



**THE PREMIER GROUP**  
**CORPORATE GOVERNANCE FRAMEWORK**

## **1 THE PURPOSE OF THIS FRAMEWORK**

This Governance Framework serves as a roadmap for the Premier Group Board, subsidiary Boards, Board committees, management, and Premier Group employees for structure and delineation of power. More specifically, the governance structures are guided by the respective governance processes that aim to provide direction on dissemination of information, decision-making powers, delegation of responsibilities, risk management, and the standard of conduct required for the Premier Group to achieve its strategic objectives.

## **2 THE PREMIER GROUP**

The Premier Group is one of the leading food manufacturers in South Africa, with well-entrenched roots, dating back as far as 1824. The Premier Group is an established bread, milling, confectionery and feminine hygiene manufacturer and distributor and prides itself with well-established brands such as Snowflake, Blue Ribbon, Super C, Manhattan, BB Bread, Lil-lets, Iwisa No. 1, Polana and Ligugu, to name a few.

The Premier Group employs more than 8 000 employees, operates 13 bakeries, 7 wheat mills, 3 maize mills and manufacturing plants in territories such as South Africa, eSwatini, Mozambique, and Lesotho and operates a sales office for its Lil-lets products in the United Kingdom.

The Premier Group's mantra is simple - earn the right to operate in our communities, grow together to be the best and be brilliant at the basics. By doing this, we will deliver on our purpose and continue to build on our strength as a high performance, growth organisation.

The Premier Group seeks to ensure that our products and people make a difference in the everyday lives of our consumers.

## **3 GROUP GOVERNANCE PHILOSOPHY**

Fulfilling the Premier Group's purpose as stipulated, can only be achieved within a solid, transparent, and clear governance philosophy. These simple, but fundamental principles, form the bedrock of our governance framework, of which each Premier Group stakeholder is assured:

The Premier Group always strives to do what is right in the triple context within which it operates, namely contributing meaningful towards the economies where it operates, having due regard and respect for the society within which it operates and operating responsibly so that the Premier Group could, within its ability, leave behind a sustainable environment for future generations;

Corporate governance is the compass for ensuring values, ethical business conduct, transparency, and disclosures in accordance with the Premier Group's values, regulatory requirements, and guidelines;

Corporate governance is a journey for constantly improving sustainable value creation and is an expanding target;

Corporate governance is a way of life, rather than a mere legal obligation. Within Premier Group, this means to do what is right;

Communicating with stakeholders in a truthful and open and transparent manner; and

The Premier Group has a simple and transparent corporate structure, which is driven solely by business needs.

## **4 ETHICAL LEADERSHIP**

Principle 1 of King IV stipulates that a governing body should lead ethically and effectively. Principle 2 stipulates that the governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

