14% INCREASE IN GROSS
WRITTEN PREMIUMS
R23 532
MILLION

2021: R20 570 MILLION

12% INCREASE IN
NET EARNED PREMIUM
R20 197
MILLION

2021: R18 051 MILLION

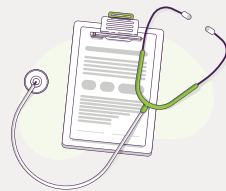
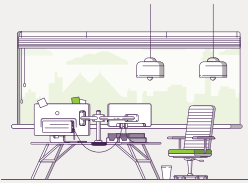
DISTRIBUTED
ORDINARY DIVIDEND
48.7
CENTS

2021: 59.0 CENTS

5% INCREASE IN
VALUATION
R44.6
BILLION

2021: R42.5 BILLION

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



OUTsurace South Africa

- **OUTsurace Personal and Business** delivered an acceptable operational and financial performance considering the effect of motor claims frequency normalisation, higher repair cost inflation exacerbated by supply shortages, wetter weather and the impact of the KwaZulu-Natal flood event. The 9% increase in gross premiums to R10.3 billion is a combination of an increase in policy count and significantly higher premium inflation. Vehicle claims frequencies returned to pre-pandemic levels and the effect of retained weather losses contributed to an increase in the claims ratio from 49.9% to 53%.
- The cost-to-income ratio increased from 24.6% to 25.2%, mostly due to the expanding tied agency channel at OUTsurace Business and an increase in remuneration of employees following a resumption of salary increases in 2022 and the effect of the rising demand for specialist talent.
- During the year under review, **OUTsurace Life** made large investments to support the diversified product and distribution channel expansion. These include the expansion of the Funeral product and the launch of OUTsurace Financial Advisors, a dedicated tied agency distribution capability for life and investment products. Gross written premiums increased by 23% in 2022, with encouraging new business margins across all products. The Funeral product, inclusive of both the direct and Shoprite channel, delivered 91% gross premium growth to R206 million during the 2022 financial year. During the first half of the financial year, OUTsurace Life incurred significant mortality claims linked to the Delta COVID-19 wave. Mortality linked to COVID-19 was significantly more muted in the second half of the year which has resulted in a partial release of the COVID-19-specific reserves which were maintained since the inception of the pandemic. The operating profit of R91 million generated by OUTsurace Life was aided by the net positive effect of yields during 2022. This is a positive outcome considering the investment in new initiatives. The embedded value increased by 17% to R1.5 billion.



Youi CTP Insurance rewards you



- **Youi** delivered a strong operational performance for the year under review despite the challenging financial results owing to a large increase in retained natural perils losses. Australia endured various large weather events, the most notable being the major flood events in Queensland and New South Wales in February and March 2022. Youi's reinsurance programme for 2022 has an AUS\$30 million catastrophe retention attachment point compared to AUS\$10 million the previous year. This resulted in higher natural event retention in 2022, amplified by the larger number of events and severity thereof. Youi delivered 19% and 23% growth in gross written premiums in Rand and Australian Dollar terms respectively. This was enabled by a healthy new business performance in the direct channel, supported by higher inflation and accelerated growth from the **Blue Zebra Insurance (BZI)** partnership established in March 2020. The CTP business was established in December 2020 and has delivered encouraging market penetration in the New South Wales compulsory insurance market.

The outlook for OUTsurance

OUTsurance expects the global and local economic backdrop to remain volatile for the foreseeable future. The major strategic focus for the 2023 financial year is to drive the growth initiatives to profitability and target margins.

The inflationary environment and hardening reinsurance market require ongoing pricing action and discipline. With OUTsurance's focus on underwriting margins, this may imply slower policy growth in the 2023 financial year.

The system transformation journey enjoys significant focus and the next year will see further adoption of the newly developed Stratos platform and bedding down the finance and risk systems which were recently deployed.

The international expansion initiative is gaining momentum and a licensing application will be submitted in 2023, together with launch preparations.

The listing transition of RMI to OUTsurance is a significant undertaking and is expected to be substantially completed by December 2022.

Agreement has been reached to acquire the Youi minority interest (2.6% in the 2023 financial year and a further 2.6% in the 2024 financial year).

Improving customer service outcomes will continue to be a core focus for incremental improvement in the 2023 financial year.

OUTsurance will proactively navigate the rapidly changing reinsurance market to ensure outcomes within its risk and capital appetite.

Car • Home • Business • Life • Funeral • Invest • Pet

OUT
SURANCE



**TRUST THAT YOU ALWAYS
GET SOMETHING OUT**

youi

Car • Home • Business • CTP



PORTFOLIO REVIEW

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

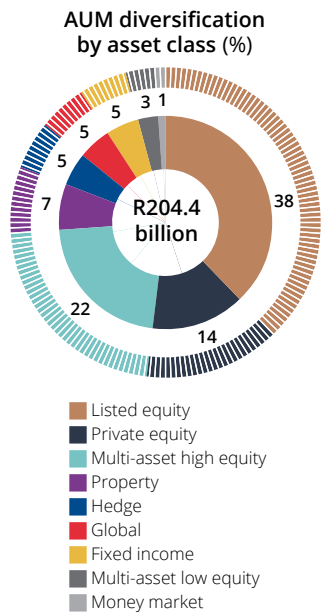
RMI Investment Managers is now in its sixth year of partnering with a select group of independent South African boutique asset management firms.

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. The strategic intent is therefore to solve for both distribution and empowerment through the strategic partnerships with Momentum Metropolitan and Royal Bafokeng Holdings (RBH). In addition, the affiliates continue to enhance their empowerment credentials and build out their own distribution capabilities in an effort to become leading players in the South African asset management industry.

RMI Investment Managers has continued with its focus to expand its asset class reach by supporting the expansion into new products by its affiliates, which enables the overall breadth of the affiliate stable to mature in a healthy, organic manner.

Royal Investment Managers is a joint venture between RMI Investment Managers and RBH.

AUM overview for the period under review



Portfolio performance

Normalised earnings generated in the comparative year by RMI Investment Managers included a significant amount for performance fees earned which was not repeated in the year under review. However, the financial results for the year were ahead of expectations and the business continues to benefit from a diversified affiliate revenue capability.

The challenging market conditions experienced in the global markets since January 2022 have impacted Affiliate fund performance. RMI Investment Managers has done well to keep its assets under management largely flat during this period. Local and offshore markets were largely negative over the first half of the 2022 calendar year. The FTSE/JSE All Share Index and the FTSE/JSE All Property Index lost 8.3% and 13.5% respectively. Global markets also sold off heavily, with ZAR returns on the Nasdaq and S&P500 falling by 27.4% and 17.8% respectively. The MSCI ACWI lost 17.9% while the MSCI Emerging Market index declined by 15.3% over the six months ended 30 June 2022.

The combined affiliate assets under management amounted to R204.4 billion as at 30 June 2022. The positive net inflow of assets under management largely mitigated the negative market conditions across the portfolio.

Future outlook

RMI Investment Managers' view is that the portfolio is largely complete, however, they remain opportunistic and continue to explore the addition of affiliates to either solve for additional exposure or under-exposure in certain asset classes or to further add value to the portfolio.

The RMI Investment Managers team continues to actively engage in strategic dialogue with its affiliates with a focus on implementing its shareholder value map, which offers affiliates access to comprehensive strategic support including operational, governance and financial support, succession planning, talent management and board representation. In addition, the team continues to play a strategic advisory role in helping its affiliates raise retail assets and foster meaningful and trusted client relationships. Many of the affiliates have also benefited from marketing support provided by the team. This has enabled the affiliates to expand their branding, marketing and public relations efforts to enhance their brand presence and credibility in the market.

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 RBH remain excited and committed to working with its affiliates to support their growth to scale.

**ALPHA
CODE**
PORTFOLIO REVIEW


The impact of AlphaCode Grow

AlphaCode Grow is one of the largest venture capital investors in South Africa with a portfolio of approximately R1 billion. The businesses are all led by South African entrepreneurs but are globally relevant and recognised internationally. The portfolio is fast-growing and having a significant social impact across the continent.

AlphaCode's current investments include:

Entersekt, a leader in authentication app security and payments enablement technology, offering a highly scalable solution set with a track record of success across multiple continents.

Entersekt is protecting 160 million transactions per month across 20 million bank accounts. Their unique, patented technology has been recognised globally, having recently attracted the attention of one of the world's leading growth capital investors, Accel-KKR, who completed an investment into the business earlier this year.

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 provided more than R1.5 billion of working capital loans to some 12 000 SMEs in the country, while maintaining a healthy credit portfolio. In the last financial year, Merchant Capital was able to attract an additional R1 billion of loan funding from RMB.

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 customers. In South Africa, Guidepost has served over 28 000 patients for leading insurer and healthcare brands like Novo Nordisk, Sanofi, Sanlam Insurance, Discovery Health and Discovery Life and has reduced hospitalisation costs by 19%.

Prodigy Finance, an international fintech platform offering loans to postgraduate students attending top universities.

Prodigy Finance has issued more than \$1.2 billion of loans, serving more than 30 000 students globally. The business has recovered well from COVID-19 and is now growing by more than 50% year-on-year. Prodigy recently launched a highly successful social bond and has attracted funding from leading funders such as Canadian Pension Fund, Goldman Sachs and Deutsche Bank.

AlphaCode's performance

The AlphaCode portfolio continues to perform in line with expectations. All the entities in the AlphaCode Grow stable, being Entersekt, Merchant Capital, Guidepost and Prodigy Finance, made significant progress in growing their businesses, increasing revenue and establishing business relationships that bode well for the future.

AlphaCode's future value creation

AlphaCode Incubate is an important element of RMI's enterprise supplier development programme which is biased towards black-owned businesses.

In the 2022 financial year, AlphaCode Incubate selected eight businesses across healthtech, fintech, legaltech and datatech. The eight start-ups received an entrepreneurial package worth R500 000 including a curated online learning experience, mentorship and expert interventions, exclusive office space at AlphaCode, marketing, legal and other business support services as well as access to RMI's networks. Women are underrepresented in the start-up ecosystem globally. Representation matters and by having a diverse AlphaCode team and selection panel, there was representation of seven female founders across the eight start-ups, several of whom have run successful businesses prior to these start-ups which we know makes for more successful entrepreneurs. All of the start-ups were founded during the pandemic, forcing the founders to work harder getting to know their customers, to become incredibly resourceful, resilient and creative in how they validated their products with customers. Between January and April 2022, the cohort generated R1.6 million in revenue and serviced an average of more than 10 000 customers.

In June 2022, a virtual demo day was hosted. Each start-up received an entrepreneurial package worth R1 million including R500 000 grant funding, six months of sprint-based tailored expert support and continued access to the co-working space.

AlphaCode Explore is an initiative aimed at upskilling those interested in entrepreneurship through thought leadership events, workshops, masterclasses and peer learning sessions.

A women-in-tech initiative was the key focus for the 2022 financial year. A female-founder-only dinner and pitch event was hosted where four female-founded tech start-ups collectively received R350 000 in grant funding. All six start-ups that pitched received tailored mentorship support, enabling their start-ups to refine their business models, gain access to investors, gain market traction and showcase their capability to corporates.

AlphaCode Seed invested R2 million via a convertible note into CARscan, an insurtech that uses a mobile phone for vehicle service assessments, pre-inspections or claim assessments in the event of an accident using a priority AI-AR based platform.

The fund co-invested alongside Kalon Venture Partners, Launch Africa and IDF (all are following-on from their original investment) as well as Allan Gray E2 Ventures. In total, \$1 million was invested in the business in this round. The business has received \$1.7 million in funding across two funding rounds.

Outlook

RMI remains excited about the growth prospects of the AlphaCode Grow portfolio. The drive to scale and grow Entersekt, Guidepost, Merchant Capital and Prodigy Finance remains unchanged and RMI TreasuryCo remains a supportive shareholder.

FINANCIAL REVIEW

for the year ended 30 June 2022

Key performance indicators

		2018	2019	2020	2021	2022	% change for 2022
Group normalised earnings	R million	4 266	4 081	3 086	3 545	2 954	(17)
OUTsurance (excluding Hastings)		2 333	2 145	2 008	2 296	2 039	(16)
Hastings ¹		778	552	486	585	191	(67)
Discovery ¹		1 356	1 261	933	850	620	(27)
Momentum Metropolitan ¹		508	825	407	269	370	38
Funding and holding company costs		(684)	(680)	(738)	(597)	(293)	51
Other ²		(25)	(22)	(10)	142	27	(81)
Earnings and dividends per share	cents						
Earnings		257.6	265.1	104.1	189.2	1 463.2	>100
Diluted earnings		252.9	264.0	102.7	188.5	1 460.4	>100
Headline earnings		269.7	249.0	127.9	191.6	169.7	(11)
Diluted headline earnings		265.0	247.8	126.2	190.9	167.6	(12)
Normalised earnings		281.5	266.9	201.5	231.4	192.8	(17)
Diluted normalised earnings		276.6	265.5	199.9	231.1	191.1	(17)
Total ordinary dividend		104.0	110.0	45.0	45.0	65.5	46
Dividend cover	times						
– Headline earnings		2.6	2.3	2.8	4.3	2.6	
– Normalised earnings		2.7	2.4	4.5	5.1	2.9	
Equity	R million	23 704	26 141	27 545	29 014	12 952	(55)
Share price	cents						
– Closing		3 745	3 397	2 920	3 134	2 784	(11)
– High		4 740	4 144	3 528	3 404	5 321	56
– Low		3 539	3 101	1 733	2 819	2 434	(14)
Market capitalisation	R million	57 026	52 036	44 729	48 007	42 646	(11)
Volume of shares traded	million	427	356	460	517	793	53

¹ Discontinued operations

² Other includes holding company and funding costs, RMI Investment Managers, Merchant Capital, Entersekt, Prodigy, Guidepost and consolidation entries

FINANCIAL OVERVIEW

Hastings represented a major geographical area of operation and both Discovery and Momentum Metropolitan represented major lines of business. The results of all these investee companies are therefore being treated as discontinued operations in the RMI group results. The results of Hastings were equity accounted until 8 December 2021, the effective date of the sale. The results of Discovery and Momentum Metropolitan were also equity accounted until 8 December 2021, the date on which the unbundling of these assets met the accounting definition of being highly probable.

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. In respect of the results for the year ended 30 June 2022, the emphasis is on normalised earnings from continuing operations and this will form the base from which the results for the 2023 financial year onwards will be evaluated.

Normalised results from continuing operations decreased by 4%. Total normalised earnings were negatively impacted by the inclusion of the results from discontinued operations only up to 8 December 2021, i.e. just over five months, resulting in a decline of 17% in normalised earnings from continuing and discontinued operations. RMI's consolidated normalised earnings for the year ended 30 June 2022 are set out in the table below.

R million	For the year ended 30 June		% change
	2022	2021	
Continuing operations	1 773	1 841	(4)
OUTsurance (excluding Hastings)	2 039	2 296	(11)
– OUTsurance (including Hastings)	2 099	2 513	(16)
– Hastings included in OUTsurance	(60)	(217)	72
RMI Investment Managers and AlphaCode investments	27	142	(81)
Funding and holding company costs	(293)	(597)	51
Discontinued operations	1 181	1 704	(31)
Discovery (up to 8 December 2021)	620	850	(27)
Hastings (up to 8 December 2021)	191	585	(67)
Momentum Metropolitan (up to 8 December 2021)	370	269	38
Normalised earnings	2 954	3 545	(17)
Normalised earnings per share (cents)	192.8	231.4	(17)

Intrinsic value of investments

During the year under review, the value of RMI's investments in OUTsurance and the combined value of its investments in RMI Investment Managers and AlphaCode investments increased by 14% and 18% respectively. The significant change in the net assets of the holding company is the result of the repayment of all the preference share debt from the proceeds of the sale of Hastings.

The intrinsic value of RMI's portfolio is made up as follows:

R million	2022	2021	% change
Continuing operations	43 650	28 552	53
Internal valuation of unlisted investments	42 418	37 037	15
OUTsurance (excluding Hastings) ¹	40 517	35 429	14
RMI Investment Managers and AlphaCode ²	1 901	1 608	18
Net assets/(liabilities) of holding company ³	1 232	(8 485)	>100
Discontinued operations	-	37 889	(100)
Hastings ⁴	-	9 258	(100)
Discovery ⁵	-	20 811	(100)
Momentum Metropolitan ⁵	-	7 820	(100)
Net value of portfolio⁶	43 650	66 441	(34)
Net value of portfolio per share (cents)	2 850	4 337	(34)

The valuations are based on:

- 1 An internal discounted cash flow management model that has been independently verified.
- 2 Internal management valuations.
- 3 All the assets and liabilities at holding company level other than the investments shown separately in the table above.
- 4 A discounted cash flow valuation performed as at 30 June 2021 (Hastings was delisted on 16 November 2020). The ZAR:GBP exchange rate as at year-end was used to translate the GBP valuation into ZAR.
- 5 Market value as at 30 June 2021.
- 6 No provision for capital gains tax. The size of RMI's stakes in its underlying investee companies qualifies for certain tax exemptions when certain corporate actions are performed.

The share price of R27.84 per share on 30 June 2022, represents a discount of only 2% (2021: 28%) compared to the intrinsic value of the underlying investments.

