



# **RCL FOODS LIMITED RISK COMMITTEE CHARTER**



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# RCL FOODS LIMITED RISK COMMITTEE CHARTER

## 1. INTRODUCTION

- 1.1 The Risk Committee (“the Committee”) of RCL Foods Limited (“the Company”) is constituted as a committee of the board of directors (“the Board”) of the Company.
- 1.2 The Committee’s charter extends to the Company and to all subsidiaries, affiliates and/or joint ventures of the Company which are required to have a Risk Committee and, save where the context requires otherwise, any reference in this charter to the Company shall be deemed to include a reference to each subsidiary, affiliate and/or joint venture.
- 1.3 The duties and responsibilities of the members of the Committee are in addition to those as members of the Board. The deliberations of the Committee do not reduce the individual and collective responsibilities of the directors, who must continue to exercise due care and judgment in accordance with their legal obligations.
- 1.4 This charter is subject to the provisions of the South African Companies Act, 2008 (“Companies Act”), the Company’s Memorandum of Incorporation, recommendations of the King IV Code of Corporate Governance, the JSE Listing requirements and any other applicable laws or regulations.
- 1.5 The Committee will serve until such time as the Board elects to make changes.

## 2. PURPOSE

- 2.1 The purpose of this charter is to outline the Committee’s role and responsibilities, membership, and operating guidelines and requirements.

## 3. COMPOSITION

- 3.1 The Committee shall consist of a minimum of three directors appointed by the Board, with both executive and non-executive directors.
- 3.2 The majority of the members of the Committee shall be non-executive directors and at least one shall also be a member of the Audit Committee.
- 3.3 The Board shall appoint the Committee Chairperson, a non-executive director, and determine the period for which he/she shall hold office. The Chairperson of the Board shall not be eligible to be appointed as Chairperson of the Committee.
- 3.4 The members of the Committee as a whole must have sufficient qualifications and experience to fulfil their duties, as contemplated in this charter.
- 3.5 The Board shall have the power at any time to remove any member from the Committee who has been appointed by the Board, and to fill any vacancy created by such removal.
- 3.6 The office of a member of the Committee shall be vacated if:
  - 3.6.1 he or she resigns his or her office by written notice to the Board and to the Committee; or
  - 3.6.2 he or she is removed by the Board as a member of the Committee, or ceases to be a director or prescribed officer of the Company, as the case may be.
- 3.7 The following invitees shall be in attendance at meetings:

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- 3.7.1 Chief Business Services and Risk Officer;
  - 3.7.2 Internal Audit Director;
  - 3.7.3 Group Finance Director;
  - 3.7.4 Group Digital and Information Director;
  - 3.7.5 RCL Group Services Legal Director;
  - 3.7.6 Group Risk Executive;
  - 3.7.7 Group Sustainability Executive. and
  - 3.7.8 Group SHERQ Director.
- 3.8 The Committee may invite executives and/or specialists to assist with its deliberations and decisions, on a permanent or part time basis, where appropriate. Such executives and/or specialists shall not have a vote at any meetings of the Committee.
- 3.9 The Company Secretary of the Company shall act as the secretary of the Committee.

### 4. TERMS OF REFERENCE

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

#### Risk management

- 4.4.1 Oversee the development and annual review of a policy and plan for risk management to recommend to the Board for approval;
- 4.4.2 Monitor implementation of the policy and plan for risk management taking place by means of risk management systems and processes;
- 4.4.3 Review of the Company's risk profile to ensure alignment with Group strategic objectives and to the changing operating context of the Group;
- 4.4.4 Make recommendations to the Board concerning the levels of tolerance and appetite against the Company's key risks, and monitor how those risks are managed within the levels of tolerance and appetite as approved by the Board;
- 4.4.5 Oversee that the risk management plan is widely disseminated through the Company and integrated into the day to day activities of the Company;
- 4.4.6 Ensure that risk and opportunity assessments are performed on a continuous basis;
- 4.4.7 Ensure the Company's dependencies on resources and relationships in the context of the various capitals used, are assessed;