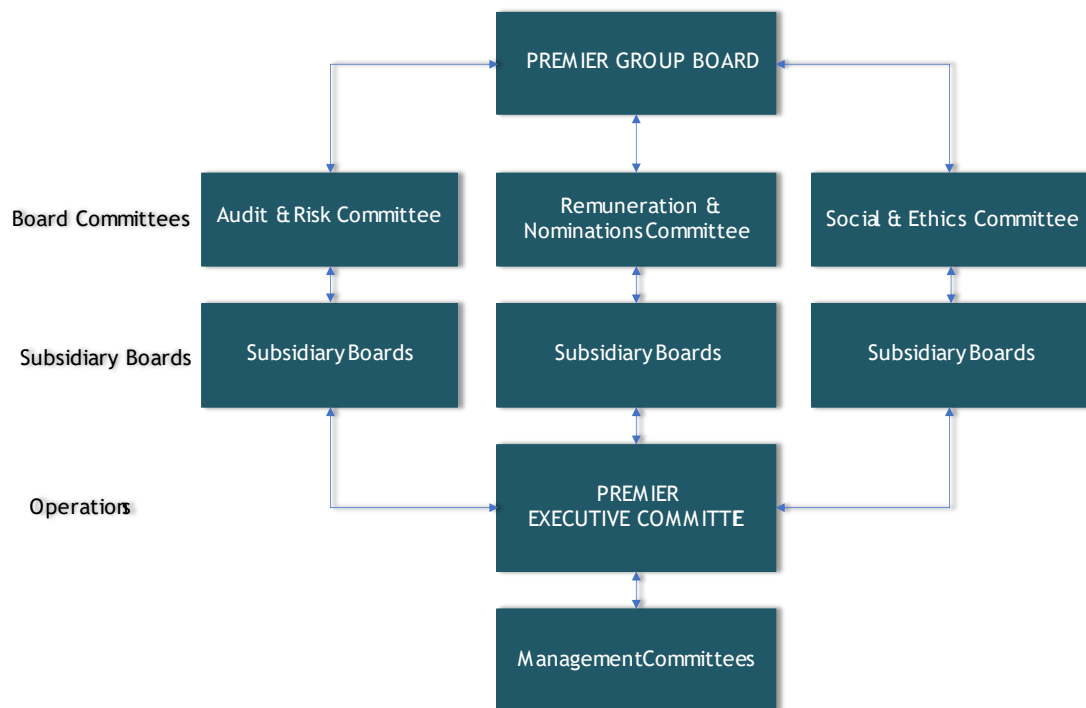
For the governing body to lead ethically and instil ethical behaviour within the Premier Group, it is important for the Premier Group's leaders and stakeholders to be familiar with what the Group considers to be ethical leadership in its context.

The leaders are role models, act by example and set behavioural boundaries within the Group. They are seen to be honest, trustworthy, and also seen to be acting in the best interest of the Group. When faced with adversity, they show resilience and bravery and have the ability to take quick decisions, but at the same time, act responsibly. They always consider the long-term consequences of their decisions and understand that, through their conduct, an organisational culture is cemented. Consequently, it is up to the leadership of Premier Group to ensure that the culture is one fostered in openness, respect, passion, and pride and being concerned with the greater good of Premier Group.

## **5 GOVERNANCE STRUCTURES AND OVERSIGHT**

The Premier Group's ethical leadership and conduct are informed by its governance structures. The illustration below, depicts how Premier Group has structured its governance and reporting structures to oversee and manage operational, financial, risk management and reporting processes, so that the Board receives information required for managing and leading the Group in terms of good corporate governance principles and to fulfil the Group's strategic objectives.

The governance structures crystallise and clarify roles, responsibilities, reporting lines so that management is clear on what the Group's strategy is, how they fits into the strategy and what is expected of them to fulfil the strategy on a day-to-day basis. The governance structures are supported by appropriate oversight responsibilities, embedding the culture, creating talent, and creating and maintaining infrastructure. In the fast-moving consumer goods industry, it is critical to foster open and transparent communication lines and the diagram below is indicative of the constant flow of information to and from governance structures and, at the same time, having regard for appropriate opportunity to enable responsible and informed decisions to be made.



## 5.1 Premier Group Board of Directors

The Premier Group is accountable and responsible for effective control and leadership of the Group in the short, medium and long-term. It sets strategic direction for the Group, which includes guiding and reviewing the corporate strategy by way of implementing a workable and achievable business scorecard and continuously evaluating the Group’s achievements against the scorecard. In addition, it is tasked to ensure that the Group stays the course through challenging times and to identify appropriate business opportunities.

It is responsible for implementing appropriate policies and planning, considering, and reviewing the Group’s risk appetite and delegating some of its responsibilities to Board committees and management. It is also the Board’s responsibility to ensure that it receives regular feedback on those responsibilities delegated to Board committees and management. It needs to remain sensitive to market conditions, the competitive landscape, financial health of the Group, and to ensure that the Board is appropriately diverse, skilled and dedicated to serve on the Board for the ultimate success of the Group.

The Board needs to remain vigilant to combat adversity, whether it be through challenging economic conditions, technological challenges, or a threat to the Group’s human capital. The Board acts within its regulatory framework, including its Board charter and the Group’s code of conduct.