Segmental report

The segmental analysis is based on the management accounts prepared for the group.

R million	Discovery	Momentum Metropolitan	Hastings	OUTsurance	Other ¹	RMI
Year ended 30 June 2022						
Net income	-	-	-	20 682	145	21 007
Interest received	-	-	-	355	117	472
Policyholder benefits and transfer to policyholder liabilities	-	-	-	(11 328)	-	(11 328)
Depreciation	-	-	-	(136)	(19)	(155)
Amortisation	-	-	-	(29)	-	(29)
Other expenses	-	-	-	(6 275)	(409)	(6 684)
Finance costs	-	-	-	(10)	(422)	(432)
Fair value adjustment to financial liabilities	-	-	-	(147)	-	(147)
Share of after-tax results of associates	-	-	-	2 187	(2 160)	27
Profit/(loss) before taxation	-	-	-	5 479	(2 748)	2 731
Taxation	-	-	-	(958)	(69)	(1 027)
Profit/(loss) for the year from continuing operations	-	-	-	4 521	(2 817)	1 704
Profit/(loss) for the year from discontinued operations	15 438	750	5 098	-	(99)	21 187
Hastings included in OUTsurance	-	-	-	(2 449)	2 449	-
Profit/(loss) for the year	15 438	750	5 098	2 072	(467)	22 891
Normalised earnings	620	370	124	2 316	(476)	2 954
Hastings included in OUTsurance	-	-	67	(67)	-	-
Normalised earnings	620	370	191	2 249	(476)	2 954
As at 30 June 2022						
Assets	-	-	-	27 055	2 397	29 452
Investments in associates	-	-	-	290	402	692
Intangible assets	-	-	-	236	-	236
Total assets	-	-	-	27 581	2 799	30 380
Total liabilities	-	-	-	17 186	242	17 428

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

R million	Discovery	Momentum Metropolitan	Hastings	OUTsurance	Other ¹	RMI group
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	(4)	64
Profit/(loss) before taxation	-	-	-	3 819	(601)	3 218
Taxation	-	-	-	(1 115)	(24)	(1 139)
Profit/(loss) for the year from continuing operations	-	-	-	2 704	(625)	2 079
Profit for the year from discontinued operations	790	108	245	-	-	1 143
Hastings included in OUTsurance	-	-	-	(61)	61	-
Profit/(loss) for the year	790	108	245	2 643	(564)	3 222
Normalised earnings	850	269	341	2 779	(694)	3 545
Hastings included in OUTsurance	-	-	244	(244)	-	-
Normalised earnings	850	269	585	2 535	(694)	3 545
Assets	-	-	-	20 853	3 697	24 550
Associates	12 482	6 149	6 184	3 716	770	29 301
Intangible assets	-	-	-	213	-	213
Total assets	12 482	6 149	6 184	24 782	4 467	54 064
Hastings included in OUTsurance	-	-	3 627	(3 627)	-	-
Total assets	12 482	6 149	9 811	21 155	4 467	54 064
Total liabilities	-	-	-	13 186	11 864	25 050

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

Geographical segments

R million	South Africa	Australia	United Kingdom	RMI
Year ended 30 June 2022				
Net income	11 874	9 605	-	21 479
Policyholder benefits and transfer to policyholder liabilities	(5 550)	(5 778)	-	(11 328)
Other expenses	(4 241)	(3 206)	-	(7 447)
Share of after-tax results of associates	27	-	-	27
Profit before taxation	2 110	621	-	2 731
Taxation	(846)	(181)	-	(1 027)
Profit for the year from continuing operations	1 264	440	-	1 704
Profit for the year from discontinued operations	15 896	-	5 291	21 187
Profit for the year	17 160	440	5 291	22 891
As at 30 June 2022				
Assets				
Property and equipment	357	708	-	1 065
Investments in associates	692	-	-	692
Financial assets	9 306	7 268	-	16 574
Other assets	2 208	9 841	-	12 049
Total assets	12 563	17 817	-	30 380
Liabilities				
Insurance contract liabilities	2 854	10 784	-	13 638
Other liabilities	968	2 822	-	3 790
Total liabilities	3 822	13 606	-	17 428

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	64	-	-	64
Profit before taxation	2 156	1 062	-	3 218
Taxation	(796)	(343)	-	(1 139)
Profit for the year from continuing operations	1 360	719	-	2 079
Profit for the year from discontinued operations	569	-	574	1 143
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



3

BUSINESS MODEL APPROACH

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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

- Attributable earnings and dividends from our portfolio companies

Manufactured

- The structures, fixed and technological assets

Human

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

Intellectual

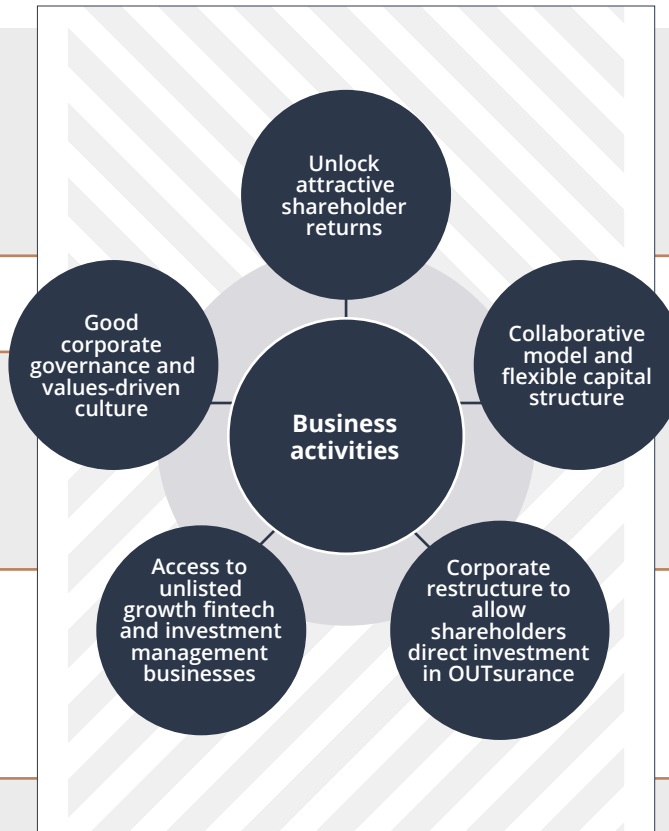
- The intellectual property and organisational knowledge that differentiate us
- Our brand and reputation
- Robust governance structures and risk and opportunity management

Social and relationship

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

Natural

- 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



OUTPUTS

Our portfolio of companies



RMI INVESTMENT MANAGERS



OUTCOMES

- 65.5 cents (2021: 45 cents) ordinary dividend per share
- 2 403.6 cents (2021: 0 cents) special dividends per share
- 453.5% TSR since listing in 2011
- R2 954 million in normalised earnings (2021: R3 545 million)
- R42.6 billion market capitalisation (2021: R48.0 billion)
- R43.7 billion intrinsic value of portfolio (2021: R66.4 billion)
- No long-term debt (2021: R11.8 billion)

- Digital and technology infrastructure to enable a hybrid post-COVID-19 way of working

- 12 employees (2021: 12 employees)
- Appropriate management succession planning at portfolio companies





- Agile implementation of evolving strategy and purpose
- Clear and effective approach to corporate governance
- Compliance with all appropriate legislative and regulatory requirements
- Active engagement in governance practices of our portfolio companies

- Knowledge-sharing across businesses
- AlphaCode enterprise and supplier development programme
- Active engagement in the social performance of our portfolio companies

- Efficient use of electricity and water in our five-star green office building
- Active engagement in the ESG performance of our portfolio companies

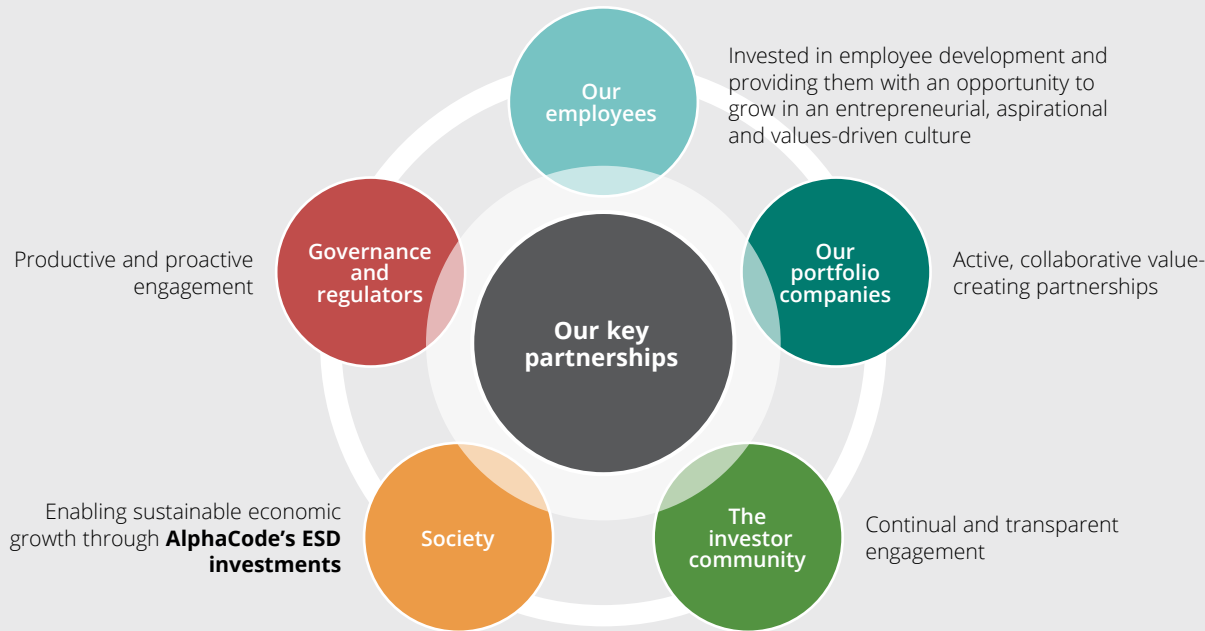
OPERATING ENVIRONMENT

Our 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 we operate.

	External factors impacting our current environment	External factors we expect to impact the environment in the years ahead
 <p>Geopolitical tension</p>	<ul style="list-style-type: none"> ■ Geopolitical tension, most prominent in Ukraine, has resulted in extreme commodity price swings that will have a profound impact on the global economy over the short to medium term. ■ Price increases in oil and gas as well as food have affected worldwide inflation statistics, especially in the developed world. 	<ul style="list-style-type: none"> ■ The additional upward pressure on inflation will reduce household purchasing power across the globe. ■ Economic sanctions can have a lasting and dramatic effect on the world economy in the medium to long term. ■ The supply chain bottlenecks and shortcomings exposed by COVID-19 are expected to endure in the medium term.
 <p>South African economy</p>	<ul style="list-style-type: none"> ■ The economy is plagued by poor service delivery and an energy crisis, manifested by increased load shedding and Eskom plant breakdowns. ■ High fuel and food inflation have dampened consumer confidence and spending. ■ Record unemployment continues to limit economic recovery and has the potential to spark social unrest. 	<ul style="list-style-type: none"> ■ The Organisation for Economic Co-operation and Development (OECD) projects GDP to grow by 1.8% in 2022 and 1.3% in 2023. ■ The commodity prices boom will support exports. ■ Inflation is expected to increase further due to higher energy prices before starting to decline.
 <p>Australia</p>	<ul style="list-style-type: none"> ■ The Australian economy has experienced a solid post-pandemic recovery. 	<ul style="list-style-type: none"> ■ The OECD projects GDP growth of 4.2% in 2022 and 2.5% in 2023. ■ Wage and price pressures will rise, given the already tight labour market and the strains on global supply chains, before moderating in 2023.
 <p>Climate change</p>	<ul style="list-style-type: none"> ■ Climate-related weather events continue to be the top risks. ■ In April, KwaZulu-Natal was hit by severe flooding and landslides caused by heavy rainfall. ■ Australia recently endured severe flooding in the states of Queensland and New South Wales. 	<ul style="list-style-type: none"> ■ Severe weather events are expected to become more frequent and severe in the coming decade. ■ Momentum on climate change action and ESG disclosures is growing.

VALUE-CREATING PARTNERSHIPS

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



Our unique, active, collaborative partner attributes – driven by a team of dedicated professionals that share the RMI values, culture and commitment to excellence, creativity and impact – have always differentiated us.

RMI's relationship with the **investor community** is maintained through continual and transparent engagement with investor presentations, SENS announcements, annual general meetings, bilateral engagements and the publication of our financial statements and our integrated reports.

Our engagement with **regulatory bodies across various geographies** is proactive and productive. We engage on matters specific to our business as well as broader industry matters and societal topics

Unlocking significant value

We chose to invest in businesses with management teams who share similar values, perspectives and a collaborative mindset. Before their unbundling to RMI shareholders in 2022, we were part of the value-creating evolution of Discovery and Momentum Metropolitan to well-established and managed insurance and integrated financial services businesses listed on the JSE.

We have also been part of the pioneering and innovative value creation of OUTsurance and Youi, long-standing owners and operators of insurance businesses in different geographies since 2011. This relationship is now undergoing a major transition as RMI ceases investment activity and rebrands to **OUTsurance Group Limited**.

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.

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 related 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 our residual risk ratings from 1 July 2021 to 30 June 2022

EXTERNAL RISKS			
HIGH STABLE	MATERIAL MATTER Geographic diversification	HIGH INCREASING	MATERIAL MATTER Climate change
RESIDUAL RISK RANKING	RISK <ul style="list-style-type: none"> ■ Sovereign risk that could result from country downgrades on the equity market 	RESIDUAL RISK RANKING	RISK <ul style="list-style-type: none"> ■ The impact of climate change on changing claims risks and returns on investment. This resulted in reduced reinsurance capacity in the market and limited reinsurance cover within the terms that the group requires
Our response and focus on value creation <ul style="list-style-type: none"> ■ RMI continues to maintain constructive engagement with all stakeholders while monitoring the macroeconomic environment ■ The future strategy is to, over time, identify new geographies directly through OUTsurance 		Our response and focus on value creation <ul style="list-style-type: none"> ■ We will continue to review the impact of climate change and conduct extensive research to ensure we are well-positioned to address its impact on our business and new insurance risks ■ Significant management focus on the renewal of reinsurance cover 	

STRATEGIC RISKS			
MEDIUM STABLE	MATERIAL MATTER Performance of new ventures	LOW STABLE	MATERIAL MATTER Governance
RESIDUAL RISK RANKING	RISK <ul style="list-style-type: none"> ■ The ability to scale new ventures to profitability 	RESIDUAL RISK RANKING	RISK <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
Our response and focus on value creation <ul style="list-style-type: none"> ■ The major strategic focus for the 2023 financial year is to drive the growth initiatives to profitability and target margins 		Our response and focus on value creation <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 	

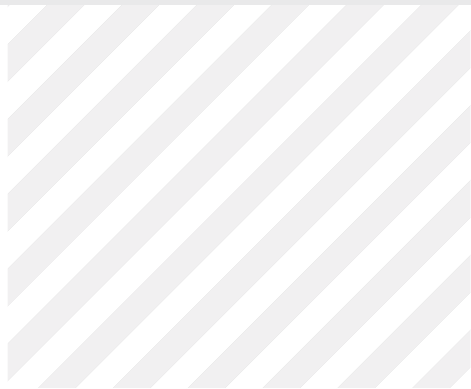
■ High risk (board focus)
 ■ Medium risk (management focus)
 ■ Low risk (management focus)



FINANCIAL RISK	
HIGH INCREASING	MATERIAL MATTER Insurance risk
RESIDUAL RISK RANKING	RISK <ul style="list-style-type: none"> The unpredictable nature of the insurance risks and catastrophic events can affect our long-term sustainability
Our response and focus on value creation <ul style="list-style-type: none"> Resilient balance sheets and capital positions across all businesses Dynamic underwriting practices and evolving business models and insurance products 	

OPERATIONAL RISKS			
HIGH INCREASING	MATERIAL MATTER Talent management	MEDIUM STABLE	MATERIAL MATTER Transformation
RESIDUAL RISK RANKING	RISK <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 	RESIDUAL RISK RANKING	RISK <ul style="list-style-type: none"> Progress on the spirit of transformation and diversity requirements
Our response and focus on value creation <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 		Our response and focus on value creation <ul style="list-style-type: none"> Diverse board and management composition RMI is a Level 2 contributor to B-BBEE (2021: Level 2) 	
		Our response and focus on value creation <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 	

■ High risk (board focus)
 ■ Medium risk (management focus)
 ■ Low risk (management focus)





4

APPROACH TO SUSTAINABILITY

- 46 | Sustainability framework
- 49 | ESG strategy

APPROACH TO SUSTAINABILITY

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

SUSTAINABILITY FRAMEWORK

We have identified that the SDGs 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' employment of people across its key geographies, is a key enabler of 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.



SDG 12: Responsible consumption and production
SDG 13: Climate action

Protecting the environment and addressing climate change

As a 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.

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 has also taken measures to reduce its 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 2022, our team consisted of 12 employees



SDG 5: Gender equality

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.



SDG 8: Decent work and economic growth
SDG 9: Industry, innovation and infrastructure

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.



