



CORPORATE GOVERNANCE REPORT

The following report sets out the corporate governance framework adopted by the PPECB Board and highlights the key activities for the year under review.

The corporate governance framework enables the Board to:

- Fulfil its role and discharge its duties and responsibilities as required by legislation and the regulatory environment in which the PPECB operates
- Contribute to servicing the PPECB's customers in a professional manner
- Decide on the PPECB's policy and strategic direction
- Set the parameters for delegating authority in the organisation
- Oversee risk management and internal controls at the PPECB.

An essential characteristic of the PPECB's culture is its compliance with applicable legislation, including the Constitution, relevant Acts, regulations, standards, protocols and codes. The PPECB's key enabling legislations are: the Perishable Products Export Control Act (Act 9 of 1983) (PPEC Act); the Agricultural Product Standards Act (Act 119 of 1990) (APS Act); and the Public Finance Management Act (Act 1 of 1999) (PFMA). The PPEC Act is currently under review. During the reporting period the PPECB Board

approved a Legal Compliance Register, which ensures that the PPECB remains focused on complying with applicable legislation. The Legal Compliance Register:

- Identifies relevant legislation, policies and best practice
- Indicates, where applicable, a management action plan, due date and responsible party. The Legal Compliance Register is a standing agenda item for the Risk Committee and is considered and discussed at each risk committee meeting.

The Board's approach to corporate governance is based on the fact that sound governance is essential to creating a sustainable business. The new PPECB Board's term commenced on 1 February 2020. A one-day induction programme was held for the new PPECB Board on 11 March 2020, which included training on Accountability and Ethical Conduct under King IV™. The induction programme included an overview of the PPECB's history, structure, finances and operations, as well as applicable legislation and governance. The continuing development and mentorship of Board members, particularly new Board members, will remain a focus area for the ensuing year.

The PPECB's Board members and its sub-committees

The PPECB is a statutory body constituted in accordance with Section 4 of the PPEC Act. The PPECB Board comprises 10 non-executive Board members representing the industries in which the PPECB operates. An independent non-executive member has not been appointed as a lead independent as such an appointment is not provided for in the PPEC Act.

PPECB Board members are appointed by, and are accountable to, the Minister of Agriculture, Forestry and Fisheries (DAFF), now DALRRD. They represent seven of the largest export groups as determined by export volume, as well as a member designated by the Minister. As such, the majority of the non-executive Board members and Chairperson of the PPECB Board cannot be categorised as independent, as recommended by principle seven of the King IV Report™. In terms of the PPEC Act, Board members serve for a period of three years.

To discharge its duties more effectively, the Board has approved and delegated authority on specific matters to the following committees: an Audit Committee; a Human Resources (HR) Committee, where Social and Ethics matters are considered; and a Strategic Projects Committee, which has oversight over strategic matters, including projects such as Information and Communications Technology (ICT), Project TITAN 2.0®, the Laboratory and risk-based sampling. The Strategic Projects Committee no longer operates as a Board committee and the Board exercises direct oversight over the matters previously assigned to the Strategic Projects Committee. The sub-committees serve under written and approved charters, which are reviewed and updated annually.

The Board committees are satisfied that it has fulfilled its responsibilities in accordance with its charters for the reporting period. The chairpersons of these sub-committees are responsible for relaying all proposals agreed by the sub-committees to the Board for approval, or otherwise.

Notices, agendas and documentation pertaining to the Board and sub-committee meetings are distributed well in advance. Minutes of all meetings are taken and are approved at the first and subsequent meetings. Where necessary, decisions can be taken between these meetings by round-robin resolutions via email. All documented minutes and resolutions are stored either in fireproof safes at the PPECB or at off-site storage facilities. Electronic copies are stored in secured folders with restricted access.

Chairperson

The Board appoints the Chairperson, who is responsible for the effective functioning of the Board. The Chairperson's primary duties include:

- Providing overall leadership to the Board
- Presiding over Board meetings, ensuring they function smoothly and managing conflicts of interest

- Ensuring that Board members receive professional advice when needed
- Serving as an informal link between Board members and the Executive Management team (EXCO), as well as providing support and advice, while respecting executive responsibility
- Serving as the link between the PPECB Board and the Minister of Agriculture, Forestry and Fisheries (DAFF), now DALRRD
- Ensuring that regular and objective appraisals are administered to assess the Board's effectiveness.

As from March 2019 the Chairperson focused on the continuing development of the Board members and this was done by the Chairperson of the Board in the form of one-on-one sessions with each Board member.

Chief Executive Officer (CEO)

The CEO has been appointed by the Board in terms of Section 13 of the PPEC Act and is entrusted with the power to manage and control the work authorised by the Board, as well as to exercise supervision over the other officers and employees of the Board.

The Chairperson of the Board evaluated the performance of the CEO and reported thereon at the Board meeting in May 2019 following the previous reporting period. The Board confirmed their satisfaction with the overall performance of the CEO at the Board meeting in May 2019 and approved the renewal of his employment contract for a period of five years. A three-month written notice period is applicable should either party wish to terminate the employment agreement prior to the termination date.

