

BOARD CHARTER

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1 Introduction

- 1.1 The Board of Directors (“**the Board**”) of Quantum Foods Holdings Limited (“**the Company**”) acknowledges the need for a Board Charter as recommended in the King Code of Governance principles for South Africa, 2016 (“**King IV**”).
- 1.2 This Board Charter is subject to the provisions of the Companies Act, No. 71 of 2008 (“**the Companies Act**”), the Company’s Memorandum of Incorporation (“**the MOI**”), and any other applicable law or regulatory provision.

2 Purpose of the Charter

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

3 Composition

- 3.1 In addition to the minimum number of Directors, if any, that the Company must have to satisfy any requirement in terms of the Companies Act to appoint an audit committee and a social and ethics committee (unless exempted), the Board must comprise at least 4 Directors and not more than 20 Directors.

- 3.2 The Board comprises a balance of executive and non-executive Directors, with the majority being non-executive Directors. The majority of the non-executive Directors are independent.
- 3.3 Directors are appointed through a formal process by the Board. Directors other than *ex officio* Directors are proposed to and elected by the shareholders to the Board.
- 3.4 The Chief Executive Officer and the Chief Finance Officer are *ex officio* members of the Board. There shall never be more than 4 *ex officio* members of the Board.
- 3.5 No Director shall be appointed for life or for an indefinite period and the Directors shall rotate in accordance with the relevant provisions of the Company's MOI.
- 3.6 The Board has the power to appoint or co-opt any person as Director, whether to fill a casual vacancy on the Board on a temporary basis, or as additional Director, provided that such appointment must be confirmed at the next annual general meeting of the Company.
- 3.7 An induction program will be established for new Directors.
- 3.8 Independence of independent non-executive Directors shall be evaluated annually.
- 3.9 The Board shall determine the fees of Directors which shall then be presented to shareholders for approval by special resolution.

4 **Role and responsibilities**

- 4.1 The role and responsibilities of the Board are to:
- 4.1.1 Ensure the financial health of the Company and a return for shareholders on their investment.
- 4.1.2 Act as the focal point for, and custodian of, Corporate Governance by managing its relationship with the management, shareholders and other stakeholders of the Company along sound Corporate Governance principles.
- 4.1.3 Appreciate that strategy, risk, performance and sustainability are inseparable and to give effect to this by -
- 4.1.3.1 contributing to and approving the strategy of the Company;
- 4.1.3.2 satisfying itself that the strategy and business plan of the Company do not give rise to risks that have not been thoroughly assessed by management;
- 4.1.3.3 identifying key performance and risk areas;

- 4.1.3.4 ensuring that the strategy will result in sustainable outcomes;
- 4.1.3.5 considering sustainability as a business opportunity that guides strategy formulation;
- 4.1.3.6 monitoring the Company's solvency and liquidity on an ongoing basis and as and when required in terms of applicable legislation.
- 4.1.4 Provide effective leadership on an ethical foundation and ensure that ethics is managed effectively in the Company.
- 4.1.5 Ensure that the Company is, and is seen to be a responsible corporate citizen by having regard to not only the financial aspects of the business of the Company, but also the impact that the business operations have on the environment and the society within which it operates.
- 4.1.6 Ensure that the Company has an effective and independent audit committee.
- 4.1.7 Be responsible for the governance of risk.
- 4.1.8 Be responsible for the governance of information technology.
- 4.1.9 Ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards.
- 4.1.10 Ensure that there is an effective risk-based internal audit as well as reporting on the Company's system of internal controls.
- 4.1.11 Appreciate that stakeholders' perceptions affect a Company's reputation.
- 4.1.12 Ensure the integrity of the Company's integrated report.
- 4.1.13 Act in the best interest of the Company, by ensuring that individual Directors -
 - 4.1.13.1 disclose real or perceived conflicts to the Board and deal with them accordingly;
 - 4.1.13.2 deal in securities of the Company only in accordance with the policy adopted by the Board; and
 - 4.1.13.3 adhere to legal standards of conduct.
- 4.1.14 Commence business rescue proceedings as soon as the Company is financially distressed in compliance with the provisions of applicable legislation.
- 4.1.15 Appoint and evaluate the performance of the Chief Executive Officer.

- 4.1.16 Appoint a Company Secretary, suitably qualified and with the requisite knowledge of, or experience with, relevant laws, who is a permanent resident of South Africa. The Company Secretary shall not be a Director of the Company. The Company Secretary will have direct access to the Chairperson and will assist with the development of the Board's Annual Plan.
- 4.2 In order to be in a position to carry out their roles and responsibilities effectively, the Directors-
- 4.2.1 shall have unrestricted access to Company information;
- 4.2.2 receive briefings and access to information related to changes in risks, law and the environment; and
- 4.2.3 may formally request to have access to professional support to assist them in their decision making responsibilities as members of the Board. This request should be directed to the Company Secretary. The Chairperson of the Board or the Chairperson of the audit and risk committee is authorised to approve such requests subject to reasonable cost estimates, which estimates should be provided by the Director/s who is/are seeking such support.

5 **Chairperson of the Board**

- 5.1 One of the non-executive Directors should be elected by the Board as Chairperson every second year. The incumbent shall be eligible for re-election.
- 5.2 The Chairperson shall act as a link between the Chief Executive Officer and the Board.
- 5.3 The Chairperson shall also -
- 5.3.1 ensure that relevant matters are placed on the agenda and that they are appropriately prioritised during meetings;
- 5.3.2 provide leadership during Board meetings, ensuring that opinions of Directors can be expressed freely;
- 5.3.3 manage circumstances where conflict between Board members, conflict of interest, differences of opinions and ethical issues arise;
- 5.3.4 ensure that the Company Secretary attends to the induction and ongoing development of Directors.
- 5.4 The Chairperson shall ensure that sufficient relations with the Company's major shareholders and other relevant stakeholders are maintained.