The Board is assisted by the executive committee (“Exco”), senior management, subsidiary Boards, and the respective Board committees to fulfil their mandate as a collective Board.

In addition, the committees to which it delegates certain responsibilities, act within their own terms of reference. These committees consist of skilled members,

appropriate to the specific committee and its mandate. Furthermore, the Board is supported by the Group's subsidiaries' Board of directors that report to the Group's Board. In turn, these Boards are mandated to form their own committees that report to those Boards.

The governance structures are structured in such a way to ensure that a regular feedback loop is created from ground level to the Board. The nature of Premier Group's business requires constant feedback, risk assessment, cohesive brainstorming, and diligent decision-making. The Board is confident that the appropriate governance structures are in place and appropriately utilised, to fulfil the Group's strategy and, at the same time, act as a good and responsible corporate citizen.

## **5.2 Premier Group's Board chairman**

The chair is accountable to the Board. The Board chair is required to develop and maintain solid relationships with the Board, the CEO, the company secretary, and committees to lead effectively.

During Board meetings, the Board chair guides the rest of the Board by focusing on Premier Group's strategic direction. It is essential for the Board chair to set a tone for the meeting that sets the stage for respect, collaboration and decision-making and be able to effectively manage dispute resolutions in the event of conflict between Board members and/or shareholders.

In addition, the Board chair acts as a mentor and advisor to the CEO and assists the CEO to translate the Board's strategic plans into action.

The Board chair must be willing to ask the CEO the hard, probing questions that come from the Board, and be willing to work in tandem with the CEO during times of crisis.

## **5.3 Premier Group's Chief Executive Officer ("CEO")**

The CEO is responsible for the overall success of the Premier Group, including the vision, mission, direction, and overall strategy and is accountable to the Board of directors. The CEO is responsible for devising new strategic plans and policies to transform the Premier Group's visions into reality.

It is the CEO's duty to communicate the Group's approach to all stakeholders to ensure that the Group's operations are transparent and well understood. The CEO is responsible for driving the annual budget process and ensuring that it is informed by the Group's strategy. The CEO is seen as the face of the Group and expected to exemplify model behaviour, with public values and actions, to have a positive impact on the reputation of the Group. Communication between the Board and the CEO is of the utmost importance, with transparency being key. Creating a healthy working culture means leading by example.

## **5.4 Premier Group's Chief Financial Officer ("CFO")**

The CFO is the highest ranking financial professional within Premier, holds fulltime employment with Premier and is an executive director of the Premier Group Board. The CFO is responsible for managing and overseeing the financial health of Premier through financial planning, overseeing the Group budgeting process, analysing and reviewing financial performance risks, developing fundraising strategies, managing and maintaining relationships with funders and investors, ensuring that accurate

Group financial statements are prepared in accordance with required financial standards, overseeing and managing the internal and external audit processes, reviewing and analysing the Group's capital expenditure requirements, formulating and managing appropriate and up to date IT strategies, prepare timely and detailed reports on financial performance and reporting the Group's financial status to the Audit and Risk Committee and the Group Board and reviewing the financial health of the Group's merger and acquisition strategy and any other corporate action.

## **5.5 The Company Secretary**

The company secretary's roles and responsibilities are set out in the Companies Act, 2008 ("the Act"), which stipulates that the company secretary has duties towards the Premier Group Board, the Group, and shareholders.

The company secretary is responsible for ensuring that all Board and governance procedures are formulated and implemented and regularly reviewed. It is the responsibility of the company secretary to guide the chairman and the Board on their responsibilities in terms of regulatory requirements, rules and regulations and standard practices. This is to ensure that each Board member's Board duties are sufficiently and appropriately discharged. All directors have access to the company secretary and the chairman is entitled to strong support from the company secretary to ensure that his/her duties are fulfilled as chairman.

