



**TIGER BRANDS LIMITED**  
**(Registration Number 1944/017881/06)**  
**("the Company")**

**TERMS OF REFERENCE OF THE RISK AND SUSTAINABILITY COMMITTEE**

**1. Constitution and general principles**

- 1.1 In line with the recommendations of the King IV Report on Corporate Governance for South Africa 2016 ("King IV"), the board of directors of the Company ("the Board") resolved to establish a committee of the Board to be known as the Risk Committee ("the Committee");
- 1.2 Neither the appointment nor the duties of the Committee reduce the functions and duties of the Board or the directors of the Company who must continue to exercise due care and diligence in accordance with their statutory and fiduciary duties;
- 1.3 These terms of reference has been approved by the Board and shall be annually reviewed. It shall be read with the Board Charter and shall be subject to the provisions of the Act, the Memorandum of Incorporation of the Company and any other applicable law or regulatory provision;
- 1.4 In addition to ensuring compliance with the law, the Committee shall be expected, in fulfilling its functions, to apply the principles of good corporate governance as set out in King IV;
- 1.5 All members of the Committee shall be required to keep up to date with developments affecting the areas of responsibility of the Committee. Members are furthermore expected to be fully prepared for meetings and to provide appropriate and constructive input on matters under consideration; and

1.6 In these terms of reference, “Group” shall refer to the Company and its subsidiaries.

## **2. Composition**

- 2.1 The Committee shall be appointed by the Board, on recommendation of the Nomination and Governance Committee, and shall comprise a minimum of 3 (three) non-executive directors of the Company, the majority of whom shall be independent as defined in King IV;
- 2.2 In addition to the above, a maximum of 2 (two) members of executive management may be appointed as members of the Committee, on recommendation of the Nomination and Governance Committee;
- 2.3 The chair of the Committee shall be appointed by the Board from one of the non-executive members of the Committee; and
- 2.4 To the extent possible, the chair of the Audit Committee shall be a member of the Committee to ensure effective collaboration between the committees.

## **3. Authority**

- 3.1 The Committee shall have decision-making power in respect of such duties, if any, where decision-making power has been specifically delegated by the Board to the Committee in these terms of reference. In respect of all other duties as contained herein, the Committee shall only have the power to make recommendations to the Board;
- 3.2 The Committee is authorised by the Board, subject to the approved process as set out in the Board Charter, to obtain outside legal or other independent professional advice and to secure the attendance at meetings of the Committee of outsiders with relevant experience and expertise if deemed necessary;
- 3.3 The Committee may establish and delegate authority to any member or sub-committee to assist it in carrying out certain of its functions. Such delegation, and the extent thereof, shall be properly recorded in a formal resolution of the Committee passed at a meeting of the Committee or via written resolution; and

3.4 The Company shall meet all expenses reasonably incurred by the Committee in the fulfilling of its duties.

#### **4. Committee meetings and resolutions**

##### **4.1 Attendance at meetings**

4.1.1 Every member of the Board is entitled to attend any meetings of the Committee as an observer. However, unless that member is also a member of the Committee, the member shall not be entitled to participate without the consent of the chair and does not have a vote;

4.1.2 The Committee shall identify those members of management, who are not already members of the Committee, who shall have a standing invitation to attend the meetings of the Committee as and when deemed necessary. Other individuals, including members of management and external consultants and service providers may be invited to attend from time to time in consultation with the chair;

4.1.4 The company secretary (or duly authorised representative of the company secretary) shall be in attendance at each meeting of the Committee to act as secretary of the Committee;

4.1.5 Committee members are expected to attend all meetings of the Committee, unless an apology with reasons has been submitted to the chair or the company secretary; and

4.1.6 If the chair of the Committee is absent from the meeting, any other member of the Committee may act as chair for that meeting as agreed by those present or as nominated by the chair of the Committee.

