



BOARD CHARTER

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1. Introduction

- 1.1 The board of directors ("the Board") of Pioneer Food Group Limited ("the Company") acknowledges the need for a Board Charter as recommended in the King IV Code on Corporate Governance for South Africa (2016) ("King IV").
- 1.2 This Board Charter is subject to the provisions of the Companies Act, No. 71 of 2008, as amended ("the Companies Act"), the Company's Memorandum of Incorporation ("the MOI"), the JSE Listings Requirements, the recommendations outlined in King IV (to the extent that its recommended practices have been adopted by the Company), and any other applicable law or regulatory provision.

2. Purpose of this Board Charter

The purpose of this Board Charter is to set out the Board's role and responsibilities as well as the requirements for its composition and meetings.

3. Composition

- 3.1 The Board will assume responsibility for its composition by setting the direction and approving the processes for it to attain the appropriate balance of knowledge, skills, experience, diversity and independence to objectively and effectively discharge its governance role and responsibilities.

- 3.2 In addition to the minimum number of directors, that the Company must have to satisfy any requirement in terms of the Companies Act to appoint an audit committee and a social and ethics committee, the Board must comprise at least 4 directors and not more than 20 directors.
- 3.3 The Board comprises a balance of executive and non-executive directors, with the majority being non-executive directors. The majority of the non-executive directors are independent.
- 3.4 The Board, in determining the requisite number of directors on the Board, further considers the following:
 - 3.4.1 The chief executive officer of the Company ("CEO") and at least one other executive shall be appointed to the Board to ensure that the Board has more than one point of direct interaction with management. The executive director other than the CEO appointed to the Board may be the chief finance officer ("CFO") or another designated executive as is appropriate for the Company.
 - 3.4.2 Non-executive directors of the Board may be categorised by the Board as independent if the Board concludes that there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision making in the best interests of the Company. Whether directors are categorised as executive, non-executive or independent non-executive, directors have a legal duty to act with independence of mind in the best interests of the Company.
 - 3.4.3 Non-executive directors who have served on the Board for more than 9 years may continue to serve in an independent capacity if, upon an assessment by the Board conducted annually, after 9 years of service, it is concluded that the relevant director exercises objective judgement and there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making.
 - 3.4.4 The need to secure a quorum at meetings.
 - 3.4.5 The Board will set diversity targets for race and gender representation in its membership.
- 3.5 The CEO and the CFO, or any other of the Company's executive managers as the Board may decide, are *ex officio* members of the Board. There shall never be more than 4 *ex officio* members on the Board.
- 3.6 No Director shall be appointed for life or for an indefinite period and the directors shall rotate in accordance with the relevant provisions of the Company's MOI, as the Board will establish arrangements for periodic, staggered rotation of its members so as to invigorate its capabilities by introducing members with new expertise and perspectives while retaining valuable knowledge, skills and experience and maintaining continuity.
- 3.7 The Board must establish a succession plan for its membership which should include the identification, mentorship and development of future candidates.
- 3.8 Directors are nominated, elected and appointed through a formal and transparent process and the [Nomination Committee] of the Company assists with the process of identifying suitable candidates for appointment. Directors other than *ex officio* directors are proposed to, and elected by, the shareholders to the Board.

- 3.9 The Board has the power to appoint or co-opt any person as director, whether to fill a casual vacancy on the Board on a temporary basis, or as additional director, provided that such appointment must be confirmed at the next annual general meeting of the Company.
- 3.10 Nomination for re-election to the Board should be considered by the Board on the basis of the member's performance, including attendance at meetings of the Board and its committees.
- 3.11 A candidate for election as a non-executive director should be requested to provide the Board with details of professional commitments and a statement that confirms that the candidate has sufficient time available to fulfil the responsibilities as member of the Board.
- 3.12 Prior to their nomination for election, candidates' backgrounds should be independently investigated, and their qualifications should be independently verified.
- 3.13 A brief professional profile of each candidate standing for election at the annual general meeting, including details of existing professional commitments, should accompany the notice of the annual general meeting, together with a statement from the Board confirming whether it supports the candidate's election or re-election.
- 3.14 Upon election, the terms and conditions for serving as a member of the Board should be formalised in a letter of appointment.
- 3.15 An induction program is established for new directors to enable them to make the maximum contribution within the shortest time possible.
- 3.16 Members of the Board with no or limited governance experience are provided with mentorship and encouraged to undergo training.
- 3.17 A programme of professional development and regular briefings on legal and corporate governance developments, and risks and changes in the external environment of the company, are provided for members of the Board.
- 3.18 Independence of independent, non-executive directors of the Company shall be evaluated annually.
- 3.19 The Board shall determine the fees of directors which shall then be presented to the shareholders for approval by special resolution at the Company's annual general meeting, each year.