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 52 of its annual report 2022 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

TRANSFORMATION AT OUTSURANCE

52.8%

OF EMPLOYEES ARE WOMEN

76.4%

ACI RATIO

54.7%

ACI IN MANAGEMENT

53.8%

ACI EXCO MEMBERS

PERFORMANCE AGAINST KEY ESG RISK INDICATORS IN 2022, OUTSURANCE ACHIEVED A

30%

REDUCTION AGAINST 2018 BASELINE

IN TCO₂E EMISSIONS PER EMPLOYEE TO 2.09

415%

INCREASE AGAINST 2018 BASELINE

TO 1 581 MWH SOLAR ENERGY GENERATED

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.

EMPLOYEES IN SOUTH AFRICA

5 414

average service length of 46.7 months

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 2022.

See pages 46 to 102 of OUTsurance's annual report 2021 at: www.outsurance.co.za

OUR ESG STRATEGY

Underpinning our ESG strategy is our belief that true value creation stretches beyond economic value and ensures our stakeholders always get something out.

Long-term overall net zero commitment by 2050 enabled by:

- Climate change strategy and roadmap and climate change and environmental sustainability policy

Own operations

- 2050 internal targets with interim targets for reduction of GHG emissions, energy and water use and waste management

Carbon footprint reduction of our service provider network

- Work with service providers to contribute to decarbonisation beyond our direct operational footprint

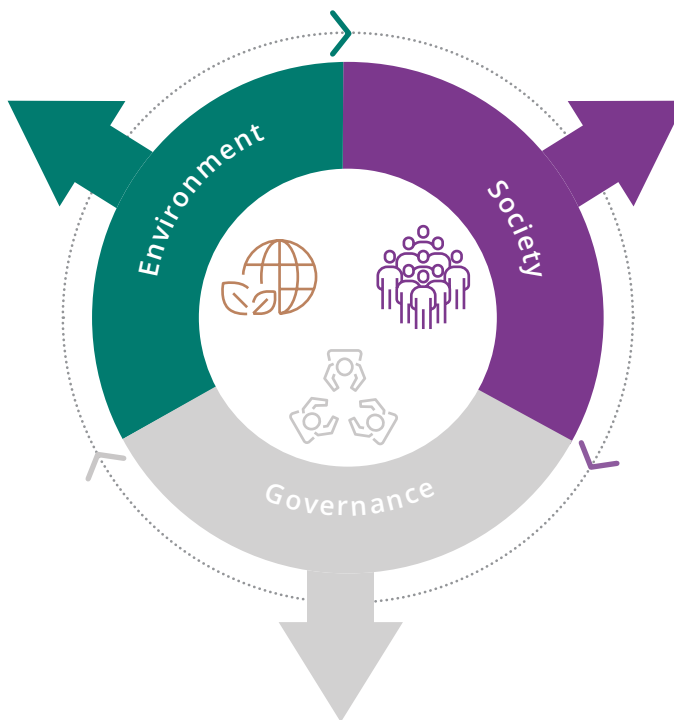
Underwriting

- Opportunity to use stakeholder education to manage climate-related risks and drive change by supporting customers to decarbonise their activities through products and services we offer
- 2050 target with interim targets

Investments

- Support funding decarbonised and green investments

SDG 7 Affordable and clean energy
SDG 11 Sustainable cities and communities
SDG 12 Responsible consumption and production
SDG 13 Climate action
SDG 15 Life on land



Effective governance leading to:

- Good performance against strategy
- Effective control
- Embedding an ethical culture
- Stakeholder inclusivity
- Responsible corporate citizenship
- Environmental goals included in executive bonus scorecards from the 2023 financial year



Our people

- Employee health, safety and well-being
- Workplace diversity and inclusion
- Training and career development opportunities
- Human rights



Supply chain

- Diverse and inclusive procurement practices
- Supplier development programmes
- Treating suppliers fairly framework
- Prompt payment, speedy feedback on performance



Our communities, customers, products and services

- Treating customers fairly
- Customer privacy and data security
- Consumer education
- Responsible marketing
- Affordable and accessible products and services
- Staff Helping SA OUT and Pointsmen initiatives to serve our communities

SDG 1 No poverty
SDG 2 Zero hunger
SDG 3 Good health and well-being
SDG 4 Quality education
SDG 5 Gender equality
SDG 6 Clean water and sanitation
SDG 8 Decent work and economic growth
SDG 9 Industry, innovation and infrastructure
SDG 10 Reduced inequalities



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GOVERNANCE

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LEADERSHIP

Independent non-executive directors



JOHAN BURGER



PER LAGERSTRÖM



MAMONGAE MAHLARE



MURPHY MOROBE



JAMES TEEGER

Non-executive directors



JANNIE DURAND



PETER COOPER



ALBERTINAH KEKANA

Alternative non-executive directors



DAVID FRANKEL



FAFFA KNOETZE



UDO LUCHT

Executive director



HERMAN BOSMAN



Independent non-executive directors

Johan Burger (63)

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 FD in 1995. Following the formation of FirstRand in 1998, he was appointed FD 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 5/5

Committees

 2/2	 4/4	 n/a
 4/4	 4/4	

Other directorship in listed entity

- FirstRand Limited

Per Lagerström (58)

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 5/5

Committees

 2/2	 4/4
 4/4	 2/2

Other directorship in listed entity

- RMB Holdings Limited

Mamongae Mahlare (47)

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 4/5

Committees

 4/4	 4/4
---	---

Other directorship in listed entity

- RMB Holdings Limited

Murphy Morobe (65)

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 5/5

Committees

 4/4	 4/4
 2/2	 3/3

Other directorships in listed entities

- Remgro Limited
- RMB Holdings Limited

Independent non-executive directors

James Teeger (55)

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 5/5

Committees



Other directorship in listed entity

- RMB Holdings Limited

Non-executive directors

Jannie Durand (55)

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

Appointed: 8 December 2010

Jannie joined the Rembrandt Group in 1996, became FD 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 5/5

Committees



Other directorships in listed entities

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

Peter Cooper (66)

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 5/5

Committees



Other directorships in listed entities

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

Albertinah Kekana (49)

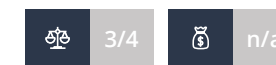
BCom (Hons) CA(SA)
PGDA AMP (Harvard)

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 4/5

Committees



Other directorship in listed entity

- Transaction Capital Limited

Executive director

Herman Bosman (53)

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 5/5

Committee



Other directorships in listed entities

- Discovery Limited
- RMB Holdings Limited (CEO)

Alternate non-executive directors

David Frankel (51)

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 3/5

Committees



Faffa Knoetze (59)

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 5/5

Committees



Udo Lucht (45)

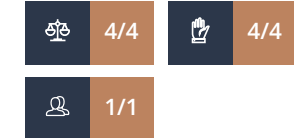
BCom (Hons) CA(SA) CFA

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 5/5

Committees



Other directorships in listed entities

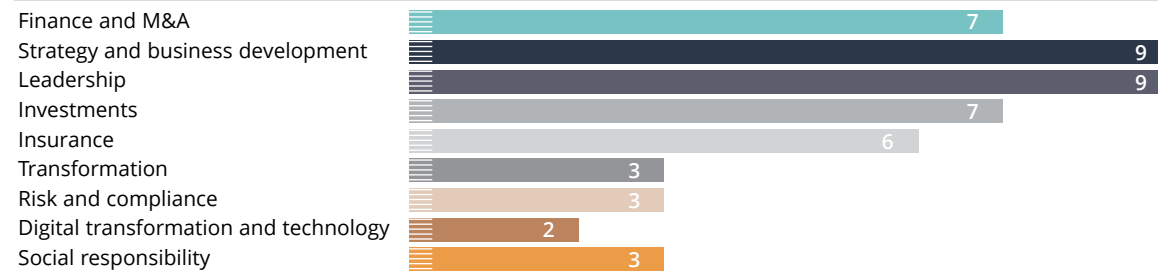
- RMB Holdings Limited
- Royal Bafokeng Platinum Limited
- Yebo Yethu Limited
- Liquid Telecommunications Limited

Committee composition is as follows:

Committee	Current RMI directors
Audit and risk	<ul style="list-style-type: none"> Per Lagerström (Chairperson) Johan Burger James Teeger
Social and ethics	<ul style="list-style-type: none"> Murphy Morobe (Chairperson) Per Lagerström Udo Lucht
Remuneration	<ul style="list-style-type: none"> Johan Burger (Chairperson) Jannie Durand Murphy Morobe
Nominations and directors' affairs and governance	<ul style="list-style-type: none"> Murphy Morobe (Chairperson) Johan Burger Peter Cooper Jannie Durand Albertinah Kekana Per Lagerström Mamongae Mahlare James Teeger David Frankel (alternate) Faffa Knoetze (alternate) Udo Lucht (alternate)

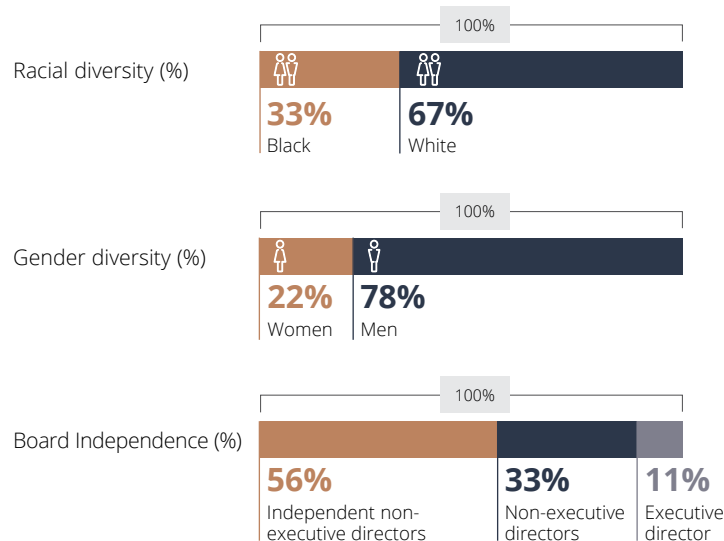
Our board requires a range of skills that ensures it is well-equipped to lead and guide our organisation to create and sustain value

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.

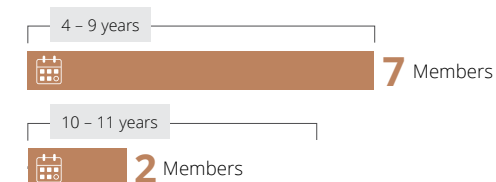


Board diversity

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 57 years

Board tenure (years)



LEADERSHIP GOING FORWARD

Following the implementation of the OUTsurance listing, and subject to shareholder and regulatory approval, the following directors of OUTsurance will be appointed to the RMI board:

Independent non-executive directors



KUBANDIRAN PILLAY



BUHLE HANISE



ALAN HEDDING



GEORGE MARX



TLALENG MOABI



RAYMOND NDLOVU



VENESSA NAIDOO



HANTIE VAN HEERDEN

Non-executive director



WILLEM ROOS

Executive directors



MARTHINUS VISSER



JAN HOFMEYR

Proposed independent non-executive directors

Kubandiran Pillay (61)

**Lead independent director
Chair remuneration committee**
BA LLB MCJ (USA)

**Appointed as lead independent
director to OUTsurance board:**
1 July 2020

Appointed: 19 February 2014

Kuben is retired but is the chairman, lead and non-executive independent director on several boards.

Prior to retiring as chairman of Cell C Limited in 2019, Kuben was the chairman and CEO of Primedia Group from 2014 to 2016. His career commenced as the founding executive director of Mineworkers Investment Company.

Committees



Other directorships in listed entities

- Lesaka Technologies Inc
- Sabvest Capital Limited
- Transaction Capital Limited

Buhle Hanise (39)

BCom CA(SA)

Appointed to OUTsurance board:
29 June 2018

Buhle is currently chief financial officer of automotive company BAIC South Africa and president of African Women Chartered Accountants (AWCA). Before joining BAIC she was a senior business rescue specialist at the IDC having previously held credit management positions at Standard Bank and Nedbank.

Committees



Other directorship in listed entity

- Transaction Capital Limited

Alan Hedding (71)

BCom BCompt (Hon) CA(SA)

Appointed to OUTsurance board:
10 October 2013

Alan was the chief financial officer of FNB from 2003 to 2007 and the group head of finance for FirstRand Limited 2007 to 2013.

Alan retired in 2013.

Committees



Other directorship in listed entity

- Toyota Financial Services
(South Africa) Limited

George Marx (68)

**Chair audit, risk and
compliance committee**
BSc (Econ) Cum Laude FASSA
Chartered Enterprise Risk Actuary
(CERA)

Appointed to OUTsurance board:
20 August 2008

George has been practicing as an actuary since 1981 in both corporate insurance business and consulting in risk management across various disciplines. He was professor and head of actuarial science at University of Pretoria 1988 to 2001.

Committees



Proposed independent non-executive directors

Tlaleng Moabi (45)

Chair social and ethics committee
 Engineering (Management of Technology)
 MSc Engineering (Transport)
 BSc Engineering (Electrical)

Appointed to OUTsurance board:
 29 June 2018

Tlaleng has more than 20 years' experience as an electrical engineer and is a seasoned entrepreneur with management and board skills. She was involved in some milestone projects in South Africa including being part of the Provincial technical team advising on the Gautrain as well as being involved in various capacities in the Renewable Energy IPP Procurement Programme from as early as bid window 1.

Committees



Raymond Ndlovu (55)

BBus Studies (Hon)

Appointed to OUTsurance board:
 28 August 2018

Raymond is currently the group CEO at Community Investment Ventures Holdings (CIVH). Prior to this, he was an investment executive at Remgro Limited and was a Management Board member.

Committees



Venessa Naidoo (58)

BAcc Dip (Acc) CA(SA)

Appointed to OUTsurance board:
 1 November 2021

Venessa is an entrepreneur, financial executive and director. She has served as chief financial officer for various companies in the telecommunications and media and entertainment sectors with operational experience in key African markets.

Committees



Hantie van Heerden (51)

BCom (Hons) Actuarial Science
 FIA FASSA

Appointed to OUTsurance board:
 3 May 2022

Hantie is currently a senior actuary at SNG ARGEN. Prior to this, she worked as an actuary for Momentum and the Financial Services Board. From 2013 she served as the head actuary for AIG and from 2015 to 2021 as the head of corporate actuarial for Old Mutual Insure.

Committees



Proposed non-executive director

Willem Roos (50)

BCom (Hon) (Actuarial Science)
FASSA

Served as executive director:
30 April 2001 to 1 January 2018

Appointed as non-executive director to OUTsurance board:
1 January 2018

Willem is one of the founders of OUTsurance which launched in 1998.

After two decades leading OUTsurance, Willem joined the mobile operator Rain as the CEO.

Willem retired as CEO in 2021 and remains a non-executive director of both OUTsurance and Rain.

Committee



Proposed executive directors

Marthinus Visser (48)

BCom (Hon) (Actuarial Science)
FASSA FIA

Appointed as executive director to OUTsurance board:
1 January 2018

Marthinus is currently the OUTsurance group CEO. His career started at OUTsurance in 1998 as a senior actuary and was appointed as chief actuary in 2001 and group chief actuary in 2008. In January 2018 he was appointed CEO.

Committees



Jan Hofmeyr (41)

BAcc Dip (Acc) CA(SA)

Appointed as executive director to OUTsurance board:
1 November 2022, subject to regulatory approval

Jan joined OUTsurance in 2007 as the executive assistant to the founder and CEO, Willem Roos. In 2008, he was appointed as the CFO of the OUTsurance Group, the position he currently holds.

Prior to joining OUTsurance, Jan completed his articles at FirstRand Bank, whereafter he gained experience in the FNB Joint Ventures Division.

