

Corporate governance

Zambeef Products Plc (“Zambeef” or the “Company”) remains committed to maintaining, promoting and achieving the highest standards of corporate governance and corporate citizenship by adhering to the relevant codes of best practice, and the principles of fairness, accountability, responsibility, transparency and integrity.

Recognizing that achieving a long-term sustainable business depends on stable, well-functioning and well-governed environmental, social, economic and governance practices, the Company strives for continual development in these areas.

Additionally, the Company through its Board of Directors has put together its basic framework on Corporate Governance and has developed a Corporate Governance Code that complies with the Lusaka Securities Exchange (LuSE) Corporate Governance Code. Further, the Company has formally adopted the Quoted Companies Alliance (QCA) Corporate Governance Code (“QCA Code”) on a 'comply or explain' basis, as required by the AIM Rules for Companies.

FRAMEWORK

As a Company listed on exchanges in Lusaka and London, we are required to comply with LuSE and UK specific Corporate Governance codes. The UK Corporate Governance Code does not apply to companies floated on the AIM Market of the London Stock Exchange, the market on which Zambeef is listed.

For the purposes of being quoted on AIM, the Company has agreed to maintain standards of corporate governance recommended by AIM. In this regard, and bearing in mind the size and scale of the operations of the Company, the Company has adopted the QCA Code as the basis of its corporate governance standards.

On LuSE, Zambeef Products Plc. has established a formal governance framework by way of adopting the LuSE code as well as comprehensive company policies and guidelines, audit and assurance procedures which ensure compliance with applicable laws and regulations recognized codes of good practice.

This report, alongside further relevant information contained in the other reports and

financial statements that form part of the Annual Report for the year, therefore, aims to provide an overview of the Company's governance practices. It is comprehensive, albeit to avoid duplicity of information.

CORPORATE GOVERNANCE IN ACTION

The Company's corporate governance practices are put together in the Corporate Governance Handbook which is subject to review by the Board from time to time. The Handbook addresses the various areas of governance and covers the following aspects:

- Share Dealing Code
- Disclosure Policy
- AIM Rules Compliance Policy
- LuSE Listing Rules Compliance Policy
- Anti-Corruption and Bribery Policy including Incident reporting and whistleblowing
- Social Media Policy
- Related Party Transactions Policy
- Delegation of Authority
- Board Charter
- Terms of Reference for the Remuneration and Succession Committee
- Terms of Reference for the Audit and Risk Committee
- Terms of Reference for the Environmental and Social Committee
- Memorandum on Inside Information
- Group Code of Ethics

THE BOARD OF DIRECTORS

The Company has a unitary board of directors, which at the start of the year under review, comprised nine directors but later reduced to seven, retaining a number within that required per its Articles of Association, yet balancing the requisite business acumen and skills pertinent to the business. Of the seven Directors, five are Non-Executive Directors, and two are Executive Directors. Four of the five Non-Executive Directors are considered independent by the Board, in terms of the guidelines prescribed in the QCA Code and the LuSE Corporate Governance Listing Rules.

The Board is responsible for the performance and direction of the Company, through the establishment of strategic objectives and key policies, as well as approving major business decisions, in accordance with its charter.

The Board believes that its overall composition is appropriate, with no individual or group dominating the decision-making process, and with a good balance of knowledge, experience and independence. The role of the Chairman is separate from that of the Chief Executive Officer (CEO) and considered to be independent.

New appointments to the board are carried out in a transparent manner and are made in accordance with the recommendations of the Remuneration and Succession Committee and, following approval of the board, are subject to confirmation by shareholders at the Annual General Meeting.

Details of the current Directors, their roles and background are available on the Company's website at www.zambeefplc.com.