##### **4.2 Frequency of meetings**

4.2.1 Meetings of the Committee shall be held as frequently as the Committee, in consultation with the company secretary, considers appropriate, but it shall normally meet not less than 3 (three) times a year;

- 4.2.2 Meetings shall be scheduled in advance, as per the annual Board calendar. The agenda and supporting meeting papers will serve as adequate notice of such meeting;
- 4.2.3 The chief executive officer, financial director, head of internal audit or a member of the Committee may request a meeting if deemed necessary and a meeting shall then be arranged in consultation with the chair of the Committee. Formal notice of such special meeting shall be given as and when required;
- 4.2.4 The Committee must undertake such work as is necessary in preparation for each Board meeting and to properly report to the Board on its activities and recommendations; and
- 4.2.5 An annual work plan, based on the duties as listed in clause 6, shall be implemented and approved by the Committee and shall be annually reviewed together with these terms of reference.

#### 4.3 Meeting procedures

- 4.3.1 The meetings of the Committee may be held in person, or by electronic communication as circumstances may require, provided that the required quorum is met and that the members can speak and hear one another during the meeting;
- 4.3.2 A quorum shall be a majority of members present in person or via electronic communication facilities throughout the meeting. Where a member declares an interest and is recused from the meeting, the meeting shall remain quorate during his/her absence;
- 4.3.3 In the absence of a quorum and subject to the discretion of the chair, the meeting can either be postponed to a later date or can proceed as an informal meeting with all resolutions required to be taken at the meeting being formally approved by way of a written resolution;
- 4.3.4 No resolutions tabled for approval by the Committee at a meeting which is not quorate shall be implemented or given effect to until formally approved at the postponed meeting or via written resolution as contemplated in clause 4.3.3;

- 4.3.5 The written resolution circulated in terms of clause 4.3.3 requires majority approval, in the absence of which a special meeting of the Committee shall be convened in order for the matter to be discussed and formally approved during such special meeting;
- 4.3.6 An agenda with supporting papers shall be circulated no later than 5 (five) business days prior to the meeting, where reasonably possible. The company secretary shall be responsible for the preparation of the meeting agenda in consultation with the chair and responsible member of executive management;
- 4.3.7 An annual work plan, as a minimum, shall determine the content of the agenda and frequency of the meetings will be in place and based on the duties listed in item 6; and
- 4.3.8 Draft minutes of a meeting shall approved as per the following timeline –
  - 4.3.8.1 Minutes of meetings will be completed within 10 (ten) business days of the meeting and circulated to relevant members of the Executive Committee for comment and internal approval;
  - 4.3.8.2 Executive Management shall comment on the said minutes within 5 (five) business days after receipt;
  - 4.3.8.3 Should no comments be received by 12:00 midday on the 6<sup>th</sup> (sixth) business day following circulation, the Secretary of the meeting shall circulate the minutes to the chair of the Committee for comment within 7 (seven) business days prior to sending them to the members for their comments as well;
  - 4.3.8.4 The members of the Committee shall provide the Secretary with comments to the minutes and each member shall send an email to the Secretary indicating their approval of the minutes, within 10 (ten) business days; and
  - 4.3.8.5 The final minutes will be tabled for confirmation as a true record of proceedings at the next meeting of the Committee or circulated for this purpose via electronic communication and shall thereafter be signed by the chair of the Committee.

#### 4.4 In-committee meetings

- 4.4.1 In-committee meetings of the Committee, where only members of the Committee are present, may be held as and when deemed appropriate by the chair of the Committee;

4.4.2 The company secretary may be required to be in attendance at in-committee meetings for minute purposes. In the event that the company secretary is also excused from the meeting, the chair shall nominate a member of the Committee to keep notes of the discussions and/or decisions for record purposes; and

4.4.3 Separate minutes shall be prepared for in-committee meetings and shall be circulated to members for confirmation via electronic communication whereafter it shall be signed by the chair of the Committee.

#### 4.5 Written resolutions

A resolution in writing signed by a majority of the members of the Committee shall be as valid and effectual as if it has been passed at a duly constituted meeting of the Committee, provided that each member of the Committee shall have been afforded a reasonable opportunity to express an opinion on the matter to which such resolution relates.