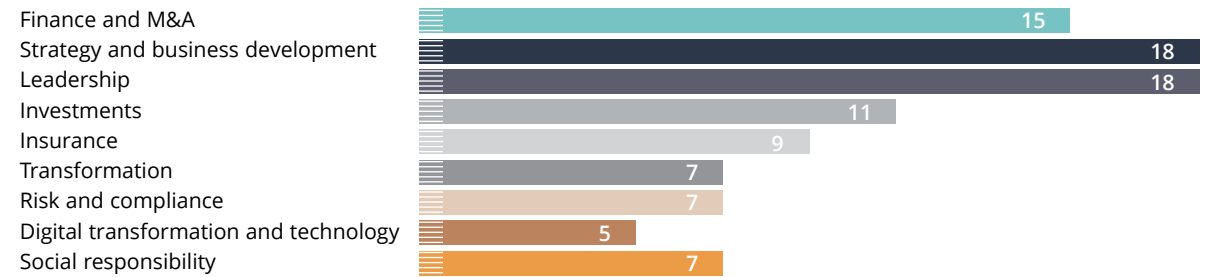
Committee composition following implementation of the OUTsurance listing, subject to shareholder and regulatory approval:

Committee	Current RMI board members	Current OUTsurance board members
Audit and risk	<ul style="list-style-type: none"> Johan Burger 	<ul style="list-style-type: none"> Buhle Hanise Alan Hedding George Marx (Chairperson) Tlaleng Moabi Venessa Naidoo Hantie van Heerden
Social and ethics	<ul style="list-style-type: none"> Herman Bosman Murphy Morobe 	<ul style="list-style-type: none"> Tlaleng Moabi (Chairperson)
Remuneration	<ul style="list-style-type: none"> Johan Burger Herman Bosman Jannie Durand 	<ul style="list-style-type: none"> Kuben Pillay (Chairperson) Raymond Ndlovu Marthinus Visser
Nominations	<ul style="list-style-type: none"> Herman Bosman (Chairperson) Jannie Durand 	<ul style="list-style-type: none"> Raymond Ndlovu Kuben Pillay Marthinus Visser
Directors' affairs and governance	<ul style="list-style-type: none"> Johan Burger Jannie Durand Herman Bosman Mamongae Mahlare Murphy Morobe James Teeger Faffa Knoetze (alternate) Udo Lucht (alternate) 	<ul style="list-style-type: none"> Alan Hedding Buhle Hanise George Marx Hantie van Heerden Kuben Pillay Raymond Ndlovu Venessa Naidoo Tlaleng Moabi Willem Roos Albertinah Kekana

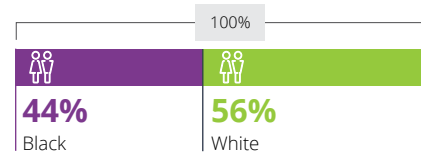
Proposed board experience and diversity composition

Subject to shareholder and regulatory approval, the proposed board will have the following experience and diversity following the implementation of the OUTsurance listing:

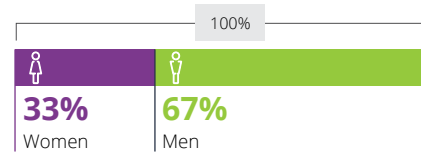
Board skills and experience



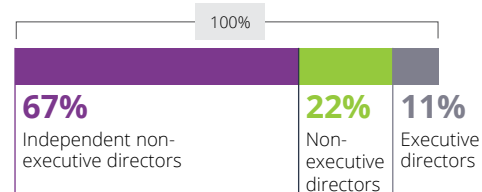
Racial diversity (%)



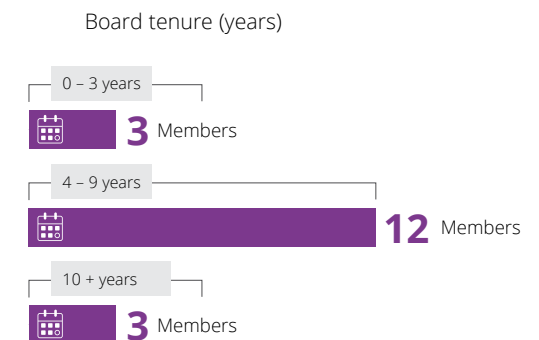
Gender diversity (%)



Board Independence (%)



The average age of our board members will be 56 years



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 practising 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.

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





Our governance framework

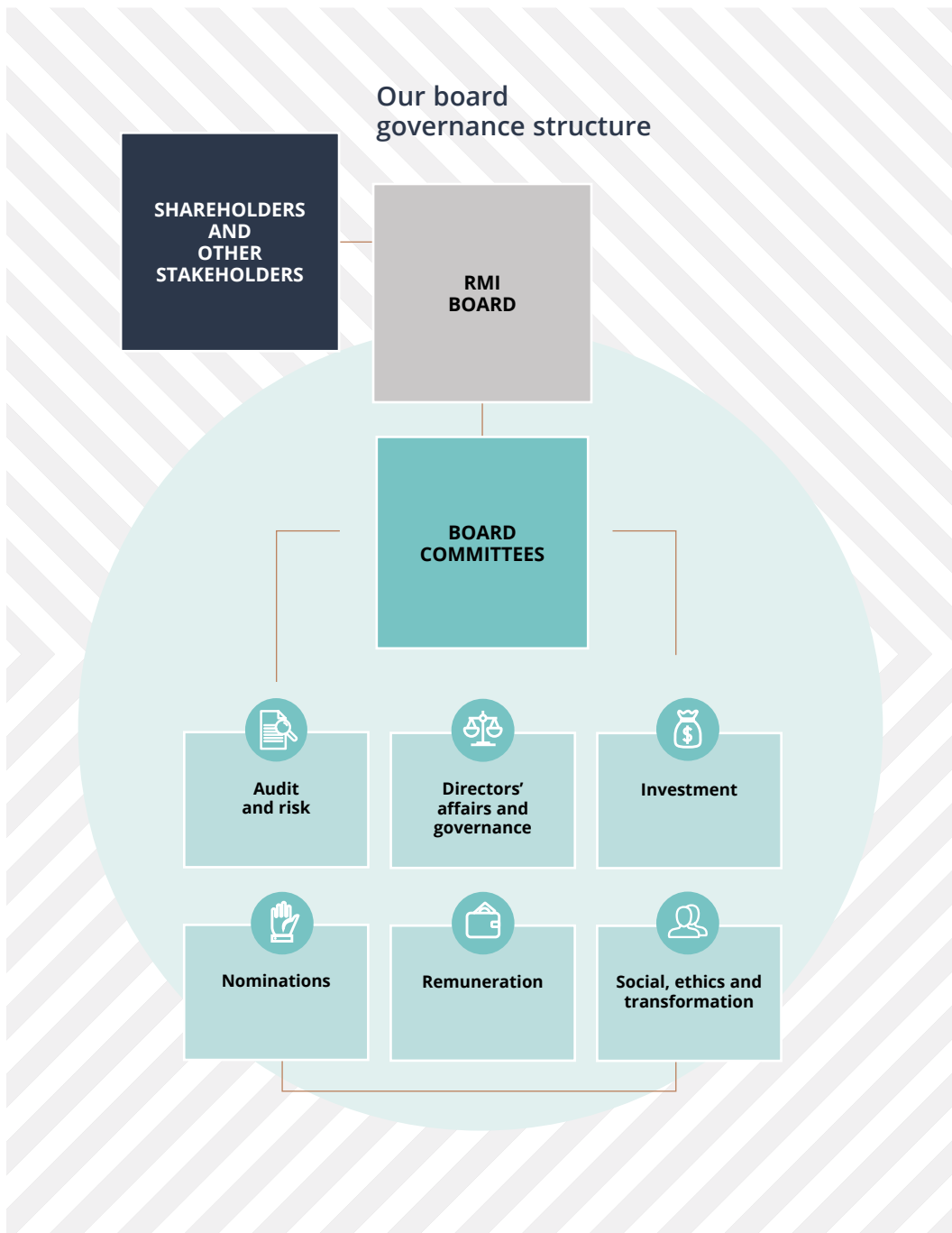
The framework positions the board as the custodian of corporate governance in RMI and provides it with effective control of the business. By effectively governing RMI and taking into consideration our stakeholders' interests, our board and management contribute value to both the business and its stakeholders. 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.

- 1
- 2
- 3
- 4
- 16

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, refer to our online application of each principle.

See www.rmih.co.za

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



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. Three board members have served on the board for more than 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 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.

Oversight rooted in King IV

 4 5 7

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.

RMI 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. 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 55* 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 all applicable legal requirements.

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



See www.rmih.co.za/investor-relations

Governance that establishes an ethical culture

 4

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 a 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

8 10

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. 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 FD.

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 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.

Evaluating performance

9

The board assesses its performance every second year. The assessment includes 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 director's 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.

Governance of responsible investing

17

As a 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.

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



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.

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



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.

Compliance governance



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 and 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


14

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 67**.

The committee has confirmed that there were no instances of material non-compliance requiring disclosure for 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 FD.

Technology and information governance


12

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 for the year under review.

 See the report of the audit and risk committee in the annual financial statements available on www.rmi.co.za

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.


Activities during the past year

The committee 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.

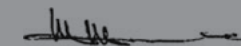
 Information available online at www.rmih.co.za/investor-relations

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 distributed the final portion of its COVID-19 relief fund of R10.4 million, established 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	
	Performed and reviewed the calculation of RMI's B-BBEE rating RMI retained its level two contributor rating  A copy of the B-BBEE1 form is available on RMI's website at: www.rmih.co.za
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 a review of the company policies
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 wellbeing of the group's employees and the communities in which the group companies operate.



Murphy Morobe

Chairperson of the social, ethics and transformation committee

11 October 2022

REMUNERATION REVIEW

The RMI remuneration committee report provides an overview of the remuneration outcomes of the executive director and non-executive directors.

The information in this report has been approved by the board on recommendation from the RMI remuneration committee.

The RMI remuneration committee is satisfied that it has fulfilled its responsibilities in accordance with its mandate for 2022 and that the remuneration policy achieved its stated objectives.

This report is presented in the following manner to take the restructure, which results in the OUTsurance listing, into account:

Part 1

BACKGROUND STATEMENT

The background statement is presented by the chairperson of the RMI remuneration committee and provides context to the implementation of RMI's remuneration policy and performance and sets the context for the remuneration outcomes that are presented in part 3 (implementation report). A separate background statement is presented by the chairperson of the OUTsurance remuneration committee.

Part 2

REMUNERATION POLICY

As the employees of RMI will be exited from the business, there is not a forward-looking remuneration policy that will apply to RMI employees. RMI, as the listed capsule of OUTsurance, has adopted OUTsurance's remuneration policy. The chairperson of the OUTsurance remuneration committee therefore presents the forward-looking remuneration policy that applies for the 2023 financial year and which can be found on page 85.

Part 3

IMPLEMENTATION REPORT

The implementation report sets out in detail how the existing RMI policy was implemented during the year under review, including disclosure of payments made to the executive director and non-executive directors during the year ended 30 June 2022. The remuneration outcomes for the CEO of OUTsurance and the remainder of the OUTsurance prescribed officers can be found in the OUTsurance implementation report on *page 91*.

Part 1

BACKGROUND STATEMENT

Introduction

Dear shareholders

Following the restructure of RMI and the exit arrangements of the RMI management team, I submit the RMI remuneration report for the year ended 30 June 2022. This report focuses on the implementation of the policy during the year and provides an overview of the RMI remuneration committee's activities as well as its governance framework.

Voting outcomes and context of this report

After the extensive remuneration review that was conducted in 2021, coupled with enhanced disclosure, RMI received approval voting outcomes of 98.6% (2020: 80.5%) for its remuneration policy and 76.8% (2020: 80.1%) for its implementation report, at its 2021 annual general meeting, respectively. RMI has taken into consideration the feedback received from shareholders, where applicable, in presenting this report.

Further, RMI has sought to provide additional context on the principles, design and approach in relation to the executive management exit arrangements.

Overview of RMI's performance and value add to shareholders under the current management team

Management's strategic initiative and value-add

In 2011, the insurance assets of RMH were unbundled to RMI and RMI was separately listed on the JSE. Towards the end of 2013, the board took the decision to re-activate the RMI portfolio by *inter alia* adding a fourth investment alongside RMI's established portfolio businesses, namely Discovery, Momentum Metropolitan and OUTsurance.

As a consequence, the current management team was appointed in 2014, headed by CEO Herman Bosman, to spearhead the new strategic direction of RMI and 'optimise, diversify and modernise' the portfolio. The RMI management team has executed this strategy in the following ways:

- **Optimise:** The RMI management team has optimised its portfolio by ensuring the stability of leadership at its portfolio companies with coordinated succession planning and the design and execution of future-fit strategies, formulated through representation and input at board and senior leadership levels. RMI has always viewed its investments in its portfolio businesses as being a partnership with the respective management teams which has contributed to the growth of these businesses.



■ **Diversify:** The management team diversified the asset base of the RMI portfolio through the investments in its fintech portfolio, AlphaCode, and its investment management affiliate business, RMI Investment Managers. The management team also diversified the portfolio from a geographic perspective through its investment in Hastings. This diversification was coupled with liquidity events at the appropriate time to realise optimal shareholder value, including the sale of RMB Structured Insurance, cryptocurrency trading platform Luno and, more recently, the sale of RMI's 30% interest in Hastings to co-shareholder in the business, Sampo, unlocking value of R8.5 billion.

■ **Modernise:** The RMI team drove strategic discussions focused on ensuring that our existing portfolio companies are future-proofed to compete in the evolving financial services industry. Examples include Discovery's expansion into retail banking through Discovery Bank and Hastings' home insurance segment and client retention strategies. RMI's investment in disruptive, unlisted assets through its AlphaCode and RMI Investment Managers businesses also served to modernise the portfolio and harness a portfolio effect for its established businesses.

The period from 1 April 2014 to the last practicable date of this report (being Tuesday, 20 September 2022) has resulted in total returns to RMI shareholders (in the form of capital appreciation and dividends – adjusted for the unbundling) of approximately R47.9 billion or 118.7% (assuming reinvestment of dividends), in comparison to the return of the JSE Financial 15 Index of 5.6% over the same period.

The restructure of the RMI group and its impact on RMI management

Over the course of the execution of the new strategic direction of RMI, the RMI management team had to grapple with structural shifts affecting RMI as an investment holding company as well as the RMI portfolio. These included increasing regulatory focus on the group structure, local and global market dislocation resulting in a discount to the net asset value at which investment holding companies have traded since 2016, structural market changes and specific factors impacting its portfolio businesses.

Against this backdrop, management initiated and, in conjunction with the board, considered fundamental changes to the group structure. The RMI management team executed the restructure of the RMI group in 2022 in a very successful manner, most notably:

- RMI remained a supportive shareholder to its life insurance businesses, Discovery and Momentum Metropolitan, through the COVID-19 pandemic, despite the unbundling to focus on P&C insurance.
- Ensured that, through the restructure, the portfolio businesses remained stable.
- Negated the need for a rights issue by RMI by expertly selling Hastings at a profit despite uncertain UK general insurance market conditions.
- Effectively listed OUTsurace without the typical costs of an 'IPO discount' and retaining meaningful empowerment shareholding.
- Ensured that the restructure was implemented via a smooth and non-disruptive regulatory process.

Through the execution of the restructure, RMI management realised R36 billion in value for the shareholders of RMI and in the process made their own positions redundant.

This resulted in the early vesting of LTIs and payment of severance packages to the CEO and management. The details of the remuneration arrangements for the CEO's exit are disclosed in the implementation section.

Commitment to a long-term vision and execution

The long-term strategic vision of RMI was reflected in the design of its remuneration policy. This was clearly illustrated by the fact that RMI's CEO did not participate in any short-term incentive (STI), unlike most large listed entities, and only qualified for participation in RMI's long-term incentive (LTI) structures. Furthermore, the LTI structures were subject to long vesting and exercise periods, ranging from five to seven years for share option structures and up to ten years for early-stage portfolio carry structures. The long-term focus of RMI's remuneration policy therefore resulted in a significant proportion of management's compensation being at risk and deferred over a longer-term horizon, aligning management interests to long-term business growth.

The commitment of RMI management to the long-term strategy has been unwavering. The restructuring of the RMI group is, however, prematurely ending their horizon and ambitions in this regard.

Taking the above into consideration, the RMI remuneration committee realised that an effective early termination situation, in the context of RMI's LTI approach, does not allow for fair compensation without an additional discretionary contribution.

I wish to extend my gratitude to RMI's management for their incredible stewardship through a very challenging chapter, which has resulted in significant shareholder value being created.

Remuneration consultants

The committee engaged the services of PwC as remuneration consultants during the 2022 financial year.

Approval

The remuneration report is reviewed and approved.

The committee is satisfied that:

- The remuneration report is transparent and the outcomes are aligned with the policy;
- The remuneration policy achieved its stated objectives; and
- 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.

Signed on behalf of the board,

Johan Burger
Chairperson of the RMI remuneration committee

11 October 2022



Part 2 REMUNERATION POLICY

Overview

In light of the fact that the RMI employees will exit the business, RMI's remuneration policy will no longer apply. Until their exit from the business, employees will receive fixed remuneration comprising basic pay (salary) and cash benefits (cell phone allowance). Shareholders are referred to the OUTsurance remuneration policy which sets out the details of and the manner in which OUTsurance Group Limited will remunerate its directors and employees.

Non-binding vote: remuneration policy

The OUTsurance remuneration policy, which will apply for the 2023 financial year, is disclosed on page 85 and will be tabled for approval by our shareholders at our annual general meeting on 8 November 2022.

Part 3 IMPLEMENTATION REPORT

The remuneration outcomes for the executive director (CEO) are discussed below. The remuneration of the CEO of OUTsurance is independently determined by the remuneration committee of OUTsurance and included in the OUTsurance implementation report which can be found on pages 91 to 94.

Fixed remuneration adjustments

RMI employees who received cost-to-company increases in July 2020 for the 2021 financial year, received increases at a flat rate of 4.5% for the 2022 financial year, whereas employees who did not receive increases during the 2021 year, received increases at a slightly higher rate of 5.25%. Certain employees received higher than inflation increases, at the discretion of the RMI remuneration committee.

Short-term incentives

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

Long-term incentives

No new LTIs were awarded since the October 2021 award. In anticipation of the exit arrangements with the CEO, the vested awards were valued at the transaction date of 18 March 2022 and will be settled on 30 November 2022. Unvested awards were also fair valued on 18 March 2022, adjusted for performance vesting outcomes, pro-rated for service and will be settled on 30 November 2022.

