



RCL FOODS LIMITED  
**CORPORATE  
GOVERNANCE  
REPORT**

FOR THE YEAR ENDED JUNE

**2024**

# CORPORATE GOVERNANCE REPORT

## STATEMENT OF COMPLIANCE

RCL FOODS supports the governance outcomes, principles and practices as set out in the King IV Code of Corporate Governance. For the period under review, the Board is of the opinion that RCL FOODS has operated in accordance with the requirements of King IV. The Group's application of the applicable principles is explained in our King IV Application Register. The Board is further satisfied that it has met the requirements of the Companies Act of South Africa and the JSE Listings Requirements and has fulfilled its responsibilities in accordance with its approved Board Charter. The Directors are satisfied that RCL FOODS is in compliance with the provisions of the Companies Act, specifically relating to its incorporation and is operating in conformity with its Memorandum of Incorporation.

The Group advocates the ethical attributes of uncompromising integrity and being more inclusive, agile, collaborative, sustainable, accountable and curious. The Board is tasked with ensuring that these values and characteristics are embodied within the Group through ethical and effective leadership. The Board is held accountable for providing ethical and effective leadership, and an annual evaluation is performed to assess the effectiveness of the Board (along with its Committees and individual members) in this regard.

The full King IV Application Register is available on the RCL FOODS website at

 [www.rclfoods.com/financial-results-and-reports-2024/](http://www.rclfoods.com/financial-results-and-reports-2024/)

## BOARD OF DIRECTORS

For the 2024 financial year, the Group had a unitary Board of 12 Directors, comprising seven independent non-executive Directors, three non-executive Directors and two executive Directors. The Chairperson of the Board, Mr JJ Durand, was not independent given his role as Chief Executive Officer (CEO) of Remgro Limited (which owns a majority share in RCL FOODS), but the Board deemed this appointment appropriate and key to achieving the business objectives of RCL FOODS. The roles of Chairperson and CEO are separate, and a clear division of responsibility exists between the two.

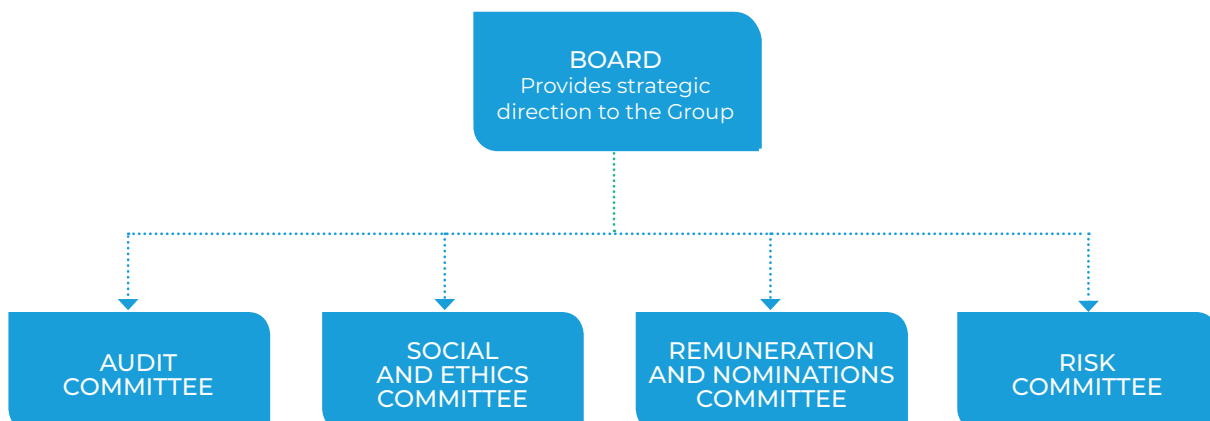
## BOARD COMPOSITION

The Board conducts the affairs of the Group on the basis of the diverse industry knowledge and experience of its members and is satisfied that its composition is appropriate for the effective execution of its responsibilities. The Board ensures that an appropriate balance of power and authority exists so that no individual or block of individuals has unfettered decision-making powers or undue influence on the Board. To ensure good governance, and as recommended by King IV, the Lead Independent Director assumed Chairpersonship in instances where the Chairperson was not independent or was conflicted. Mr GM Steyn has served as Lead Independent Director since 13 November 2020.

Details of the RCL FOODS Directorate are provided on pages 11 to 13 of the Notice of Annual General Meeting and Abridged Annual Financial Statements, which is available on our website at

 [www.rclfoods.com/financial-results-and-reports-2024/](http://www.rclfoods.com/financial-results-and-reports-2024/)

## GOVERNANCE STRUCTURE



# CORPORATE GOVERNANCE REPORT CONTINUED

## BOARD RESPONSIBILITIES AND MEETING ATTENDANCE

The Board is the custodian of corporate governance by providing effective leadership based on an ethical foundation. The roles and responsibilities of the Board are set out in a formal Board Charter, which is reviewed annually.

