Applying strong corporate governance

Governance at a glance

97%
Average Board and Committee meeting attendance

278 years
Board members' aggregate years of experience

60%
Board independence

30% female
Gender diversity

Good corporate governance is essential to ensure that Famous Brands' entrepreneurial energy is matched with the appropriate checks and balances.

Compliance Statement

The Board confirms that for the year ended 28 February 2022, the Group complies with the provisions of the Companies Act and is operating in conformity with its Memorandum of Incorporation. The Board further confirms the application of the King IV™ Code of Corporate Governance.

The Group's King IV application register is available at https://famousbrands.co.za/governance/king-iv-register/

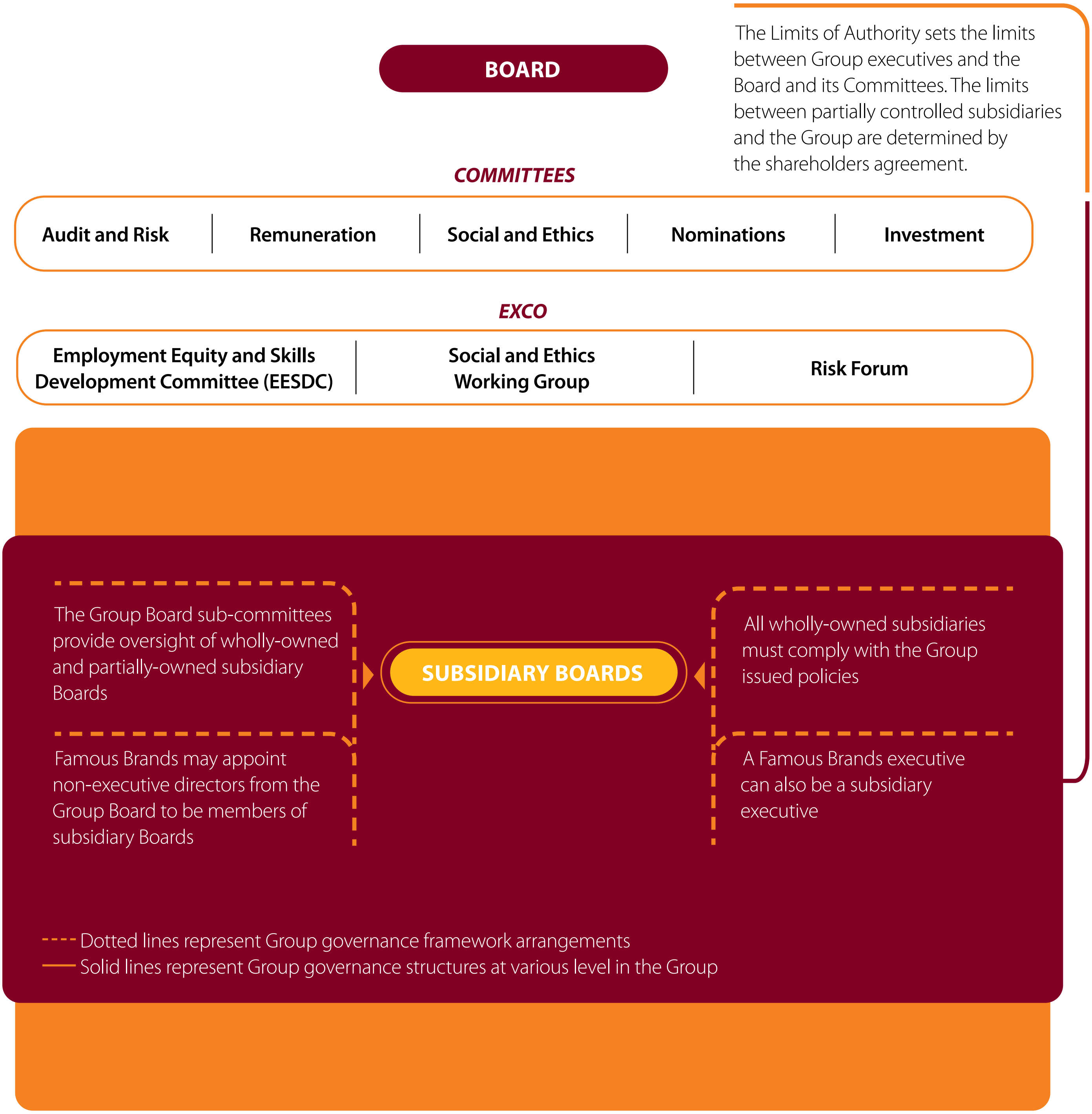
Major Board decisions

- Approved the continued support to franchisees through royalty and marketing fee reductions and deferrals.
- Approved the appointment of Deon Fredericks as the Group Financial Director.
- Approved the appointment of Fagmeedah Petersen-Cook and Busisiwe Mathe to the Board.
- Approved the minority shareholder buy-outs in LUPA Osteria and Turn 'n Tender.
- Approved the purchase of the 51% shareholding interest in Lexi's Healthy Eatery.
- Approved the closure of Gauteng Bakery.
- Approved the sale of Famous Brands Great Bakery Company.

The Board is satisfied that it has fulfilled its responsibilities in accordance with its Board Charter for the 2022 financial year.

The Board and its Committees have Charters that are reviewed on an annual basis. The latest reviews took place in 2022, and where necessary, the Charters were amended or updated in line with the King IV recommendations and the JSE Listings Requirements.

Governance structure and framework



The Board is satisfied that the Limits of Authority Framework contributes to role clarity, accountability and the effective exercise of authority and responsibilities.

Our approach to governance and leadership

The Board is the ultimate custodian of corporate governance. As outlined in the Board Charter, directors are required, individually and collectively, to exemplify the characteristics of integrity, competence, accountability and transparency.