The unvested awards that have lapsed because of the time pro-ration for service were also fair valued using the same principles and through the remuneration committee's discretion (taking cognisance of the total shareholder value that has been delivered since the inception of RMI in 2011, including the value recovery since the commencement of COVID-19) were settled on 20 June 2022.

Management participation plan

None of the awards attributable to the management participation plan vest as a result of the exit of the CEO and will continue on original terms for a remaining period of three years post the CEO's exit.

Total pay outcomes

The total pay outcomes, including the payments relating to the CEO's exit, are disclosed below (see summary tables 1a to 1c). For full transparency, the total pay outcomes are disclosed based on amounts received during the year (as opposed to including separate tables in accordance with the single figure of remuneration disclosure and the table of unvested LTI award method).

RMI management who were participants in the LTI scheme were treated similar to the CEO.

The fees paid to non-executive directors are also disclosed.

Summary of total pay outcomes

The tables below summarise the amounts that have accrued to the CEO during the year (full details are disclosed below).

There are three pay components, only one of which is discretionary. The first two, normal remuneration and contractual exit remuneration, are as expected. The third element, discretionary remuneration, seeks to recognise exemplary value creation for shareholders and compensate for our atypically long-term oriented reward structure in light of this premature employment termination.

Payments not related to the CEO's exit

Comprising his normal cash package, other benefits and cash-settled share appreciation rights (cash SARs) that were awarded in 2014 and exercised before they were due to lapse in April 2022.

Table 1a

	Cash package R'000	Other benefits R'000	Instruments exercised during the year R'000	Total R'000
HL Bosman	10 652	1 373	31 878	43 903

Contractual exit payments

Comprising i) a severance payment, ii) vested unexercised cash SARs that were fair valued and automatically settled and iii) unvested cash SARs, equity-settled SARs and nil-cost options (NCOs) that were fair valued, and in accordance with the applicable share plan rules, adjusted for performance and pro-rated downwards to consider the time that the CEO was in office relative to the total number of months in the vesting periods.

Table 1b

	Severance payment R'000	Fair value of vested instruments R'000	Fair value of unvested pro-rated instruments R'000	Total R'000
HL Bosman	9 977	16 347	40 915	67 239

Discretionary exit payment

Comprising a value-added award to compensate the CEO for the portion of his unvested SARs that lapsed due to the downward adjustment for time served of the vesting period.

Table 1c

	Value added award R'000
HL Bosman	61 916

The basis on which the payments were determined is discussed separately below.

Share appreciation rights exercised not related to the CEO's exit

Apart from the cash package and benefits, the CEO held a number of vested but unexercised cash SARs which he exercised on 15 December 2021 before their lapse date of 2 April 2022.

Table 2

Award date	Vesting date	Lapse date	Number of awards	Award price	Exercise price	Gain R'000
2014-04-02	2017-04-02	2022-04-02	630 819	28.74	45.58	10 626
2014-04-02	2018-04-02	2022-04-02	630 819	28.74	45.58	10 626
2014-04-02	2019-04-02	2022-04-02	630 819	28.74	45.58	10 626
Total			1 892 457			31 878

Contractual exit payments

Severance payment

A severance payment equal to one month of guaranteed pay for each year of service (8.7 months in total) equating to R9 976 850 was paid in June 2022.

Contractual LTIs

Salient terms of the plans and instruments and valuation principles applied

The company operated a cash SAR scheme in terms whereof SARs were awarded with a strike price equal to the market value of an underlying share on the award date. The SARs vest in equal tranches three, four and five years after the respective award dates and will lapse if not exercised within a seven-year period following the award date. Vesting is subject to the satisfaction of performance conditions measured over the vesting period.

In 2021, a new plan, namely the long-term incentive plan (LTIP) was introduced. The LTIP comprised SARs and nil-cost options (NCOs). The SARs were awarded with a strike price equal to the market value of an underlying share on the award date while NCOs were awarded with a zero-strike price. The SARs and NCOs vest after a three-year period and will lapse if not exercised within a five-year period following the award date. Vesting is subject to the satisfaction of performance conditions measured over a three-year performance period.

Due to the restructure of RMI, which will result in the termination of the employment contract of the CEO, the RMI remuneration committee had to consider appropriate action to take with respect to the LTIs. The terms of the LTIs are contractually agreed upon with the CEO in terms of rules governing each plan as well as an award letter that regulated the participation of each award.

The contractual LTIs comprise i) vested but unexercised instruments (the performance conditions attached to these instruments were previously assessed and the CEO was in employment for the full vesting periods) and ii) unvested instruments which were (in accordance with the provisions of the applicable share plan rules and in line with the provisions of King IV) early tested for performance and early vested on a pro-rata basis reflecting the time in employment from the award date to the transaction date of 18 March 2022, relative to the full vesting periods attached to each award. Notwithstanding the fact that the CEO's last day in office will be 30 November 2022, the awards were only pro-rated until the transaction date of 18 March 2022.

SARs and NCOs were fair valued using a Black and Scholes valuation model applying a three-day volume-weighted average price as at the valuation date of 18 March 2022, being the date on which the Discovery and Momentum Metropolitan special distribution and an ordinary and special dividend were declared to the market. It was deemed appropriate to fair value the instruments to recognise the embedded optionally in the SARs and NCOs that were lost due to the settlement thereof before their lapse date. The performance conditions attached to the 2015 and 2016 SARs were historically tested (30 June 2020 and 2021 respectively). The performance conditions attached to the 2018, 2019, 2020 and 2021 SARs and 2021 NCO award were early tested (details of the outcomes are disclosed below).

In 2020, a once-off retention award was made to recognise the potential impact that the COVID-19 pandemic would have on the value of the cash SAR. This instrument would, however, only render value to the extent that the SARs did not vest. Consequently, no value was attached to the COVID-19 instrument as the original cash SAR awards vested.

Vested but unexercised cash SAR (2015 and 2016 awards, tranches 1 and 2 of the 2017 award and tranche 1 of the 2018 award)

The CEO accumulated a number of historically vested SARs awards that he did not previously exercise and the value of circa R16 million represents the fair value of historically accumulated vested SARs that still had time left before they were due to lapse. The table below summarises the details of the vested awards (award date, vesting and lapse date) and fair value as at 18 March 2022 and the relevant historic performance vesting outcome attached to the vested SARs. These awards will be settled in November 2022.

Table 3

Award date	Vesting date	Lapse date	Number of awards	Fair value per award	Performance vesting outcome	Fair value of vested awards to be settled R'000
2015-09-14	2018-09-14	2022-09-14	26 810	8.94	1.00	240
2015-09-14	2019-09-14	2022-09-14	26 810	8.94	1.00	240
2015-09-14	2020-09-14	2022-09-14	26 811	8.94	1.00	239
2016-09-14	2019-09-14	2023-09-14	167 115	10.10	1.00	1 688
2016-09-14	2020-09-14	2023-09-14	167 115	10.10	1.00	1 688
2016-09-14	2021-09-14	2023-09-14	167 115	10.10	1.00	1 688
2017-09-19	2020-09-19	2024-09-19	179 587	13.98	1.00	2 511
2017-09-19	2021-09-19	2024-09-19	179 587	13.98	1.00	2 511
2018-09-14	2021-09-14	2025-09-14	249 274	15.66	1.42	5 542
Total						16 347

Unvested SARs and NCOs

Pro-rata accelerated vesting of unvested SARs and NCOs (tranche 3 of the 2017 and tranches 2 and 3 of the 2018 cash SARs, 2019 and 2020 cash SARs and 2021 LTIP SARs and NCOs)

A number of SARs and NCOs were unvested at the time of the transaction. The remuneration committee applied the provisions of the cash SAR and LTIP rules to determine the appropriate action. In line with the provisions of the plans and King IV, the CEO was treated as a no-fault termination. This meant that a portion of the unvested SARs and NCOs were accelerated for vesting on 18 March 2022. In determining the early vested portion, two adjustments were made:

- i) the unvested awards were pro-rated for the time that the CEO was in service (relevant award date to 18 March 2022) relative to the total number of months in each respective vesting period (36, 48 and 60 months for the cash SARs and 36 months for the LTIP SARs and NCOs). The additional time that the CEO is still in office post 18 March 2022 was not taken into consideration in time pro-rating the awards; and
- ii) the unvested awards were adjusted for performance outcomes up to 18 March 2022 using different methodologies depending on the nature of the performance conditions attached to each award (full details are disclosed below).

The value of circa R41 million represents the fair value of the unvested SARs and NCOs, adjusted for the performance vesting outcome and further adjusted for the time pro-ratio. Table 4 summarises the details of the unvested awards (award date, vesting and lapse date), relevant strike prices and fair value as at 18 March 2022 and the relevant performance vesting outcome attached to each award (full details of the performance vesting outcomes are disclosed in Table 5). The awards will be settled in November 2022.

The table below summarises the details of the unvested awards (award, vesting and lapse date), relevant strike prices and fair value, performance vesting outcomes, pro-rated for time (circa R41 million) and the discretionary payment (value-added awards) that were paid out due to the lapsing of the remaining of the awards (circa R62 million).

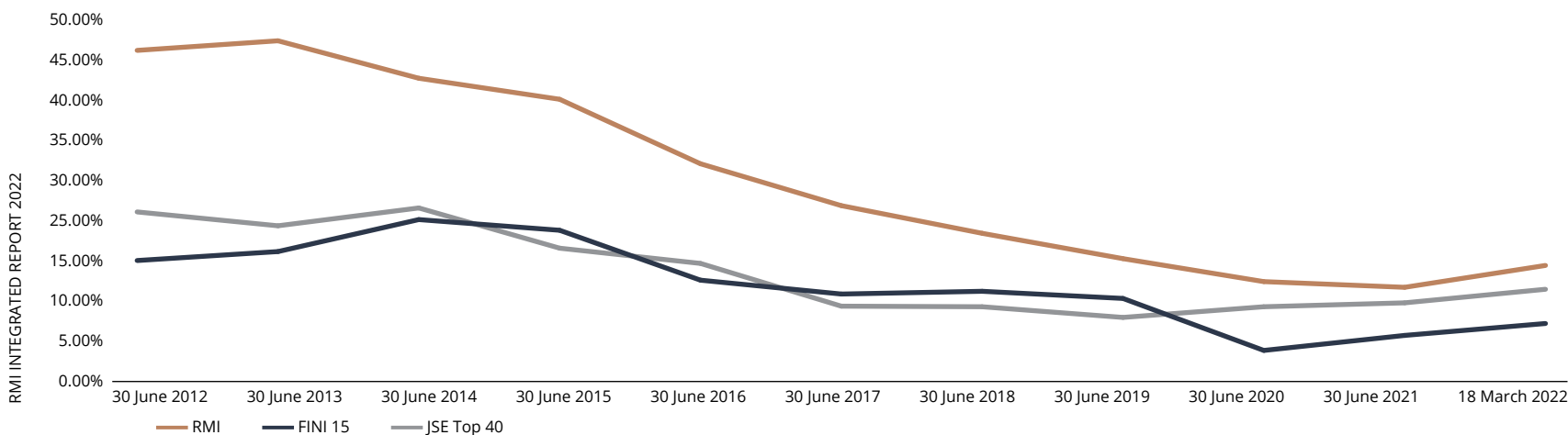
Table 4

Award date	Vesting date	Lapse date	Number of awards	Fair value per award	Performance vesting outcome	Fair value of total award R'000	Portion of vesting period served	Contractual payment	Discretionary payment
								Time pro-rated award vested R'000	Portion that lapsed in terms of the rules and paid as a discretionary amount: Value added awards R'000
2017-09-19	2022-09-19	2024-09-19	179 586	13.98	1.00	2 511	89.87%	2 256	254
2018-09-14	2022-09-14	2025-09-14	249 274	15.66	1.42	5 542	87.68%	4 859	683
2018-09-14	2023-09-14	2025-09-14	249 273	15.65	1.42	5 539	70.15%	3 886	1 653
2019-09-14	2022-09-14	2026-09-14	130 602	21.54	1.85	5 204	83.58%	4 349	855
2019-09-14	2023-09-14	2026-09-14	130 602	21.51	1.85	5 197	62.70%	3 258	1 939
2019-09-14	2024-09-14	2026-09-14	130 601	21.39	1.85	5 169	50.14%	2 592	2 577
2020-10-05	2023-10-05	2027-10-05	355 012	23.19	1.54	12 678	48.31%	6 125	6 553
2020-10-05	2024-10-05	2027-10-05	355 012	23.07	1.54	12 615	36.21%	4 568	8 047
2020-10-05	2025-10-05	2027-10-05	355 013	22.87	1.54	12 503	28.97%	3 622	8 881
2021-09-28	2024-09-28	2026-09-28	547 112	18.61	1.55	15 777	15.05%	2 375	13 403
2021-09-28	2024-09-28	2026-09-28	287 954	45.03	1.55	20 096	15.05%	3 025	17 071
Total						102 831		40 915	61 916

Discretionary payment Value added awards

The fair value of the SARs and NCOs that lapsed as a result of the pro-rata accelerated time vesting outcomes depicted in Table 4 above have been paid to the CEO in June 2022 at the remuneration committee's discretion as a value-added award. The remuneration committee, in applying its discretion, took into consideration numerous factors with the delivery of total shareholder return since the inception of RMI in 2011 as set out in detail in the background statement above and as depicted in the graphical illustration below:

Rolling TSR CAGR effective from 30 June 2012 (%)



Period	RMI	FINI 15	JSE Top 40
30-Jun-12	45,81%	16,71%	23,44%
30-Jun-13	47,14%	17,95%	21,52%
30-Jun-14	41,95%	22,38%	23,99%
30-Jun-15	39,04%	20,90%	18,42%
30-Jun-16	30,11%	13,99%	16,31%
30-Jun-17	24,31%	12,07%	10,39%
30-Jun-18	20,48%	12,45%	10,31%
30-Jun-19	16,97%	11,46%	8,83%
30-Jun-20	13,79%	4,26%	10,31%
30-Jun-21	13,00%	6,34%	10,85%
18-Mar-22	16,03%	7,99%	12,73%

Performance vesting outcomes (performance adjustment factor)

As context to the detail below, the following conditions, weightings and vesting profiles applied:

- **2015 to 2017 awards:** maximum vesting is capped at 100%. The two performance conditions for these awards are:
 - Growth in normalised earnings compared to the real GDP growth (90%) and
 - A qualitative condition (10%);
- **2018 and 2019 awards:** The three performance conditions of these awards are:
 - Total shareholders' return measured against growth in nominal GDP (22.5% to 90% contribution to vesting)
 - Growth in normalised earnings measured against nominal CPI (22.5% to 90% contribution to vesting) and
 - Discretion of the remuneration committee based on the performance of the new investments (5% to 20% contribution to vesting)

Out-performance criteria were attached to the awards: If threshold performance is achieved, 50% of the awards vest. Based on a sliding scale, additional vesting is possible up to a maximum of 200% vesting;

- **2020 award:** The three performance conditions of the 2020 award are:
 - Total shareholders' return measured against growth in nominal GDP (15% to 60% contribution to vesting)
 - Growth in normalised earnings measured against nominal CPI (15% to 60% contribution to vesting) and
 - Discretion of the remuneration committee based on an agreed-upon scorecard (up to 40% contribution to vesting)

Maximum vesting for the 2020 award is therefore 160% (60% + 60% + 40%); and

- **2021 award:** The three performance conditions of the 2021 award are:
 - Total shareholders' return measured against three- to five-year long bond rate (22.5% to 90% contribution to vesting)
 - Growth in INAV measured against the weighted average cost of capital (22.5% to 90% contribution to vesting) and
 - Strategic (up to 20% contribution to vesting)

Maximum vesting for the 2021 award is therefore 200% (90% + 90% + 20%).

