

Corporate Governance

Zambeef values excellence in corporate governance, and the principles that enhance openness, integrity, transparency and accountability”

High ethical standards in the conduct of business, and a verifiable framework of corporate governance policies and procedures, underpin all Zambeef’s decision making and management.

The Board of Directors believe that good corporate governance must be demonstrated and verifiable. This fosters trust and confidence in the management of our business, amongst all our stakeholders.

Corporate Governance Code

The Board has its own Corporate Governance Code that complies with the LuSE Corporate Governance Code. Further to this, it has formally adopted the recommended code for AIM listed companies, the QCA Code.

The Chairman of the Board acknowledges his leadership role and responsibility in promoting good corporate governance for Zambeef. The Board is confident that it is applying the QCA Code across the main areas of delivering growth, maintaining a dynamic management framework and building trust. The Company will provide annual updates on its compliance with the QCA Code in its Annual Report and website.

BOARD OF DIRECTORS

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

The Board comprises eleven Directors, of whom eight are Non-Executive Directors, and two are Executive Directors. Six Non-Executive Directors are considered to be independent by the Board in terms of the QCA guidelines. They are Mr. Michael Mundashi, Dr. Lawrence Sikutwa, John Rabb, Margaret Kunda Chalwe Mudenda, Prof. Enala Lyson Tembo-Mwase, and Jonathan Andrew Kirby.

Details of the current Directors, their roles and background are set out below.

The Board believes that its overall composition is appropriate, with no individual or group dominating the decision making process, and with a good balance between knowledge,

experience and independence. The role of Chairman is a separate role and position from that of the Chief Executive Officer. The Chairman is considered to be independent.

The role of the Chairman is to provide leadership of the Board and ensure its effectiveness on all aspects of its remit, in addition to providing leadership in corporate governance implementation and practice.

The role of the Chief Executive Officer is for the strategic development of the Group and for communicating it clearly to the Board, and once approved by the Board, for implementing it. In addition, the Chief Executive Officer is responsible for overseeing the management of the Group and its executive management.

The Board meets on a regular basis to discuss the strategic direction of the Company and any significant deviation or change will be highlighted promptly should this occur.

Interaction with Stakeholders as per QCA Application

Zambeef has several shareholder meetings - formally through annual AGM's (and EGM's where necessary/required) and informally through biennial, quarterly or monthly meetings for institutional shareholders. Shareholders views are shared in an open and frank manner with senior management taking due note of their concerns. The Board believes that this has proved successful as their views have fed into the current corporate strategy. The Chief Financial Officer, and Chief Executive Officer also meet and do formal result presentations with shareholders on a biennial basis in Zambia, SA and the UK.

The Group publishes the outcome of all shareholder resolutions immediately after each AGM/EGM. In the past, all resolutions have previously been passed with a significant majority and/or unanimously. Zambeef maintains all market announcements and Annual Reports on its website for the last 10 years.

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; and

- social responsibility partners in communities.

Their feedback is received through face to face meetings, customer care hotlines, technical advisor meetings and written communications. In the case of customer feedback, products have been developed/tailored in the stock feed division according to customer requirements/needs. Product improvement programmes have been adopted in production of certain cold chain food products based on customer feedback. In addition, the environmental impact of the Company's activities is carefully considered and the maintenance of high environmental standards is a priority. Zambeef continues to work towards international best practice in terms of environmental and social standards in all aspects of its operations. We have established an Environmental and Social Committee to the board to provide strategic advice and guidance regarding systemic and strategic environmental and social issues. We have also developed a structured Environmental and Social Action Plan ("ESAP") to help ensure continuous performance improvement at the operational level. Corporate governance advice has been received and implemented from LuSE and AIM. Detailed application of feedback from ZEMA,, WARMA, financiers and social responsibility partners is described in the Annual Report.

CORPORATE GOVERNANCE IN ACTION

Risk Management

An effective Group Risk Assessment/Risk Management tool, based on recommended best practice and regular inputs from senior management, is formally reviewed on a quarterly basis. Formal risk assessments are carried out at Group level, and are carried out per company and division, in conjunction with respective Heads of Business Units/General Managers, every quarter. This provides the Audit and Risk Committee and directors with regular updates/mitigating action plans on all the major risks facing the Group.

The Group risk assessment, as described above, is used by the Board to execute and deliver strategy. For example, the Group risk assessment has highlighted foreign exchange and interest rate risks as high impact risk areas on the business, and this has been duly noted in the Company's debt reduction and efficient cash management strategy, which forms part of the current business plan and corporate strategy. Assurance is gained from Internal Audit.

Internal Audit

The dedicated and independent Internal Audit function, operating under an Internal Audit Charter, reports directly to the Audit Committee of the Board, to maintain its independence and objectivity. It independently reviews and monitors governance processes, the risk management framework/processes, and related mitigating action plans implemented by Management. It also provides objective assurance of the operation and validity of the systems

of internal control through its regular compliance audit programmes, making recommendations for improvement as required.

