

RISK COMMITTEE CHARTER

1 INTRODUCTION AND CONSTITUTION

- 1.1 The board of directors (**Board**, and each being a **Director**) of the Company assumes responsibility for the governance of risk in relation to the Company and its subsidiaries (**Group**). The governance of risk encompasses considering opportunities and associated risks when developing the Group strategy as well as the potential positive and negative effects of those risks on achieving the Group's objectives. The Board has established a Risk Committee (**Risk Committee**) to assist it with the governance of risk. The role of the Risk Committee is to assist the Board to set direction for how risk is approached and managed while adopting a stakeholder inclusive approach, as well as to oversee and direct that the Group has implemented an effective policy and plan for risk management and compliance. The Risk Committee is appointed to act on behalf of the Group, both locally and internationally.
- 1.2 The Risk Committee is constituted as a committee of the Board. The Board acknowledges the need for terms of reference for the Risk Committee, as recommended in the King IV Report on Corporate Governance for South Africa 2016.
- 1.3 The duties and responsibilities, as set out in these terms of reference, of the members of the Risk Committee, are in addition to those duties and responsibilities that they have as directors or board committee members, in terms of the Company's memorandum of incorporation (**MOI**), the Board charter, the Companies Act 2008, as amended (**Companies Act**) and otherwise.
- 1.4 These terms of reference are subject to the provisions of the Companies Act, the MOI, the Board charter, the Listings Requirements of the securities exchange operated by the JSE Limited and any other applicable law or regulation.

2 RISK PHILOSOPHY AND TOLERANCE

The Group's risk philosophy is to be engaged in catching, processing and marketing fish and fish products, foods, cold storage and related services both locally and internationally only where opportunities and risks have been adequately identified, measured, evaluated and then subsequently managed so that the risk-reward relationship remains within parameters acceptable to the Board. Risk governance is an integral part of the Board's decision making process and the manner in which it executes its duties.

3 PURPOSE

The primary purpose of the Risk Committee is to:

- 3.1 manage the risk governance of the Group, which concept encompasses both: (i) the opportunities and associated risks to be considered when developing strategy; and (ii) the potential positive and negative effects of the same risks on the achievement of organisational objectives;
- 3.2 identify and agree the risk profile of the Group including the ten most important risks affecting the Group, the risk appetite of the Group and the risk tolerance of the Group;
- 3.3 satisfy the corporate governance reporting requirements applicable to the Group;
- 3.4 monitor the Group's risk management and assurance efforts;
- 3.5 exercise ongoing oversight of risk management within the Group and, in particular, oversee that it results in the following:
 - 3.5.1 an assessment of risks and opportunities emanating from the triple context in which the Group operates;
 - 3.5.2 an assessment of the potential upside, or opportunity, presented by risks with potentially negative effects on achieving organisational objectives;
 - 3.5.3 an assessment of the Group's dependence on resources and relationships;
 - 3.5.4 the design and implementation of appropriate risk responses;
 - 3.5.5 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
 - 3.5.6 the integration and embedding of risk management in the business activities and culture of the Group; and
- 3.6 report to the Board on the risk management work undertaken and the extent of action taken by management to address areas identified for improvement.

4 RESPONSIBILITIES AND DUTIES

- 4.1 The Risk Committee has an independent role with direct accountability to the Board. The Risk Committee does and shall not assume the functions of management, which remain the responsibility of the executive members, officers and other members of senior management.
- 4.2 The role of the Risk Committee shall be to assist the Board with overseeing risk governance.
- 4.3 The Board delegates the responsibilities and duties set out herein to the Board.
- 4.4 The responsibilities and duties of the Risk Committee shall include:

