1. **Introduction**

The Board of Distell Group Holdings Limited (“Distell” or “the Board” or “the Group”) is committed to comply with the requirements of the Companies Act, 71 of 2008, as amended (the Companies Act), the JSE Listings Requirements as well as the King Report on Corporate Governance for South Africa 2016 ("**King IV**") through processes and frameworks to ensure the on-going sustainability of the business and to maximise value for shareholders and other key stakeholders, while also contributing to national prosperity.

Distell’s King IV compliance statement, available on our website at www.distell.co.za, explains how Distell applies the principles of King IV. In accordance with the recommended practices of King IV, Distell's board adopted this formalised charter which is disclosed on Distell’s website. The Charter has been implemented to:

* identify, define and record the role, responsibilities, membership requirements and procedural conduct of the Board; and
* serve as a reference to Directors.

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2. **Composition of the Board**

The Board comprises a chairperson, a balance of executive and non-executive members, with the majority being non-executive of who most is independent.

Directors are appointed through a formal process. The Nomination Committee and/or professional recruitment firms assist in identifying suitable candidates and final approval of appointment resides with the entire Board and the shareholders. All effort is taken to ensure the composition of the Board comprise the appropriate mix of knowledge, skills and experience (business, commercial and industry) that are sufficient to deliver on strategies and create long term shareholder value.

The Nomination Committee approved and implemented a Policy on Diversity in the Boardroom, effective 15 April 2021. This policy aims to place more emphasis on overall board diversity, which also includes age, ethnicity, culture, field of knowledge, skills and experience in addition to only gender and race. Targets were set for all categories of diversity. The Board will aim to meet the set targets by 2024. The Board recognises and supports the benefits of having a diverse board to be effective and to maintain a competitive advantage.

As required in the Memorandum of Incorporation (“MOI”), the Board shall comprise a minimum of 9 (nine) Directors with no maximum. The Board, through the Nomination Committee determine the appropriate number of Directors bearing in mind the strategy and direction of the Company, planned initiatives as well as the mix of skills and experience of the appointed Directors.

The CEO and at least one other executive are appointed to the Board and represent a direct link to management and provide the Board with insight into the operational activities of the Group.

Non-executive directors are appointed until the retirement age of 70 (seventy), unless otherwise determined by the Board (mandated by clause 25.5 of the Company’s MOI).

At least one third of the directors retire annually at the Annual General Meeting. The Nomination Committee makes recommendations regarding the re-election of the retiring directors and the independence and performance of non-executive directors who have served on the board for more than 9 (nine) years is subjected to a rigorous review.

The Board should appoint an independent, non-executive member as Chair. If the Chair is not an independent, non-executive member, the Board should appoint a Lead Independent Director (“LID”) (refer to Annexure A for the role of the LID).

The roles and responsibilities of the chair and the CEO are separated. A retired CEO should not become the Chair of the Board within 3 (three) years after the end of his tenure.

The Chair, as well a LID (if applicable), is elected by the Board on an annual basis.

The role and responsibilities of the Chair are documented in Annexure B.

A formal induction programme exists for all new directors. Upon their appointment new directors receive an induction pack consisting of, inter alia, agendas and minutes of the previous board and sub-committee meetings, the latest Integrated Annual Report, relevant insurance information, strategic documents, relevant policies and charters, and are informed of their fiduciary duties in terms of the Companies Act and JSE Listing Requirements. They have the option to visit various production sites and distribution centres and have meetings with executive management.

The Board is permitted to remove any director without shareholder approval.

The Board ensures that succession plans are in place for the Chairman and CEO positions, as well as for other members of the Management Board.

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3. **Roles and Responsibilities**

*3.1 Ethical and effective Leadership and Corporate Citizenship*

The Board is ultimately accountable for the performance and affairs of the Group. It should ensure that the Group’s ethics are managed effectively and provide effective leadership based on an ethical foundation.

An ethical corporate culture are promoted and sustained through:

* endorsing the values of the Group documented in the Code of Ethics and Conduct;
* monitoring and reporting on the measures taken by the Group to achieve adherence thereof; and
* all business conducted by the Board and management aligns with the values of the Group.

The implementation and execution of the Code of Ethics and Conduct and related policies are delegated to management.

The Board ensures that the Group is, and is seen to be, a responsible corporate citizen. The Board endorse the values, strategy and conduct which are congruent with being a responsible corporate citizen.