Even though the CEO's contract of employment has been renewed, succession planning for the CEO remains a focus area, which has been managed in terms of the PPECB Talent Framework. Succession planning has been implemented by ensuring that either the COO or CFO can take over the role at short notice if necessary. When the CEO is required to travel abroad for an extensive period of time, either the COO or CFO are appointed to act in the position of CEO and fulfil all CEO duties accordingly.

The CEO is a member of the Institute of Directors Southern Africa, a member of the Fresh Produce Exporters' Forum (FPEF) and is a country council member of the Produce Marketing Association (PMA).

The Board is satisfied that it has determined the appropriate delegation of authority to ensure that both management and the CEO are empowered to manage the day-to-day activities of the PPECB. The PPECB acts in accordance with a Board-approved delegation of authority framework, which stipulates levels of authority for the CEO, EXCO and senior managers. During the reporting period, the Board considered and increased the delegation of authority of the Bid Adjudication Committee to ensure that business operations can continue efficiently.

Business conduct

The PPECB Board endeavours to lead ethically, effectively and with integrity and has adopted a code of conduct, which was approved by the Board. The EXCO and Risk Management Committee (RISCO) monitor compliance with this code at all times. During the reporting period, the PPECB reviewed its code of conduct and adopted changes to ensure that all employees, Board members and relevant stakeholders know what conduct is expected of them.

The PPECB has an independently-managed fraud and ethics hotline to monitor and promote awareness of potentially unethical employee behaviour. During the reporting period, the PPECB created awareness through articles on the PPECB intranet in respect of fraud, declarations of interest, ethics and contract management. New employees and PPECB administrators also received training on the Protection of Personal Information Act (Act 4 of 2013) (POPI Act) and the Promotion of Access to Information Act (Act 2 of 2000) (PAIA Act).

The PPECB has both a Board member and employee declaration of interest and gift policy in order to ensure that Board members and employees act in good faith. Employees and Board members are required to disclose any interests on an annual basis and as they arise. Board members are also required to disclose any interests relating to agenda items of a particular meeting. Such disclosures must be made prior to discussion of the agenda item and in writing on the attendance/declaration register, which is circulated at every committee and Board meeting.

During the reporting period, the Board member declaration of interest and gift policy was reviewed and updated. In addition, the PPECB's EXCO accepts its responsibility to address matters of significant concern for all stakeholders, taking into account the need for accountability.

The Agricultural Portfolio Committee

The Portfolio Committee on Agriculture, Forestry and Fisheries (DAFF), now DALRRD, meets with the PPECB in Parliament twice a year. The Chairperson, Vice-chairperson and members of the Executive Management team, if requested, represent the PPECB at these meetings.

The PPECB's strategic plan and budget for the following year is tabled at the April meeting, while its financial results and annual report for the preceding year are tabled at the September meeting. The oversight role that the Portfolio Committee plays forms part of the PPECB's overall governance.

The Executive Committee (EXCO)

The Executive Committee comprises the CEO Lucien Jansen, the CFO Johan Schwiebus, the COO Cyril Julius, the CIO Yanesh Ramiah and the Human Resources Executive Pinki Luwaca. Details of the EXCO's Management Committee activities are to be found on page 21.

The Management Committee (MANCO)

The MANCO is made up of the CEO, general managers, regional operations managers and other senior managers. The MANCO's chief role is to support the CEO in the strategic management of the PPECB. During the previous reporting period, the Executive Committee (EXCO) took the decision to discuss strategic matters on different platforms as and when the need arose.

Operational MANCO meetings are held bi-monthly to provide a platform to communicate and share information on day-to-day operational matters at a senior management level.

While the MANCO does not have any specific authority delegated to it, it remains an important middle-management forum that contributes towards decision-making in the organisation.

Any organisational ethics outcomes may be addressed by the Risk Committee or at the operational MANCO meetings, and where appropriate, directly with employees.

All legal, company secretarial and corporate governance matters are managed by the in-house Legal and Corporate Governance Manager, with the assistance of an Assistant Legal Advisor, both of whom are suitably qualified employees. The Legal and Corporate Governance Manager ensures that the Board and Board members have access to professional guidance on corporate governance and legal matters. The Legal and Corporate Governance Manager also coordinates the functioning of the Board and its sub-committees and contracts with external specialist service providers on legal or Board matters. The PPECB has contracted Ms Gaby Gess, an attorney, to assist primarily with the drafting of the PPEC Bill and the Regulations thereto.

The Legal and Corporate Governance Manager fulfils the role of a company secretary for the Board and its committees.

The PPECB has various written policies and procedures supporting management and staff in the day-to-day functioning of the business. Organisational policies are approved by the PPECB Board and operational policies are approved by the relevant departmental general managers. Organisational procedures are approved by the Board and operational procedures are approved by the relevant departmental EXCO member.