Table 5

Condition	2015 award vesting scale outcome	2016 award vesting scale outcome	2017 award vesting scale outcome
Annual compounded growth in normalised earnings of the mature business exceeds the South African real GDP growth over the vesting period	100% vesting (as historically tested on 30 June 2020)	100% vesting (as historically tested on 30 June 2021)	100% vesting. As the performance period ends post the transaction date, an independent performance simulation had to be performed for the normalised earnings condition. The independent simulation took into account a historical earnings period spanning from the 2018 to the 2021 financial year and a one-year forward-looking earnings forecast for the 2022 financial year. In simulating an earnings forecast for 2022, independent broker reports were sourced for mature listed portfolio assets while management forecasts were obtained for mature unlisted assets. The outcome of the above simulation delivered a five-year CAGR in RMI's normalised earnings from mature business of 3.89% compared to a five-year GDP CAGR of -0.03%. Consequently, the simulation indicated that the normalised earnings condition was met.
Attributable normalised earnings vesting (weighting x vesting scale outcome)	90% (90% x 100%)	90% (90% x 100%)	90% (90% x 100%)
Qualitative condition (based on performance or new investments over the period)	100% vesting (as historically tested on 30 June 2020)	100% vesting (as historically tested on 30 June 2021)	100% vesting based on portfolio of evidence presented to remuneration committee
Attributable qualitative vesting (weighting x vesting scale outcome)	10% (10% x 100%)	10% (10% x 100%)	10% (10% x 100%)
Aggregate vesting	100%	100%	100%

2018, 2019 and 2020 cash SARs

Condition	2018 award vesting scale outcome:				2019 award vesting scale outcome:				2020 award vesting scale outcome:			
<p>RMI's CAGR in TSR outperforming a South African nominal GDP CAGR benchmark over the performance period (TSR performance condition).</p> <p>The inputs for the TSR performance condition, attributable to the 2018 to 2020 SAR awards, were independently simulated at the valuation date (i.e. 18 March 2022) making use of TSR data obtained from two independent data sources, namely Iress and Bloomberg.</p>	RMI CAGR	Nominal GDP on-target benchmark CAGR	Nominal GDP stretch benchmark CAGR	RMI vesting	RMI CAGR	Nominal GDP on-target benchmark CAGR	Nominal GDP stretch benchmark CAGR	RMI vesting	RMI CAGR	Nominal GDP on-target benchmark CAGR	Nominal GDP stretch benchmark CAGR	RMI vesting
	9.26%	4.63%	8.55%	200%	15.4%	4.25%	7.85%	200%	36.1%	9.25%	17.07%	200%
Attributable TSR vesting (weighting x vesting scale outcome)	90% (45% x 200%)				90% (45% x 200%)				60% (30% x 200%)			
<p>RMI's CAGR in normalised earnings outperforming a South African nominal consumer price index (CPI) CAGR benchmark over the performance period (earnings growth performance condition).</p> <p>The earnings growth performance condition attributable to the 2018 to 2020 SAR awards, was independently simulated making use of an earnings forecast model (up to 30 June 2025). In simulating the earnings forecast, independent broker reports were sourced for mature listed portfolio assets while forecasts were obtained for mature unlisted assets.</p>	RMI CAGR	CPI on-target benchmark CAGR	CPI stretch benchmark CAGR	RMI vesting	RMI CAGR	CPI on-target benchmark CAGR	CPI stretch benchmark CAGR	RMI vesting	RMI CAGR	CPI on-target benchmark CAGR	CPI stretch benchmark CAGR	RMI vesting
	4.5%	4.82%	8.89%	75%	8.7%	4.74%	8.74%	175%	19.8%	4.84%	8.94%	200%
	<i>Average overall award tranches</i>				<i>Average overall award tranches</i>				<i>Average overall award tranches</i>			
Attributable earnings growth vesting (weighting x vesting scale outcome)	34% (45% x 75%)				79% (45% x 175%)				60% (30% x 200%)			
Based on the performance of new investments over the vesting period (qualitative condition)	180% vesting based on portfolio of evidence presented to remuneration committee				160% vesting based on portfolio of evidence presented to remuneration committee				85% vesting based on portfolio of evidence presented to remuneration committee			
Attributable Qualitative vesting (weighting x vesting scale outcome)	18% (10% x 180%)				16% (10% x 160%)				34% (40% x 85%)			
Aggregate vesting outcome	142%				185%				154%			

2021 LTIP SAR and NCOs

Condition	2021 SAR vesting scale outcome				2021 NCO vesting scale outcome			
RMI's CAGR in TSR outperforming a South African three- to five-year long-bond rate over the performance period (TSR performance condition)	RMI CAGR	Long-bond rate on-target benchmark CAGR	Long-bond rate stretch benchmark CAGR	RMI vesting	RMI CAGR	Long-bond rate on-target benchmark CAGR	Long-bond rate stretch benchmark CAGR	RMI vesting
	87.43%	9.13%	16.6%	200%	87.43%	14.11%	19.09%	200%
Attributable TSR vesting (weighting x vesting scale outcome)	90% (45% x 200%)				90% (45% x 200%)			
RMI's INAV CAGR outperforming RMI's weighted average cost of capital (WACC) benchmark over the performance period (INAV performance condition)	100%				100%			
Attributable INAV vesting	45% (45% x 100%)				45% (45% x 100%)			
Based on the performance of new investments over the vesting period (qualitative condition)	200% vesting based on portfolio of evidence presented to remuneration committee				200% vesting based on portfolio of evidence presented to remuneration committee			
Attributable qualitative vesting	20% (10% x 200%)				20% (10% x 200%)			
Aggregate vesting outcome	155%				155%			

Management participation scheme (MPS)

The CEO will continue to participate in the MPS for a further three years.

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	2 216	(2 216)	-
HL Bosman	RMI Invest Two (Entersekt)	513	3.71%	Prime	6 571	(6 571)	-
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	1 596	(1 596)	-

Total remuneration of the CEO

The total remuneration of the CEO for the year ended 30 June 2022 is set out in the table below:

R'000	Cash package	Other benefits ¹	SARs exercised during the year	Fair value of vested instruments	Fair value of unvested pro-rated instruments	Severance payment	Total 2022
HL Bosman							
– Paid by RMI	11 873	1 530	-	-	-	-	13 403
– Recovered from RMH ²	(1 221)	(157)	-	-	-	-	(1 378)
– Value of share appreciation rights vesting	-	-	31 878	16 347	40 915	-	89 140
– Severance payment ³	-	-	-	-	-	71 893	71 893
Total	10 652	1 373	31 878	16 347	40 915	71 893	173 058

Notes:

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

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

3. Severance payment comprises the severance payment in table 1b (calculated on the CEO's guaranteed pay and length of service) and the discretionary payment in table 4 (calculated on portion of long-term incentives that lapsed).

The impact of the CEO's remuneration on the consolidated income statement is outlined below:

R'000	Total amount 30 June 2022	Amount accrued in prior years ¹	Amount included in 30 June 2022 expenses
Cash package	10 652	-	10 652
Other benefits	1 373	-	1 373
Instruments exercised during the year	31 878	9 211	22 667
Fair value of vested instruments ²	16 347	5 489	10 858
Fair value of unvested pro-rated instruments ²	40 915	6 026	34 889
Severance payment	71 893	-	71 893
Total	173 058	20 726	152 332

1. The value of share appreciation rights vesting in the following year has been included in the disclosure of Mr Bosman's total remuneration in prior years.

2. The total of these amounts of R57 262 000 is payable to Mr Bosman on his last day of employment being 30 November 2022. This amount has been provided for in the statement of financial position as at 30 June 2022.

The total remuneration of the CEO for the year ended 30 June 2021 is set out in the table below:

R'000	Cash package	Other benefits ¹	Share appreciation rights ²	Total 2021
HL Bosman				
– Paid by RMI	10 920	1 479	-	12 399
– Recovered from RMH ²	(1 092)	(148)	-	(1 240)
– Value of share appreciation rights vesting	-	-	2 564	2 564
Total	9 828	1 331	2 564	13 723

Notes:

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

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

Non-executive directors

Remuneration committee membership and meetings

The members and chairperson of the RMI remuneration 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 four times during the year.

Attendance and membership of the committee are reflected with the board CVs on *pages 52 to 54*.

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

Roles and responsibilities

The roles and responsibilities of the RMI remuneration 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; and
- Providing a channel of communication between the board and management on remuneration matters.

The RMI remuneration 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; and
- Delegate any of its functions and the power to implement its decisions.

Schedule of non-executive directors' emoluments paid for services rendered to RMI in respect of the year ended 30 June 2022:

Services as director R'000	2022 R'000	2021 R'000
Non-executive		
JJ Durand ¹	622	504
JP Burger	411	344
P Cooper	293	226
SEN De Bruyn	162	338
LL Dippenaar	205	252
DA Frankel (alternate)	293	226
PK Harris	114	253
A Kekana ¹	293	252
F Knoetze (alternate)	-	-
P Lagerström	477	368
UH Lucht (alternate) ¹	22	-
MM Mahlare	293	226
MM Morobe	406	357
RT Mupita ¹	114	226
O Phetwe	114	226
JA Teeger	367	287
Total	4 186	4 085

¹ Directors' fees for services rendered by Messrs Durand, Mupita and Lucht and Ms Kekana were paid to Remgro, MTN and Royal Bafokeng Holdings respectively for their time spent on the RMI board.

² 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 2022:

R'000	2022 R'000	2021 R'000
HL Bosman ¹	1 743	2 384
P Cooper ²	2 280	1 310
SEN De Bruyn ³	591	1 364
Total	4 614	5 058

¹ Directors' fees for services rendered by Mr Bosman were paid to RMI. R1 743 000 (2021: R1 822 000) was received from Discovery and Rnil (2021: R562 000) was received from OUTsurance for services rendered as a non-executive board member of Discovery and OUTsurance respectively.

² R2 280 000 (2020: R1 199 000) was received from Momentum Metropolitan and R nil (2020: R111 000) was received from OUTsurance.

³ Received from Discovery.

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 a prescribed officer as defined in the Companies Act. His emoluments are, together with those of the other OUTsurance directors and prescribed officers reflected in the OUTsurance implementation report commencing on *page 91*.

Non-executive directors' fees

The fees paid to non-executive directors for the 2022 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 24 November 2021. We also set out the proposed fees which will be tabled for approval at the 2022 annual general meeting:

R million	2023	2022
Board		
– Chairperson	716 277	597 218
– Lead independent	575 575	298 557
– Member	400 713	298 557
Audit and risk committee		
– Chairperson	407 310	149 331
– Member	228 980	74 613
Social, ethics and transformation committee		
– Chairperson	79 619	74 718
– Member	52 458	37 307
Nominations committee		
– Chairperson	63 695	–
– Member	48 086	–
Remuneration committee		
– Chairperson	159 244	14 108
– Member	114 750	11 286

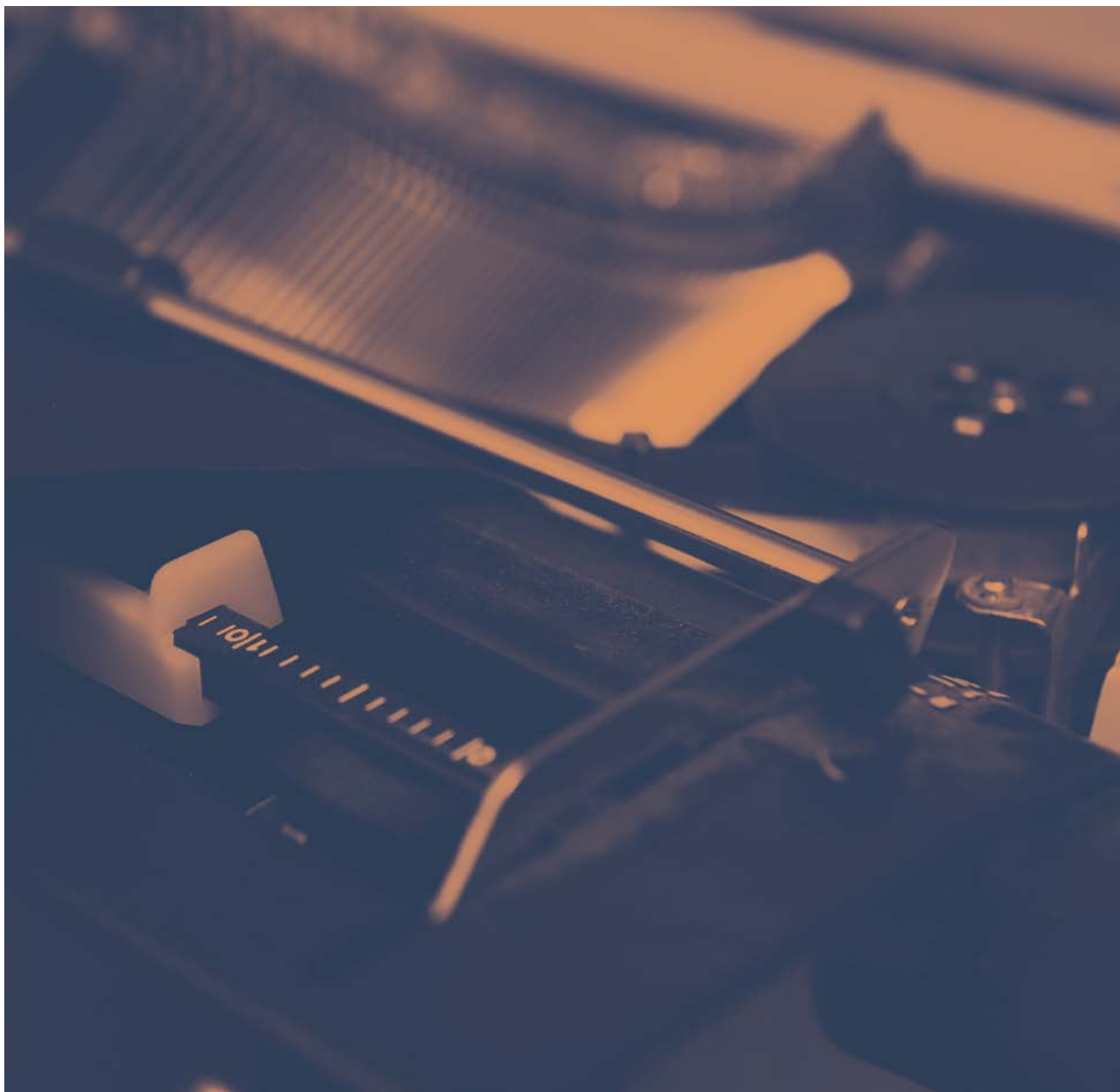
The increase in fees reflects the expected increase in time to be spent on the matters of an operational group in addition to the matters of an investment holding company.

Compliance with the remuneration policy

The committee is satisfied that all remuneration practices during the 2022 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 an advisory endorsement by our shareholders at our annual general meeting on 8 November 2022.



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SHAREHOLDER INFORMATION

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SHAREHOLDING

	As at 30 June 2022			As at 30 June 2021		
	Number of shareholders	Shares held (000's)	%	Number of shareholders	Shares held (000's)	%
Analysis of shareholding						
Remgro	1	469 449	30.6	1	469 449	30.6
Royal Bafokeng Investment Holding Company Proprietary Limited	2	216 935	14.2	2	216 935	14.2
Public Investment Corporation	5	129 492	8.5	6	109 591	7.2
Coronation Fund Managers (on behalf of clients)	1	121 209	7.9	6	109 591	7.2
Allan Gray (on behalf of clients)			*	1	91 068	5.9
Total of shareholders holding more than 5%	9	937 805	61.2	10	887 043	57.9
Other	23 217	594 003	38.8	25 059	644 765	42.1
Total	23 226	1 531 808	100.0	25 069	1 531 808	100.0
Shareholder type						
Corporates		686 384	44.8		686 384	44.8
Unit trusts		302 763	19.8		262 529	17.1
Pension funds		188 169	12.3		168 090	11.0
Private investors		39 141	2.5		41 040	2.7
Insurance companies and banks		45 900	3.0		53 489	3.5
Other		269 451	17.6		320 276	20.9
Total		1 531 808	100.0		1 531 808	100.0
Public and non-public shareholders						
Public	23 219	839 488	54.8	25 059	753 769	49.2
Non-public	7	692 320	45.2	10	778 039	50.8
– Corporates	3	686 384	44.8	3	686 384	44.8
– Directors and associates	4	5 936	0.4	7	91 655	6.0
Total	23 226	1 531 808	100.0	25 069	1 531 808	100.0
Geographic ownership						
South Africa		1 391 856	90.9		1 348 900	88.1
International		139 952	9.1		182 908	11.9
Total		1 531 808	100.0		1 531 808	100.0

* Less than 5%.

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

PERFORMANCE ON THE JSE

R million	For the year ended	
	30 June 2022	30 June 2021
Number of shares in issue at the end of the year (000's)	1 531 808	1 531 808
Market price (cents)		
– Closing	2 784	3 134
– High for the year	5 321	3 404
– Low for the year	2 434	2 819
– Weighted average for the year	3 645	3 111
Closing price/net asset value per share	3.7	1.8
Closing price/headline earnings per share	16.4	16.4
Volumes of shares traded (million)	793	517
Value of shares traded (R million)	28 887	16 082
Market capitalisation (R million)	42 646	48 007



SHAREHOLDERS' DIARY

Reporting

Interim results for the 2023 financial year

Announcement for the six months ending 31 December 2022 March 2023

Final results for the 2023 financial year

Announcement for the year ending 30 June 2023 September 2023

Posting of financial results and AGM notice October 2023

Annual general meeting November 2023

Dividends

Interim dividend for the 2023 financial year

Declare March 2023

Payable April 2023

Financial dividend for the 2023 financial year

Declare September 2023

Payable October 2023



ANNEXURE A: OUTSURANCE HOLDINGS LIMITED REMUNERATION REVIEW

Remuneration review

Introduction

Core to the OUTsurance Group is a performance driven culture, where outcomes are matched with a fair and balanced financial reward. We have a responsibility to ensure that the structure of our rewards aligns with the interest of our shareholders, customers, employees, communities and service providers.

In its design, our rewards balance financial outcomes with non-financial outcomes and stimulate long-term decision making that builds sustainable value for our shareholders. Our Remuneration Policy continuously evolves to meet the short, medium and long-term strategy of the Group and our focus to incrementally improve our financial and non-financial outcomes.

Our short-term and long-term incentives are linked to the drivers of sustainable value creation and does not reward risk-taking which is outside the board's risk appetite and approved long-term strategy.

The OUTsurance Group prides itself in its entrepreneurial culture and its founding ethos of being an owner-managed business which aligns with the long-term interests of our shareholders.