Our governance approach

Our governance philosophy is critical to our business approach and guided by our seven core values, established more than five decades ago. *Refer to page 21 for our business values.*

The Board and management exercise effective leadership by following these values and applying the King IV principles, which result in the four good governance outcomes of ethical and effective leadership, sustainable value creation, effective controls and oversight as well as trust and confidence in the Group.

Board composition

Aligned with King IV and the Board Charter, the Board comprises a majority of independent non-executive directors (six), two non-executive directors and two executive directors, being the CEO and Group Financial Director. The Board is satisfied with the level of independence on the Board.

Board diversity and balance of skills and experience

The Board appreciates the value of diversity, including gender, race, age, experience and expertise. The Board has a broad Diversity Policy, which is incorporated in the Nominations Committee Charter.

The Board is satisfied with the Board's size and diversity. Although no targets have been set for race representation in the membership of the Board, the Board has set a target of 35% of gender representation by 2024 as part of its focus on SDG 5 (gender equality).

Succession planning is in place for the CEO and other key non-executive and executive positions.

Rotation and changes to the Board

Chris Boulle, John Lee Halamandres and Alex Maditse will retire by rotation and have made themselves available for re-election at the AGM and the Board supports their re-election.

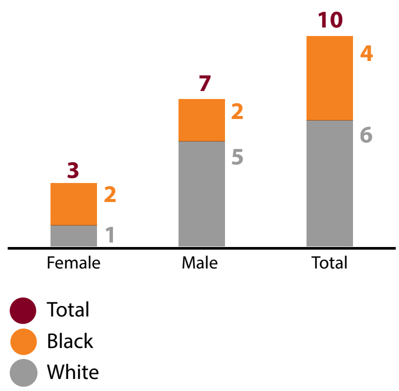
Santie Botha has served more than nine years on the Board.
The Board has assessed her independence and is satisfied that she exercises objective judgement and there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence her unduly or cause bias in decision-making.

Board changes in 2022

The following changes to the composition of the Board took place in the review period:

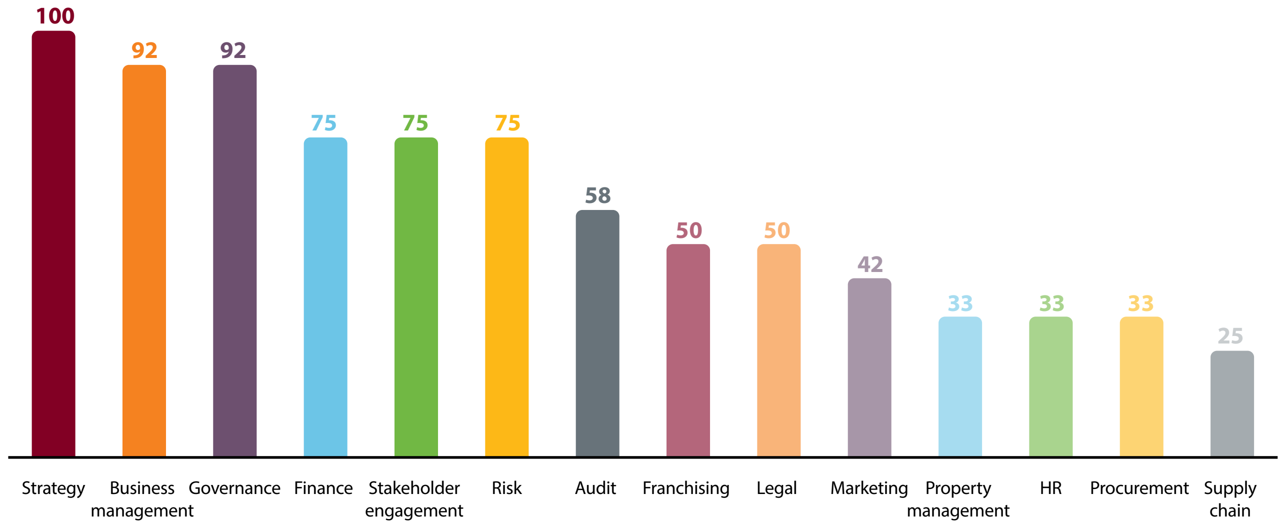
- Emma Mashilwane retired at the 2021 AGM and stepped down as a member of the Audit and Risk Committee and Chairman of the Remuneration Committee.
- Lebo Ntlha resigned as Group Finance Director and executive director in June 2021, effective 1 November 2021.
- Fagmeedah Petersen-Cook was appointed as an independent non-executive director with effect 1 June 2021.
- Deon Fredericks was appointed as Group Financial Director, and his role changed to executive director, effective 1 August 2021.
- Busisiwe Mathe was appointed as independent non-executive director, effective 20 October 2021.