## **5.6 Subsidiary Companies**

The Premier Group subsidiary companies exist to hold and manage certain activities and resources, inter alia, to expand the Group's business activities to other territories or to act as investment holding companies for the benefit of the Group. Premier retains control as the parent company and collectively, Premier and its subsidiaries are referred to as the Premier Group. Premier appreciates that each subsidiary is a separate legal entity, each with their own Board of directors, management committees, business strategies and financial reporting. At the same token, the Premier Group acts in a cohesive manner to ensure that all subsidiaries' strategies, policies, procedures, internal controls, risk management, financial reporting and governance are aligned with Premier and, Premier:

- approves subsidiaries' strategies, annual business plans and budgets to ensure Group alignment;
- reviews each subsidiary's financial performance;
- approves and monitors each subsidiary's key performance targets in accordance with Premier Group's business scorecard;
- approves appointments of directors and senior employees and ensuring that fair and transparent recruitment processes are adhered to;
- ensuring that each subsidiaries' internal controls, policies and procedures are aligned with Premier's, but at the same time, ensuring their respective controls adhere to the appropriate laws and regulations of each jurisdiction;
- ensuring that each subsidiary adopt their own risk policy and register, but ensuring that it is aligned with Premier's;
- Adopting Premier's best practice and standards approach, even if each subsidiary's laws and regulations may require a less onerous standard;
- Maintaining appropriate insurance policies and as far as possible, adopt the same financial year end as that of Premier;
- Complying with all relevant laws and regulations

Premier's subsidiary Boards are supported by the following Premier Group committees:

- Audit and Risk Committee;
- Remuneration and Nominations Committee;
- Social and Ethics Committee; and
- Premier's Executive Committee

## **5.7 Board Committees**

### **5.7.1 *Audit and Risk Committee ("A&R Committee")***

The A&R Committee is an independent committee established in terms of Section 94 of the Act. It acts in terms of its own terms of reference and reports its findings and recommendations to the Premier Group Board. It is responsible for reporting to shareholders how it has carried out its duties. The committee is responsible for, inter alia:

- oversee the direction and approach for financial reporting and review the quality of Premier Group financial statements, interim reports, financial policies, preliminary results announcements, financial information, and any market communication;
- consider the effectiveness of the design and implementation of Premier Group's financial controls;
- oversee the preparation and integrity of information to be published in the Integrated Report and making recommendation to the Board for approval;
- approve the scope of assurance and the engagement of external service providers;
- review the resources and experience of the finance function;
- annually consider and recommend the appointment, re-appointment and/or removal of the independent external auditor;
- determine the nature and extent of non-audit services;
- annually approve an Internal Audit Charter;
- approve the appointment and/or removal of the Internal Audit service provider;
- evaluate the effectiveness of the internal audit process in terms of its scope, execution, and coverage, as well as the independence, skills, performance, and position of the Internal Audit;
- receive and consider an annual overall statement on the governance, risk management and assessment of design, implementation, and effectiveness of the internal control environment of Premier Group;
- annually approve Premier Group's combined assurance model and satisfy itself that same is applied to provide a co-ordinated approach to all assurance activities;
- oversee the development, review and implementation of Premier Group's risk policy and enterprise risk management framework;

- recommend risk appetite and tolerance levels to the Board for approval;
- assess whether there are appropriate processes and controls in place to manage the risks down to an appropriate level and thereafter monitor that the risks are managed accordingly;
- review the adequacy of the Group's insurance cover;
- oversee business resilience and continuity arrangements, including the IT disaster recovery plan;
- oversee the Premier Group's technology and/or information management strategy and the governance thereof;
- oversee the effectiveness of the design and implementation of Premier Group's internal controls insofar as they relate to compliance with the Grain Procurement Policy, as approved by the Board;
- advise the Board of matters which may significantly impact the financial position of the Group;
- ensure that there is a process in place to be informed of any reportable irregularities or any concerns and/or complaints relating to accounting policies, financial statements and internal financial controls.