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

Share Dealing Code

The Company has adopted a share dealing code for dealings in shares by the Directors and senior employees that is appropriate for an AIM/LuSE listed 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 advice and opinion of its AIM Nominated Advisor.

Incident Reporting, Anti Bribery/Corruption, and Whistle Blowing Policies and Procedures

The Company has detailed policies and procedures covering Incident Reporting, Anti Bribery and Corruption ("ABC"), and Whistle Blowing.

The Group's ABC programme has been formulated in conjunction with CDC Group PLC ("CDC"), following best international practice. It is well structured, documented and rigorously monitored.

There is a dedicated internal high level Whistle Blowing 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 has had widespread communication within the Group, with a verifiable and transparent process of handling complaints. This has resulted in valuable information being obtained for further action/investigation.

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

Group Code of Ethics and Conduct

The Company has implemented, and widely disseminated to all stakeholders including suppliers, a Group Code of Ethics and Conduct, in line with the LuSE Corporate Governance Code section on Organizational Integrity. This Code of Ethics covers the important principles and more detailed ethical guidelines with respect to responsibility, accountability, transparency, and fairness.

The Board firmly believes that a culture based on ethical values and behaviours is cardinal to achieving Zambef's objectives. Without sound ethical behaviour, it would be difficult for stakeholders to retain trust in the organization to achieve these objectives. The expected behaviours are clearly detailed in the Group Code of Ethics. The Board monitors, via its Audit and Risk Committee, that Management have widely disseminated the Code amongst all stakeholders. The Audit and Risk Committee of the Board has the remit to review any cases of ethical misconduct against directors or senior management. Such cases may be reported through the Group's Whistle Blowing Policy/Procedures, Incident Reporting, or direct reports to the Audit Committee or Board. Monitoring of compliance to the Code is further provided by the Internal Audit department's review work on Incident reports from disciplinary proceedings, Management and staff conflicts of interest reports, control procedures and Anti-bribery and Corruption matters. In the Board's opinion there have been no significant ethical issues noted and believes that the corporate culture, as a whole, is healthy.

Board Evaluation

Every year the Board carries out a self assessment of its performance during the year, based on its Charter's objectives, with the Company Secretary collating and reporting on the findings from each Board member. Board evaluation details and updates are provided in the Annual Report and our website.

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.

Board Committees

The Board has 3 principal standing committees, led by the Non-Executive Chairman, and written terms of reference. The terms of reference are per recommended best practice for LuSE/AIM listed companies/ICSA, and also per requirements from co-operating partners.

Remuneration and Succession Committee

Chairman – John Rabb

Members - Yollard Kachinda, Jonathan Kirby, Frank Braeken and Margaret Mudenda

Responsibilities:

- To 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 any changes.
- To be responsible for identifying, evaluating and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.
- To give full consideration to succession planning for Directors and other senior executive management, and in particular, for the key roles of Chairman and Chief Executive Officer 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.
- To determine and agree with the Board the framework or broad policy for the remuneration of the Chief Executive, 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.
- In determining the remuneration policy, take into account 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 executive management of the Group 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 clear, transparent 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 any questions/comments put forward by the shareholders in the AGM regarding directors' fees and remuneration.

- Perform evaluations of the Board, Board Committees, respective Chairmen and Non-Executive Directors, and recommend training where necessary.

Audit and Risk Committee

Chairman - Dr. Lawrence Sikutwa

Members – Margaret Kunda Chalwe Mudenda, David Osborne and Jonathan Andrew Kirby

Independent Advisor and co-opted member- Hastings Mtine: 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, as well as 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 as well as 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 UK 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.
- 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.

Environmental and Social Committee

Chair - Professor Enala Lyson Tembo- Mwase

Members – John Rabb, David Osborne

Responsibilities:

- Provide strategic advice and guidance to the Board in relation to systemic and strategic Environmental and Social (ES) 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 ES 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 ES laws, regulations and standards and/or the Company's ES 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.

Accepting that no systems of control can provide absolute assurance against material misstatement or loss, the Directors believe that the established systems for internal control within the Group are appropriate to the business.

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 taken into account in the event that 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 as well as appropriate management of any approved transactions.

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.

Company Secretary

The Board appoints the Company Secretary and all Directors have access to his services. If deemed necessary, the Board may seek independent professional advice on some matters.

The Company Secretary ensures the following:

- Sufficient and timeous information is provided to all the Members prior to commencement of the Board and sub-committee meetings.
- Promotion of good corporate governance, and related frameworks and standards.
- Good relations and liaison with Security and Exchange Commission (SEC), the Lusaka Stock Exchange (LuSE), and Patents and Companies Registration (PACRA).
- Maintenance of statutory registers.
- Key liaison for investors and contact point for shareholders.
- Providing updates on relevant statutory amendments and developments.