Board demographics and gender

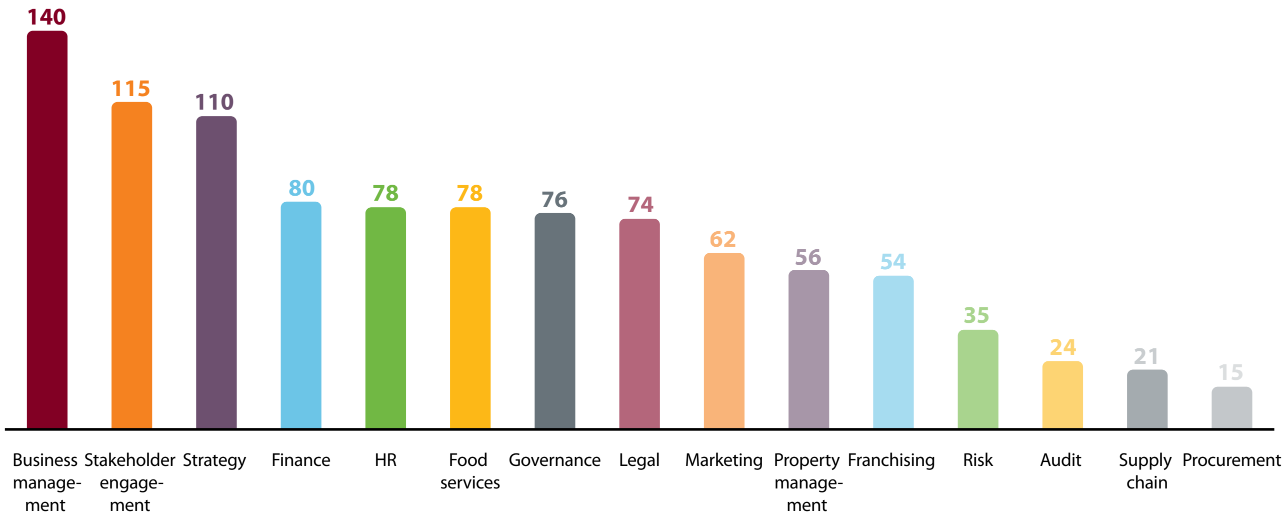


- Consequently, the following Committee changes were made:
  - Chris Boulle was appointed as Chairman of the Remuneration Committee and member and Chairman of the Audit and Risk Committee.
  - Fagmeedah Petersen-Cook was appointed as a member of the Remuneration Committee, Audit and Risk Committee and member and Chairman of the Investment Committee.
  - Chris Boulle stepped down as Chairman of the Social and Ethics Committee and Alex Maditse assumed the role in October 2021.
  - Busisiwe Mathe was appointed as a member of the Audit and Risk Committee effective 20 October 2021.

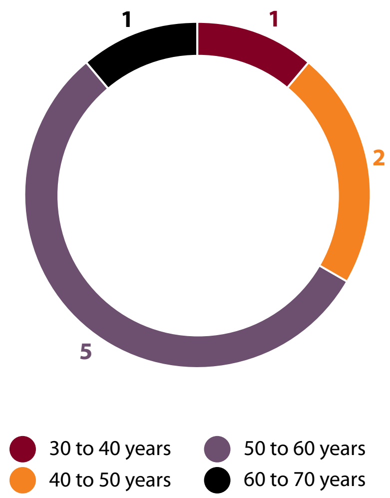
Board skills profile (%)



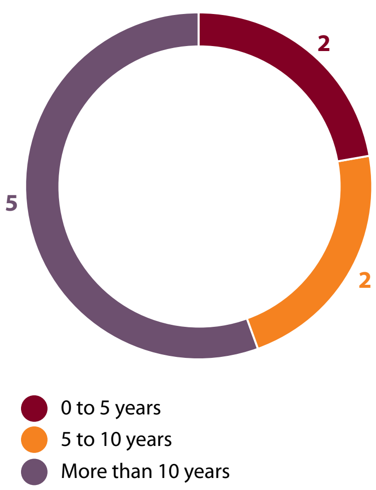
Exco skills profile (combined years of experience)



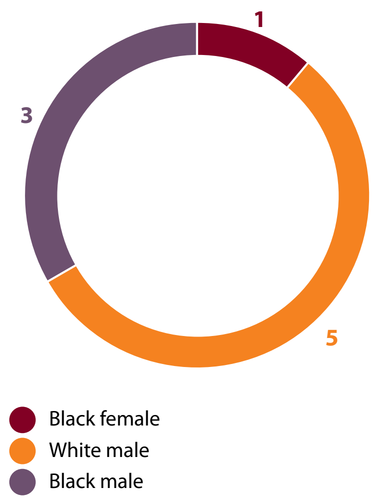
Exco age



Exco tenure



Exco demographics



OUR APPROACH TO GOVERNANCE AND LEADERSHIP continued

Board of Directors and Executive Management

as at 28 February 2022

Santie Botha (57)

Independent non-executive Chairman

BEcon (Hons)

Norman Joseph Adami (67)

Independent non-executive director

B.Bus Science (Hons), MBA

Christopher Hardy Boulle (50)

Independent non-executive director

BCom, LLB, LLM

Alexander (Alex) Komape Maditse (59)

Independent non-executive director

BProc, LLB, HDip (Company Law)

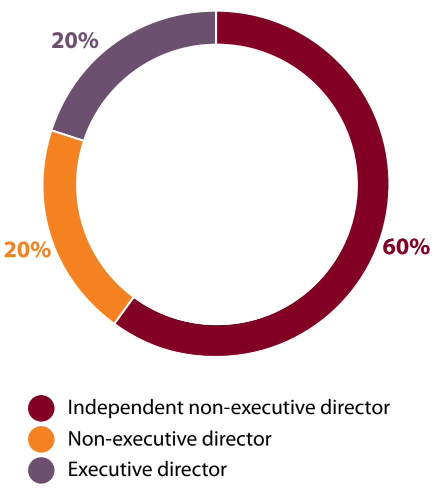
Nicolaos (Nik) Halamandaris (47)

Non-executive director

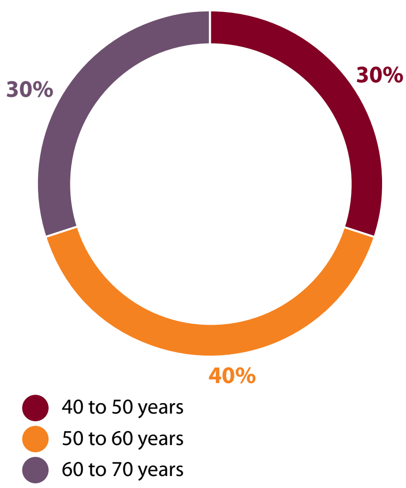
John Lee Halamandres (68)