### 5. **Role of the Committee**

5.1 The role of the Committee is to provide an independent and objective body that shall assist the Board in its oversight of the management of risk and risk governance in the Group;

5.2 The Committee shall fulfil its duties as listed in clause 6 in respect of the Company and each of its subsidiaries (the Group); and

5.3 In fulfilling its role and function, the Committee shall work in collaboration with the other committees of the Board to ensure adequate coverage of all risk related matters that might form part of the mandates of such committees.

5.4 In performing the roles above, the Committee shall place reliance on the work and reports of any employee, advisor or committee of the Board that has responsibility for any function falling within the role of the Committee.

### 6. **Duties of the Committee**

The duties of the Committee shall be to:

## 6.1 Risk Governance

6.1.1 oversee risk management in the Group to ensure that it encompass both:

- (a) the opportunities and associated risks to be considered when developing strategy; and
- (b) the potential positive and negative effects of the same risks on the achievement of the Group's objectives;

6.1.2 oversee risk management in the Group to ensure that it results in the following:

- (a) an assessment of risks and opportunities emanating from the triple context within which the Group operates and the capitals that the Group uses and affects;
- (b) an assessment of the potential upside, or opportunity, presented by risks with potentially negative effects on achieving the Group objectives;
- (c) an assessment of the Group's dependence on resources and relationships as represented by the various forms of capital;
- (d) the design and implementation of appropriate risk responses;
- (e) the establishment and implementation of business continuity arrangements that allow the Group to operate under conditions of volatility, and to withstand and recover from acute shocks; and
- (f) the integration and embedding of risk management in the business activities and culture of the Group.

6.1.3 annually review the risk management policy and plan for recommendation to the Board, taking into account the above factors, including the nature and extent of the risks that the Group should be willing to take in pursuit of its strategy objectives and in particular:

- (a) the Group's risk appetite (propensity to take appropriate levels of risk); and
  - (b) the limit of the potential loss that the Group has the capacity to tolerate;
- 6.1.4 monitor that risks are managed within the levels of tolerance and appetite as approved by the Board;
  - 6.1.5 review and monitor the processes and procedures for risk identification, analysis and quantification;
  - 6.1.6 review the processes implemented to monitor the ongoing management of risk and ensure that continuous monitoring by management takes place;
  - 6.1.7 continuously review the Group's register of key risks and submit same to the Board after each Committee meeting for information purposes;
  - 6.1.8 annually review a formal report from internal audit on the effectiveness of the risk management processes and procedures;
  - 6.1.9 consider the need to receive periodic independent assurance on the effectiveness of risk management throughout the Group;
  - 6.1.10 ensure that reporting on risk management is complete, timely, relevant, accurate and accessible and include the nature and extent of the risks and opportunities that the Group is willing to take without compromising sensitive information;
  - 6.1.11 oversee that the risk management plan is widely disseminated throughout the Group and integrated in the day-to-day activities of the business; and
  - 6.1.12 annually review the adequacy and cost of the various elements of the insurance programme of the Group and the proposed amendments to the cover provided and the resultant impact on premiums, if any.

## 6.2 Compliance governance



- 6.2.1 annually review the Group compliance policy, including the list of non-binding rules, codes and standards adopted by the Group and recommend same to the Board for approval, if any;
- 6.2.2 annually receive and review a formal report from the Social, Ethics and Transformation Committee of the Board, confirming the execution of its statutory duties in monitoring the laws and non-binding rules, codes and standards within its areas of responsibility;
- 6.2.3 annually receive and review a formal report from management, confirming compliance with the laws and non-binding rules, codes and standards that are not covered by the report as envisaged in clause 6.2.2; and
- 6.2.4 continuously monitor the risk of non-compliance in the Group and the adequacy of measures taken by management to address and sanction incidences of non-compliance.