The complete terms of reference of the Board are detailed in the Board Charter, which is available on our website at [www.rclfoods.com/governance/corporate-governance/governance-documents/](http://www.rclfoods.com/governance/corporate-governance/governance-documents/)



Directors who are unable to attend meetings tender their apologies and reasons for non-attendance in advance and provide feedback to the Chairperson prior to the meeting.

| MEMBERS                              | SCHEDULED MEETING ATTENDANCE | AD HOC MEETING ATTENDANCE** |
|--------------------------------------|------------------------------|-----------------------------|
| JJ Durand <sup>^</sup> (Chairperson) | 6/6                          | 3/3                         |
| HJ Carse <sup>^</sup>                | 6/6                          | 2/3                         |
| GP Dinga <sup>^</sup> *              | 6/6                          | 3/3                         |
| PR Louw <sup>^</sup>                 | 6/6                          | 3/3                         |
| NP Mageza*                           | 6/6                          | 2/3                         |
| PM Moumakwa*                         | 6/6                          | 1/3                         |
| DTV Msibi*                           | 6/6                          | 3/3                         |
| GM Steyn*                            | 6/6                          | 2/3                         |
| GCJ Tielenius Kruythoff*             | 5/6                          | 1/3                         |
| GC Zondi*                            | 6/6                          | 3/3                         |
| PD Cruickshank <sup>#</sup>          | 6/6                          | 3/3                         |
| RH Field <sup>#</sup>                | 6/6                          | 2/3                         |

### 2024 KEY ACTIVITIES

- Approved the Group strategy and ratified the business plan for the 2025 financial year.
- Approved the unbundling of Rainbow Chicken and oversaw its separation from the remainder of the Group.
- Approved the half-year and year-end financial results and JSE announcements.
- Approved the Integrated Annual Report.
- Discussed and considered material issues relating to execution of strategy.
- Approved non-executive Directors' fees for tabling at the Annual General Meeting.
- Considered the declaration of Directors' personal financial interests.

\* Independent non-executive Director

<sup>^</sup> Non-executive Director

<sup>#</sup> Executive Director

\*\* Additional meetings outside of the pre-approved annual calendar

## ACCESS TO RECORDS AND INDEPENDENT ADVICE

Directors have unrestricted access to all Group information, records, documents and property. Non-executive Directors have access to management and may meet separately with management, without the attendance of executive Directors. All Directors have access to the advice and services of the Company Secretary, and Directors may obtain independent professional advice at the Group's expense, should they deem this necessary.

## COMPANY SECRETARY

The Board is cognisant of the duties of the Company Secretary who is accordingly empowered to properly fulfil those duties. Ms LG Kelso is the Company Secretary and in addition to the statutory duties, she fulfils the following functions in line with the Board Charter:

- induction of Directors;
- provision of guidance to the Board and individual Directors on their duties and responsibilities, and the proper discharge thereof;
- ensures compliance with statutory and regulatory requirements; and
- acts as the primary point of contact between shareholders and the Group.

The Board assessed and was satisfied that the Company Secretary is competent and has the requisite qualifications and experience to effectively execute her duties. The Company Secretary maintains an arm's-length relationship with the Board. The Company Secretary is not a Director of the Company and is not related to any of the Directors.

## DIRECTORS' INDEPENDENCE

All independent non-executive Directors are subject to an annual independence evaluation by the Board. The Board considers whether the Director is independent in character and judgement and whether there are any relationships or circumstances which are likely to affect, or could appear to affect, the Director's independence. On the basis of the findings of this evaluation, the Board is of the opinion that Messrs NP Mageza, DTV Msibi, GM Steyn, GC Zondi, GCJ Tielenius Kruythoff, Ms GP Dinga and Dr PM Moumakwa are independent. All Directors are required to declare, on an annual basis, any interest in proposed transactions or arrangements with the Group. In addition, all other material interests are required to be disclosed by Directors as and when they arise.

# CORPORATE GOVERNANCE REPORT CONTINUED

## APPOINTMENTS TO THE BOARD

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. Although formal targets are not set, this policy is considered and applied in making appointments to the Board. Procedures for appointment to the Board are formal and transparent, and a matter for the Remuneration and Nominations Committee. For the 2024 financial year, this Committee consisted of four non-executive Directors, and the Chairperson of the Board (*ex-officio*) and met four times a year. Mr NP Mageza has been the Chairperson for remuneration matters, and the other members were Messrs JJ Durand, GM Steyn and DTV Msibi and Dr PM Moumakwa. The Lead Independent Director of the Board serves as Chairperson of the Committee for nomination matters. The Chief Executive Officer and Chief Human Resources Officer also attend meetings of the Remuneration and Nominations Committee as permanent invitees. From 3 September 2024, Dr PM Moumakwa will take over as Chairperson, in light of Mr Mageza's retirement; Mr JJ Durand will also leave the committee, and Mr CPF Vosloo has been appointed as a member of the committee.

The Committee considers the Board's composition, retirements and appointments of additional and replacement Directors. Executive Directors are appointed to the Board on the basis of skill, experience and level of contribution to the Group, and are responsible for the running of the business.