Non-executive director

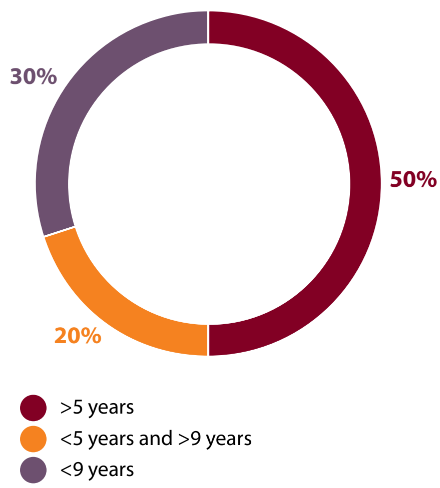
Board independence



Board age



Board tenure



Busisiwe Mathe (41)

Independent non-executive director

BCom, CA(SA)

Fagmeedah Petersen-Cook (46)

Independent non-executive director

BBusSc (Actuarial Science)

Darren Paul Hele (50)

Chief Executive Officer

BCom

Deon Jeftha Fredericks (61)

Group Financial Director

BCompt (Hons), Business Management (Hons), CA(SA), CIMA

Celeste Appollis (50)

Company Secretary and Head of Legal

BA LLB H.Dip. (Company Law)

Jabulani Mahange (61)

Group HR Executive

BA, BED (Wits), PDM (Wits), MBL (SA)

● Non-executive directors ● Executive directors ● Exco

OUR APPROACH TO GOVERNANCE AND LEADERSHIP continued

Andrew Mundell (53)

Group Executive – Business Development

BSc Agric (Hons), M.B.A. (UCT)

Derrian Nadauld (48)

Chief Operating Officer – Leading Brands

NDip Catering Management and Certificate Marketing Management

Ntando Ndaba (36)

Group Risk Executive

BTech

Jean-Paul Renouprez (48)

Group Executive – Manufacturing and Logistics

MBA, B.Sc Engineering

Philip Smith (59)

Managing Director – AME

A Levels (UK)

Refer to the detailed CVs on page 180.

Non-executive directors · Executive directors · Exco

Key governance matters addressed during 2022

Operational	• Considered and approved the 2022 budget, with 2020 as a baseline, under continuing difficult operating environment (lockdown period announced in December 2020) but noted the slight recovery at the start of the 2022 year. • Considered impact of July unrest on operations and support to franchise partners affected.
Strategy and financing	• Reviewed and approved the 2022 to 2024 corporate strategy, focussing on brand health and drivers of performance such as an IT and digital strategy and related IT and digital structure and initiatives. • Considered the draft 2023 to 2025 corporate strategy, business plan and financial roadmap. • Reviewed the 2022 business plan to drive recovery. • Approved the acquisition of minority interests in Turn 'n Tender and LUPA Osteria. • Approved the UAC Restaurants' expansion plans. • Considered and approved the principles for Project Unite and funding for the acquisition of 39 Richards Drive, Midrand and the relocation of the KwaZulu-Natal logistics centre and the sale of the Famous Brands Great Bakery Company.
Risk management, internal control and compliance	• Considered the challenges in the publishing of the financial results related to the finalisation of the year-end audit. • Reviewed compliance of the AFS with the JSE's proactive monitoring recommendations. • The Internal Financial Controls Programme was reviewed to support the CEO and Group Financial Director's attestation statement. • Monitored the implementation of POPIA and AARTO compliance.
Succession and talent management	• Approved CEO and Exco scorecards for 2022 with EBITDA and HEPS as short-term incentives (STI) and absolute TSR and ROCE as part of the LTI. • Approved executive director remuneration, including salary increases and STI allocations, and approved Exco LTI allocations. • Approved a 4.5% increase of non-executive director fees, subject to shareholder approval. • Reviewed the CEO and Group Financial Director's performance scorecards. • Reviewed Board succession and composition in line with the Diversity Policy and CEO's succession planning. • Reviewed ongoing training of Board members. • Approved the Board appointments of Fagmeedah Petersen-Cook and Busisiwe Mathe. • Approved the Board appointment of Deon Fredericks as Group Financial Director.
Corporate and performance reporting	• Reviewed and approved the annual Board workplan. • Evaluated Board performance. • Approved the 2021 AFS and IAR. • Reviewed and approved market communications relating to the 2021 annual results and 2022 interim results.
Corporate citizenship	• Approved the continued support to franchise partners facing COVID-19 impact and difficulties. • Reviewed and approved the Company's proposed SDGs targets. • Considered Famous Brands' position on climate change and the targets that have been set. • Reviewed progress made with transformation and the BBBEE scorecard, including maintaining a Level 4 BBBEE status and assessed the implications of changing scorecards on the current contributor level. • Approved the vaccination roll-out programme on sites.

Performance evaluations

In October 2021, performance evaluations of Board members and the Board's overall effectiveness across several categories were completed.

The results of the Board evaluation indicated an improvement in the overall scores. The evaluation concluded that the Board functioned well with an open and in-depth discussion of important issues. There has been significant improvement in concise yet sufficiently detailed and informative packs. The Board and Exco complement each other and collaborate to resolve key concerns. The tone set by Exco is highly rated, especially with executive management considering and implementing appropriate responses for key risks identified through a continual process of risk assessment.

Key focus areas for improvement in 2023 included:

- Legal, regulatory and compliance updates are required on a more regular basis.
- The effectiveness of internal controls requires focus and the Audit and Risk Committee needs to be further strengthened.
- Board composition in terms of accounting, IT and digital and e-commerce skills needs to be considered for succession purposes when considering new directors for appointment.
- Succession plans for key executives to be reviewed in 2022.