The Board assesses the consequences of the Group’s activities by monitoring performance against measures and targets in the following areas:

* *workplace* (including, but not limited to, employment equity; fairness of remuneration principles; development of and the health and safety of employees);
* *economy* (including, but not limited to, economic transformation; fraud and corruption practices and policies; approving the responsible and transparent tax policy);
* *society* (including, but not limited to, public health and safety; consumer protection; and protection of human rights); and
* *environment* (including, but not limited to, responsibilities in respect of pollution and waste disposal).

The monitoring of above activities is delegated to committees of the Board.

*3.2 Strategy and performance*

The Board appreciates that strategy, risk, performance and sustainability are inseparable and give effect to this by:

* providing strategic direction by assessing and endorsing the Group’s Strategy;
* prior to endorsing the strategy, the Board challenge it constructively with reference to, amongst others, the timelines and parameters which determine the meaning of short, medium and long-term respectively, availability of resources and relationships connected to the various forms of capital, the expectations of material stakeholders and the impact on transformation that may result from the execution of the proposed strategy;
* considering potential reputational risk;
* assess the impact (risk and opportunities) of the short, medium and long-term strategy and respond to negative consequences on the economy, society and environment;
* empowering management to implement strategic choices and to provide timeous and relevant feedback on progress made; and
* establish sub-committees to assist in discharging its duties and responsibilities.

*3.3 Corporate Governance*

The Board is the custodian of corporate governance in the Group.

*3.3.1 The Governance of Risk*

The Board is responsible for the governance of risk. The Board sets the direction for how risk should be approached and addressed in the Group and this responsibility to govern risk is delegated primarily to the Risk and Compliance Committee as well as to the Audit Committee.

As detailed in the Terms of Reference of the Risk and Compliance Committee, the Committee is, amongst other things, responsible for:

* recommend to the board the approval of the Group’s risk appetite and tolerance levels;
* approve the Group’s enterprise risk management framework;
* monitor the Group’s risk profile, potential risks and opportunities, and risk management capabilities, including evaluating the appropriateness of the Group’s risk registers. The Committee must ensure that the Company’s key risks have been identified, recorded, quantified where possible and that management has documented a response to adequately address the risks and provides for the identification and exploitation of opportunities to improve the performance of the Group;
* evaluate the adequacy of communication about escalating risk and the Group’s crisis preparedness, disaster recovery and business continuity processes and plans, including ensuring that management regularly demonstrates adequate business resilience arrangements are in place for disaster recovery;
* review the adequacy of insurance coverage;
* ensure that appropriate processes are followed for the identification, assessment and management of Technology and Information risks as part of the enterprise wide risk management framework;
* the protection and privacy of personal information.

As detailed in the Terms of Reference of the Audit Committee, the Committee is, amongst other things, responsible for:

* enabling an effective internal control environment (combined with an effective risk based internal audit annual work plan);
* embedding and assessing the combined assurance model;
* overseeing an effective and independent Internal Audit department, led by a suitably qualified chief audit executive; and
* nominating and appointing the external auditor, approving the engagement letter and audit as well as non-audit fees.

The Board, through the Audit Committee and Risk and Compliance Committee, delegate to management the responsibility to implement and execute effective risk management.

*3.3.2 The Governance of Remuneration*

Distell’s Reward Strategy is designed to attract, develop, motivate and retain talented employees who enable the Group to pursue and achieve the strategic objectives and thereby enhancing value for all stakeholders.

Distell’s reward philosophy is aimed at driving a high-performance culture by ensuring that our employees are motivated and committed to the success of our company and promotes remuneration that is fair and responsible. The Reward Policy is transparent and is based on the principles of market competitiveness, internal equity and pay for performance. The Policy ensures that no discrimination occurs and recognises exceptional and value-adding performance. The Board oversee that the implementation and execution of the Reward Policy achieves the set objectives.

*Shareholder engagement and voting*

Should the remuneration policy or implementation report be voted against by 25% or more of the votes exercised at the AGM, Distell will, in its voting results announcement, extend an invitation to dissenting shareholders to engage with the company via an agreed method to garner all views in relation to the vote. The engagement can be either through one-on-one virtual meetings or written communication as preferred by the shareholder.

*3.4 Reporting*

The Board delegates the governance and approval of the Integrated Annual Report to the Audit Committee and the governance and approval of the Sustainability Report to the Social and Ethics Committee.

