



## RISK COMMITTEE TERMS OF REFERENCE ("Terms of Reference")

### Index

1. Introduction
2. Purpose of these Terms of Reference
3. Composition
4. Role of the Committee
5. Responsibilities of the Committee
6. Authority
7. Meeting Procedures
  - 7.1 Frequency
  - 7.2 Attendance
  - 7.3 Agenda and Minutes
  - 7.4 Quorum
8. Evaluation
9. Approval of these Terms of Reference

### 1. Introduction

- 1.1 The Risk Committee (the "Committee") is constituted as a committee of the board of directors (the "Board") of Pioneer Foods Group Limited (the "Company"). The duties and responsibilities of the members of the Committee contained in these Terms of Reference are in addition to their responsibilities as members of the Board.
- 1.2 The deliberations of the Committee do not reduce the individual and collective responsibilities of Board members in regard to their fiduciary duties and responsibilities, and they must continue to exercise due care and judgement in accordance with their statutory obligations.
- 1.3 These Terms of Reference are subject to the provisions of the Companies Act, No. 71 of 2008, the Company's Memorandum of Incorporation, the JSE Listings Requirements, the King IV Report on Corporate Governance for South Africa (2016) (to the extent that its recommended practices have been adopted by the Company) and any other applicable law or regulatory provision.

### 2. Purpose of these Terms of Reference

The purpose of these Terms of Reference is to set out *inter alia* the Committee's role and responsibilities as well as the requirements for its composition and meeting procedures.

### 3. Composition



- 3.1 The Committee must comprise at least 4 (four) directors, and should comprise executive and non-executive directors of the Company (with a majority being non-executive directors of the Company).
- 3.2 Members of the Committee, including the chairperson of the Committee, are nominated by the Board.
- 3.3 At least 2 (two) members of the Audit Committee shall serve as *ex officio* members of the Committee.
- 3.4 The chief executive officer and chief financial officer shall serve as members of the Committee.
- 3.6 The members of the Committee as a whole must have sufficient qualifications and experience to fulfil their duties.

#### **4. Role of the Committee**

- 4.1 The Committee has an independent role, operating as an overseer and a maker of recommendations to the Board for its consideration and final approval.
- 4.2 The Committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.
- 4.3 The role of the Committee is to assist the Board to ensure that:
  - 4.3.1 the Company has implemented an effective policy and plan for risk and opportunities management that will enhance the Company's ability to achieve its strategic objectives; and
  - 4.3.2 the disclosure regarding risk is comprehensive, timely and relevant.

#### **5. Responsibilities of the Committee**

- 5.1 The Committee must perform all the required functions as are necessary to fulfil its role as stated afore, including, but not limited to, the following:
  - 5.1.1 Exercise ongoing oversight of risk management and, in particular, oversee that it results in the following:
    - 5.1.1.1 An assessment of risks and opportunities emanating from the triple context in which the Company operates (i.e. the economy, society and environment) and the capitals that the Company uses and affects (i.e. financial, manufactured, intellectual, human, social and relationship and natural);
    - 5.1.1.2 An assessment of the potential upside, or opportunity, presented by risks with potentially negative effects on achieving Company objectives;



- 5.1.1.3 An assessment of the Company's dependence on resources and relationships as represented by the various forms of capital;
- 5.1.1.4 The design and implementation of appropriate risk responses;
- 5.1.1.5 The establishment and implementation of business continuity arrangements that allow the Company to operate under conditions of volatility, and to withstand and recover from acute shocks; and
- 5.1.1.6 The integration and embedding of risk and opportunities management in the business activities and culture of the Company;
- 5.1.2 Oversee the development and annual review of a policy and plan for risk and opportunities management to recommend for approval to the Board;
- 5.1.3 Monitor the implementation of the policy and plan for risk and opportunities management, taking place by means of risk management systems and processes;
- 5.1.4 Make recommendations to the Board concerning the levels of risk tolerance and risk appetite as well as monitoring that risks are managed within the levels of risk tolerance and risk appetite as approved by the Board from time to time;
- 5.1.5 Oversee that the risk and opportunities management plan is widely disseminated throughout the business and integrated in the day-to-day activities of the Company;
- 5.1.6 Ensure that risk and opportunities management assessments are performed on a continuous basis;
- 5.1.7 Ensure that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks;
- 5.1.8 Ensure that continuous risk monitoring by management takes place and that management considers and implements appropriate risk responses;
- 5.1.9 Ensure the implementation and execution of effective technology and information management and governance, including:
  - 5.1.9.1 managing the integration of people, technologies, information and processes across the Company;
  - 5.1.9.2 managing the integration of technology and information risks into Company-wide risk and opportunities management;
  - 5.1.9.3 ensuring arrangements are in place to provide for business resilience;
  - 5.1.9.4 proactive monitoring intelligence to identify and respond to incidents, including cyber-attacks and adverse social media events;