Non-executive Directors are selected on the basis of industry knowledge, professional skills and experience, and consideration and application of the Board diversity policy. On their appointment to the Board, new Directors visit the Group's businesses and meet with senior management, as appropriate, to facilitate their understanding of the Group and their fiduciary responsibilities. The Board has reviewed its required mix of skills and experience, as well as other qualities such as demographics and diversity, in order to assess its effectiveness and that of its committees and individual Directors. In the 2024 financial year the following changes took place: Mr PJ Neethling resigned as an alternate Director to Mr JJ Durand on 14 November 2023, and Mr CPF Vosloo was appointed as an alternate Director to Mr JJ Durand, with effect from 16 November 2023. With effect from 3 September 2024 Mr CPF Vosloo was appointed as a Non-executive Director, and member of the Remuneration and Nominations Committee; Ms L Zingitwa was appointed as a non-Executive Director; Mr RM Rushton

was appointed as an independent Non-executive Director and member of the Risk Committee; MR JJ Durand resigned as a Director and accordingly as Chairperson of the Board; Mr GM Steyn was appointed as the Chairperson of the Board, and accordingly resigned as a member of the Audit Committee; Mr NP Mageza retired as a Director, and accordingly as Chairperson of the Remuneration and Nominations Committee; Dr PM Moumakwa was appointed as the Chairperson of the Remuneration and Nominations Committee; and Mr HJ Carse and Mr PR Louw both resigned as Directors.

In accordance with the Memorandum of Incorporation (MOI), not less than one-third of the Directors must resign annually, as well as any Director who has held office for three years since his/her last election. Any such Directors may make themselves available for re-election by shareholders, if eligible. Messrs DTV Msibi and PD Cruickshank will retire by rotation at the 2024 Annual General Meeting (AGM) and being eligible have offered themselves for re-election. Messrs JJ Durand, HJ Carse, PR Louw and NP Mageza have stepped down from the Board prior to this AGM and accordingly, are not making themselves available for re-election. As Messrs RM Rushton and CPF Vosloo, and Ms L Zingitwa were co-opted by the Board prior to the AGM, in accordance with clause 27.3.6 of the Company's MOI, their appointment has been tabled for confirmation by shareholders at the AGM.

## BOARD EFFECTIVENESS

For the period under review, the Company Secretary facilitated a performance evaluation of the Board and its committees based on the principles of King IV. These are formal evaluations, which annually assess the effectiveness of the following categories:

- Board composition and meetings;
- Performance of Board committees and their interactions with the Board;
- Board information;
- Board orientation and development;
- Board functioning and processes;
- Chairperson; and
- Individual evaluation.

The results of the assessments were consolidated by the Company Secretary, and delivered to the Chairperson of the Board. No matters of material concern were raised. The Board is satisfied that the evaluation process supports its performance and effectiveness.

# CORPORATE GOVERNANCE REPORT CONTINUED

## BOARD COMMITTEES

RCL FOODS is committed to achieving the highest level of corporate governance and ethical business behaviour, in order to create sustainable value for its stakeholders. The Directors recognise that good corporate governance is about leadership and that it is necessary to conduct the enterprise with integrity and in compliance with legislation, regulations and best practices relevant to the Group's business. Governance in the Group extends beyond mere legislative and regulatory compliance, and the Directors strive to entrench an enterprise-wide culture of good governance and ethical conduct. For RCL FOODS, corporate governance incorporates the structures, processes and practices that the Board uses to assist it in managing and directing the Group's operations.

Board committees assist the Board in discharging its responsibilities. The role and responsibility of each Board committee is set out in its formal charter, which defines its terms of reference, duration and functions, clearly agreed upon reporting responsibilities and the scope of authority for each committee. Committees are free to obtain independent external professional advice as and when necessary, and are subject to evaluation by the Board to ascertain their performance and effectiveness.

The complete terms of reference of each of the Board committees are detailed in the individual committee charters available on our website at

[www.rclfoods.com/governance/corporate-governance/governance-documents/](http://www.rclfoods.com/governance/corporate-governance/governance-documents/)

## AUDIT COMMITTEE

The Audit Committee oversees the integrity of the Group's financial standing. It also reviews the internal financial controls to satisfy itself that they are adequate and effective. In addition, it approves the external audit fees, ensures that the internal audit function is independent and effective, provides oversight of risk management processes, and makes certain that the finance processes are effective.

Directors who are unable to attend meetings tender their apologies and reasons for non-attendance in advance and provide feedback to the Chairperson prior to the meeting.

| MEMBERS                  | ATTENDANCE |
|--------------------------|------------|
| GP Dingaen (Chairperson) | 5/5        |
| NP Mageza                | 5/5        |
| DTV Msibi                | 5/5        |
| GM Steyn                 | 5/5        |
| GC Zondi                 | 5/5        |
| EXTERNAL INVITEES        | ATTENDANCE |
| R Klute <sup>1</sup>     | 3/3        |
| M Kassie <sup>2</sup>    | 5/5        |

<sup>1</sup> PricewaterhouseCoopers Inc. (PwC)

<sup>2</sup> Ernst & Young Inc. (EY)

The Chief Executive Officer, Chief Financial Officer, Internal Audit Director and Group Finance Director are invitees to Committee meetings.

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its approved Committee Charter.

The detailed report of the Audit Committee has been included in the Annual Financial Statements available on our website at [www.rclfoods.com/financial-results-and-reports-2024/](http://www.rclfoods.com/financial-results-and-reports-2024/)

## RISK COMMITTEE

The Risk Committee is responsible for overseeing the adequacy and overall effectiveness of the Group's risk management function and its implementation by management.

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its approved Committee Charter.