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- 4.4.8 Ensure that business continuity arrangements are assessed;
- 4.4.9 Ensure that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks;
- 4.4.10 Ensure that management considers and implements appropriate risk responses;
- 4.4.11 Ensure that continuous risk monitoring by management takes place;
- 4.4.12 Liaise closely with the Audit Committee to exchange information relevant to risk;
- 4.4.13 Express the Committee's formal opinion to the Board on the effectiveness of the system and process of risk management;
- 4.4.14 Review reporting concerning risk management that is to be included in the integrated report, ensuring that it is timely, comprehensive and relevant;
- 4.4.15 Review, together with the Company's legal advisor, any legal matters that could have a significant impact on the Company's business;
- 4.4.16 Assess any significant risk control findings or weaknesses identified and their potential impact, and confirm that appropriate action has been or is being taken;
- 4.4.17 Review the adequacy of insurance coverage;
- 4.4.18 Monitor procedures to deal with, and review the disclosure of information to customers, and the resolution of major customer complaints; and
- 4.4.19 Review the need to receive periodic independent assurance of the effectiveness of risk management within the Company.

### Sustainability

- 4.4.20 Recommend key policies and strategies for Board approval;
- 4.4.21 Recommend targets and key performance indicators on performance for Board approval;
- 4.4.22 Recommend the Company position and/or policy on all sustainability issues;
- 4.4.23 Provide appropriate guidance and strategic direction on sustainability issues affecting or which may affect the Company;
- 4.4.24 Approve group sustainability indicators (key performance indicators or KPIs);
- 4.4.25 Review trends and issues of relevance for sustainability practices in the group;
- 4.4.26 Ensure participation in an accredited ranking index as approved by the Board;
- 4.4.27 Recommend to the Board the engagement of an external assurance provider on material sustainability issues;
- 4.4.28 Review the group's annual sustainability report for submission to the Board for approval; and
- 4.4.29 Carry out such other duties or functions as may be delegated to the Committee by the Board.

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## 5. IT GOVERNANCE

The Committee shall:

- 5.1 Ensure that IT principles, policies, procedures and standards are defined in terms of the law and implemented thereof.
- 5.2 Ensure that the IT strategy is aligned with the performance and sustainability objectives of the Company.
- 5.3 Ensure that management have been delegated the responsibility for the implementation of the IT governance framework.
- 5.4 Monitor and evaluate significant IT investments and expenditure.
- 5.5 Ensure that appropriate processes are followed for the identification, assessment and management of IT risks as part of the enterprise-wide risk management framework (including third parties and out-sourced service providers).
- 5.6 Ensure that information assets are effectively managed and safeguarded.
- 5.7 Obtaining assurance on the IT governance and controls supporting significant IT process.
- 5.8 Monitor managements implementation and execution of the IT governance framework to ensure the effectiveness of technology and information management within the Company.
- 5.9 Ensure that there is appropriate oversight of risks from cybersecurity threats, including security assessments.
- 5.10 Ensure that appropriate processes and mechanisms are established to proactively identify and assess new emerging technological risks (this includes disruptive technologies, AI, cyber security vulnerabilities & emerging threats).

## 6. COMPLIANCE GOVERNANCE

- 6.1 The Committee shall oversee the development, implementation and annual review of a policy and plan for compliance management to recommend to the Board for approval.
- 6.2 The Committee shall:
  - 6.2.1 review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up of any instances of non-compliance;
  - 6.2.2 review the significant findings of any examinations by regulatory bodies, and any audit observations; and
  - 6.2.3 obtain regular updates from the Group Risk, Audit, Legal & Compliance function regarding compliance matters, including tax compliance, litigation, disputes and claims.

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## 7. REPORTING RESPONSIBILITIES

- 7.1 The Committee reports to the full Board through its Chairperson.
- 7.2 Minutes of the meetings of the Committee must be submitted to the Board.