#### **5.7.2 *Remuneration and Nominations Committee ("Remco")***

The role of Remco is to provide an independent and objective view to assist the Board in ensuring that the Premier Group remunerates fairly, responsibly, and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

The committee is responsible for, inter alia:

- oversight of the establishment of a remuneration policy;
- ensuring that the remuneration policy addresses Group wide remuneration, including:
  - ensuring executive management's remuneration is fair and responsible;
  - reviewing results of Gini coefficient, Palma Ratio or any other statistical measures to measure inequalities;
  - compliance with principle of equal pay for work of equal nature;
  - use of performance measures that support positive outcomes across economic, social and environmental context within the Premier Group;
  - regularly reviewing incentive schemes presented by management;
  - ensuring mix of fix and variable pay schemes;
  - satisfying itself of the accuracy of performance measures that govern vesting of incentives;
  - ensuring that all benefits and other financial arrangements are justified and correctly valued;
  - consider results of evaluation of the CEO, CFO and other executives;
  - monitoring implementation of the remuneration policy;
- oversee preparation and recommendation to the Board of the remuneration report;
- ensure appropriate disclosure of remuneration;



- ensure that there is a formal procedure in place for nomination, election, appointment, removal of directors;
- identify individuals believed to be qualified to become executives of the Premier Group and recommend such candidates to the Board;
- taking into consideration Premier Group's transformation targets, identified individuals' judgement, skill and experience;
- identify Board members qualified to fill vacancies of any Board committee;
- ensuring that all directors receive formal letters of appointment, setting out their roles and responsibilities;
- annual review the structure, size and composition of the Board;
- recommend directors that are retiring by rotation, for re-election;
- annually review independence of all non-executive directors;
- establish procedures for the committee to exercise oversight of the evaluation of the Board and arrange performance evaluations;
- establish a succession plan for the Board, executives, senior management and heads of department;
- oversee the development of a formal induction programme for new directors;
- ensure that a programme of professional development is implemented;
- review and recommend approval of certain governance policies;
- monitor progress with implementation and achievement of Board's corporate governance objectives;
- annually review Premier Group's King IV application register;
- annually review directors' personal and business related financial interests declarations;
- monitor and oversee directors' dealings in Premier Group's securities;
- strategic oversight over transactions concluded or to be concluded between Premier Group and any related party;
- recommend to the Board a suitable candidate for appointment as the company secretary, when required;
- ensure that the Premier Group Board is aware of matters within the respective committees' mandates;
- make any submission to the Board on policies, frameworks and reporting;
- prepare and present a report to shareholders, in Premier Group's integrated report.

### 5.7.3 *Social & Ethics Committee ("S&E Committee")*

The S&E is mandated to oversee and report on the Premier Group's ethics, responsible corporate citizenship, sustainable development, transformation, and stakeholder relationships, and perform the following functions:

- perform the role and functions of the committee in terms of Section 72 (4) of the Act;
- assist the Board in building and sustaining an ethical corporate culture;
- recommend a code of conduct and business ethics to the Board for approval;
- monitor the ethical conduct of the Premier Group;
- monitor adherence to the Premier Group's ethical standards by employees and other stakeholders;
- provide guidance on overall transformation processes for the Premier Group;
- ensure that appropriate programmes are in place to drive transformation within the Premier Group;
- review employment equity plans;

- revise the Premier Group's strategy, charter and targets in respect of broad based black economic empowerment;
- approve appointment of the B-BBEE verification agency
- review and approve sustainable development goals, priorities and targets;
- recommend an ESG strategy to the Board for approval and ensure that management implements and executes on the strategy;
- monitor and analyse international best practices on sustainable development;
- consider community outreach;
- monitor implementation of a health and safety management system;
- review the procurement strategy;
- oversee development and review of Premier Group's compliance monitoring plan;
- ensure that the Board is aware of matters within the committee's mandate which may significantly impact the Premier Group;
- make any submission to the Board on the Board policies, frameworks and reporting;
- prepare and present a report to shareholders at Premier Group's annual general meeting on how the committee carried out its duties in terms of the Act;
- confirm in the integrated report that the committee fulfilled its mandate in terms of the Act.