Further details of the risk management process are included on pages 10 to 12 of this report. The material risks impacting the Group are included as part of the Abridged Integrated Annual Report available on our website at [www.rclfoods.com/financial-results-and-reports-2024](http://www.rclfoods.com/financial-results-and-reports-2024/)

Directors who are unable to attend meetings tender their apologies and reasons for non-attendance in advance and provide feedback to the Chairperson prior to the meeting.

| MEMBERS                | ATTENDANCE |
|------------------------|------------|
| GC Zondi (Chairperson) | 3/3        |
| PD Cruickshank         | 3/3        |
| GP Dingaen             | 3/3        |
| RH Field               | 3/3        |
| GM Steyn               | 3/3        |
| EXTERNAL INVITEES      | ATTENDANCE |
| M Kassie <sup>1</sup>  | 3/3        |

<sup>1</sup> Ernst & Young Inc. (EY)

# CORPORATE GOVERNANCE REPORT CONTINUED

## 2024 KEY ACTIVITIES

- Reviewed the risk profile to ensure its alignment with Group strategic objectives.
- Considered changes in the risk profile of the Group and its business units, and their impact on the business.
- Reviewed strategic risks for all divisions, confirming mitigation strategies developed by management, including business continuity planning for the water security risk.
- Specific focus on safety culture on sites across the Group.
- Reviewed assurance results of the combined assurance model against approved monitoring plans.
- Reviewed the Group's sustainability strategy and received updates on:
  - » Progress against sustainability targets; and
  - » The status of the implementation of key sustainability projects relating to energy and water conservation.
- Reviewed the insurance programme to ensure cover in place was adequate.
- Key information technology (IT) focus areas, including cyber security and other digital projects were assessed.
- Key legal matters were reviewed.

The Chief Business Services and Risk Officer, Internal Audit Director, Group Digital and Information Director, Group Finance Director, Group Legal Director, Group Risk Executive, Rainbow Managing Director, Rainbow Operations Director, Safety, Health, Environment, Risk, Quality (SHERQ) Director and Group Sustainability Executive were invitees to Risk Committee meetings.

## REMUNERATION AND NOMINATIONS COMMITTEE

### REMUNERATION MATTERS


The Committee is responsible for the assessment and approval of the remuneration strategy for the Group; determination of short- and long-term incentive pay structures for Group executives; positioning of senior executive pay levels relative to local and international industry benchmarks; and assessment and authorisation of specific reward proposals for Group executive Directors and management.

### NOMINATION MATTERS

The Committee's role is to assist the Board to ensure that it has the appropriate composition for it to execute its functions effectively and to ensure that formal succession plans are in place.

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its approved Committee Charter.

For more information, refer to the detailed Remuneration Report available on our website

 [www.rclfoods.com/financial-results-and-reports-2024/](http://www.rclfoods.com/financial-results-and-reports-2024/)

Directors who are unable to attend meetings tender their apologies and reasons for non-attendance in advance and provide feedback to the Chairperson prior to the meeting.

| MEMBERS                 | SCHEDULED MEETING ATTENDANCE | AD HOC MEETING ATTENDANCE |
|-------------------------|------------------------------|---------------------------|
| NP Mageza (Chairperson) | 4/4                          | 1/1                       |
| JJ Durand               | 4/4                          | 1/1                       |
| PM Moumakwa             | 3/4                          | 1/1                       |
| DTV Msibi               | 3/4                          | 1/1                       |
| GM Steyn                | 4/4                          | 1/1                       |

## 2024 KEY ACTIVITIES

- Reviewed and finalised the management short- and long-term incentive schemes.
- Reviewed Director and senior executives' packages and ensuring their alignment to market.
- Nomination and recommendation of new Directors for appointment.
- Considered necessary incentive adjustments as a result of the unbundling of Rainbow.

The Chief Executive Officer and Chief Human Resources Officer are invitees to Remuneration and Nominations Committee meetings.

# CORPORATE GOVERNANCE REPORT CONTINUED

## SOCIAL AND ETHICS COMMITTEE

The role of the Social and Ethics Committee is to assist the Board with monitoring and reporting on the Group's activities relating to social and economic development, good corporate citizenship, environment, health and public safety, consumer relationships, labour and employment. The Chairperson of the Social and Ethics Committee, Mr GC Zondi, will be available at the Annual General Meeting to answer any questions relating to the statutory obligations of the Committee.

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its approved Committee Charter.

Directors who are unable to attend meetings tender their apologies and reasons for non-attendance in advance and provide feedback to the Chairperson prior to the meeting.

| MEMBERS                | ATTENDANCE |
|------------------------|------------|
| GC Zondi (Chairperson) | 2/2        |
| PD Cruickshank         | 2/2        |
| PM Moumakwa            | 2/2        |
| GP Dingaana            | 2/2        |

### 2024 KEY ACTIVITIES

- Reviewed the Group's progress against the Employment Equity plan. Worked on restatement of the Group's Employment Equity plan post the portfolio restructure.
- Rolled out Diversity and Inclusivity initiatives to employees.
- Reviewed current developments with respect to labour relations, e.g., compliance with the National Minimum Wage Act, update on wage negotiations and multi-year agreements.
- Reviewed the Group's consumer relations, including advertising, public relations and compliance with consumer protection laws.
- Reviewed the results of anti-corruption efforts in relation to the outcomes of the whistle-blowing hotline investigations and considered fraud risk mitigation measures.
- Evaluated the key environmental and social related issues.
- Focus on sustainability enhancements.