Meeting attendance

	Board	Audit and Risk Committee	Social and Ethics Committee	Nominations Committee	Remuneration Committee	Investment Committee
Number of meetings	**6**	**4**	**3**	**3**	**3**	**2**
Board/Committee members	**12**	**4**	**4**	**3**	**3**	**4**
Meeting attendance						
NJ Adami	6	4	–	3	–	2
SL Botha	6	4*	–	3	3	2
CH Boulle	6	4/2*	3	–	3	2
DJ Fredericks	6	4/2*	–	–	1*	1*
N Halamandaris	6	4*	3	–	–	2*
JL Halamandres	5	–	–	–	–	1*
DP Hele	6	4*	3	3*	3*	2*
K Ntlha**	5	2*	–	–	–	2*
AK Maditse	6	–	3	3	–	–
TE Mashilwane	3	2	–	–	1	1
F Petersen-Cook^	3	2	–	–	2	1
B Mathe^^	2	2/1*	–	–	–	–

* *By invitation.*
** *Resigned from Famous Brands and left her position in November 2021.*
^ *Joined the Famous Brands Board in June 2021.*
^^ *Joined the Famous Brands Board in October 2021.*

Ethical and effective leadership

The Board

The Board is held accountable for ethical and effective leadership through a Code of Conduct and annual performance evaluations. Members' declarations of interests are regularly reviewed and updated with possible conflicts of interest noted at every Board meeting. The Nomination Committee evaluates potential conflicts of interest. It communicates its concerns to the Chairman of the Board or the Chairman of a relevant committee mandated to discuss the matter with the member concerned.

The Company

Famous Brands has a Code of Ethics that is reviewed annually. Employees are required to comply with the Code of Ethics. The following policies are in place to foster an ethical culture:

- A Gift Policy.
- A Whistle-blowing Policy.
- An Anti-Occupational Fraud Policy.
- A Conflict of Interest Declaration Policy.

Famous Brands has an Ethics Management Programme run in conjunction with The Ethics Institute. In 2022, 46 employees were trained through this programme. Since its inception in 2019, 109 managers have gone through this programme.

Famous Brands offers training to employees to establish ethical conduct, due care and compliance. This training includes the following modules, among others:

- Meeting etiquette.
- Workplace ethics.
- Workplace professionalism.
- Dealing with bullying.
- Sexual harassment.
- Risk management.
- POPIA.
- Labour Relations Act.
- Basic Conditions of Employment Act.
- Occupational health and safety.

Technology governance

At Famous Brands, we deploy technologies to assist with the following:

Quality assurance: We use technologies to assist in compiling our critical operational and financial data. These technologies assist with quality assurance, prevent human errors and save time. This enables effective decision making and quality reporting.

Payment technology: Secure payment platforms are critical to keeping information safe and preventing unlawful access. These also include contactless payment solutions, which are becoming more popular with consumers.

Our ordering systems are integrated with a variety of payment applications.

Online ordering systems: Our delivery channel and some online ordering systems in-store are reliant on our online ordering systems. These can process high volumes of data with no errors and downtime.

CRM systems: Our CRM systems allow the brand teams to run personalised consumer marketing campaigns using consumer data ingested via multiple sources that are POPIA compliant. This data is sorted, cleaned, modelled and segmented according to strategic and ad hoc requirements.

Self-service: We have self-service terminals at some restaurants and are rolling out this functionality across certain brands.

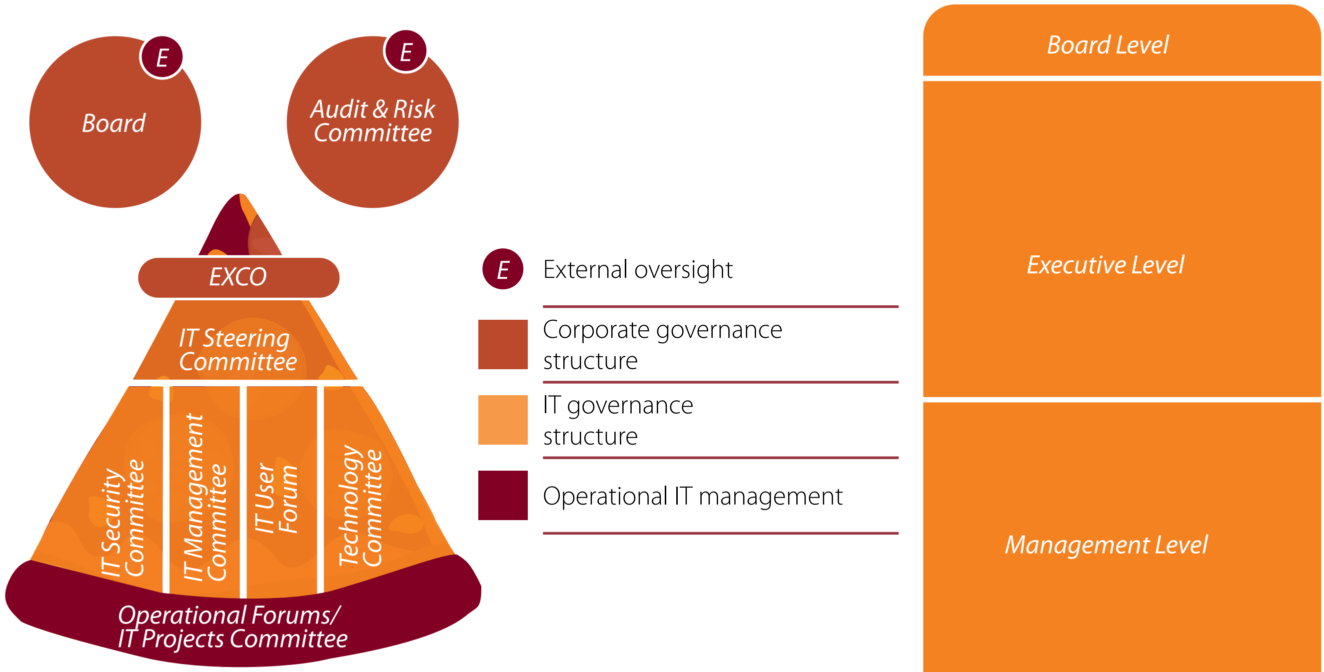
E-vouchering: Our e-vouchering systems enable brands to remove plastic card-based gift cards with digital versions that are simple to purchase and issue and apply to all purchase points within the Famous Brands ecosystem.