#### **5.7.4 *Exco and senior management***

Exco and senior management, individually and collectively are tasked to implement the Premier Group's strategy in accordance with predetermined performance goals, budgetary requirements and according to ethical principles. Exco is accountable to the CEO and the Board of directors.

## **6 GOVERNANCE PROCESSES**

### **6.1 *Composition of the Board***

Collectively, the Board takes responsibility for its composition to ensure that the Board comprises of appropriate balance of knowledge, experience, independence, diversity and objectively to fulfil its mandate and to lead the Premier Group efficiently. Consequently, the Board has set targets for race and gender representation in its Diversity Policy and its Board Charter makes provision, inter alia, for:

- The need to always act within the Group's regulatory framework;
- Ensuring that certain members of the Board qualify to serve as committee members and/or committee chairs on the Group's committees;
- Ensuring that each Board member is appropriately inducted and familiarised with the Group's governance, business, and financial operations;
- An appropriate mix of executive, non-executive, and independent directors to ensure objectivity and impartiality;
- A succession plan to ensure that the Board is continuously equipped with skilled and experienced members; and
- Setting criteria for efficient Board meetings through the company's Memorandum of Incorporation and the Board Charter.

## **6.2 *Director attributes and appointment***

Each director of the Premier Group Board and its subsidiaries is required to uphold the highest ethical standards, possess appropriate leadership skills and be able to contribute meaningfully towards the Board's mandate.

Board members are nominated for re-election based on that Board member's performance, contribution towards the Board and attendance of meetings.

Each Board member is required to provide Premier Group, a declaration of interest of all financial, economic, and other interests held by the member, as well as details of all related parties. This must be done on an annual basis, unless circumstances have changed, in which event, the Board member should update his/her disclosure at the time of the changed circumstances.

In addition, each Board member, at the commencement of each Board meeting, is required to declare whether he/she has any conflict of interest on any agenda item at that Board meeting and is expected to recuse him/herself from the discussion on the matter.

## **6.3 *Governance Effectiveness Review***

The framework for the evaluation of the performance of the Board, subsidiary Boards, Board Committees and non-executive directors ("NEDs") will help the delegates understand how well they function as a team, as well as exploring the contribution they provide in their respective governance structures.

As part of an overall evaluation process, and to ensure an element of independence in the procedure, the performance evaluation will be externally facilitated at least every three years.

## **7 DELEGATION**

The Premier Group Delegation of Authority Framework serves to provide direction and role clarity of the respective governance structures and individuals' roles and responsibilities, its powers to delegate and the parameters within which a governance structure or an individual is permitted to carry out the delegation.

Responsibilities and authority are assigned from the Premier Group Board to its committees and the Group CEO and managed through the delegation of authority. The Group's delegation of authority is cascaded to all subsidiaries, with each entity customising and approving its own thresholds for the delegation of authority based on its prevailing environment.

These governance documents are aligned Group-wide to ensure that delegated authority levels flow through the proper governance channels, and the set parameters are adhered to.

## **8 STRATEGY AND IMPLEMENTATION**

The Premier Group Board is responsible for approving, monitoring, and overseeing the Group strategy. It needs to set guidelines and goals for management and management is responsible for implementing the strategy.

The vision and purpose form the constant point of reference for the Premier Group to ensure that it stays on course. Strategy analysis is a collaborative process within the

Premier Group and involves analysing the current state of affairs, such as market conditions, competitor activity, internal capabilities and future growth. Opportunities and threats are identified and incorporated into the strategy. Goals and targets are formulated in the form of a business scorecard, which is cascaded to the Group, but taking into consideration each subsidiary's unique requirements.

The Premier Group ensures that it delivers on its strategy plan through regular reviews regarding the adequacy of performance against targets, market conditions, capital assets and alignment of the cascaded strategy. Given the complex environment within which the Premier Group operates, agility is built into the strategy to cater for setbacks, such as inflationary pressures, high input costs and the like.