The Chief Human Resources Officer, Chief Business Services and Risk Officer, Chief Financial Officer, the Executive responsible for Corporate Social Investment, and the Sustainability Executive are permanent invitees to Social and Ethics Committee meetings.

## GOVERNANCE PROCESS

### DELEGATION OF AUTHORITY

The Board has approved a delegation of authority framework, that set out matters specifically reserved for the Board, Chief Executive Officer, Chief Financial Officer and other Senior Executives.

The Board is satisfied that the delegation of authority framework contributes to role clarity and the effective exercise of authority and responsibilities.

### CODE OF CORPORATE CONDUCT AND ETHICS

The Group together with the Board of Directors is committed to conducting its business with honesty and integrity with strict adherence to the highest legal and ethical standards. To promote ethical behaviour across the business, the Group has implemented a comprehensive Code of Ethics that governs the conduct of all employees. This Code is designed to entrench a winning culture and reputation by establishing non-negotiable minimum standards of behaviour in a range of key areas. RCL FOODS' induction programme educates new employees on the ethics, values and business culture of the Group. It is mandatory for all employees to sign an acknowledgement that they have read and understood the contents of the Code, and that contravention of the basic standards contained therein may result in disciplinary action, including dismissal. The Code of Ethics is available to all employees on the Group's intranet.

Key areas of focus for the current year:

- Promoting awareness of and compliance with the Code of Ethics;
- Continued to embed RCL FOODS new purpose coupled with an enhanced set of seven values in action to guide employees in decision-making and performance on a consistent basis;
- Promoting the Group's ethical culture through the roll-out of ongoing ethical compliance training across the Group via an e-learning solution during the reporting period; and
- Ongoing management and monitoring of conflict of interest.

### ANTI-BRIBERY AND CORRUPTION

RCL FOODS has a zero-tolerance policy with regard to bribery, fraud and corruption. The Code of Ethics sets out the guidelines that define acceptable and responsible behaviour of the Group and all employees.

# CORPORATE GOVERNANCE REPORT CONTINUED

The Code prohibits:

- all cash gifts;
- the giving or receiving of gifts, loans, favours or any other benefit which may be regarded as influencing business, labour or governmental decisions;
- donations or contributions to a political party; and
- engaging in activities which may involve a conflict of interest between an employee's personal interests and the interests of the Group.

As part of the Group's anti-fraud and anti-corruption efforts, internal audits are conducted to assess the status of internal controls, including controls to minimise the risk of fraud.

From an information security and technology perspective, the Group's fraud prevention activities include, but are not limited to:

- regular employee training on cyber security risks;
- email protection;
- network and perimeter protection;
- access control to sensitive information;
- antivirus and malware protection supported by adequate patch management;
- attack and penetration reviews; and
- continuous monitoring over procurement and payroll.

The Board recognises the need for a confidential reporting mechanism (whistle-blowing hotline) covering fraud and other risks. The Tip-offs Anonymous whistle-blowing hotline, an anonymous toll-free number, provides an impartial facility for all stakeholders to report fraud, statutory malpractice, crime and deviations from policy.

Procedures are in place for the independent investigation of matters reported and for appropriate follow-up action. In line with its commitment to transparency and accountability, the Group takes action against employees and others who are guilty of fraud, corruption or other misconduct, or who are in breach of Group policies.

During the year under review, 70 allegations were received via the whistle-blowing hotline, management queries and investigation of specific areas highlighted during internal control reviews. Seventeen of these allegations were valid, with fraud/theft being the most common category followed by human resource issues. These matters were resolved, resulting in criminal charges, dismissals or disciplinary action against the relevant individuals.

Future focus areas include:

- An expanded ethics training programme which includes formal training and ongoing employee engagement covering a broader range of topics.
- The roll-out of an "Internal Controls Awareness" campaign to enhance the Group's commitment to people, safety and good governance.

Refer to King IV application register: Principle 2 for more detail on the Group's governance of ethics, available on [www.rclfoods.com/financial-results-and-reports-2024/](http://www.rclfoods.com/financial-results-and-reports-2024/)



## LEGAL COMPLIANCE

The Group ensures responsible management of its operations in strict adherence to statutory and regulatory requirements. These requirements form the basis of legal compliance frameworks within each operating unit, aimed at enhancing awareness of relevant laws and providing the Board with assurance that risks related to non-compliance are effectively managed.

To maintain responsiveness to evolving legislation and regulations, the Group has refined its approach to ensure ongoing compliance with applicable laws and regulations. This approach is supported by a formal Legal Compliance Policy, recognising compliance as a fundamental aspect of its business operations. The Group has introduced a Regulatory Universe, employing a risk-based methodology to classify and prioritise key legislation affecting the organisation. Current focus areas across the Group were addressed through continuous communication, training, and other awareness initiatives in the Safety, Health, Environmental, Risk, Quality and Ethical Compliance areas.

Establishing clear responsibilities, accountabilities, and reporting processes for compliance enables the Group to proactively identify and manage compliance risks systematically. To achieve this, the Group maintains regular contact with its corporate attorneys to stay informed of legislative developments.