## 8. MEETINGS

- 8.1 The Committee shall hold sufficient scheduled meetings to discharge all its duties as set out in this charter, but subject to a minimum of three meetings per year.
- 8.2 The Chairperson of the Committee may meet with the Chief Executive Officer, Chief Business Services and Risk Officer, and/or the Company Secretary prior to a Committee meeting to discuss important issues and agree on the agenda. A quorum for meetings shall be a majority of members present. Meetings should be organised so that attendance is maximised.
- 8.3 The Chairperson of the Committee or any member of the Board or Committee may request, through the Chairperson, a meeting at any other time.
- 8.4 Committee members must attend all scheduled meetings of the Committee including meetings called on an ad-hoc basis for special matters, unless prior apology, with reasons, has been submitted to the Chairperson or Company Secretary.
- 8.5 If the nominated Chairperson of the Committee is absent from a meeting, the members present shall elect one of the members present to act as Chairperson.
- 8.6 The Committee 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.
- 8.7 The annual plan must ensure proper coverage of the matters laid out in these terms of reference. The more critical matters will need to be attended to each year, whilst other matters may be dealt with on a rotation basis over a three-year period. The number, timing and length of meetings, and the agendas, are to be determined in accordance with the annual plan.
- 8.8 An agenda of items to be discussed shall, other than under exceptional circumstances, be forwarded to each member of the Committee not less than seven working days prior to the date of the meeting.
- 8.9 Resolutions of the Committee shall be by majority vote. Should any disagreement arise, the issue shall be referred to the Board for decision.
- 8.10 Minutes of meetings must be completed as soon as possible after the meeting and circulated to the Chairperson and members of the Committee for review thereof. The minutes must be formally approved by the Committee at its next scheduled meeting.
- 8.11 The meetings of the Committee may be held in person, by telephone or other form of long distance conference facility as circumstances may require (such person shall be deemed as being present at the meeting) provided that the quorum is met.

## 9. AUTHORITY

- 9.1 The Committee acts in terms of the authority granted to the Committee in terms of the Companies Act and the regulations in terms of the Companies Act. It has the power to investigate any activity within the scope of these terms of reference.

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9.2 Committee members are entitled to:

- 9.2.1 request from any director, prescribed officer or employee of the Company any information or explanation necessary for the performance of the Committee's functions;
- 9.2.2 receive all notices of and other communications relating to any general Shareholders' meeting;
- 9.2.3 attend any general Shareholders' meeting; and
- 9.2.4 be heard at any general Shareholders' meeting on any part of the business of the meeting that concerns the Committee's functions.

9.3 The Company shall pay all expenses reasonably incurred by the Committee, including, if the Committee considers it appropriate, the costs or fees of any consultant or specialist engaged by the Committee in the performance of its functions.

9.4 The Committee may form, and delegate authority to, sub-committees, and may delegate authority to one or more designated members of the Committee.

9.5 The Committee will make recommendations to the Board that it deems appropriate on any area within the ambit of this charter where action or improvement is required.

### **10. REMUNERATION**

- 10.1 Having regard to the functions performed by the members of the Committee, in addition to their functions as directors in relation to the activities of the Committee, and pursuant to the specific power conferred upon the Board by the Memorandum of Incorporation of the Company, members of the Committee who are non-executive directors may be paid such remuneration in respect of their appointment as shall be fixed by the Board.
- 10.2 The Chairperson of the Committee shall, in addition to his remuneration as a member, receive a further sum as determined by the Board.
- 10.3 Such remuneration shall be in addition to the annual fees payable to non-executive directors.

### **11. MEMBERS' SKILLS AND TRAINING**

- 11.1 The Committee's effectiveness in performing its functions depends on its members' knowledge and competence in the relevant business matters.
- 11.2 New members should receive an orientation that allows them to function effectively from the outset.

### **12. EVALUATION**

- 12.1 The Board must perform an evaluation of the effectiveness of the Committee on an annual basis.

### **13. GENERAL**

- 13.1 The Committee shall carry out its tasks under these terms of reference.
- 13.2 The Board will ensure that the Committee has access to professional advice both inside and



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outside the Company in order for it to perform its duties.

- 13.3 The Committee will have access to any information it requires in order to fulfil its responsibilities.
- 13.4 The Committee will have direct access to the Board Chairperson, Chief Executive Officer, Executive Directors, Internal Audit and External Audit.
- 13.5 The Committee will have the right to consult with, and receive the full co-operation of, any employee where necessary to fulfil its responsibilities.

### **14. REVIEW OF CHARTER**

- 14.1 This charter shall be updated at least annually, or more frequently as circumstances may necessitate, subject to the approval of the Board.

### **15. APPROVAL**

***This document has been approved by the Board on 21 June 2024.***