### 6.3 Information and technology governance

- 6.3.1 annually review the policy on the employment of technology and information based on the approved Board strategy and recommend to the Board;
- 6.3.2 exercise ongoing oversight of technology and information management to ensure that it results in the following:
  - (a) integration of people, technologies, information and processes across the Group;
  - (b) integration of technology and information risks into risk management;
  - (c) arrangements to provide for business resilience;
  - (d) proactive monitoring of intelligence to identify and respond to incidents, including cyber-attacks and adverse social media events;
  - (e) management of performance and risks pertaining to third-party and outsourced service providers;
  - (f) structures and methods to assess the value delivered to the Group by significant investments in technology and information, including the evaluation of projects throughout their life cycles and of significant operational expenditure;

- (g) processes for the responsible disposal of obsolete technology and information that take into account environmental impact and information security; and
- (h) monitoring of ethical and responsible use of technology and information.

6.3.3 exercise ongoing oversight of the management of information, in particular, that results in the following:

- (a) leveraging of information to sustain and enhance the Group's intellectual capital;
- (b) information architecture that supports confidentiality, integrity and availability of information;
- (c) the privacy and protection of personal information; and
- (d) the monitoring of security of information and the security culture within the organisation.

6.3.4 exercise ongoing oversight of the management of technology, in particular, that results in the following:

- (a) technology architecture that enables the achievement of strategic and operational objectives;
- (b) the management of risks pertaining to technology sourcing;
- (c) monitoring and appropriate responses to developments in technology, including their potential opportunities and disruptive effects on the organisation and its business model; and

6.3.5 consider the need to receive periodic independent assurance on the effectiveness of the Group's technology and information arrangements, including outsourced services.

#### 6.4 Environment, Health and Public Safety and Responsible Corporate Citizenship

6.4.1 on behalf of the Social, Ethics and Transformation Committee, monitor the Group's activities in respect of the environment, health and public safety, including the impact of the Group's activities and of its products or services, against relevant laws, other legal requirements and/or prevailing codes of best practice;

6.4.2 as part of the above and as recommended in King IV, monitor on an ongoing basis how the consequences of the Group's activities and output affect its status as a responsible corporate citizen in the following areas:

- (a) workplace – employment equity; safety, health, dignity and development of employees;
- (b) economy – economic transformation and prevention, detection and response to fraud and corruption;
- (c) society – public health and safety; consumer protection; community development and protection of human rights;
- (d) environment – pollution; waste disposal and protection of biodiversity; and
- (e) food – proactive monitoring of risks associated with food safety.

6.4.3 submit an annual report to the Social, Ethics and Transformation Committee on the outcome of its activities in respect of items 6.4.1 and 6.4.2;

6.4.4 review, on a quarterly basis, major issues (crisis alerts) relating to consumer complaints and determine what potential risks are there from a reputational damage perspective; and

6.4.5 review, on a quarterly basis, matters that arise in the factories pertaining to health alerts that could lead to product recalls.

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6.5 Combined Assurance

- (i) approve the Combined Assurance Model, prior to submission to the Audit Committee; and
- (ii) report on the Combined Assurance Model to stakeholders and where appropriate, report same in collaboration with the Audit Committee.

6.6 General

6.6.1 give due consideration to the relevant provisions of the Act, the Listings Requirements of the JSE Limited and the principles and recommendations of King IV; and

6.6.2 consider such other topics and fulfil such other duties as defined by the Board.

## 7. Reporting Procedure

- 7.1 The Committee shall include a report in the integrated report that addresses the matters as listed in King IV for disclosure by a committee of the Board;
- 7.2 In addition to the above, the Committee shall review the report on risk governance for inclusion in the integrated report; and
- 7.3 The chair of the Committee shall provide a report on the Committee's most recent activities at every subsequent Board meeting.

## **8. Performance evaluation**

- 8.1 The performance of the Committee shall be evaluated in accordance with the methodology approved by the Board from time to time.

**APPROVED BY THE BOARD AT ITS MEETING ON \_\_\_\_\_ 2019**

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**CHAIR OF THE BOARD**