Compliance: Our compliance system provides critical raw material data to ensure food safety. It monitors plant conditions and issues alerts in the case of health and safety risks.

OUR APPROACH TO GOVERNANCE AND LEADERSHIP continued

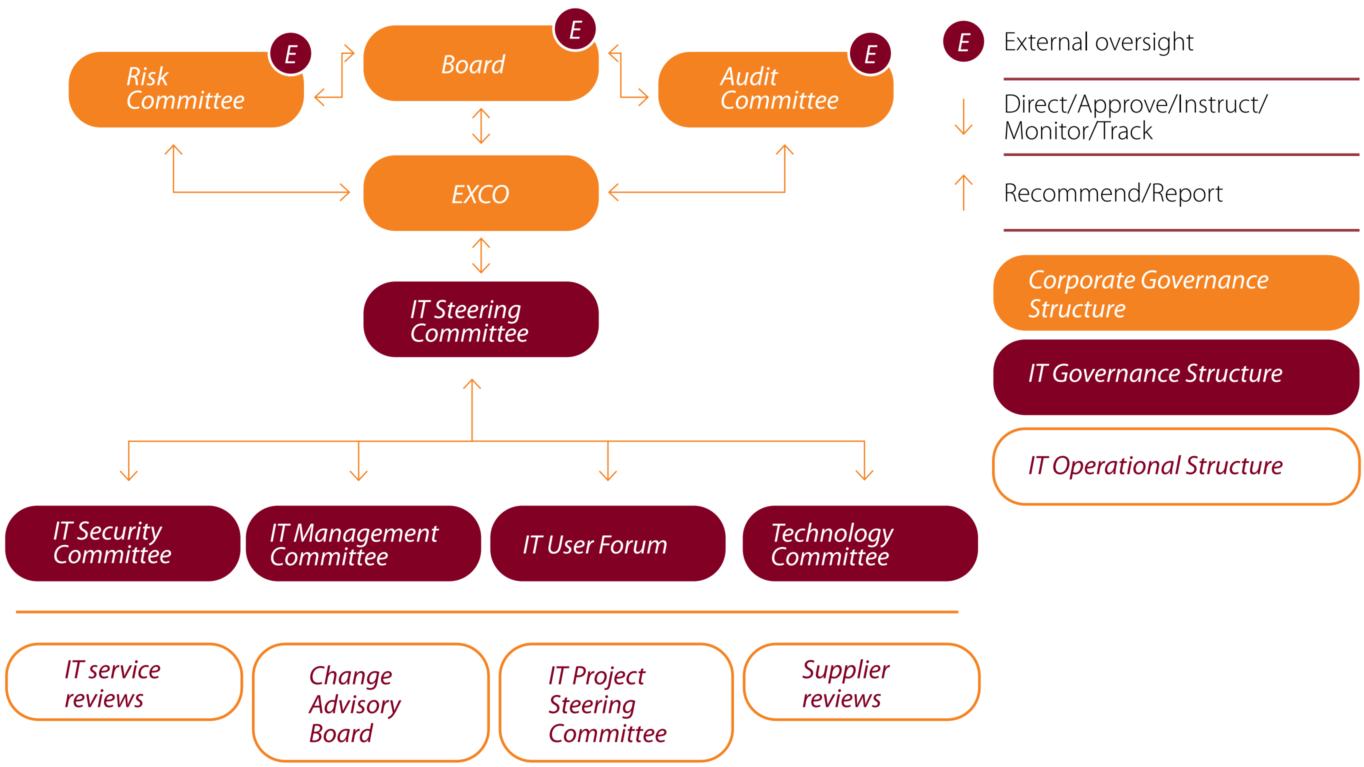
IT Governance Framework

Famous Brands subscribes to the internationally recognised and accepted Control Objectives for Information and Related Technologies (COBIT) IT Governance Framework. The Governance Framework adopted is reflected below.



IT Governance Hierarchy Model

This Hierarchy Model will be enabled by the IT governance operating structures as reflected in the diagram below.



To date the following governance documents have been created to enable the IT Governance Framework:

- IT strategic planning.
- Project management.
- Managed security processes.
- Managed continuity.
- Performance and conformance management (this is still work in progress).

Policy and Procedures

From a policy perspective, there are several policies to guide the "acceptable use" of IT resources and infrastructure. These include policies governing the use of the internet, email, business systems, IT equipment procurement and disposal and password construction, to mention a few.

IT governance within the Famous Brands Group is driven through the IT Steering Committee, with oversight exercised by the Board through the Audit and Risk Committee. The IT Steering Committee is guided by a Charter document and meetings are scheduled quarterly, and cover the following topics:

- Alignment of the annual IT strategic objectives to the overall business objectives.
- Prioritisation of active and future business projects requiring underlying IT solutions.
- Annual IT Budget.
- IT Policy reviews & implementation.
- Bi-annual review of disaster recovery and business resumption contingencies.

In 2022, the IT Steering Committee meetings were placed on hold and substituted by weekly IT feedback sessions to Exco to facilitate better alignment and quick response to technology projects we were working on. These meetings covered the following over and above the topics above:

- In progress IT projects and projects planned for the near future.
- IT issues that can disrupt the business operations.
- Capital and operational investments including:
  - Integration gateway.
  - Migrating of the server to the cloud.