RESPONSIBILITIES OF THE BOARD

The Board responsibilities are set out by a Board Charter, which requires that there is an appropriate balance of power and authority on the board. The Board Charter was reviewed during the year under review, the board satisfied its responsibilities in compliance therewith. The Board is responsible for the overall stewardship of the Company. The Board's role consists of two fundamental elements: decision-making and oversight. The decision-making function is exercised through the formulation with management of fundamental policies and strategic goals and the approval of certain significant actions. The oversight function concerns the review of management decisions, the adequacy of systems and controls and the implementation of policies. In performing its role, the Board makes major policy decisions, participates in strategic planning, delegates to management authority and responsibility for day-to-day affairs and reviews management's performance and effectiveness.

Principles of good governance are embedded in the way the Board; its sub-committee and the executive committee operates their business. The Board applies integrity, principles of good governance and accountability throughout its activities and each director brings independence of character and judgment to their role.

CHAIRMAN AND CEO ROLES

The roles of the Chairman and CEO are performed by separate persons, with the Chairman being responsible for:

- Providing leadership to the Board in relation to all Board Matters;

- Representing the views of the Board to the public;
- Acting as a conduit between the Board and being the primary point of contact between the Board and the Chief Executive Officer;
- Overseeing the Board agenda and conducting all Board meetings;
- Overseeing and conducting Annual General Meeting (AGM) and other shareholder meetings; and
- Keeping the Board informed of all major project proposals by way of specific reports.

MEETINGS OF THE BOARD

The board has four regular meetings each year and the company's Articles of Association make provision for decisions to be taken between meetings by way of written resolutions, when required.

BOARD COMMITTEES

To assist in exercising its responsibilities, the Board has established three committees:

- the Audit and Risk Committee
- the Remuneration and Succession Committee
- the Environmental and Social Governance Committee.

The Board committees operate under approved mandates and terms of reference, which define their functions and responsibilities. Through the Company's management committee, management meets and serves to assist the board to co-ordinate, guide and monitor the management and performance of the Company. Following each meeting, the committee chair reports to the Board on the committee's activities, and makes such recommendations as are deemed appropriate in the circumstances. Minutes of committee meetings are made available to all directors on a timely basis. Non-executive directors actively participate in all committees.

1. Audit and Risk Committee

The Board approved the membership to the Audit Committee of the long outstanding and independent advisor and co-opted member - Hastings Mtine in September 2021. QCA Code principle 6: He has extensive experience as a Chartered Accountant in the fields of financial reporting, external audit, internal audit, corporate governance and risk management gained in public practice and on various corporate boards. He is a former Senior Partner for KPMG Zambia. He provides a detailed review and advisory

service to the Audit Committee across each of these areas.

Responsibilities:

- The primary role of the Audit Committee is to ensure the integrity of the financial reporting and audit process, including review of the interim and annual financial statements before they are submitted to the board for final approval.
- To ensure that a sound risk management and internal control system is maintained and reviewing the system for monitoring compliance with applicable laws and regulations.
- To give due consideration and review of corporate governance matters in accordance with relevant frameworks including the LuSE Corporate Governance Code and the QCA Code.
- Monitor and review the reports and function of the internal audit department, in line with its own charter, which requires systematic evaluation of the effectiveness of risk management, control, compliance and governance processes for the Group.
- Monitor and review the reports of the external auditors and their performance.
- At least once a year, the members of the committee should meet the external auditors without the presence of any Executive Director.
- The committee should also consider and make recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting, as regards the appointment and/or reappointment of the company's external auditor.
- Monitor the ethical conduct of the Company, its executives and senior officials.

2. Remuneration and Succession Committee

The committee provided oversight over the remuneration and compensation for senior management to retain and motivate staff to perform at the level of the quality required. The committee is chaired by an independent non-executive director.

Chairman - Monica Musonda

Members - Yollard Kachinda and Frank Braeken resigned from the Board and the committee in May 2022, Jonathan Kirby and Felicity Preacher as an observer from British International Investment (BII).

Responsibilities:

- Regularly review the structure, size, knowledge, experience and diversity of the Board, as well as the sub-committees of the Board, and make recommendations

to the Board with regard to changes.

