

CORPORATE GOVERNANCE REPORT 2021

Introduction

RFG is committed to achieving high standards of corporate governance by entrenching the values of integrity, competence, responsibility, accountability, fairness and transparency in all its business activities.

The board is accountable to shareholders and is ultimately responsible for ensuring that the group complies with legislation, regulation and corporate governance codes and policies. Management aims to create and maintain a culture of good governance across the business.

The directors confirm that the group has in all material respects applied the principles of the King IV Code on Corporate Governance (King IV) for the reporting period. A schedule detailing the group's application of the King IV principles is available on the website at www.rfg.com.

Board of directors

BOARD CHARTER

The board has a formal charter which details the scope of authority, responsibility and functioning of the board. In terms of the charter the directors retain overall responsibility and accountability for the following:

- Overseeing the group's strategy, performance and sustainability
- Promoting the interests of stakeholders through ethical leadership
- Ensuring effective risk management and internal controls
- Complying with legislation, regulation and governance codes
- Nominating directors for appointment and evaluating board and director performance
- Evaluating the performance of senior management and considering succession plans
- Ensuring appropriate remuneration policies and practices
- Shareholder communications and stakeholder engagement

The board is satisfied that it has fulfilled its responsibilities in accordance with its charter for the reporting period.

BOARD COMPOSITION

In compliance with the JSE Listings Requirements, the board has adopted a policy on the promotion of broader diversity at board level, specifically focusing on the promotion of the diversity attributes of gender, race, culture, age, field of knowledge, skills and experience.

Following a formal selection process, Selomane Maitisa was appointed as an independent non-executive director on 19 October 2020, as a planned replacement for Andrew Makenete, who retired from the board on 4 March 2021.

Ms Maitisa's qualifications and experience ensure that she has the appropriate field of knowledge and skills to serve on the audit, risk and information technology committee. Her previous directorships, particularly as a non-executive director of a JSE listed company, ensure that she has the requisite experience to make an immediate contribution to the board.

Her marketing background adds a new dimension of knowledge, skills and experience on the board while her age is commensurate with the majority of the board members.

Bruce Henderson retired as chief executive officer (CEO) and executive director on 30 September 2021. He was appointed as a non-executive director on 1 October 2021 which has enabled the board to retain his extensive company and industry knowledge.

RFG has a unitary board structure with eight non-executive directors and two salaried executive directors.

Biographical details on the directors appear on pages 18 to 20 of the 2021 integrated report, including the tenure, experience and expertise of each director.

Black directors account for 40% of the board compared to a voluntary target of 50% outlined in the board's nomination, composition and diversity policy.

Female composition is 30% relative to a voluntary target of 30%.

The board is satisfied that its composition reflects an appropriate mix of knowledge, skills, experience, diversity and independence.

Directors are appointed by the board in a formal and transparent manner.

The tenure of the chairperson and lead independent director is limited to a maximum of four three-year terms.

INDEPENDENCE OF DIRECTORS

Five of the non-executive directors, including the chairperson, are classified as independent in terms of King IV and the JSE Listings Requirements. Garth Willis and Chad Smart are not considered to be independent owing to their shareholding in Capitalworks, a significant investor in the group. As Bruce Henderson was employed as an executive until 30 September 2021 and has a material shareholding in the company, he is not classified as independent. However, these directors continue to exercise independent judgement at board level.

FUNCTIONING OF THE BOARD

The board meets six times each year. Additional meetings may be convened to discuss urgent or specific business.

In 2021, an additional meeting was held to discuss and approve changes to the board, including the retirement of Bruce Henderson, the appointment of Pieter Hanekom as the new CEO and the appointment of Bruce Henderson as a non-executive director.

The roles of the board chairperson, Dr Yvonne Muthien, and the CEO, Pieter Hanekom, are separate and clearly defined. This division of responsibilities ensures a balance of authority and power, with no individual having unrestricted decision-making powers.

The group has a formal induction programme for new directors. The chairperson of the board and each committee will meet with new directors and together with the company secretary identify assistance that may be required.

Board members are encouraged to continuously develop their competence to lead effectively and keep abreast of key developments affecting the company. The board receives training on amendments to the JSE Listings Requirements on an annual basis and in the past year regular communication was provided to board members on legal and corporate governance developments, and risks and changes in the external environment.

No board members have any conflicts of interests with the group nor are any of them politically exposed persons.

Board evaluation

Evaluation questionnaires were prepared by the company secretary for peer and self-evaluation by members of the board. The evaluations were aligned to the recommendations of the King IV code. No major areas of concern were identified and the results were reviewed by the nominations committee. The issues raised by board members through the evaluation process will be further considered in 2022 to ensure continued improvement in the board's performance and effectiveness.

Action plans drawn up from the 2020 evaluation process were reviewed in 2021 to ensure that these were adequately addressed.