Our ability to generate market leading and sustainable outcomes is dependent on a high talent density of technical professionals, experienced managers, senior managers and a strong executive team. The design of our remuneration has to align with our objectives of attracting, motivating, retaining and incentivising the top tier talent in our respective markets.

The 2022 financial year was a challenging year from an earnings perspective as OUTsurance and Youi faced some headwinds related to the weather catastrophes in Australia and South Africa. On the operational front, the team continued to execute the growth plan of OUTsurance and Youi which supports scaling the new product and channel initiatives. The non-financial targets, which are a material component of the short-term incentives, are important measures to ensure that we place sufficient emphasis on our customer experience, employment proposition and supplier relationships as important health measures for long-term success.

Historically, our remuneration philosophy has aligned with the best practice and governance principles of listed companies. To ensure further compliance with the principles of good governance, this remuneration report and associated disclosures are prepared in more detail in comparison to prior years. This has been done in anticipation of our transition into a listed business over the course of the next six months. The Group Remuneration Policy will be tabled at the RMI Holdings Annual General meeting in November as the forward-looking policy of the listed company.



YOU COULD USE YOURS FOR A FAMILY BEACH GETAWAY

When we opened our doors 24 years ago, we made you a promise; that you'd always get something out. Since then, we've paid our clients more than R5 billion in OUTbonuses, to spend on everything from school fees to special occasions, hobbies to holidays.

With more than R1.5 million on average paid out every day, what will you do with your OUTbonus?



Scan the QR code for a quote or
sms 'quote' to 45303 | call 08 600 60 000

OUTsurance is a licensed insurer and FSP. The OUTbonus is a standard product feature, only paid after three claim-free years and premium dependent. Data based on 2021 calendar year. T's, C's, limits and standard rates apply. Free SMS. 0822/0360/E



You always get something out.

outsurance.co.za

Part 1 contains an extract of the Group's Remuneration Policy. The full policy is available on www.outsurance.co.za/group

Part 1 OUTsurance Holdings Group Remuneration Policy

Introduction

The Remuneration Policy of the OUTsurance Holdings Group ("the Group") outlines key components, principles and objectives of how OUTsurance considers, reviews and approves the remuneration of employees, the Group Chief Executive Officer (GCEO), Chief Executive Officer of the insurers within the Group, and other executive management.

The policy sets out principles of remuneration for the operational subsidiaries of the OUTsurance Group. These principles are to be considered by the respective remuneration forums of the Group and the entities in the design of fair remuneration practices, to encourage talent attraction and retention, and sustainable long-term shareholder value creation.

There should be a clear link between the strategy of the Group and executive remuneration practices. To this end, the balanced scorecards applied in the determination of short-term bonuses align with our core strategy of incremental growth and improvement of our operations and aligns with annual approved budgets. Long-term incentives align with the achievement of growth and sustainable shareholder value creation.

Scope

This Remuneration Policy covers all the companies within the OUTsurance Holdings Group. The respective companies are listed in the Group Governance Framework.

All references made in the document to "OUTsurance", "Insurer" or "the Group" apply equally to all the above-mentioned companies in the OUTsurance Group.

Remuneration Governance

The Group's remuneration is governed by the Group Remuneration Committee. This committee sets the policy for the subsidiary companies to adhere to. The Group Remuneration Committee incorporates the responsibilities of the South African operation. Youi's remuneration and implementation of policy is governed by the Youi Remuneration Committee, the activities of which are noted by the Group Remuneration Committee. As financial services organisations, the remuneration practices of the Group are subject to various regulations, and which are subject to ongoing compliance assessments. In addition to these specific regulations, the Group's Remuneration Policy and practices will align with King IV and the JSE listing requirements.

Legislative and Regulatory Context

The remuneration practices of the Group's subsidiaries are subject to the following legislative and regulatory requirements:

South Africa:

- Companies Act, 2008
- King IV Code on Corporate Governance, 2016
- Long-term and Short-term Insurance Acts, 1998
- Prudential Standard GOG – Governance and Operational Standard for Insurance Groups
- Prudential Standard GOI 3 – Risk Management and Internal Controls
- The Employment Equity Act, 1998
- The Insurance Act, 2017
- The Basic conditions of Employment Act 75 of 1997

Australia:

- Fair Work Act 2009
- Fair Work Regulations 2009
- Banking, Finance and Insurance Award 2010 [MA000019]
- Corporations Act 2001
- Corporations Regulations 2001
- ASIC Regulatory Guide RG246: Conflicted and Other Banned Remuneration
- Australian Prudential Regulatory Authority – Prudential Standard 510 (Governance)



Fair and responsible remuneration

The Group is committed to remunerating employees fairly and responsibly within the context of the Group's strategic objectives. The Group's philosophy is to align remuneration equality with output, skills and role responsibility.

The Remuneration Committee is responsible for ensuring that executive and prescribed officer remuneration remains justifiable in the context of the principles set out in 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 employment conditions of all employees in 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. The Group recognised the additional focus required on disclosure related to remuneration equality in future. This will be a focus point over the near-term to ensure compliance with emerging legislation.

The fairness of the remuneration practices is considered by the Remuneration Committee on a continuous basis and will be benchmarked against best practice mad market disclosures.

Objectives and principles

OUTsurance's remuneration principles and objectives are as follows:

- OUTsurance's remuneration policies are approved by the Remuneration Committee and the Board
- Remuneration practices must align with shareholder value creation
- The total remuneration payable by the Company must be commensurate with its business plan, risk appetite and human capital and social objectives
- The total remuneration must not limit the Company from achieving key growth and profitability targets, or its ability to strengthen its capital base
- Remuneration must remain adequate for attracting, motivating, rewarding and retaining quality staff
- Remuneration must be aligned to, but not limited only to, Company role requirements; relevant industry benchmarks; their performance against set objectives; general conduct; level of experience and shareholder expectations
- Remuneration practices must give effect to the principle of equal pay for work of equal value, ensuring fairness and equality
- The Company's values, especially the value of recognition must be taken into account when determining remuneration
- Positive social and environmental outcomes must be promoted which include an ethical culture and responsible corporate citizenship
- Annual performance reviews for remuneration must be performed to determine whether they align with the principles set out in this policy, the market, as well as shareholder interests. Remuneration is performance related and linked to delivery against agreed targets and objectives. In determining an individual's performance, both financial and non-financial performance are considered. Underperformance should be dealt with in line with agreements, policies and objectives. Ultimately, any increases or structural changes to remuneration strategies are determined by the Remuneration Committee
- Any changes to the remuneration of executives and heads of group control functions must be approved by the Remuneration Committee
- In considering recommended salary increases and other remuneration benefits, the Remuneration Committee, takes into account the above principles and objectives, economic indicators, within the context of the business plan, the Group's performance, relativity between the various occupational levels in the Company, earnings multiples between highest earners and lowest earners or seek independent advice or relevant material, where required. The Remuneration Committee will then submit its recommendations on the total annual remuneration to the Board
- Remuneration must be viewed in conjunction with wider people-management practices to support a consistent approach to achieving desired culture and behaviour in the organisation
- A policy for a minimum investment in group related equity instruments for key executives involved in setting strategy (Members of Stratco) is in place. This is set equal to 300% of annual guaranteed pay for GCEO and 200% of annual guaranteed pay for other members of Stratco
- Remuneration design and management is considered a key business competence and receives the required focus and resources
- Incentives should be based on performance measures that account adequately for the risk taken in producing revenue and profits. Incentives should seek to enhance and reward both short-term and long-term performance

Remuneration components

The table below summarises the components of remuneration applicable to executives, senior management, and skilled individuals.

ELEMENT	TYPE	DEFINITION	PARTICIPATION	2022 POLICY CHANGES	
Guaranteed pay (CTC)	Fixed	Cost-to-company basic pay structure which includes the cost of all retirement, medical insurance and life insurance benefits.	Guaranteed pay applies to all employees.	No changes to policy. Usual remuneration adjustments considered taking into account inflation, skills retention and promotions.	
Short-term incentives (STI)	<p>Variable with a focus on financial and non-financial outcomes.</p> <p>Financial outcomes weighted 60%. The financial outcome of the scorecard is focussed on budgeted premium growth, net claims ratio and cost-to-income ratio.</p> <p>Non-financial weighted outcomes 40%. The non-financial outcome of the scorecard is focussed on customer satisfaction, complaints, staff turnover, transformation and climate change objectives.</p>	<p>STIs are determined annually with reference to balanced scorecards.</p> <p>Scorecards are customised to be business unit specific to align with roles and responsibilities. Performance targets of the scorecards are set in line with the annual board approved budgets.</p> <p>The maximum potential upside applicable to a scorecard is 15% if all targets are exceeded. This implies that executives can earn a maximum of 15% more than the targeted bonus if outperformance is achieved across outcomes.</p>	<p>Managerial, skilled employees and executive management qualify for STIs. STIs for executives are generally below 50% of guaranteed pay. The targeted STI for the GCEO, SA CEO and GCFO is set at 100% of CTC. At the maximum potential outperformance of the bonus scorecards, these individuals can earn a maximum STI at 115% of CTC.</p>	<p>Refinements were made to limit the impact of exposure to below or above expected natural perils exposure on the claims ratio element of the short-term insurance scorecards.</p>	
Long-term Incentives (LTIPs)	Employment Share Option Schemes (ESOP)	<p>OUTsurance Holdings ESOP</p> <p>Youi Holdings ESOP</p>	<p>Call options with three year vesting. Participant value is dependent on the growth in the share price between issue and vesting date. Minimum ROE hurdles of 20% and 12% apply to the OUTsurance Holdings and Youi ESOPs respectively. These hurdles are measured as an average over the vesting term.</p>	<p>Managerial, skilled employees and executive management.</p>	<p>No changes made in 2022. The Youi hurdle ROE is introduced from the 2023 financial year issuance.</p>
	Divisional Incentive scheme (DIS)	<p>Variable scheme which aligns management incentives with targeted growth initiatives. The scheme inceptioned in 2019 and vests as follows – 50% in 2024 / 25% in 2025 / 25% in 2026. Participants can defer exercise up to 2028. A smaller issuance of available units were issued in 2022 with a final exercise date of 2029.</p> <p>The four divisional incentive sub-schemes are: OUTsurance Business, OUTsurance Life (including OUTvest), Youi commercial (including BZI) and Youi CTP.</p>	<p>Participants share in the excess value created above the weighted average cost of capital over the vesting period. Value therefore only arises to the extent that cumulative growth in excess of the cost of capital over the exercise period.</p> <p>Participants share in 6.3% of the excess value created since 2019 in the OUTsurance Business sub-scheme and 11.1% for the other schemes.</p>	<p>Selected executives and skilled employees.</p>	<p>Unissued units issued to emerging managers and skilled employees.</p>

The components of remuneration are elaborated on below:

Guaranteed pay

OUTsurance executives, senior management, department heads, general managers, managers, support and assessing personnel are remunerated in terms of a fixed cost-to-company (CTC) salary which is referred to as guaranteed pay. CTC includes the cost of retirement, life insurance and medical benefits.

The CTC component is measured against the financial services industry market and benchmarked at least every two years.

Short-term incentives

Executives and senior management receive annual performance bonuses (STI). The performance bonus is paid retrospectively based on performance over the previous financial year which takes into account financial metrics, non-financial metrics as well as individual performance considerations which are annually determined by the Remuneration Committee. STIs are not guaranteed and are subject to the discretion of the Remuneration Committee at an individual executive level.

Any short-term incentive payable must in the opinion of the Remuneration Committee be fair and reasonable and in the case of the GCEO, SA CEO and Chief Financial Officer be adequately disclosed to shareholders in accordance with regulated or generally accepted disclosure principles for listed companies.

The calculation of the bonus pool for each subsidiary is informed by the aggregate balanced scorecard outcome for each business unit making use of various metrics which take into consideration an appropriate balance between financial and non-financial objectives. The performance targets set are consistent with each subsidiary's business plan and non-financial objectives. The participation of the individual in the bonus pool is then informed by the annual review against agreed objectives.

For the GCEO, subsidiary CEOs and Chief Financial Officer, the targeted annual performance bonus is up to 100% of annual CTC before the application of the executive scorecards. Inclusive of the scorecards, the maximum bonus for 2023 is capped at 115% of annual CTC.

For 2023, the executive scorecards are determined with reference to the following weightings and performance elements. The calibration of the targets for each element is set in line with the board approved budget and strategy.

This approach to target setting ensures close alignment with strategic objectives and sustainable value creation:

Category	
Financial	Non-Financial
Weighting	
<p>60% for OUTsurance 60% for Youi</p>	<p>40% for OUTsurance 40% for Youi</p>
Component	
<ul style="list-style-type: none"> Net earned premium growth Cost-to-income ratio Net claims ratio (adjusted for natural catastrophe volatility)¹ 	<ul style="list-style-type: none"> Customer complaints ratio Customer satisfaction score Staff Turnover Incidents of non-compliance Transformation

¹ Net retained losses from natural event exposure in any given year is limited to the 10 year average experienced by each subsidiary. Participants will only share in 20% of natural event losses which are better or worse than the historic average.

From 2023, the scorecards for the Group executives being Group CEO, Group CFO, Group CRO and Group CIO are a weighted outcome of the scorecards for OUTsurance South Africa and Youi. For 2023, the weighting applied will be 70% of the OUTsurance SA combined scorecard and 30% of the Youi scorecard. This weighting will be applied to outcome of each scorecard and aggregated for an overall score.

For the 2023 scorecards, it is management's intention to incorporate an Environmental measure as an additional non-financial component to the scorecards. This measure will evaluate management's performance against its climate change strategy, efforts to reduce its footprint and support the greater societal goals related to the environment. This measure will be developed in conjunction with the Social and Ethics Committee.

Subject to the Remuneration Committees discretion, employees are required to be employed within the Group at the time of the payment of the annual performance bonus. From 2023, bonus payments to executive management are subject to clawback, at the discretion of the remuneration committee due to the following malus principles linked to the actions of the individual:

- Serious misconduct which is inconsistent with the values of OUTsurance.
- Material misstatement or error of public information or material and foreseen breach of regulations.
- A material risk management or compliance failure.
- Serious reputational damage.

Bonus payments are subject to a deferred payment structure if required by local legislation or regulatory standards. Currently executive bonuses paid by Youi are deferred. Deferral is not applied to the South African or Group STIs. This approach is deemed appropriate given the size of the bonus pool relative to the CTCs of executives.

Long-term incentives

Executives and senior management are invited to participate in the Company's long-term incentives (LTIPs) where the success and performance of the Company as well as existing, new, and emerging business units are rewarded. This serves to ensure long term retention of the executive and senior management teams as well as alignment with shareholder value creation. The LTIP schemes are an important component of executive remuneration to promote long-term decision making and an owner-managed culture within the operating companies.

The LTIPs applicable to executive management are as follows:

- Employee Share Options Plans (ESOP);
- Divisional Incentive Schemes (DIS).

Employee Share Option Plans

There are two ESOPs in place for the Group's subsidiaries:

- OUTsurance Holdings ESOP. This ESOP is determined with reference to the ordinary shares of OUTsurance Holdings Limited which is a consolidated Group view of value. The scheme is structured as a notional scheme and cash-settled. The gain applicable to a notional share is the growth in the value of the OUTsurance Holdings share price between the issue date and the vesting date. Post settlement, participants have the option of acquiring an equal number of shares at the market price at which the notional shares were settled.
- Youi Holdings ESOP. This ESOP is specific to the equity value of the Youi Holdings Group. This scheme is an equity-settled scheme which grants participants the right to acquire shares at the strike price determined on issue date.

The ESOP's are simple call options instruments with the following mechanics:

- The strike price of the options is determined with the latest valuation, at issue date, which is approved by the OUTsurance Holdings and Youi Holdings boards of directors. The valuation is determined with reference to

market consistent valuation techniques and is independently reviewed by the company auditors or other nominated large audit firm per the discretion of the board.

- The vesting term for the option instruments is three years and employment on the third anniversary of the issue date is a condition for vesting.
- The potential value of the share options is equal to the gain in the share price to which the instrument is linked over the three-year vesting period. Value will therefore not accrue to participants if there is no growth in the share price over the vesting period. This principle aligns with the objectives of shareholder value creation.
- As a 2023 issuance vesting condition a minimum Return on Equity (ROE) target of 20% is applied to the OUTsurance Holdings Scheme. The ROE is calculated with reference to the average of the ROE achieved over the vesting period. For Youi, a minimum ROE of 12% applies as a vesting condition. The application of the ROE vesting condition is with reference to normalised earnings and at the Remuneration Committee's discretion may be modified to adjust for periods of extreme weather volatility.

From 2023, ESOP scheme participations are subject to the same malus provisions as set out for the short-term incentives.

Divisional Incentive Scheme

The objective of the DIS is to incentivise divisional executives and senior managers based on new and emerging business units. The DIS is designed to align management and shareholders by mirroring an equity participation in new and emerging business units.

The mechanics of the DIS are as follows:

- The DIS is exposed to the net economic value created by the four DIS schemes. The realised gain is calculated as the difference between increase in the valuation of the business unit and a capital charge levied, on a cumulative basis, on the valuation of the business unit as at 1 July 2019. The capital charge is referenced to the weighted average cost of capital and reduced for any dividend distributions deemed to have been made from the business unit. Subsequent capital contributions also attract the capital charge.