## **9 REPORTING**

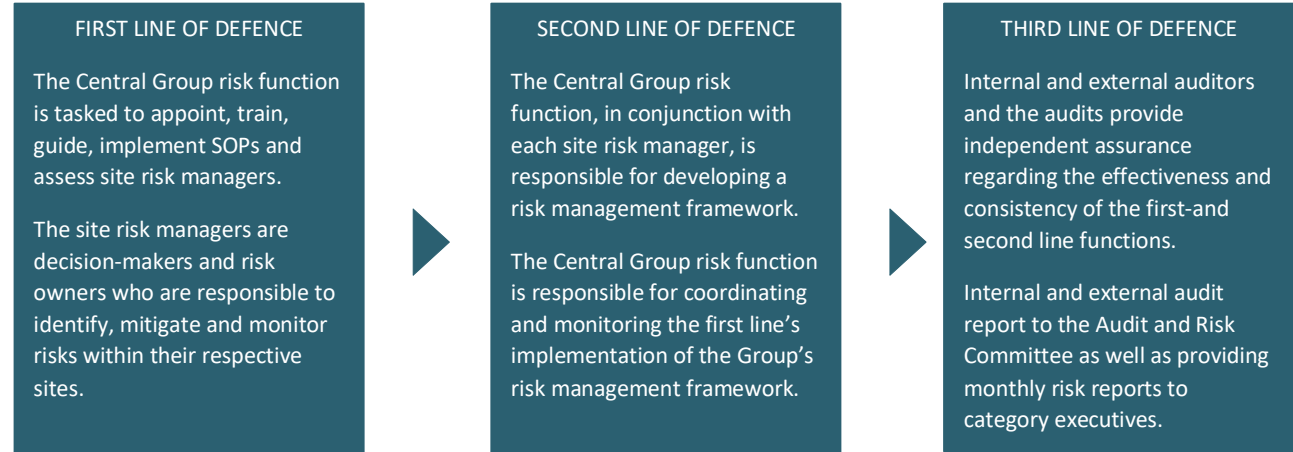
The Premier Group Board is responsible for dissemination and disclosure of accurate financial statements and must ensure that reporting of the financials are reported in terms of prescribed accounting standards. To fulfil this obligation, the Board has tasked the CEO and CFO to provide annual and monthly financial reports that are prepared in accordance with regulatory requirements and presented to the Board for approval, prior to submitting it for approval by shareholders at the annual general meeting.

In addition, management has been tasked to ensure that the Board remains abreast of developments of an operational and/or financial nature, which is either reported directly to the Board or through the various Board committees.

The company secretary is responsible for ensuring that appropriate regulatory reports and returns are timeously submitted to the relevant regulatory bodies.

## **10 RISK MANAGEMENT**

The Premier Group Board is responsible for ensuring that an appropriate risk management framework is implemented to identify, mitigate, and manage risk through appropriate internal controls. The Board has delegated this responsibility to the A&R Committee and in terms of the A&R's terms of reference, it is responsible for overseeing the implementation of risk management and internal controls. It is responsible for overseeing the effectiveness of the risk management processes and internal controls through annual review processes. The risk management process is conducted in terms of a Group Risk Management Policy and Group Risk Register. In addition, Premier Group follows a line of defence mechanism to provide for combined assurance by integrating assurance and risk. The purpose of the line of defence mechanism is aimed at improving and monitoring risk management, control, and governance across the Group. The lines of defences are illustrated below:



## 11 STAKEHOLDER ENGAGEMENT

It is the Premier Group's mantra to engage with stakeholders in an open, honest, and transparent manner. These stakeholders include consumers, customers, prospective consumers and customers, investors, regulatory bodies, employees, our communities, service providers and suppliers. We always endeavour to respond to any enquiry as soon as possible and to formulate a true understanding of the specific stakeholder's situation or enquiry. We make it our business to have a constant flow of information about what we do and how we do it. The voice of our consumers is of utmost important to us, and we continuously strive to communicate current, relevant and informative information. Consequently, Premier has built strong consumer engagement processes to assist it to continue to improve engagements and to understand their needs.