The Audit and the Social and Ethics Committees’ discharge their duties by:

* ensuring that the Group issues a report annually;
* assessing the integrity of external reports (including nature, scope and extent of assurance, legal requirements, intended user);
* approving the reporting frameworks adopted by management;
* ensuring that all issued reports (online or printed) comply with legal requirement and meet the legitimate and reasonable information needs of material stakeholders;
* approving materiality used for purposes of disclosing information or not; and
* overseeing the assurance provided by the Internal Audit department on sustainability reporting and disclosure.

*3.5 Competence and Accountability*

The Directors act with due care ad diligence to stay abreast with sufficient working knowledge of the Group and its industry and to become informed about matters for decision making. The Company Secretary will arrange training when asked for or as deemed appropriate.

*3.6 Going Concern*

Every 6 (six) months, the Audit Committee considers the viability of the Group and its status as a going concern taking into account the solvency and liquidity position of the Group as well as future forecasts, projected profitability and cash flows and economic events. The Audit Committee will make a recommendation regarding going concern to the Board to consider.

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4. **Board Committees**

The Board has delegated particular roles and responsibilities to Board Committees, which operates under Board approved Terms of Reference’s, setting out the nature and extent of the responsibilities delegated, decision-making authority. The Board ensure that each Board Committee has the necessary skills, experience and knowledge to discharge their duties effectively. The Terms of Reference of each Board Committee is reviewed annually.

*4.1 Audit Committee*

The Audit Committee is a statutory requirement for Distell. The Committee consists of at least three independent, non-executive directors which have the necessary financial literacy, skills and experience to execute their duties effectively. The Board should appoint an independent, non-executive director as the chair. One or more members of the Risk and Compliance Committee are members of this Committee for more effective functioning.

*4.2 Risk and Compliance Committee*

The Committee should comprise executive and non-executive directors, with the majority being non-executive. One or more members of the Audit Committee are members of this Committee for more effective functioning.

*4.3 Nomination Committee*

All members of the Nomination Committee should be non-executive directors with the majority being independent.

*4.4 Remuneration Committee*

All members of the Remuneration Committee should be non-executive directors with the majority being independent. The Chair should be an independent, non-executive director.

*4.5 Social and Ethics Committee*

The Social and Ethics Committee is a statutory requirement for Distell. The Committee should comprise executive and non-executive directors, with the majority being non-executive.

*4.6 Investment Sub-Committee*

The Investment Sub-Committee consists non-executive directors, with the CEO and CFO being permanent invitees. This Committee meets on an ad-hocbasis and is responsible for the approval of new investments and disposal of significant assets within the Group.

*4.7 Executive Committee*

The Executive Committee comprise the CEO, CFO and nominated business unit and function heads who are responsible to implement and execute the approved strategy and discharge all duties and functions as delegated by the Board. The Committee meets monthly.

The CEO is appointed by the Board.

Notwithstanding any delegation of duties to Board Committees, the Board remains accountable for the performance and affairs of the company.

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5. **Meeting Conduct and Quorum**

The Board meets at least four times per year to review a formal schedule of matters, of which its members are fully briefed in advance. Bi-annual strategic workshops are also attended by the Board along with members of the executive committee. It also meets on an ad hoc basis, if required.

Effective chairing and a formal agenda with supporting documentation ensure all issues requiring attention are raised and addressed. Supporting documentation is distributed a week in advance of meetings. This enables directors to discharge their fiduciary responsibilities by determining whether prescribed functions have been carried out according to set standards within the boundaries of prudent, predetermined risk levels and in line with international best practice.

The minutes of all the Committee meetings are included in the agendas for subsequent Board meetings. If not possible, the chairs of the Board Committees give verbal feedback during the meeting.

A majority of the directors in office counts as a quorum for any directors’ meeting as required by the Company’s Memorandum of Incorporation.

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6. **Approval Framework and Delegation of Authority**

The Board reviews and approves the mandate to serve as guidance for executive management and the CEO in running the daily business operations. This mandate includes financial thresholds for decision making as well as the authority to sign on behalf of the Group.

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7. **Conflicts**

The directors are required by the Companies Act to disclose their personal financial interests, in material contracts or other matters, including interest by related persons to them on an annual basis.

All directors are required to comply with the Code of Ethics and Conduct, the Financial Markets Act, 19 of 2012, and the requirements of the JSE Limited regarding inside information, dealings in securities and the disclosure of such dealings.