- 5.1.9.5 managing the performance of, and the risks pertaining to, third-party and outsourced service providers;
- 5.1.9.6 assessing the value delivered to the Company through significant investments in technology and information, including the evaluation of projects throughout their life cycles and of significant operational expenditure;
- 5.1.9.7 ensuring the responsible disposal of obsolete technology and information in a way that has regard to environmental impact and information security;
- 5.1.9.8 ensuring the ethical and responsible use of technology and information;
- 5.1.9.9 ensuring compliance with relevant laws;
- 5.1.9.10 leveraging information to sustain and enhance the Company's intellectual capital;
- 5.1.9.11 providing information architecture that supports confidentiality, integrity and availability of information;
- 5.1.9.12 ensuring the protection of privacy of personal information;
- 5.1.9.13 continually monitoring the security of information;
- 5.1.9.14 providing technology architecture that enables the achievement of strategic and operational objectives of the Company;
- 5.1.9.15 managing the risks pertaining to the sourcing of technology; and
- 5.1.9.16 monitoring and providing appropriate responses to developments in technology, including the capturing of potential opportunities and the management of disruptive effects on the Company and its business model;
- 5.1.10 Liaise closely with the Audit Committee to exchange information relevant to risk and opportunities;
- 5.1.11 Express the Committee's formal opinion to the Board on the effectiveness of the system and process of risk and opportunities management;
- 5.1.12 Consider and report to the Board regarding the need to receive periodic independent assurance on the effectiveness of the Company's risk and opportunities management;
- 5.1.13 Review reporting concerning risk and opportunities management that is to be included in the integrated report for it being timely, comprehensive, relevant and does not compromise sensitive information; and
- 5.1.14 Report to the Board in respect of:



- 5.1.14.1 An overview of the arrangements for governing and managing risk;
- 5.1.14.2 Key areas of focus during the reporting period, including objectives, the key risks that the Company faces, as well as undue, unexpected or unusual risks and risks taken outside of risk tolerance levels;
- 5.1.14.3 Actions taken to monitor the effectiveness of risk management and how the outcome were addressed; and
- 5.1.14.4 Planned areas of future focus.

## **6. Authority**

- 6.1 The Committee acts in terms of the delegated authority of the Board as recorded in these Terms of Reference. It has the power to investigate any activity within the scope of these Terms of Reference.
- 6.2 The Committee, in the fulfilment of its duties, may call upon the chairpersons of the other Board committees, any of the executive directors, officers or the company secretary to provide it with information, subject to following the relevant Board-approved process.
- 6.3 The Committee has reasonable access to the Company's records, facilities and any other resources necessary to discharge its duties and responsibilities.
- 6.4 The Committee may form, and delegate authority to, subcommittees and may delegate authority to one or more designated members of the Committee.
- 6.5 The Committee has the right to obtain independent outside professional advice to assist with the execution of its duties, at the Company's cost, subject to following the relevant Board-approved process.
- 6.6 The Committee makes the recommendations to the Board that it deems appropriate on any area within the ambit of these Terms of Reference, where action or improvement is required.

## **7. Meeting Procedures**

### **7.1 Frequency**

- 7.1.1 The Committee must hold sufficient scheduled meetings to discharge all its duties as set out in these Terms of Reference, but subject to a minimum of 2 (two) meetings per year.
- 7.1.2 Meetings in addition to those scheduled may, with approval of the chairperson, be held at the request of the chief executive officer, the chief risk officer or any other members of senior management of the Company or at the instance of the Board.



- 7.1.3 The chairperson of the Committee may meet with the chief executive officer, the chief risk officer and/or the company secretary of the Company prior to a Committee meeting in order to discuss important issues and agree on the agenda.

## 7.2 Attendance

- 7.2.1 Any other members of senior management as may be required, assurance providers and Board members may be in attendance at Committee meetings, but by invitation only and they may not vote.
- 7.2.2 Committee members must attend all scheduled meetings of the Committee, including meetings called on an *ad hoc* basis for special matters, unless prior apology, with reasons, has been submitted to the chairperson of the Committee or the company secretary.
- 7.2.3 The company secretary of the Company is the secretary to the Committee.
- 7.2.4 If the nominated chairperson of the Committee is absent from a meeting, the members present shall elect one of the members present to act as chairperson.

## 7.3 Agenda and Minutes

- 7.3.1 The Committee must establish an annual work plan to ensure that all relevant matters are covered by the agendas of the meetings planned for the year.
- 7.3.2 The annual work plan must ensure proper coverage of the matters laid out in these Terms of Reference. The more critical matters will need to be attended to each year, whilst other matters may be dealt with on a rotation basis over a 3 (three) year period.
- 7.3.3 The number, timing and length of meetings, and the agendas are to be determined in accordance with the Committee's annual work plan.
- 7.3.4 A detailed agenda, together with supporting documentation, must be circulated, at least one week prior to each meeting to the members of the Committee and other invitees.
- 7.3.5 Committee members must be fully prepared for Committee meetings, in order to provide appropriate and constructive input on matters tabled for discussion.
- 7.3.6 The minutes of each Committee meeting that is held, must be completed as soon as possible after the meeting and circulated to the chairperson and the members of the Committee for review thereof.
- 7.3.7 The minutes must be formally approved by the Committee at its next scheduled meeting.



#### **7.4 Quorum**

7.4.1 A representative quorum for meetings is a majority of members present.

7.4.2 Individuals in attendance at Committee meetings by invitation, may participate in discussions but do not form part of the quorum for Committee meetings.

#### **8. Evaluation**

The Board must perform an evaluation of the effectiveness of the Committee every year.

#### **9. Approval of these Terms of Reference**

9.1 These Terms of Reference were recommended to the Board by the chairperson of the Committee and subsequently approved by the chairperson of the Board, on 17 May 2018

9.2. These Terms of Reference will be due for review annually thereafter.

9.3. These Terms of Reference shall be published on the Company's website, or such other platforms or through media as is appropriate.