A well-established combined assurance model across the Group assists the Risk Committee in monitoring the effectiveness of compliance management. This includes internal audit, risk management, legal teams, and external assurance providers who assess significant legal risks and the Group's compliance status as part of their audit activities. Reports from these functions are routinely submitted to the Risk, Audit, and Social and Ethics Committees for review.

Future focus areas include enhancing compliance monitoring capabilities across all Group functions.



# CORPORATE GOVERNANCE REPORT CONTINUED

## CONSUMER AND PRODUCT LEGISLATION

As a participant in the food industry, RCL FOODS views the health and safety of its consumers as paramount. The Group therefore endeavors to comply with the strictest food safety standards by embedding best international practice across the supply chain to build customer trust, ensure customer satisfaction and drive sustainability in a changing environment. The Group's adherence to consumer protection laws is continuously monitored by internal and external parties.

## INTERNAL AUDIT FUNCTION

Internal Audit is an independent, objective function that provides assurance on the Group's activities by adopting a risk-based audit approach geared towards creating value and improving business processes. It considers risks that may affect the achievement of the Group's strategic objectives and evaluates the adequacy and effectiveness of the internal control systems and risk management measures.

The detailed Report of the Audit Committee has been included in the Annual Financial Statements, available on our website at

 [www.rclfoods.com/financial-results-and-reports-2024/](http://www.rclfoods.com/financial-results-and-reports-2024/)

## INFORMATION TECHNOLOGY (IT) GOVERNANCE

IT remains a strategic enabler within RCL FOODS and is essential to the support, growth and sustainability of the Group's ambitions. The Group has a dedicated Digital and Information Director, who is represented at relevant executive forums. The Group IT strategy is aligned to the overall business strategy and guides appropriate investment in IT systems and technology. The overall responsibility for IT governance lies with the Board, which has delegated the day-to-day management of IT to an Executive Management team, who provide the ongoing oversight through the application of a proven IT governance framework. Information and technology risk is integrated into the Group's risk management processes and is considered by the Risk Committee as part of its oversight of IT governance. A mature IT Framework governs the classification and execution of IT initiatives in the business, which are consistently applied as Group IT's "ways of working".

The Group's Transformation Management Office (TMO), reporting to the Chief Financial Officer, continues to be effective in integrating people, technologies, information and processes across the Group. The TMO plays a

collaborative role with Group IT in monitoring the overall effectiveness of IT systems and information management to ensure that anticipated project benefits are realised and that the businesses' needs are fully satisfied. This practice is further complimented by a mature IT General Controls (ITGC) external audit process that continues to run as a single standardised audit process across the Group. RCL FOODS has appointed Ernst & Young Inc. as its external auditors and the focus on continuous improvement around controls and governance will remain a focus area. Phase 1 of the implementation of the high level roadmap agreed with the Board in June 2023 will be kicked off at the start of the 2025 financial year. The successful collaboration between the TMO, IT and the extended business is the blueprint for governing the multi-year roadmap implementation.

Information security and cyber security remain key strategic priorities. Good progress has been made during this reporting period to further enhance the Group's overall security position through the continued advancement of a cyber security roadmap and by responding to evolving trends in the cyber security realm. Focused effort continues to mature the Group's overall level of compliance with the Protection of Personal Information Act (POPIA).

Following the disposal of Vector Logistics, the creation and separation onto its own, independently operating IT environment is progressing to plan and is scheduled for successful completion in early September 2024. The short-term integration opportunities for the recently acquired Sunshine Bakeries have been implemented and the medium-term plan agreed.

With the unbundling and listing of the Rainbow business, the Group IT team, in collaboration with the Rainbow team, are planning the transition to a standalone system.

Building the organisation's capabilities to be "insights driven" is a key thrust in the overall roadmap with a number of initiatives completed and in progress. One such initiative enables the assessment of return on investment of promotional spend based on sales of out of store data. Initiatives in net revenue management and operations management are being developed and rolled out across functions as well as in various operating units.

Digital transformation continues to be a key strategic focus area. Group IT has extended the range and number of robotic process automation implementations and the use of this technology across a range of applications will continue to accelerate in the new reporting period. The key objectives of these initiatives are to enhance the

# CORPORATE GOVERNANCE REPORT CONTINUED

control framework and achieve further efficiency gains in support of the “best-in-class” drive. In addition, the use of digital platforms to facilitate direct consumer engagement and the development of unique insights are being extended and are yielding positive results.

## RISK MANAGEMENT

Risk management is recognised by the Board as an integral part of responsible management and is an essential element of good corporate governance. The objective of the Group’s risk management programme is not to eliminate risk, but to maximise opportunities and create benefits whilst managing potential exposures. This process will help protect the Group against uncertainties that could threaten the achievement of business objectives and will enable sustainable creation of shareholder value.