- Responsible for identifying, evaluating and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise.
- Consider succession planning for Directors and other senior executive management, and in particular, for the key roles of Chairman and CEO of the Company. The appointment of CEO and directors can only be made following a formal, rigorous assessment by this committee and its formal recommendations being made to the Board, having also evaluated the balance of skills, knowledge, experience and diversity on the Board.
- Determine and agree with the Board the framework or broad policy for the remuneration of the CEO, the Chairman of the Board, the Executive Directors, the Company Secretary, and such other members of the executive management of the Group to whom the Board has extended the remit of the committee.
- Determining the remuneration policy by considering all factors which it deems necessary, including relevant legal and regulatory requirements, the provisions and recommendations of the QCA Code and associated guidance. The objective of such policy shall be to ensure that members of the Group executive management are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Group.
- The committee ensures reporting of the Remuneration Committee's agreed fees and remuneration, for both the executive directors and non-executive directors, in the formal Report of the Directors in the Annual Report. This requires formal approval by the shareholders in an AGM. The Chairman ensures he is available to answer questions/comments put forward by the shareholders in the AGM regarding directors' fees and remuneration.
- Perform evaluations of the Board, Board Committees (and their constituents), and recommend training where necessary.

3. Environmental and Social Committee

Chairperson - Pearson Gowero

Members - Roman Frenkel, Monica Musonda and Yollard Kachinda

Responsibilities:

- Provide strategic advice and guidance to the Board in relation to systemic and strategic environmental and social ("E&S") issues which affect the Company's

business model and strategy.

- Ensure that the Company has in place adequate and robust systems, policies and procedures for monitoring the E&S management of the Company, in accordance with applicable legislation and Good International Industry Practice ("GIIP"), defined by IFC Performance Standards.
- Monitor the implementation of the Environmental and Social Action Plan and any corrective action plans that may be developed in due course.
- Oversee any Company investigations relating to breaches of E&S laws, regulations and standards and/or the Company's E&S policies, management systems and plans.
- Ensure good corporate citizenship through promotion of equality, prevention of unfair discrimination and reduction of corruption.
- Ensure contribution to development of the communities in which its activities are predominantly conducted, or within which its products or services are predominantly marketed.

Retirement and Election of Directors

It is the Board's policy that new directors are subject to confirmation at the first opportunity following their appointment. All directors, excluding the Executive Directors are subject to retirement and re-election on a rotational basis with one-third of the board being re-elected annually. This is in accordance with Section 206 (5) of the Companies Act.

Performance Evaluation of the Board

The Board carries out an annual self-assessment of its performance during the year, based on its Board Charter's objectives, with the Company Secretary collating and reporting on the findings from each Board member.

Areas covered in the self-assessment include:

- Management of Board meetings and discussions;
- External and Internal Board relationships;
- Skills of Board members;
- Reaction to events;
- Chairman;
- Chairman and CEO relationships;
- Attendance and contribution in meetings;
- Open channels of communication;

- Risk and Control frameworks;
- Composition;
- Terms of Reference;
- Committees of the Board;
- Company Secretary;
- Timeliness of information;
- Board Agenda;
- AGM;
- External Stakeholders;
- Induction and training; and
- Succession planning.

The board will continue to implement necessary changes to enhance its performance.

BOARD INDUCTION AND DEVELOPMENT

Newly appointed directors are taken through the Company's Articles of Association, the Board Charter, Codes of conduct, policies, listing regulations and applicable acts such as Companies Act and Securities Act. They follow a tailored induction programme facilitated by the Company Secretary which includes a scheduled trip to tour the operations.

COMPANY SECRETARY

The Company Secretary is responsible for implementing and sustaining high levels of corporate governance and keeps abreast of legislation, regulations and corporate governance developments which may impact on the business. All Directors have direct access to the Company Secretary.