- The four DIS schemes are as follows:

- OUTsurance Business- DIS participations share in 6.3% of the gain realised.
- OUTsurance Life (including OUTvest) – participants share in 11.1% of the gain realised.
- Youi commercial (incl BZI) – participants share in 11.1% of the gain realised.
- Youi CTP – DIS participants share in 11.1% of the gain realised.

- One million notional incentive units have been created for each DIS scheme to reference individual participation in each of the four DIS schemes as outlined above. These notional incentive units are valued annually in accordance with the net measurement above. The valuation technique applied will be a discounted cash flow model and will be independently reviewed by a valuation specialist. A notional incentive unit will have a positive value to the extent that the growth in value of the business unit exceeds the cumulative capital charge. Excess economic value therefore must be created for participant value to be generated.

The scheme vests as follows:

- 50% of the notional incentive units vest on the 5th anniversary;
- 25% of the notional incentive units vest on the 6th anniversary;
- 25% of the notional incentive units vest on the 7th anniversary.

Participants in the DIS may elect to defer the exercise of the vested notional incentive units up to the 10th anniversary of the DIS.

Upon exercise, participants will receive OUTsurance Holdings and / or Youi Holdings ordinary shares depending on the gain released and their participation in the business units. Such shares are subject to a one year holding period and claw back provisions.

The DIS is governed by an expanded set of rules subject to the oversight of the Remuneration Committee.



Non-executive directors remuneration and fees

Non-executive directors of the Company are paid a directors fixed fee as determined annually by the remuneration committee which fees are subsequently approved by shareholders at the Company's Annual General Meeting. The fee is payable quarterly in arrears.

The fixed fee is a standard fee for board membership, which is increased for board sub-committee membership.

Higher fee allowances are provided for the Chairpersons of the board and board sub-committees as well as the Lead Independent Director.

Executive directors, non-executive directors and designated prescribed officers' remuneration will be disclosed in the annual financial statements in compliance with the Companies Act, 2008.

Non-executive directors do not receive any short-term incentives nor participate in any of the Company's long-term incentives.

Non-executive director fees are reviewed annually and benchmarked every three years against the fees of similar listed financial services companies. Benchmarks applied are independent, representative of the local markets and performed in consultation with professional advisors.

Service contracts and termination payments

Executives are employed on an indefinite basis with notice periods of three months in the event of resignation, subject to reaching the age of retirement. There are no post-employment restrictions, such as restraint of trade, which apply to employment contracts. A 90-day notice period applies to senior managers.

Termination payments are not provided for in employment contracts and are subject to the discretion of the Remuneration Committee.

At the discretion of the Remuneration Committee, such executive's contracts may be extended upon agreement once the executive passes the age of retirement.

Termination payments are based on specific contractual arrangements of the executive as prescribed in their employment contract or as required by law. Should termination payments be required to be paid outside of their employment contract, these payments will be approved by the Remuneration Committee.

Shareholder approval and engagement

This policy and the implementation report shall be presented to the shareholders for approval at the Company's Annual General Meeting.

Should 25% or more of the votes recorded be against the remuneration policy and/or the implementation report, the Company shall engage with shareholders which disapproved thereof to determine and engage on the reasons for their disapproval.

Vanessa, 53 Gauteng
2019 Mazda CX-5 2.0
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Part 2 Implementation Report

The implementation report covers the remuneration of the executive directors and prescribed officers as well as non-executive directors' fees attributed to the 2022 financial year. This report details the Remuneration Committee's implementation of the Remuneration Policy for the reporting period.

Executive directors and prescribed officers

The GCEO is an executive director of OUTsurance Holdings Limited. The SA CEO is an executive director of OUTsurance Insurance Company Limited and OUTsurance Life Insurance Company Limited. For the purpose of this report, he is considered a prescribed officer. The GCFO is also considered as a prescribed officer of OUTsurance Holdings Limited. The report collectively refers to these individuals as the Executives.

Guaranteed pay

For the 2022 reporting period, the Group Remuneration Committee deemed the individual packages of the Executives to be fair relative to the financial services market. The guaranteed cost-to-company packages of the Executives will be subject to a market benchmarking exercise in the 2023 financial year.

Short-term incentives

For 2022, the short-term incentives of the Executives were determined with reference to a balance scorecard which is a combined outcome of the balanced scorecard for OUTsurance South Africa, Personal, Business and Life segments. We refer to this scorecard as the "Combined Balanced Scorecard". From 2023, the short-term incentives of Executives with group responsibilities will be weighted 70% towards the South African operation and 30% towards Youi.

Based on the performance conditions set by the balanced scorecard, the targeted short-term incentives of each executive is set at 100% of their cost-to-company package. The outcome of the balanced scorecard adjusts this percentage up or down depending on the outcome achieved relative to target. The STI percentage cannot exceed 115%, implying that the upside available from the balanced scorecard outcome is limited to 15%.

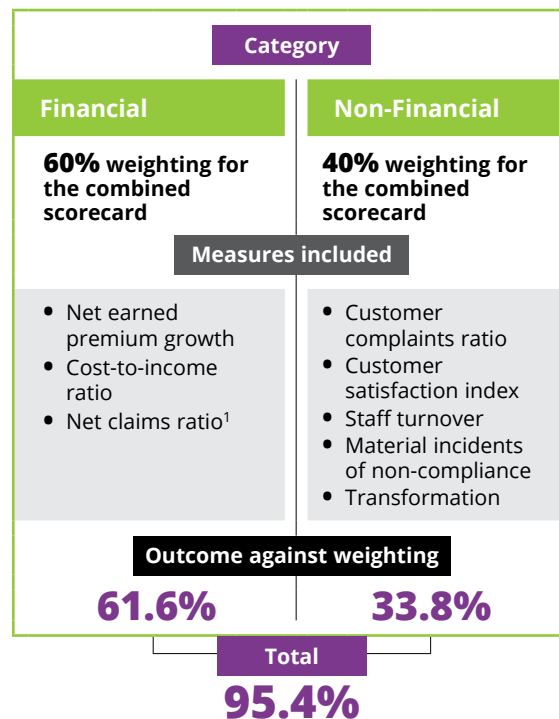
Over the three financial years, the Group has invested heavily in growth initiatives to drive our growth strategy of more insurance products offered through a diversity of distribution and service channels. These investments have negatively impacted the earnings profile of the Group, whilst delivering strong top-line growth which we believe is accretive to shareholder value creation. These growth initiatives are expected to mature to positive earnings over the next two financial years.

Also contributing materially to the earnings result for the 2022 financial year, is the impact of the significantly higher natural perils losses retained in Australia and South Africa. This follows the La Nina weather patterns which contributed to the severe flooding in Australia and multiple smaller events. The storm and subsequent floods in KwaZulu-Natal was a record size catastrophe for OUTsurance and materially impacted earnings for the year.

The claims ratio is a core component of the balanced scorecard, and this ratio is impacted by the following:

- The attritional claims component or everyday claims, which is within managements' control and is impacted by everyday pricing, product design and underwriting decisions.
- The second component is the natural perils losses which are largely driven by natural disasters or catastrophes. These events are generally outside of management's control. Management does however have a responsibility to ensure adequate claims handling and cost management and to protect the business through adequate reinsurance structures. The balanced scorecard therefore limits the impact of either higher or lower than expected net natural perils losses. This is done by only allowing for 20% of either the higher or lower than expected natural perils losses to contribute to the scorecard performance. This expectation is measured against the ten-year average incurred natural perils losses.

The outcome of the Combined Balanced Scorecard for the 2022 financial year is as follows:



¹ Net claims ratio includes the cost of OUTBonuses and only for the OUTsurance short-term insurance operation.

The result of the 2022 scorecard outcome is that Executives received 95.4% of their targeted short-term incentives. The outcome of the 2021 scorecards, which determined the STI payments paid during the 2022 financial year was 105.1%.

Remuneration outcomes

The table below provides a detailed overview of the remuneration for the Executives for the 2022 and 2021 financial years. The benefit derived from long-term incentive schemes (LTIP) represent the realised, before-tax value upon the exercise of the incentive instruments.

	2022	2021
MC Visser		
Basic salary and benefits (Cost-to-company)	6 347 250	6 045 000
Short-term incentive ¹	6 473 091	6 690 001
Benefits derived from LTIP schemes ²	1 206 150	679 000
Total remuneration	14 026 491	13 414 001

¹ Determined with reference to the 2022 scorecard outcome and paid in the 2023 financial year. In the 2022 financial year Mr Visser received a bonus of R6.69 million related to the 2021 scorecard outcome. The 2021 amount is with reference to the 2021 scorecard outcome.

² LTIP exercise gains received in the 2022 financial year for LTIPs exercised within the financial year.

	2022	2021
DH Matthee		
Basic salary and benefits (Cost-to-company)	5 020 050	4 781 000
Short-term incentive ¹	5 119 578	5 291 133
Benefits derived from LTIP schemes ²	954 600	679 000
Total remuneration	11 094 228	10 751 133

¹ Determined with reference to the 2022 scorecard outcome and paid in the 2023 financial year. In the 2022 financial year Mr Matthee received a bonus of R5.29 million related to the 2021 scorecard outcome. The 2021 amount is with reference to the 2021 scorecard outcome.

² LTIP exercise gains received in the 2022 financial year for LTIPs exercised within the financial year.

	2022	2021
JH Hofmeyr		
Basic salary and benefits (Cost-to-company)	5 020 050	4 781 000
Short-term incentive ¹	5 119 578	5 291 133
Benefits derived from LTIP schemes ²	2 462 675	679 000
Total remuneration	12 602 303	10 751 133

¹ Determined with reference to the 2022 scorecard outcome and paid in the 2023 financial year. In the 2022 financial year Mr Hofmeyr received a bonus of R5.29 million related to the 2021 scorecard outcome. The 2021 amount is with reference to the 2021 scorecard outcome.

² LTIP exercise gains received in the 2022 financial year for LTIPs exercised within the financial year.

Long-term incentive schemes

As described in Part 1, the Group operates the following three primary long-term incentive plans:

- OUTsurance Holdings ESOP
- Youi Holdings ESOP
- Divisional Incentive Scheme

The ESOP plans are call option structures where the strike price is determined with reference to the deemed market value on issue date. The Executives are entitled to any gains arising between the issue date and date of exercise.

The market prices for the ESOP's are determined with reference to discounted cash flow models and based on a detailed financial forecast which align with the financial and operating experience of the entities. The valuation is determined every six months and approved by the board of directors. The valuation is independently reviewed by the Group's auditors at least annually. Post the listing transition, the valuation of the OUTsurance Holdings share price will be indexed to the 15-day volume weighted average price movements of RMI Holdings (listed parent and to be renamed OUTsurance Group after RMI's 2022 AGM). This change in methodology is appropriate as a reliable market price is available post the unbundling of RMI's other interests and the listing transition.

The table below shows the exposure of the Executives to the ESOP schemes, the gains realised in the 2022 financial year and the intrinsic value of the exposures.

	Strike price Rand	Issue date	Vesting period (years)	Final exercise date	Settlement type	Opening balance - 1 July 2021		Closing balance - 30 June 2022		Gain realised Rand	Intrinsic value of unexercised options at 30 June 2022 ¹ Rand
						Number of notional shares / options	Exercised during the financial year	Granted during the financial year	Number of notional shares / options		
MC Visser											
Group	10.08	01/09/2018	3	01/09/2021	Cash	935 000	(935 000)	-	1 206 150	-	-
Group	9.52	01/09/2019	3	01/09/2022	Cash	2 418 000		2 418 000			5 561 400
Group	9.45	01/09/2020	3	01/09/2023	Cash	2 901 600		2 901 600			6 876 792
Group	10.55	01/09/2021	3	01/09/2024	Cash			2 901 600			3 685 032
Total Group						6 254 600	(935 000)	2 901 600	8 221 200		16 123 224
DH Matthee											
Group	10.08	01/09/2018	3	01/09/2021	Cash	740 000	(740 000)	-	954 600	-	-
Group	9.52	01/09/2019	3	01/09/2022	Cash	1 913 000		1 913 000			4 399 900
Group	9.45	01/09/2020	3	01/09/2023	Cash	2 295 600		2 295 600			5 440 572
Group	10.55	01/09/2021	3	01/09/2024	Cash			2 295 600			2 915 412
Total Group						4 948 600	(740 000)	2 295 600	6 504 200		12 755 884
JH Hofmeyr											
Group	10.08	01/09/2018	3	01/09/2021	Cash	740 000	(740 000)	-	954 600	-	-
Group	9.52	01/09/2019	3	01/09/2022	Cash	1 579 347		1 579 347			3 632 498
Group	9.45	01/09/2020	3	01/09/2023	Cash	1 946 488		1 946 488			4 613 176
Group	10.55	01/09/2021	3	01/09/2024	Cash	-		2 295 600			2 915 412
Total Group						4 265 835	(740 000)	2 295 600	5 821 435		11 161 086
Youi Holdings	A\$0.44	01/07/2018	3 - 5		Equity	5 250 000			5 250 000		7 317 240
CloudBadger Technologies	71.71	01/07/2019	1 - 4		Equity	27 300	(9 100)		18 200	1 508 675	3 017 350

¹ Measured against the board approved share price at reporting date and is the difference between the current share price and the strike price of the options, and multiplied by the number of options issued.

The fair value of the options issued can be measured in terms of the Black-Scholes valuation model per annum. For Executives, options issued in the 2022 financial year, the following Black-Scholes valuations were calculated on the date of issue to determine the fair value of the options.

Executive	Fair value of options issues – Rand	Fair value of options issued as percentage of Guaranteed pay
MC Visser	4 920 720	78%
DH Matthee	3 902 520	78%
JH Hofmeyr	3 902 520	78%

The table below shows the DIS exposures of the Executives. In total 1,000,000 units were created for management and highly skilled individual participation. The mechanics of the DIS scheme is set out in the Remuneration Policy. The negative intrinsic value of the OUTsurance units is explained by the growth in the valuation of the underlying business units being lower than the cost of equity applied to the notional loan component of the DIS Units. The four DIS schemes are measured and ultimately settled independently.

	DIS Incentive Unit				Total intrinsic value
	OUTsurance Business	OUTsurance Life	Youi Commercial and BZI	Youi CTP	
Issue date	01/07/2019	01/07/2019	01/07/2019	01/07/2019	
DIS unit value at issue date	R0	R0	R0	R0	
Vesting term	5 – 7 years	5 – 7 years	5 – 7 years	5 – 7 years	
Latest exercise date	01/07/2028	01/07/2028	01/07/2028	01/07/2028	
DIS unit intrinsic value at 30 June 2022 – Rand	(60.9)	5.2	16.30	17.65	
DIS unit intrinsic value at 30 June 2021 – Rand	(27.9)	(16.3)	14.87	13.86	
Executive interest – current intrinsic value					
MC Visser					
Number of units	75 000	75 000	75 000	75 000	
Intrinsic value – Rand	(4 567 500)	388 500	1 222 350	1 323 510	(1 663 140)
DH Matthee					
Number of units	125 000	125 000	25 000	25 000	
Intrinsic value – Rand	(7 612 500)	647 500	407 450	441 170	(6 116 380)
JH Hofmeyr					
Number of units	75 000	75 000	75 000	75 000	
Intrinsic value – Rand	(4 567 500)	388 500	1 222 350	1 323 510	(1 663 140)

Non-executive directors' remuneration

The table below sets out the non-executive directors' remuneration for the 2022 financial year. For 2022, the remuneration model was based on a per attended meeting fee model. From 2023, the non-executive directors will be remunerated on a fixed fee basis.

Rand	2022
Non-executive directors	
AW Hedding	635 904
B Hanise	635 904
GL Marx	802 724
HL Bosman ¹	-
JJT Madavo ²	421 704
K Pillay	799 674
ME Ramathe	470 776
SV Naidoo ⁴	281 136
JE van Heerden ⁵	93 712
RSM Ndlovu	574 029
PR Pretorius ³	140 568
ET Moabi	710 384
WT Roos	327 992
Total	5 894 507

¹ No directors fees paid to Mr Bosman as an executive of RMI Holdings. This table excludes Mr Bosman's executive remuneration paid by RMI Holdings.

² JJT Madavo retired 03 May 2022.

³ PR Pretorius retired 16 November 2021.

⁴ SV Naidoo was appointed 01 November 2021.

⁵ JE van Heerden was appointed 03 May 2022.

Executive and non-executive ownership interests

At 30 June 2022 the Executives' ownership interests were in excess of the minimum ownership requirements set out in the Remuneration Policy.



ADMINISTRATION

Rand Merchant Investment Holdings Limited (RMI)

Registration number: 2010/005770/06
 JSE ordinary share code: RMI
 ISIN code: ZAE000210688

Directors

- JJ Durand (chairman)
- HL Bosman (CEO and FD)
- JP Burger
- P Cooper
- (Ms) A Kekana
- P Lagerström
- (Ms) MM Mahlare
- MM Morobe
- JA Teeger

Alternates

- DA Frankel
- F Knoetze
- UH Lucht

Company secretary and registered office

JS Human

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 Corner Cradock and Tyrwhitt Avenues
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Postal address

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Telephone

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Web address

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Sponsor

(in terms of JSE Listings Requirements)

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Transfer secretaries

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