

# CORPORATE GOVERNANCE REPORT 2022

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## 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](http://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 executive management and considering succession plans
- Ensuring appropriate remuneration policies and practices
- Shareholder communications and stakeholder engagement

Certain of these functions are delegated to board committees. 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.

RFG has a unitary board structure with eight non-executive directors and two salaried executive directors. Bruce Henderson was appointed as a non-executive director and executive director Pieter Hanekom was promoted to chief executive officer (CEO), both effective 1 October 2021.

Biographical details on the directors appear on [pages 24 to 25](#) of the Integrated Report, including the tenure, experience and expertise of each director.

Black directors account for 40% (2021: 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% (2021: 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. There is no prescribed retirement age for non-executive directors while executive directors retire in terms of their fixed term contracts.

## 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 director 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 although no additional meetings were held during the reporting period.

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 support 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. Regular communication is provided to board members on legal and corporate governance developments, and risks and changes in the external environment.

No board members have any conflict of interests with the group nor are any directors considered to be politically exposed persons.

## Board evaluation

Evaluation questionnaires were prepared by the company secretary for evaluation of the board and committees by the directors. The evaluations were aligned to the recommendations of King IV. 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 2023 to ensure continued improvement in the board's performance and effectiveness.

## Key issues addressed in 2022

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 posed by global geopolitical events and the potential impact on the business
- 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
- Monitored the integration of the Today pie business into the group's operations following the acquisition from Pioneer Foods Wellington with effect from 1 February 2022
- Performed a review of all directorships held by members of the board and concluded that no board member is over-committed or conflicted
- 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
- Monitored to completion the business continuity project which 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
- Approved a fraud prevention policy to further promote a culture founded on fraud prevention, awareness and accountability
- Endorsed the environmental policy and obtained an understanding of climate change related considerations, responsibilities and reporting requirements
- Developed a stakeholder engagement strategy to proactively manage stakeholder relationships as well as maintain, improve or develop external relationships
- Reviewed the group's IT strategy and with assistance from external advisors reviewed the IT cyber security, identifying areas for improvement

## 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 seven-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 and corporate affairs directors. Biographical details on the executive committee appear on  page 27 of the 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.

Zantira Annandakrisnan, legal and compliance officer of the main subsidiary, is the company secretary for all of the South African subsidiaries within the group. Ms Annandakrisnan holds an LLB and is a lawyer who joined the group in 2022.

## 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 nominated by the board and elected by shareholders at the annual general meeting each year.

### Audit, risk and information technology committee

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

Refer to the audit, risk and information technology committee report in the annual financial statements.

## Remuneration committee

### ROLE AND RESPONSIBILITIES

- 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

### COMPOSITION

Chairperson: Thabo Leeuw

The committee comprises two independent non-executive directors and a non-executive director.

Refer to the remuneration report on  pages 52 to 65 of the Integrated Report.

## Social and ethics committee

### ROLE AND RESPONSIBILITIES

- 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

### COMPOSITION

Chairperson: Bongwe Njobe

The committee comprises two independent non-executive directors and a non-executive director.

Refer to the social and ethics committee report on  pages 66 to 68 of the Integrated Report.

## Nominations committee

### ROLE AND RESPONSIBILITIES

- 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

### COMPOSITION

Chairperson: Dr Yvonne Muthien

The committee comprises the chairperson of the board and the chairpersons of the board committees.

## 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		6	4	6	4	2
Dr Yvonne Muthien	Independent	+6				+2
Mark Bower <sup>#</sup>	Independent	6	+4	6		2
Pieter Hanekom <sup>*</sup>	Executive	6	4	6	4	2
Bruce Henderson	Non-executive	6			4	
Thabo Leeuw	Independent	6	4	+6		2
Selomane Maitisa	Independent	6	4		4	
Bongiwe Njobe	Independent	6			+3	2
Tiaan Schoombie <sup>*</sup>	Executive	6	4	6	4	2
Chad Smart	Non-executive	5				
Garth Willis	Non-executive	6		6		
<b>Attendance (%) 2022</b>		<b>97</b>	<b>100</b>	<b>100</b>	<b>92</b>	<b>100</b>
Attendance (%) 2021		100	100	100	100	94

+ Chairperson

\* Pieter Hanekom (CEO) and Tiaan Schoombie (CFO) attended all committee meetings by invitation

# Lead independent director

## 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 (EY) and Mr Rolleston had the necessary accreditation. The board notes that EY has served as the group's auditor for two years.

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 2022 financial year.

Legislative and regulatory compliance is monitored by the company secretary. 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 policies which set stringent standards relating to the acceptance of gifts from suppliers and other third parties, confidentiality and 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 focus areas in 2023**

Climate change will be a key focus of the board and plans for the 2023 financial year include understanding the main climate related issues for the business, integrating climate related issues into risk assessments and strategy development as well as managing the social consequences of climate mitigation strategies.

Other governance priorities include the implementation of the stakeholder engagement strategy and the board will consider the outcomes of the board and committee evaluations conducted in 2022.

The board nomination, composition and diversity policy will again be reviewed to ensure that gender and race targets remain appropriate as well as to assess the board's skills and expertise.