4. Role and responsibilities

The role and responsibilities of the Board are to:

- 4.1 Monitor and assume collective responsibility for the implementation of the Board's strategic direction by approving policies and plans that give effect to it.
- 4.2 Oversee and monitor implementation and execution by management of the Company.
- 4.3 Ensure accountability for the Company's performance by means of, amongst others, reporting and disclosure, including disclosure of the number of meetings held during the reporting period and attendance at the meetings, and whether the Board is satisfied that it has fulfilled its responsibilities in terms of this Board Charter.

- 4.4 Ensure the financial health of the Company and a return for shareholders on their investment.
- 4.5 Act as the focal point for, and custodian of, corporate governance by managing its relationship with the management, shareholders and other stakeholders of the Company along sound corporate governance principles.
- 4.6 Assume responsibility for the governance of remuneration by setting the direction for how remuneration should be approached and addressed on a Company-wide basis. The Board will ensure that the Company remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes.
- 4.7 Appreciate that strategy, risk, performance and sustainability are inseparable and to give effect to this by -
 - 4.7.1 contributing to and approving the strategy of the Company;
 - 4.7.2 satisfying itself that the strategy and business plan of the Company do not give rise to risks that have not been thoroughly assessed by management;
 - 4.7.3 identifying key performance and risks areas;
 - 4.7.4 ensuring that the strategy will result in sustainable outcomes;
 - 4.7.5 considering sustainability as a business opportunity that guides strategy formulation; and
 - 4.7.6 monitoring the Company's solvency and liquidity, and its status as a going concern, on an ongoing basis, as and when required in terms of applicable legislation.
- 4.8 Approve the Company's short, medium and long-term strategy as developed by management and interrogate it constructively with reference to, amongst others, the following:
 - 4.8.1 the timelines and parameters which determine the meaning of short, medium and long term, respectively;
 - 4.8.2 the risks, opportunities and other significant matters connected to the triple context (economy, society and environment) in which the Company operates;
 - 4.8.3 the extent to which the proposed strategy depends on the resources and relationships connected to the various forms of capital (i.e. financial, manufactured, intellectual, human, social and relationship and natural);
 - 4.8.4 the legitimate and reasonable needs, interests and expectations of material stakeholders;
 - 4.8.5 the increase, decrease or transformation of the various forms of capitals (including financial, manufactured, human, intellectual, natural and social and relationship capital) that may result from the execution of the proposed strategy of the Company; and
 - 4.8.6 the interconnectivity and inter-dependence of all of the above.

The reports issued by the Company should enable stakeholders to make informed assessments of the Company's performance and its short, medium and long-term prospects.