6 **Lead Independent Director**

- 6.1 The Board shall appoint one of the independent non-executive Directors as a Lead Independent Director (“**LID**”).
- 6.2 The LID should be appointed every second year.
- 6.3 The LID shall perform the following functions:
 - 6.3.1 Lead in the absence of the Chairperson;
 - 6.3.2 Serve as a sounding Board for the Chairperson where required;
 - 6.3.3 Act as an intermediary between the Chairperson and other members if necessary;
 - 6.3.4 Deal with shareholders’ concerns where contact through normal channels has failed to resolve concerns, or where such contact is inappropriate;
 - 6.3.5 Strengthen independence of the Board if the Chairperson is not an independent non-executive Director;
 - 6.3.6 Chair discussions and decision-making by the Board on matters where the Chairperson has a conflict of interest; and
 - 6.3.7 Lead performance appraisal of the Chairperson.

7 **Chief Executive Officer (CEO)**

The CEO is appointed by the Board and shall be responsible for -

- 7.1 leading strategy;
- 7.2 agreeing operational and capital budgets with the Board;
- 7.3 ensuring the Company’s overall financial health and effectiveness;
- 7.4 operational results (operational excellence; customer growth and satisfaction; effective leadership);
- 7.5 effective risk and compliance management; and
- 7.6 effective leadership of the organisation.

8 **The Company Secretary**

- 8.1 The Board shall approve the appointment and removal of the Company Secretary.

8.2 The duties of the Company Secretary are set out in the Companies Act as amended.

9 Delegation

9.1 The Board delegates certain functions to well-structured committees, but without abdicating its own accountability and responsibilities. Delegation is formal and involves the following:

9.1.1 Formal terms of reference are established and approved for each committee of the Board;

9.1.2 The committees' terms of reference are reviewed once a year;

9.1.3 The committees are appropriately constituted with due regard to the skills required by each committee;

9.1.4 The Board must fill vacancies on its sub-committees within 40 business days after the vacancy arises; and

9.1.5 The Board establishes a framework for the delegation of authority to management.

10 Meeting procedures

10.1 *Frequency*

10.1.1 The Board must hold sufficient scheduled meetings to discharge all its duties as set out in this Charter, but subject to a minimum of 4 meetings per annum.

10.1.2 Meetings in addition to those scheduled may be held at the instance and request of one quarter of the total number of Board members.

10.1.3 The Chairperson of the Board may meet with the Chief Executive Officer and the Chief Finance Officer and/or the Company Secretary, prior to a Board meeting to discuss important issues and agree on the agenda.

10.2 *Attendance*

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

10.2.2 Board members must attend all scheduled meetings of the Board, including meetings called on an *ad hoc* basis for special matters, unless prior apology, with reasons, have been submitted to the Chairperson or the Company Secretary.

10.2.3 Board members may also attend any of the meetings of the committees of the Board as observers.

- 10.2.4 The Company Secretary is the secretary of the Board.
- 10.2.5 In the event that the Chairperson is absent, the members present shall elect one of the members present to chair that meeting.

10.3 *Notices of meetings*

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

10.4 *Agenda and Minutes*

- 10.4.1 The detailed agenda together with reporting documentation must be circulated, at least one week prior to each meeting, to the members of the Board and other invitees.
- 10.4.2 Board members must be fully prepared for Board meetings to be able to provide appropriate and constructive input on matters for discussion.
- 10.4.3 The minutes must be taken and formally approved by the Board at its next scheduled meeting.
- 10.4.4 Drafts of minutes, notes and audio or video recordings for the Board and its committees may only be taken by the Company Secretary or such other person so authorised in the absence of the Company Secretary, and will be deleted within 30 days of approval of the minutes of the meeting by the Board or relevant committee.

10.5 *Quorum*

- 10.5.1 A representative quorum for a Board meeting is as provided for in the Company's MOI.
- 10.5.2 Individuals in attendance at Board meetings by invitation may participate in discussions, but do not form part of the quorum for Board meetings.

10.6 *Conduct of meetings*

- 10.6.1 The Board may –
 - 10.6.1.1 consider any matter and/or adopt any resolution other than at a meeting as set out in section 74 of the Companies Act and, accordingly, any decision that could be voted on at a meeting of the Board may instead be adopted by the written consent of such majority of the Directors as required in terms of the Company's MOI, given in person or by electronic communication, provided that each Director has received notice of the matter to be decided;

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

11 **Evaluation**

- 11.1 The formal evaluation of the Board and its committees, shall be performed every 2nd year.
- 11.2 In each alternate year, the Board shall schedule an opportunity for consideration, reflection and discussion of its performance and that of its committees, including the Chairperson.
- 11.3 The performance of the CEO shall be formally evaluated annually against agreed performance indicators and targets.
- 11.4 The Company Secretary's evaluation shall be performed annually.
- 11.5 The Chairperson shall lead the process to remove any incompetent or unsuitable Directors, subject to the provisions of the Company's MOI and the Companies Act.

12 **Independent External Professional Advice**

- 12.1 Any member of the Board shall be able to obtain independent external professional advice in matters relating to the Company at the cost of the Company as set out in paragraph 4.2.3.
- 12.2 A written notice setting out the issue requiring such professional external advice should be given to the CEO or Company Secretary prior to such advice being sought.

13 **Approval of the Charter**

This Charter was originally approved by the Board on 29 July 2014 and will be reviewed annually.

Revised:

18 February 2016

23 February 2017

8 August 2017

8 August 2018