STAFF DEVELOPMENT, TRAINING AND INFORMATION TECHNOLOGY

The Company is committed to staff development and training as this is a key ingredient to continued and improved operations.

The Company places emphasis on information technology as key in its strategy of delivering quality products which are the first choice of our customers and consumers.

STAKEHOLDER RELATIONS

Zambeef places considerable importance in maintaining active investor relations

through open, fair and transparent communications. The Company ensures timely dissemination of information to its investors and other stakeholders through various media. A dedicated shareholders unit through the Transfer Secretaries is responsible for active interaction with the shareholders.

The Zambeef business model has identified and understands the importance of maintaining strong working relationships with:

- its key small-scale suppliers across grains and livestock,
- its larger commercial raw material/input suppliers and livestock suppliers,
- its wide customer base across stockfeed, cold chain food products, and other products,
- its regulators such as Zambia Environmental Management Agency (ZEMA), Patents and Companies Registration Agency (PACRA), Water Resources Management Agency (WARMA), Lusaka Stock Exchange (LuSE), Securities and Exchange Commission (SEC), AIM Nominated Advisor;
- its financiers;
- social responsibility partners in communities.

In addition, Zambeef has shareholder meetings, formally through Annual General Meetings (AGM) and Extraordinary General Meetings (EGM), where required, and informally through half-yearly meetings with institutional shareholders. Shareholders' views are communicated in an open and frank manner, with senior management taking due note of their concerns when expressed. The Board believes that these engagements have proven successful, as shareholder views have fed into the current corporate strategy. The CEO and Chief Financial Officer (CFO) meet and conduct formal results presentations with shareholders on a half-yearly basis.

The Board considers the AGM key in providing shareholders with the opportunity to ask the Board and chairperson of the Audit committee questions concerning the affairs of the Company. Accordingly, all legal and regulatory requirements, notices and information are released well in advance to shareholders, regulators, stock exchange and Company websites. To this end, the Company ensures copies of the Annual Report and Accounts are made available well before the AGM as this ensures the shareholders have insight of the business performance.

The Group publishes the outcome of all shareholder resolutions immediately after each AGM or EGM. Zambeef maintains all market announcements and Annual Reports on its

website for the last 10 years.

Internally the Board and Management consider effective communication as being critical to the success of the business.

INTERNAL AUDITORS

The Company has an internal audit function designed to add value to the Company and improve operations.

The Internal Audit function provides an independent assurance service to the Board, the Audit and Risk Committee and management. The Internal audit function is formally defined via an Internal Audit charter and assists the Company to accomplish its objectives by bringing a systematic approach in the evaluation of the effectiveness of the governance, risk management and control processes that management has put into place. The head of the internal audit function attends the Audit and Risk Committee meetings and has unrestricted access to the chairperson of the committee.

The Board requires competitive bidding for significant purchases and contracts, above determined thresholds, through a formal Board-approved Delegations of Authority policy that covers the Board and senior management.

EXTERNAL AUDITORS

External auditors are appointed by the shareholders and are subject to reappointment at the AGM. The current external auditors of the Company are PricewaterhouseCoopers (PwC).

The Company together with external auditors ensures that quality and independent audits are undertaken through regular and systematic audit planning and also rotation of client staff engaged on the audits.

ORGANISATIONAL INTEGRITY

In its continued efforts to foster integrity within the organisation, the Company continues to enforce the Group Code of Ethics policy and encourages all employees to make a declaration of their assets and/or business involvements' every year.

Employees are also encouraged to declare all the gifts received in the course of

employment by way of a gift register, maintained by the Company Secretary.

INTERNAL CONTROL

The control systems are designed to safeguard the Company's assets, maintain proper accounting records and ensure the reliability of management and financial information produced by the Company. Control systems are based on established Zambeef group policies and procedures and are implemented by trained personnel, with an appropriate segregation of duties.