- 4.9 Provide effective leadership on an ethical foundation and ensure that an ethical culture is maintained in the Company.
- 4.10 Ensure that the Company is, and is seen to be, a responsible corporate citizen by having regard to not only the financial aspects of the business of the Company, but also the impact that the business operations have on the environment and the society within which it operates.
- 4.11 Ensure that the Company has an effective and independent audit committee.
- 4.12 Be responsible for the governance of risk, by setting the direction on how risk should be approached and addressed in the Company, and ensure that the Company has an effective and independent risk committee.
- 4.13 Adopt a stakeholder-inclusive approach in the execution of its governance responsibilities, to balance the needs, interests and expectations of material stakeholders in the best interests of the Company over time.
- 4.14 Satisfy itself that a combined assurance model is implemented which incorporates and optimises various assurance services and functions. Assurance supports the integrity of the information for internal decision-making and of the Company's external reports.
- 4.15 Be responsible for the governance of information and technology and delegate to management the responsibility to implement and execute effective technology and information management.
- 4.16 Ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards by approving a policy that gives effect to the Board's direction on compliance governance.
- 4.17 Ensure that there is an effective risk-based internal audit as well as reporting on the Company's system of internal controls.
- 4.18 Ensure that the Company adopts a tax policy that is compliant with the applicable laws, congruent with responsible corporate citizenship, and that takes account of reputational repercussions.
- 4.19 Appreciate that stakeholders' perceptions affect a Company's reputation.
- 4.20 Ensure the integrity of the Company's annual integrated report.
- 4.21 Act in the best interest of the Company, by ensuring that individual directors -
 - 4.21.1 disclose real or perceived conflicts to the Board and deal with them proactively;
 - 4.21.2 deal in securities of the Company only in accordance with the policy adopted by the Board; and
 - 4.21.3 adhere to legal standards of conduct.

- 4.22 Commence business rescue proceedings as soon as the Company is financially distressed, in compliance with the provisions of applicable legislation.
- 4.23 Appoint and evaluate the performance of the CEO.
- 4.24 Appoint a company secretary who is suitably qualified and with the requisite knowledge of, or experience with, relevant laws, who is also a permanent resident of South Africa. The company secretary shall not be a director of the Company. The company secretary will have direct access to the chairperson of the Board ("Chairperson") and will assist with the development of the Board's Annual Work Plan.
- 4.25 Approve the protocol to be followed by the Board or Board committee members in the event that they need to obtain independent, external professional advice at the cost of the Company on matters within the scope of their duties.
- 4.26 Approve the protocol to be followed by non-executive directors for requisitioning documentation from, and setting up meetings with, the management of the Company.

In order to be in a position to carry out their roles and responsibilities effectively, the directors of the Company:

- 4.27 shall have unrestricted access to the Company's records, facilities and any other resources necessary to fulfil its role and discharge its duties and responsibilities;
- 4.28 receive briefings and access to information related to changes in risks, law and the environment; and
- 4.29 may formally request to have access to professional support to assist them in their decision-making responsibilities as members of the Board, at the cost of the Company. This request should be directed to the company secretary. The Chairperson or the Chairperson of the audit committee and risk committee are authorised to approve such requests, subject to reasonable cost estimates, which estimates should be provided by the director/s who is/are seeking such support.

5. Chairperson

- 5.1 One of the non-executive directors should be elected by the Board as Chairperson, every second year. The incumbent shall be eligible for re-election.
- 5.2 Where the Chairperson is not independent in terms of the criteria outlined in King IV, then one of the other independent, non-executive directors should be elected as Lead Independent Director on the Board.
- 5.3 The CEO should not chair the Board, and a retired CEO should not become the Chairperson of the Board until 3 complete years have lapsed after the end of the CEO's tenure.
- 5.4 The Chairperson, together with the Board, should determine the number of outside professional positions that the Chairperson is allowed to hold, taking into account the relative size and complexity of the Company.
- 5.5 The Chairperson shall act as a link between the CEO and the Board.
- 5.6 The Chairperson shall also -

- 5.6.1 ensure that relevant matters are placed on the agenda and that they are appropriately prioritised during meetings;
 - 5.6.2 provide leadership during Board meetings, ensuring that opinions of directors of the Company can be expressed freely;
 - 5.6.3 manage circumstances where conflicts between Board members, conflicts of interest, differences of opinions and ethical issues arise; and
 - 5.6.4 ensure that the company secretary attends to the induction and ongoing development of directors.
- 5.7 The Chairperson shall ensure that sufficient relations with the Company's major shareholders and other relevant stakeholders are maintained.
- 5.8 The Board is accountable to ensure that succession plans are in place for the Chairperson.