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8. **Evaluation**

The Board, Board Committees, its chair and its individual members are subject to a formal evaluation process, either externally facilitated or performs a self-evaluation at least every 2 (two) years.

The LID facilitates the evaluation process of the chair.

The results of the evaluations are discussed with the Board as a whole and suggested changes and comments will be minuted and actioned by the Board.

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9. **Company Secretary’s Role and Responsibilities**

The Company Secretary is responsible to the board for ensuring adherence to proper corporate governance principles, compliance with relevant legislation and for preparing meeting agendas and recording minutes.

All Board have unlimited access to and may at any time seek the advice and services of the company secretary and in appropriate circumstances may, at the company’s expense, seek independent professional advice with notification to the Chair, CEO or Company Secretary.

The Board evaluates the eligibility, skills, knowledge and execution of duties of the Company Secretary every two years and assess and confirm the independence of the Company Secretary.

The Company Secretary may not be a member of the Board and must maintain an arm’s length relationship with the Board. The Company Secretary is empowered by the Board and carries the necessary authority.

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10. **Stakeholder relationships**

The board is committed to providing timely, relevant and transparent information on corporate strategy and financial performance.

The board, on recommendation from the Social and Ethics Committee, approves the detailed stakeholder segmentation strategy and approach that governs stakeholder relationships, communication and reporting and delegate to management the responsibility for implementation of said policy. The policy governs the identification of material stakeholders that are affected by activities and outcomes of the organisation, management of stakeholder risk, formal communication plans and dispute resolution.

The Board delegates the responsibility to proactively deal with stakeholder relationships to management who manages communications with its key financial audiences, including institutional shareholders and financial analysts by conducting information sessions following the publication of interim and final results. Executive directors, as well as representatives from management, attend these sessions. A broad range of public communication channels are also used to disseminate information. There is also a dedicated investor centre on the website.

Shareholders are encouraged to attend and actively participate in the Annual General Meeting. The Board ensures that the chairpersons of the Group’s Audit, Risk and Compliance, Social and Ethics, Remuneration and Nominations committees as well as the designated external auditor are present at the Annual General Meeting to respond to questions from shareholders.

Shareholders are treated equitably and the minority shareholders are protected.

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11. **Compliance**

The Board govern compliance with applicable laws and adopted, non-binding rules, codes and standards. A legal compliance policy was approved and implemented. The Board’s responsibility towards compliance was delegated to the Risk and Compliance Committee.

The Group’s compliance is approached and addressed through:

* all major Group policies are reviewed and endorsed by the Board (on recommendation of a sub-committee);
* management appointed a Compliance Officer to oversee all compliance activities as well as provide training on new legislation and other regulatory requirements;
* the compliance to rules, laws and codes and standards are incorporated in the Group’s Code of Ethics and Conduct;
* the responsibility to implement, execute and monitor compliance to relevant policies is delegated to management;
* the Risk and Compliance Committee regularly monitors the Group’s compliance to its regulatory landscape and ensure that non-compliance risks are identified and responded to; and
* the Board discloses in the Integrated report details on how it discharged its responsibility towards governing and managing compliance, areas of focus, and inspections by authorities (if applicable) as well as material or repeated instances of non-compliance (if applicable).

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**ANNEXURE A**

**ROLE AND RESPONSIBILITIES OF THE LEAD INDEPENDENT DIRECTOR**

1. To lead in the absence of the Chair.
2. To serve as a sounding board for the Chair.
3. To act as an intermediary between the Chair and other members of the Board, if necessary.
4. To deal with shareholders' concerns where contact through the normal channels has failed to resolve concerns, or where such contact is inappropriate.
5. To strengthen independence on the Board if the Chair is not an independent non-executive member of the Board.
6. To chair discussions and decision-making by the Board on matters where the Chair has a conflict of interest.
7. To lead the performance appraisal of the Chair.

 **ANNEXURE B**

**ROLE AND RESPONSIBILITIES OF THE CHAIR**

1. The Chair set the ethical tone for the Board and the Group.
2. Ensuring that Board decisions and the endorsed strategy are executed.
3. Participate in selecting and appointing Directors (through the Nomination Committee) as well as succession planning for the Board and CEO.
4. Approve the annual work plan of the Board, including meeting agendas.
5. Leading Board meetings and ensure that the time is used effectively.
6. Managing conflict of interest.
7. Approve share trade requests of Non-Executive Directors, the CEO, CFO and Company Secretary.
8. Meet regularly with the CEO.