The effectiveness of these internal controls and systems is monitored by the internal audit department, with the aid of self-assessment audit checklists. Management is also in the transitional process of reporting Internal Controls over Financial Reporting as prescribed by the Zambian Securities and Exchange Commission. The independent external auditors, through the audit work they perform, confirm that the abovementioned monitoring procedures are being applied effectively.

Nothing has come to the attention of the Directors or the independent external auditors to indicate that any material breakdown in the functioning of abovementioned internal controls and systems has occurred during the year under review.

ETHICS

The Company's fundamental policy is to conduct its business with honesty and integrity and in accordance with the highest legal and ethical standards. The Company has a Code of Conduct and Business Practices, determining the minimum standards required of all staff, which is disseminated throughout the Company.

The Company has implemented, and widely disseminated to all stakeholders (including suppliers), a Group Code of Ethics and Conduct.

INCIDENT REPORTING, ANTIBRIBERY AND CORRUPTION AND WHISTLEBLOWING POLICIES AND PROCEDURES

The Company has detailed policies and procedures covering Incident Reporting, Anti-Bribery and Corruption (ABC) and Whistleblowing.

The Group's ABC program has been formulated in conjunction with British International Investment (Bii), following best international practice. It is well structured, documented

and rigorously monitored.

There is a dedicated internal Whistleblowing Manager, managing reports and complaints. These complaints can be made in various forms, and anonymously, without fear of adverse consequences. This policy has active senior management encouragement and is widely communicated within the Group, with a verifiable and transparent process of handling complaints. This has resulted in valuable information being obtained for further action.

Internal Audit closely monitors, reviews and reports on all of these policies to the Audit and Risk Committee of the Board.

LEGAL COMPLIANCE

The board requires management to submit an annual declaration confirming that the Company's operations complied with relevant laws and regulations. In addition, the Company complies with local legislation. The Company has recourse to the group Company Secretary and external legal advice on matters of legal compliance.

INSIDER TRADING

Directors and officers of the Company who have access to unpublished, price sensitive information, in respect of the Company, are prohibited from dealing in the shares of the Company, during defined restricted periods, including those periods immediately prior to the announcement of interim and final financial results. These regulations are clearly stipulated in the Share Dealing Code section of the Corporate Governance manual.

SHARE DEALING

The Company has adopted a share-dealing code for dealings in shares by Directors and senior employees appropriate for an AIM-quoted company. The Directors ensure that they comply with Rule 21 of the AIM rules for Companies relating to Directors' dealings and take all reasonable steps to ensure compliance by the Company's relevant employees, including obtaining the advice of its AIM Nominated Advisor. In compliance with the Market Abuse Regulation (MAR), the Chairman of the Board is responsible for share dealings by the Directors, assisted by the Company Secretary as the Compliance Officer.

DIRECTORS' INTERESTS IN OTHER COMPANIES

In compliance with Section 110 of the Companies Act of Zambia, all Directors are required to declare to the Board their interests in other companies, and this is considered if any such company enters into any contract with any Group company. The Group has a Related-Parties Transactions policy which aims to ensure transparency in related-party transactions and appropriate management of any approved transactions.

RELATED-PARTY TRANSACTIONS

The Board gives authorisation for any transactions carried out by the group with any anyone or considered a related party. Such transactions are evaluated as to whether the parties are treated fairly and market conditions. For recurrent transactions carried out with clients during the Group's ordinary course of business under normal market conditions that are not significant, the Board gives prior authorisation for the general terms of the transaction.

DIRECTORS' SHAREHOLDINGS

In compliance with Sections 30, 110 and 195 of the Companies Act of Zambia, all Directors are required to disclose their shareholdings in the Company and any related companies.

MARKET DISCLOSURE

The Company prepares trading statements, interim and final results as required by the AIM market, the LuSE and SEC rules and also prepares a detailed narrative statement to accompany the results. Company results are disseminated widely through the LSE, LuSE, newswires and our distribution lists.