6. CEO

- 6.1 The CEO is appointed by the Board and shall be responsible for -
- 6.1.1 leading the implementation and execution of approved strategy, policy and operational planning;
 - 6.1.2 serving as the chief link between management of the Company and the Board;
 - 6.1.3 agreeing operational and capital budgets with the Board;
 - 6.1.4 ensuring the Company's overall financial health and effectiveness;
 - 6.1.5 operational results (operational excellence; customer growth and satisfaction; and effective leadership);
 - 6.1.6 effective risk and compliance management; and
 - 6.1.7 effective leadership of the Company.
- 6.2 The CEO and the Board will agree on whether the CEO takes up additional professional positions, including membership of governing bodies of other organisations. Time constraints and potential conflicts of interest should be considered and balanced against the opportunity for professional development.
- 6.3 The Board must ensure that there is succession planning for the CEO, and such planning should be reviewed periodically, and should provide for succession in both emergency situations and over the long term.
- 6.4 The Board must formally evaluate the CEO at least annually against agreed performance measures and targets.

7. Company Secretary

- 7.1 The Board will appoint a company secretary ("Company Secretary") with the requisite knowledge and experience to provide the company with professional corporate

governance services. The Board should approve the appointment of the Company Secretary and will be primarily responsible for the removal of the Company Secretary.

- 7.2 The Board should oversee that the Company Secretary appointed has the necessary competence, gravitas and objectivity to provide independent guidance and support at the highest level of decision making in the Company.
- 7.3 The Company Secretary's duties include, but are not limited to:
 - 7.3.1 providing the directors of the Company, collectively and individually, with guidance as to their duties, responsibilities and powers;
 - 7.3.2 making the directors aware of any law relevant to or affecting the Company;
 - 7.3.3 reporting to the Board any failure on the part of the Company or a director to comply with the MOI or rules of the Company or the Companies Act;
 - 7.3.4 ensuring that minutes of all shareholders meetings, Board meetings and the meetings of any Board committees, or of the Company's audit committee, are properly recorded in accordance with the Companies Act;
 - 7.3.5 certifying in the Company's annual financial statements whether the Company has filed required returns and notices in terms of the Companies Act, and whether all such returns and notices appear to be true, correct and up to date; and
 - 7.3.6 ensuring that a copy of the Company's annual financial statements is sent, in accordance with the Companies Act, to every person who is entitled to it.
- 7.4 The Board shall ensure that the Company Secretary reports to the Board *via* the Chairperson on all statutory duties and functions performed in connection with the Board and report to the relevant member of the executive management of the Company designated for purposes of other duties and administrative matters.
- 7.5 In order to ensure independence, the Company Secretary should not also serve on the Board, but should have unfettered access to the Board.
- 7.6 The performance and independence of the Company Secretary will be evaluated at least annually by the Board.

8. Delegation

- 8.1 The Board delegates certain functions to well-structured standing or *ad hoc* committees, by means of formal terms of reference/charters, and individual members on the Board, in writing, but without abdicating its own accountability and responsibilities. Delegation promotes independent judgement and assists with the balance of power and effective discharge of the Board's duties.
- 8.2 The formal terms of reference/charter involves the following:
 - 8.2.1 Formal terms of reference are established and approved for each committee of the Board.
 - 8.2.2 The committees' terms of reference are reviewed once a year.

- 8.2.3 The composition of the committees and the process and criteria for the appointment of committee members who are not members of the Board.
- 8.2.4 The committees' overall role and associated responsibilities and functions.
- 8.2.5 The committees' delegated authority with respect to decision making.
- 8.2.6 The tenure of the committees will be approved.
- 8.2.7 When and how the committee should report to the Board.
- 8.2.8 The committees' access to resources and information.
- 8.2.9 The committee meeting procedures to be followed.
- 8.2.10 The arrangements for evaluating the committees' performance.
- 8.9 The committees are appropriately constituted and the chairperson of a committee is appointed with due regard to the skills required by each committee.
- 8.10 The Board must fill vacancies on its sub-committees within 40 business days after the vacancy arises.
- 8.11 The Board establishes a framework for the delegation of authority to management.
- 8.12 In the event that the Board determines not to delegate all or some of the responsibilities to an individual member of the Board or as part of the responsibilities of a specific Board committee, the Board should ensure that it fulfils those responsibilities itself.