Key issues addressed in 2021

In addition to meeting its required governance and oversight responsibilities during the year, the board addressed the following key issues:

- Monitored the group's response to risks and challenges presented by the Covid-19 pandemic
- Monitored the group's performance against key performance measures and targets
- Approved the group's short-, medium- and long-term strategy as formulated and developed by management
- Monitored the implementation and execution of the strategic plan by management
- Approved the acquisition of the frozen foods business of Pioneer Foods Wellingtons Proprietary Limited by the main operating subsidiary
- Performed a detailed review of all directorships held by members of the board and concluded that no board member is over-committed
- Accepted Bruce Henderson's resignation as CEO and approved his appointment as a non-executive director from 1 October 2021
- Approved the appointment of Pieter Hanekom as CEO with effect from 1 October 2021
- Monitored progress against the group's BBBEE targets and reviewed strategies to improve the group's BBBEE score
- Endorsed the group's environmental sustainability strategy and monitored performance against targets
- Approved the annual financial statements, integrated report and related SENS announcements
- Developed a detailed communication policy as well as a more specific crisis communication policy
- Implemented compliance controls and capabilities as required by the Protection of Personal Information Act

A business continuity project commenced in February 2020 to develop a group continuity plan that minimises the disruptive effects of a disaster or major disruptive event to allow the organisation to operate under conditions of volatility, and to withstand and recover from acute shocks. The project is expected to be completed by May 2022.

Executive committee

The board has delegated authority to the CEO and the executive committee for the implementation of the strategy and the ongoing management of the business. The eight-person executive committee comprises the chief executive officer (CEO), chief financial officer (CFO), managing director of fresh foods, managing director of international, operations director of long life foods and the commercial, human resources and corporate affairs directors. Biographical details on the executive committee appear on pages 22 and 23 of the 2021 integrated report.

The executive directors have no professional commitments outside of the group. Succession planning is in place for the CEO for both emergency situations and over the long term.

A delegation of authority framework is in place and the board is satisfied that it contributes to role clarity and the effective exercise of authority and responsibilities.

Company secretary

The company secretarial function for the listed entity is fulfilled by Bernadette Lakey, corporate affairs director of the main subsidiary. Ms Lakey is a Chartered Accountant (SA) and has a certificate in Advanced Corporate Law and Securities Law. The board is satisfied that:

- the company secretary is suitably qualified, and experienced to provide professional and independent guidance to the board on corporate governance and its legal duties;
- the office of the company secretary is empowered and that the position carries the necessary authority;
- an arms-length relationship exists between the company secretary and the board; and
- the company secretary has the necessary competence, knowledge and objectivity to provide independent guidance and support at the highest level of decision making in the organisation.

The company secretary provides guidance to directors on governance, compliance and their fiduciary duties. Directors have unrestricted access to the advice and services of the company secretary.

Michelle Saville, legal and compliance officer of the main subsidiary, is the company secretary for all of the South African subsidiaries within the group. Ms Saville is a lawyer who has been with the group for four years.

Board committees

Specialised governance functions are delegated to four committees to assist the board in meeting its oversight responsibilities. The directors confirm that the committees have functioned in accordance with their terms of reference during the financial year. These terms of reference are reviewed annually.

The audit, risk and information technology committee is appointed by the board and approved by shareholders at the annual general meeting.

AUDIT, RISK AND INFORMATION TECHNOLOGY COMMITTEE	
ROLE AND RESPONSIBILITIES	COMPOSITION
<ul style="list-style-type: none"> • Ensure the group has adequate and appropriate financial and operating controls • Ensure the group has established appropriate financial reporting procedures and that the procedures are operating effectively • Ensure the group has an effective policy and plan for risk management • Ensure that the group has an effective policy and plan for the management of information technology • Maintain oversight for financial results and integrated reporting • Ensure satisfactory standards of governance, reporting and compliance 	<p>Chairperson: Mark Bower</p> <p>The committee comprises three independent non-executive directors.</p>
<p>Refer to the audit, risk and information technology committee report in the annual financial statements.</p>	



REMUNERATION COMMITTEE	
ROLE AND RESPONSIBILITIES	COMPOSITION
<ul style="list-style-type: none"> • Ensure the group has a remuneration policy which is aligned with the strategic objectives and goals • Determine remuneration of executive directors • Propose fees for non-executive directors for shareholder approval 	<p>Chairperson: Thabo Leeuw</p> <p>The committee comprises two independent non-executive directors and a non-executive director.</p>
<p>Refer to the remuneration report on pages 48 to 64 of the 2021 integrated report.</p>	

SOCIAL AND ETHICS COMMITTEE	
ROLE AND RESPONSIBILITIES	COMPOSITION
<ul style="list-style-type: none"> • Monitor the group's activities relating to social and economic development, stakeholder and consumer relationships, and labour issues • Monitor adherence to corporate citizenship principles and ethical behaviour • Monitor the group's empowerment and transformation strategy, and progress against BBBEE targets • Oversee the implementation of the group's sustainability programme • Ensure the group's interactions with stakeholders are guided by legislation and regulation. 	<p>Chairperson: Bongive Njobe</p> <p>The committee comprises two independent non-executive directors and a non-executive director.</p>
<p>Refer to the social and ethics committee report on pages 66 to 71 of the 2021 integrated report.</p>	