- 4.4.1 providing general oversight of risk policy creation to ensure the policy gives direction on the approved risk strategy;
- 4.4.2 delegating to management the responsibility to implement and execute effective risk management;
- 4.4.3 recommending the Risk Management Policy and Framework to the Board for approval on an annual basis;
- 4.4.4 recommending the Appetite and Tolerance Framework to the Board for approval on an annual basis;
- 4.4.5 recommending the Risk Management Implementation Plan to the Board for approval on an annual basis;
- 4.4.6 reviewing the progress against the Risk Management Implementation Plan on an annual basis;
- 4.4.7 reviewing the effectiveness of the risk management arrangements on an annual basis;
- 4.4.8 considering emerging issues, their significance to the Group and associated developments;
- 4.4.9 reviewing the reports on incidents, losses and claims;
- 4.4.10 reviewing the adequacy and completeness of the strategic risk register and material risks emanating from the divisional and Group functional registers;
- 4.4.11 assessing whether there are appropriate processes and controls in place to manage the risks down to an acceptable level, in line with the Board's risk appetite and tolerance;
- 4.4.12 reviewing the material risks as profiled by management and applying its own mind to the completeness thereof, and making suggestions of additional risks to be considered;
- 4.4.13 reviewing the adequacy and completeness of insurance cover on an annual basis;
- 4.4.14 reviewing the Combined Assurance Plan on an annual basis;
- 4.4.15 evaluating and assessing the effectiveness of risk management in order to provide an assessment of the risk management process on an annual basis;
- 4.4.16 considering the need for periodic independent assurance on the effectiveness of risk management on an annual basis;
- 4.4.17 reporting critical risk information to the Board, including:
 - 4.4.17.1 the results of the independent risk management review;

- 4.4.17.2 progress against the Risk Implementation Management Plan, including recommended amendments;
- 4.4.17.3 the material risks facing the Group which include the strategic risks, the material risks per division and function as well as potentially material emerging issues;
- 4.4.17.4 remedial actions taken and their effectiveness; and
- 4.4.17.5 consolidated and material incidents and associated losses together with analyses of their causes;

- 4.4.18 to respect the confidentiality of all confidential information placed before it;
- 4.4.19 reviewing the impact of any new legislation or changes to existing legislation, as applicable to the Group;
- 4.4.20 liaising with the Audit Committee to exchange information relevant to risks and internal controls;
- 4.4.21 monitoring information to identify and oversee response to reputational risk;
- 4.4.22 monitoring the impact that material litigation could have on the Group; and
- 4.4.23 liaising with the Social, Ethics and Transformation Committee to exchange information on whether adequate and effective controls and processes are in place to ensure regulatory compliance.

- 4.5 The Risk Committee is not responsible for overseeing IT Governance as the Board has delegated these responsibilities to the Audit Committee.

- 4.6 The performance of the Risk Committee in terms of its composition, mandate and effectiveness shall be evaluated by the Board on an annual basis, in a manner which the Board shall from time to time approve.

5 **AUTHORITY**

- 5.1 The Board acknowledges its responsibility to monitor and review the risk management strategy of the Group and the Risk Committee assists the Board in fulfilling this responsibility.
- 5.2 Insofar as is required for the purpose of fulfilling its duties and responsibilities, the Risk Committee has reasonable access to all information, including records, property, facilities, employees and other resources of the Company and any other Group company, subject to a Board-approved process being followed.
- 5.3 The Risk Committee is authorised by the Board to:
 - 5.3.1 act in accordance with the delegated authority of the Board as recorded in these terms of reference;
 - 5.3.2 investigate any activities within these terms of reference;

- 5.3.3 seek outside legal or other independent professional advice at the cost of the Company subject to a Board approved process being followed;
- 5.3.4 secure the attendance of outsiders with the relevant experience and expertise where necessary for the fulfilment of its responsibilities, at the Company's expense.