9. Meeting procedures

9.1 *Frequency*

- 9.1.1 The Board must hold sufficient scheduled meetings to discharge all its duties as set out in this Board Charter, but subject to a minimum of 4 meetings per annum.
- 9.1.2 Meetings in addition to those scheduled may be held at the instance and request of one quarter of the total number of Board members.
- 9.1.3 The Chairperson may meet with the CEO and the CFO and/or the company secretary, prior to a Board meeting to discuss important issues and agree on the agenda.

9.2 *Attendance*

- 9.2.1 Board members must attend all scheduled meetings of the Board, including meetings called on an *ad hoc* basis for special matters, unless prior apology, with reasons, have been submitted to the Chairperson or the Company Secretary.
- 9.2.2 Board members should devote sufficient time and effort to prepare for meetings of the Board.

9.2.3 Members of senior management, assurance providers and professional advisors may be in attendance at Board meetings, but by invitation only and may not vote.

9.2.4 The company secretary is the secretary of the Board.

9.2.5 In the event that the Chairperson is absent, the members present shall elect one of the members present to chair that meeting.

9.3 *Notices of meetings*

The Board may determine the manner and form of providing notice of its meetings, subject to the provisions of the Company's MOI.

9.4 *Agenda and Minutes*

9.4.1 The Board must establish an Annual Work Plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year. The detailed agenda together with reporting documentation must be circulated, at least one week prior to each meeting, to the members of the Board and other invitees.

9.4.2 Board members must be fully prepared for Board meetings to be able to provide appropriate and constructive input on matters for discussion.

9.4.3 The minutes must be taken and formally approved by the Board at its next scheduled meeting.

9.5 *Quorum*

9.5.1 A representative quorum for a Board meeting is as provided for in the Company's MOI.

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

9.6 *Conflicts of interest*

9.6.1 Subject to legal requirements, each director should submit to the Board a declaration of financial, economic and other interests held by such director and related parties at least annually, or whenever there are significant changes in such interests.

9.6.2 At the beginning of each meeting of the Board or its committees, all Board members are required to declare whether any of them has any conflict of interest in respect of a matter on the agenda. Any such conflicts should be proactively managed as determined by the Board, subject to legal provisions, including section 75 of the Companies Act.

9.7 *Conduct of meetings*

The Board may -

9.7.1 consider any matter and/or adopt any resolution other than at a meeting as set out in section 74 of the Companies Act and, accordingly, any decision that could be voted on at a meeting of the Board may instead be adopted by the written consent of such majority of the directors of the Company as required

in terms of the Company's MOI, given in person or by electronic communication, provided that each director has received notice of the matter to be decided; and

- 9.7.2 conduct a meeting entirely by electronic communication, or to provide for participation in a meeting by electronic communication, as set out in section 73(3) of the Companies Act, provided that, as required by such section, the electronic communication facility employed ordinarily enables all persons participating in the meeting to communicate concurrently with each other without an intermediary and to participate reasonably effectively in the meeting.

10. Evaluation

- 10.1 The evaluation of the Board, as a whole, including the Chairperson, its committees, CEO and company secretary, must be performed every year. Where this is not practical, such evaluation may be performed every second year and in every alternate year following the evaluation, the Board may schedule in its Annual Work Plan to consider, reflect on and discuss the performance of itself, its members and Chairperson as a whole.
- 10.2 The Board should disclose the performance evaluations undertaken during the reporting period and whether they were formal or informal and whether they were externally facilitated or not. The Board should also disclose an overview of the results and any remedial action taken, and whether the Board is satisfied that the evaluation process is improving its performance and effectiveness.
- 10.3 The Chairperson shall lead the process to remove any incompetent or unsuitable directors, subject to the provisions of the Company's MOI and the Companies Act.

11. Approval of the Board Charter

This Charter was approved by the Board on **15 November 2018** and will be reviewed annually by the Board.