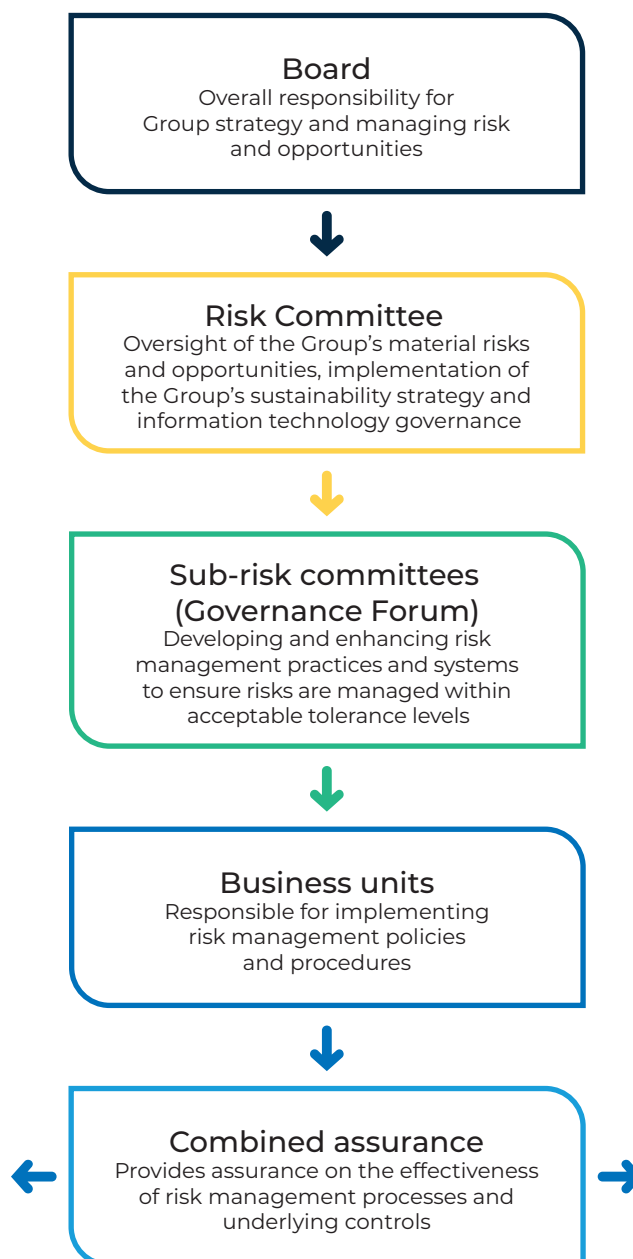
RCL FOODS has adopted an enterprise-wide approach to risk management, enabling a formal and systematic process for identifying and assessing the Group’s material risks. The Board has assigned oversight of the Group’s risk management function to the Risk Committee. The Chairperson of the Audit Committee is also a member of the Risk Committee, and the Chairperson of the Risk Committee is an *ex-officio* member of the Audit Committee, thereby ensuring that information relevant to these committees is transferred regularly.

The Board has an approved risk management policy and a formal Risk Charter that defines the objectives of risk management and governs the Group’s response. The charter is based on principles of the International Committee of Sponsoring Organisations of the Treadway Commission (COSO) framework and complies with the requirements of King IV. It involves continuous risk identification at both strategic and operational levels, as well as the evaluation of mitigating controls.

On an ongoing basis, the top risks for each operating unit are updated through a robust risk assessment process and are evaluated for completeness and accuracy at each Business Unit’s governance committee. Details of the risk management process are illustrated in the diagram alongside. Formal risk assessments are performed bi-annually, where existing risks are re-assessed and new and emerging risks are identified through a combination of facilitated workshops and interviews with Group executives and management.

The Group’s risk management process provides a platform for identifying and realising opportunities to deliver sustainable value for all our stakeholders. Through various strategy and business review sessions, the leadership team is responsible for evaluating key opportunities in

line with each business unit’s strategic objectives, risks and performance. The scope of the Group’s opportunities identified and managed include cost containment initiatives, growth and expansion opportunities and sustainability efficiencies etc. To support the role of the Risk Committee in monitoring the effectiveness of the Group’s risk management processes, RCL FOODS periodically engages the services of external risk management experts to perform an independent review of its Enterprise Risk Management (ERM) processes. The Group achieved a “mature” rating during an independent PWC review in 2022.



# CORPORATE GOVERNANCE REPORT CONTINUED

Refer to the Sustainable Business Report and Abridged Integrated Annual Report for more detail on the Group's opportunities and initiatives, available on our website at [www.rclfoods.com/financial-results-and-reports-2024/](http://www.rclfoods.com/financial-results-and-reports-2024/)



Through the Risk Committee, the Board monitors and reviews the risk management process. The following areas were key priorities for the reporting period in line with the Committee's terms of reference:

- The material risks facing RCL FOODS and each business unit, which include the strategic, operational, compliance and finance-related risks;
- Key mitigations and the adequacy and effectiveness thereof;
- A view on further remedial actions taken in response to the risks identified;
- Scrutiny of the material incidents, root causes and associated losses;
- Assessment of the results and performance of various assurance providers;
- Continued to integrate Environmental, Social and Governance (ESG) into enterprise risk management practices across the Group; and
- Continued focus on business resilience, disaster recovery plans and continuity against key strategic risks (such as Water & Energy Security and Critical IT systems).

Our risk management processes and responses will continue to evolve in line with changes within our operating environment and material trends that continue to shape the Group's strategy. Our key focus areas for the year ahead include:

- Continuing to integrate SHERQ culture in core values and operations with elevated focus on compliance and quality; and
- Continual monitoring and improvement in our risk management processes and internal controls.