6 MEMBERSHIP

6.1 Composition

- 6.1.1 The Board shall appoint the Risk Committee. The membership of the Risk Committee shall include executive and non-executive members. The majority of the Risk Committee members shall be non-executive. At least one member of the Risk Committee shall also be a member of the Audit Committee. The chairman of the Risk Committee is elected by the Board and shall be a non-executive Director.
- 6.1.2 The head of Internal Audit is authorised to, and should, attend all meetings of the Risk Committee.
- 6.1.3 The head of Risk and Compliance should be a standing invitee to meetings of the Risk Committee, if not a member of the committee. The Risk Committee may invite other persons to attend any of its meetings, including persons having responsibility for managing and reporting on any of the top ten risks affecting the Group.
- 6.1.4 Any other member of the Board is entitled to attend meetings of the Risk Committee as an observer.
- 6.1.5 All members of the Risk Committee shall have a working familiarity with risk assessments and risk management. The members of the Risk Committee shall be knowledgeable about the affairs of the Group and where appropriate specific skills shall be represented on the Risk Committee.
- 6.1.6 The members of the Risk Committee shall collectively have sufficient qualifications and experience to fulfil their duties.
- 6.1.7 Risk Committee members are required to keep up to date with development impacting their relevant skill set and enhance their familiarity with risk management by participating in educational programmes conducted by the Group or an outside consultant.
- 6.1.8 Members of the Risk Committee who are not Board members shall have no vote on matters to be decided by the Risk Committee.

7 MEETINGS

7.1 Frequency

The Risk Committee shall meet as often as required, but at least twice per annum, within a reasonable period prior to the Board meetings which consider the company's half year and annual results.

7.2 **Notice**

The notice of each meeting of the Risk Committee confirming the venue, time and date and enclosing an agenda of items to be discussed, other than under exceptional circumstances, shall be forwarded to each member of the Risk Committee not less than one week prior to the date of the meeting.

7.3 **Attendance of chairman**

If the chairman of the Risk Committee is absent from a meeting, the members present shall elect one member from amongst themselves to act as chairman for that meeting.

7.4 **Minutes**

The Group Company Secretary shall be the secretary of the Risk Committee and accordingly attend and minute the proceedings of all meetings. The minutes of the meetings shall be completed as soon as reasonably possible after such meetings and shall be circulated to all members of the Risk Committee, for approval at the following meeting of the Risk Committee, and other relevant personnel as directed by the committee. The minutes shall be tabled at the following Board meeting.

7.5 **Quorum and voting**

7.5.1 Two-thirds of the members must attend to constitute a quorum.

7.5.2 Each member of the Risk Committee shall have one vote.

8 **REPORTING**

8.1 The Risk Committee shall furnish a report to the Board prior to the Board meetings mentioned in paragraph 7.1 above.

8.2 The reports shall contain sufficient information to *inter alia* assist in identifying and ranking the material risks of the Group and the material risks per division, indicating any changes to the risks and their ranking, the performance of controls for these risks, the status of action plans where risk control improvements are appropriate, any significant losses and unwanted events in the Group, and any material changes in the Group's risk/reward profile.

8.3 The Risk Committee shall on annual basis review and recommend to the Board for approval a Risk Governance report which shall include the following disclosures:

8.3.1 the nature and extent of the risks and opportunities the Group is willing to take without compromising sensitive information;

8.3.2 an overview of the arrangements for governing and managing risk;

8.3.3 key areas of focus during the reporting period, including objectives, the key risks that the Group faces, as well as undue, unexpected or unusual risks and risks taken outside of the risk tolerance levels;

8.3.4 actions taken to monitor the effectiveness of risk management and how the outcomes were addressed; and

8.3.5 planned areas of future focus.

9 REVIEW AND AMENDMENT

This Charter shall be reviewed annually and may be amended from time to time as required, subject to the approval of the Board.

10 ACCOUNTABILITY

The delegation by the Board of any of its responsibilities to the Risk Committee or any member of the Risk Committee will not by or of itself constitute a discharge of the Board's accountability. The Board shall still be required to apply its collective mind to the information, opinions, recommendations, reports and statements presented by the Risk Committee or any members of the Risk Committee.



**Chairman
RISK COMMITTEE
OCEANA GROUP LIMITED**

02 December 2020

DATE



**Chairman
BOARD OF DIRECTORS
OCEANA GROUP LIMITED**

02 December 2020

DATE