NOMINATIONS COMMITTEE	
ROLE AND RESPONSIBILITIES	COMPOSITION
<ul style="list-style-type: none"> • Assist the board in identifying, nominating and appointing suitable candidates as directors • Develop and regularly review succession plans for the board, CEO and senior executives • Ensure the board has appropriate balance of skills, knowledge, expertise and diversity • Approve appointments and removals of directors of all major subsidiaries • Review the performance of the board and its committees 	<p>Chairperson: Dr Yvonne Muthien</p> <p>The committee comprises the chairperson of the board and the chairpersons of the board committees.</p>

CORPORATE GOVERNANCE REPORT 2021 *continued*

BOARD AND COMMITTEE MEETING ATTENDANCE						
DIRECTOR	STATUS	BOARD	AUDIT, RISK AND INFORMATION TECHNOLOGY COMMITTEE	REMUNERATION COMMITTEE	SOCIAL AND ETHICS COMMITTEE	NOMINATIONS COMMITTEE
Number of meetings		7	4	4	4	4
Dr Yvonne Muthien	Independent	+7				+4
Mark Bower	Independent	7	+4	4		4
Andrew Makenete [#]	Independent	3	2	2		
Thabo Leeuw	Independent	7	4	+4		4
Bongiwe Njobe	Independent	7			+4	3
Selomane Maitisa	Independent	7	4		4	
Chad Smart	Non-executive	7				
Garth Willis	Non-executive	7		4	4	
Bruce Henderson*	Executive	7	4	4	4	3
Pieter Hanekom*	Executive	7	4	4	4	2
Tiaan Schoombie*	Executive	7	4	4	4	2
Attendance (%) 2021		100	100	100	100	94
Attendance (%) 2020		95	93	100	100	100

+ Chairperson

[#] Andrew Makenete retired from the board on 4 March 2021.

* Bruce Henderson (CEO), Tiaan Schoombie (CFO) and Pieter Hanekom (Deputy CEO) attended all committee meetings by invitation.

Compliance

Details on the internal audit function, systems of internal control, the external audit function, combined assurance and risk management are outlined in the audit, risk and information technology committee report in the annual consolidated financial statements. In terms of the JSE Listings Requirements, the committee conducted an assessment of the suitability of the external auditor, Lucian Rolleston, and satisfied itself that both Ernst & Young Inc and Mr Rolleston had the necessary accreditation.

The board confirms that the group has established appropriate financial reporting procedures and the directors are satisfied that these procedures are operating effectively.

LEGISLATIVE AND REGULATORY COMPLIANCE

The directors confirm that the company has complied with the provisions of the Companies Act, particularly those relating to its incorporation, and has operated in conformity with its memorandum of incorporation for the 2021 financial year.

Legislative and regulatory compliance is monitored by the company secretary working together with the head of human resources. An analysis of current and pending legislation and regulation relevant to the group is presented at board meetings.

There was continued focus on the group's employment equity and transformation initiatives to ensure the group achieves legal compliance and is aligned to best practice.

A compliance review was conducted to ensure that the social and ethics committee effectively monitors the organisation's activities in relation to stakeholders, and fulfils its statutory and regulatory duties, particularly its responsibility to monitor the group's activities in relation to applicable legislation, rules, codes of best practice and standards.

INVESTOR RELATIONS

An investor relations policy aims to ensure compliance with all legislation, regulation and voluntary codes in relation to the disclosure, communication and dissemination of information, while limiting reputational risk for management and the group.

Management is committed to engaging with local and international analysts and fund managers to enable informed decisions to be made about investing in RFG. The CEO and CFO are the designated investor spokespersons and all investor meetings are attended by at least two people. An investor relations consultant has been retained by RFG since listing to advise management on its investor relations strategy and activities.

The group aims to ensure pro-active and timely communication with the investment community, while protecting the rights of all shareholders by providing equal access to information, with simultaneous release of information and no selective disclosure of information.

ETHICS

The group subscribes to the highest standards of ethical business practice. The group has implemented documented policies which set stringent standards relating to the acceptance of gifts from suppliers and other third parties, confidentiality of information, protection of information, whistleblowing, trademarks and intellectual property, declarations of potential conflicts of interest, as well as zero tolerance policies on racism, discrimination, sexual harassment and bullying.

Governance in 2022

The business continuity project is ongoing and is expected to be completed by May 2022.

Other governance priorities include the finalisation of policies on environmental management and sustainability.

A group governance framework is to be developed to give effect to the board's direction on stakeholder relationships and the exercise of authority across the group. Other policies to be developed include a fraud prevention plan that sets out the board's approach to dealing with fraud risk and to elaborate on specific initiatives to prevent fraud risks and the formalisation of a stakeholder engagement policy and strategy. The board will consider the outcomes of the board and committee evaluations conducted in 2021.

The board nomination, composition and diversity policy is reviewed regularly to determine whether gender and race targets remain appropriate as well as to assess the board's skills and expertise.

Covid-19 monitoring and mitigation plans will remain a key focus in 2022 as part of the board's proactive oversight responsibilities.