The material risks impacting the Group are listed alongside and further detail is included as part of the Abridged Integrated Annual Report available on our website at



[www.rclfoods.com/financial-results-and-reports-2024/](http://www.rclfoods.com/financial-results-and-reports-2024/)


## MATERIAL RISKS

The Group's risk profile incorporates a watch list of key emerging and potential risks that are monitored. This includes, but is not limited to:


| THEME                 | RISK                                    |
|-----------------------|---|
| Business Interruption | Energy Security and Pricing             |
|                       | Supply Chain Disruption                 |
|                       | Water Security and Pricing              |
|                       | Non-Availability of Information Systems |
| Economic              | Health & Safety                         |
|                       | Reduced Demand                          |
|                       | Pricing Pressure                        |
|                       | Commodity Pricing Pressure              |
| Societal              | Sugar Industry                          |
|                       | Cash Management                         |
|                       | Food & Product Safety                   |
| Compliance            | Societal Risks and Unrest               |
|                       | Industrial Action                       |
| Compliance            | Non-compliance with legislation         |

# CORPORATE GOVERNANCE REPORT CONTINUED


## RISK MANAGEMENT PROCESS

**STEP**  
**1**  **Context setting and risk identification**

Through interviews, facilitated workshops, surveys and industry benchmarking, executives and management identify and define risks that would impact the achievement of strategic goals which may include operational, financial, regulatory and strategic risks.

**STEP**  
**2**  **Risk analysis and evaluation**

Risks are assessed (both quantitatively and qualitatively), and rated and ranked by management, as defined in the RCL FOODS risk assessment criteria, based on probability, impact and control effectiveness.

**STEP**  
**3**  **Risk response**

Risks are reviewed and appropriate treatment methods, that would manage risks to an acceptable level aligned with strategy, are approved by management. Management may decide to avoid the risk by eliminating risk through preventative processes, accept the risk by maintaining the risk at its current level, share the risk with an independent counterparty or manage the risk by implementing policies and procedures to lower risk.

**STEP**  
**4**  **Risk reporting and monitoring**

The relevant operating Executive Committee's and Risk Committee are periodically updated on management's assessment of existing and emerging risks, risk response strategies and mitigating controls in place to manage risks to an acceptable level. Assurance on controls is provided through the combined assurance model.

# CORPORATE GOVERNANCE REPORT CONTINUED

## COMBINED ASSURANCE

RCL FOODS operates a combined assurance framework which co-ordinates the efforts of management, internal assurance providers and external assurance providers in a manner that ensures collaboration and assists in bringing about a holistic view of an organisation's risk profile and assurance activities.

The Risk Committee considers the risks and the assurance provided through the combined assurance framework, and it periodically advises the Board on the state of risks and controls in RCL FOODS' operating environment. This information is used as the basis for the Board's review, sign-off and reporting to stakeholders (via the Abridged Integrated Annual Report) on risk management and the effectiveness of internal controls within the Group. The Committee is satisfied with the arrangements in place for ensuring an effective and efficient combined assurance model within the Group.

### COMBINED ASSURANCE MODEL: FIVE LINES OF DEFENCE



# CORPORATE GOVERNANCE REPORT CONTINUED

## DEALING IN SECURITIES

The Group has a formal policy, established by the Board and implemented by the Company Secretary, prohibiting dealing in securities by Directors, prescribed officers and other selected employees for a designated period preceding the announcement of its financial results or in any other period considered sensitive. The Chairperson, through the Company Secretary, approves all dealings by Directors.

## CORPORATE CITIZENSHIP

The Board, via the Social and Ethics Committee mandate, drives the advancement of economic and social development of our communities through collaborative long-term partnerships. Strengthening community resilience through collaboration and investment is a key enabler embedded in the Group's strategy. The Social and Ethics Committee assists the Board with the monitoring and reporting of social, ethical and transformational practices that are consistent with responsible corporate citizenship. These are described in the Sustainable Business Report, available on our website at

 [www.rclfoods.com/financial-results-and-reports-2024/](http://www.rclfoods.com/financial-results-and-reports-2024/)

## STAKEHOLDERS

The Board has delegated the governance of stakeholder relationships to the Social and Ethics Committee. A comprehensive stakeholder engagement strategy is in place. The Group's aim is to build and develop collaborative relationships with its stakeholders to protect its license to operate as a responsible and responsive corporate citizen in the interests of long-term sustainability and commercial success.

Effective stakeholder engagement is vital to good corporate governance. The Group is committed to implementing meaningful stakeholder engagement.

For more information, refer to the Abridged Integrated Annual Report and the Sustainable Business Report available on our website at

 [www.rclfoods.com/financial-results-and-reports-2024/](http://www.rclfoods.com/financial-results-and-reports-2024/)

## ACCESS TO INFORMATION

The Group's POPIA and Promotion of Access to Information Act, 2000 (PAIA) Manual is available on its website, and guides how a request for access to information is handled. The Group has complied with the requirements of the PAIA.

## INTERNAL CONTROLS

The executive Directors are responsible for ensuring that internal control systems exist that provide reasonable assurance regarding the safeguarding of assets and the prevention of their unauthorised use or disposal; the maintenance of proper accounting records; and the reliability of the financial and operational information used in the business.

The full King IV application table is available on our website at

 [www.rclfoods.com/governance/corporate-governance/governance-documents/](http://www.rclfoods.com/governance/corporate-governance/governance-documents/)

[www.rclfoods.com](http://www.rclfoods.com)