In 2022, the Audit and Risk Committee monitored the implementation of the following critical technology projects:

Enterprise resource planning: The successful upgrade of SAGE X3 from version 9 to version 12.

Disaster recovery plan: The testing of the disaster recovery plan post the upgrade to SAGE X3 version 12.

Cyber security: Implementation of the first year of the three-year cyber security plan including two penetration tests.

System integration platform: The installation of the API Gateway platform.

POPIA: Implementation of security safeguards (encryption) to sensitive data identified.

The Audit and Risk Committee will monitor critical technology deployment planned for 2023 noting the ability of these technologies to reduce risks related to cyber-attacks, secure payment and financial sustainability. These include:

- Reviewing improvements to the cyber security systems and processes as part of the three-year cyber security plan.
- Implementation of the system integration platform for all channels, service providers, systems and partners.
- Server replacement.
- Monitoring the development and implementation of Information and COBIT control objectives in line with the three year IT plan.

Compliance

Several key regulatory and legislative changes occurred in 2022.

- POPIA, came into effect in July 2021, following a lengthy revision process and a one-year grace period for organisations to comply. We have implemented processes and procedures to ensure compliance with this legislation.
- Famous Brands continued to prepare for the new AARTO regulations, including introducing a points-based licence demerit system for traffic offences. The first phase of AARTO launched on 1 July 2021, which was the establishment of service outlets. The demerit system is only expected to come on online in the fourth phase, starting 1 July 2022.
- South Africa's Extended Producer Responsibility regulations came into effect on 5 May 2021. This legislation intends to ensure producers take responsibility for the life cycle of the products they introduce to the market, right through to post-consumer waste disposal. Famous Brands has reviewed the legislation and has completed the work to ensure that the Company is recognised by the various producer responsibility organisations. The regulator must still finalise details regarding the process.

Famous Brands achieved 100% NOSA compliance for all plants, with no plants receiving less than a three star rating.

We received no material regulatory penalties, sanctions or fines for contraventions or non-compliance. We are compliant with environmental regulations, with no findings of non-compliance with environmental laws.

Our planned future focus areas include:

- Monitor and respond to the implementation of the Extended Producer Responsibility regulations.
- Developing a comprehensive regulatory compliance framework to map the legislation across each geography.

Combined assurance

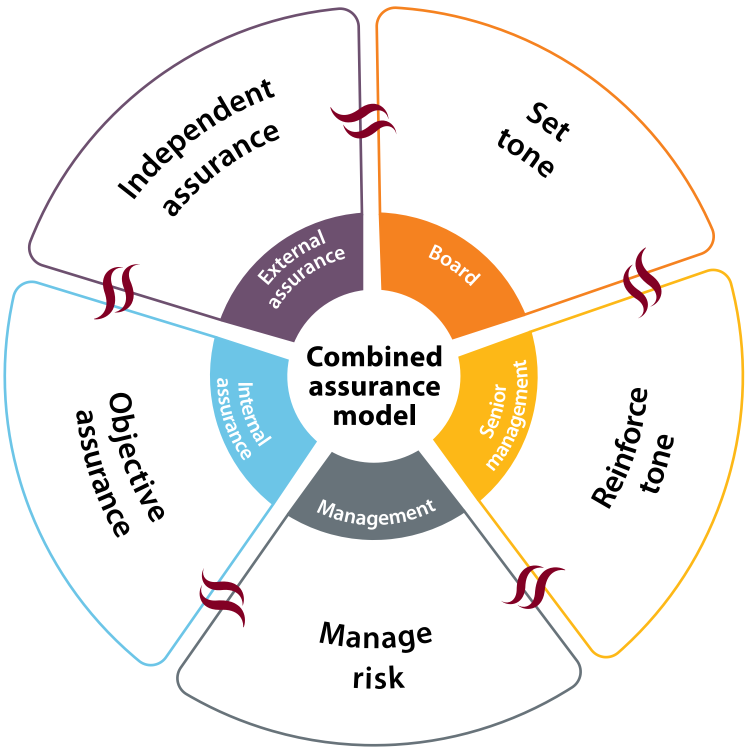
The Audit and Risk Committee assists the Board in entrenching the combined assurance model across the Group.

The Committee is responsible for overseeing Famous Brands' system of internal controls which is intended to evaluate, manage and provide reasonable assurance against material misstatement and loss. Together with the Group Risk Executive, the Audit and Risk Committee ensures that risks and opportunities are properly identified, assessed, and quantified. The Board is further supported by divisional management through the Group Risk Forum.

The Group's combined assurance model enhances the assurance obtained from management and internal and external assurance providers while developing a strong ethical environment and mechanisms to ensure compliance. The Internal Audit and Risk departments ensure adequate controls are in place. The external auditor, KPMG, evaluates key controls and accounting matters during the annual audit process.

Internal audit

In 2022, Famous Brands conducted 17 internal assurance audits across the Group (2021: 16). Internal resources were responsible for 82% of these audits (2021: 81%). The focus of the year was on Corporate Functions, Supply Chain and Leading Brands. The scope of our work included IT general controls, compliance readiness reviews, finance, operations and inventory management.



Company Secretary

Celeste Appollis, the Company Secretary, ensures that the Board is aware of its fiduciary duties and that the Board and management execute their functions as per the Limits of Authority Framework. The Board and each director have unfettered access to the Company Secretary. She also facilitates the appointment, induction and ongoing training for all directors.

The Board has evaluated the Company Secretarial function as set out by the JSE Listing Requirements and Companies Act and is satisfied that Celeste has the required experience and expertise to fulfil the role. There is an arm's length relationship between her and the Board to allow her to execute her role properly. The Board has trust in the arrangement for accessing professional governance services. As the Company Secretary, Celeste can contact the Chairman to raise any concerns.

Audit and Risk Committee report

The key focus for the Committee was assessing the timeline for the return to normal trading, reviewing debt service and covenant requirements and the working capital needed to support this return, while operating in an ongoing risk-laden economic environment.

Mandate

The purpose of the Audit and Risk Committee is to assist the Board in discharging its oversight responsibilities, including safeguarding the Group's assets, ensuring adequate risk management and control processes, and preparing financial statements in compliance with all applicable legislation and regulations.

Members	Invitees	Relevant skills profile of members
Chairman • DJ Fredericks* 2/4 • CH Boulle* 2/4 **Members** • NJ Adami • F Petersen-Cook** • B Mathe*** • TE Mashilwane****	• CEO • Group Financial Director • Chairman of the Board • Group Finance Executive • N Halamandaris • Group Risk Executive • Internal Audit Manager • Company Secretary • Representatives from KPMG (external auditors)	Committee members are highly skilled in finance, accounting and risk.

* *Deon Fredericks stepped down as the Chairman and member of the Audit and Risk Committee on the announcement of his appointment as Group Financial Director. He attends the Audit and Risk Committee as an invitee. Chris Boulle was appointed as the new Chairman for the Committee.*

** *Fagmeedah Petersen-Cook joined the Board and was appointed to the Committee in July 2021.*

*** *Busisiwe Mathe joined the Board and was appointed as a member of the Committee in October 2021.*

**** *Emma Mashilwane retired from the Board at the AGM on 23 July 2021 and left the Audit and Risk Committee.*

***** *Lebo Ntlha resigned and left the Committee in November 2021.*

Focus areas for 2022

General

- Reviewed and approved the Committee Charter.
- Reviewed and recommended the IAR to the Board for approval.

Annual assessments

In a closed session with the auditors, the Committee reviewed and considered the following assessments:

- The Group Financial Director.
- The finance structure.
- The Head of Internal Audit.

Overall, the Committee reflected that it was satisfied with the expertise and competency of the Group Financial Director and the finance function and identified areas for improvement. The Committee found that the Head of Internal Audit was knowledgeable and provided leadership to the department. The Chairman of the Committee provided feedback directly to the parties concerned.

Financial statements, accounting practices and other financial matters

- Reviewed the assessment prepared by management of the going concern status of the Group and made recommendations to the Board. The Committee is satisfied that the Group is a going concern for the foreseeable future based on the information available at the time of approval of the AFS.
- Reviewed the financial and general covenants applicable to the Group based on the lending and capital structure, which was found to have been appropriate and complied with.
- Considered matters raised relating to financial reporting and accounting practices, internal audit, contents of the Group's and the Company's financial statements, internal financial controls and any related matters.
- Reviewed the processes in place for reporting matters relating to financial reporting and accounting practices, internal audit, contents of the Group's and the Company's AFS, internal financial controls and any related matters and agreed on matters that required improvement. The Committee can confirm that there were no matters of concern noted.
- Reviewed and recommended the short and long-form announcements, interim results and AFS to the Board for approval.
- Considered accounting treatments, significant unusual transactions and key accounting judgements.
- Considered the reports of the internal and external auditors on the Group's systems of internal control, including financial controls, business risk management and maintenance of an effective internal control system.
- Received assurance from management that proper and adequate accounting records were maintained and the systems safeguard the assets against unauthorised use or disposal.
- Reviewed the Group tax report.

Based on the above, the Committee formed the opinion that there were no material breakdowns in internal control, including financial control, business risk management and the maintenance of effective material control systems.

External audit

- Considered the quality controls processes of the external auditor and specifically audit quality reviews conducted over the designated auditor, including those performed by the Independent Regulatory Board for Auditors (IRBA) as part of its routine review process.
- Considered the appropriateness of the other auditors engaged to perform audits within the Group, being Blick Rothenberg Chartered Accountants in the UK and PKF Botswana, and deemed them appropriate.
- Reviewed the external auditors' report on the Group Consolidated and Company AFS and the key audit matter.

Focus areas for 2022

Internal audit

- Reviewed and approved the internal audit business plan and budget.
- Performed the annual review and approval of the Internal Audit Charter.
- Reviewed the internal audit reports and processes.
- Reviewed the implementation of the internal controls projects to enable the CEO and Group Financial Director to provide a positive statement on the adequacy and effectiveness of internal financial reporting controls.

Risk management

- Evaluated and reported to the Board on the effectiveness of risk management controls and governance processes.
- Reviewed and approved the risk management business plan and budget.
- Performed the annual review and approval of the Risk Management Charter.
- Reviewed the Group risk register, IT governance, and the insurance gap analysis and approved management's steps to close gaps.

Monitoring effectiveness of risk management

Famous Brands operates in a complex, challenging environment where existing and emerging risks influence our operations, value creation ability and sustainability. The Board, supported by the Committee, monitors our top risks and mitigation actions, as aligned to our approved risk appetite and risk management strategy. Current and emerging risks are managed and monitored as part of our day-to-day processes.

Our executives, management and assurance providers collaborate to reinforce a strong Group-wide risk culture. Our combined assurance model includes audit, compliance, risk and business management teams, who ensure a coordinated approach to risk management. Based on the review performed in 2022 and the monitoring and oversight activities performed, the Committee concluded that the Group's risk management and internal control systems were effective.

Read more about our combined assurance model on page 120.

Read more about our top risks and risk management processes on page 50.

Going concern

The Committee has considered the going concern assessment as prepared by management, including the Group's outlook regarding trading conditions that will persist into the foreseeable future. This assessment is based on a range of varied scenarios. These include an estimated timeline for the return to normal trading, debt service and covenant requirements and working capital requirements. The Committee is satisfied that the Group is a going concern for the foreseeable future based on the information available at the time of approval of the AFS.

Key focus areas for 2023

The key focus areas identified for the coming year are as follows:

- Further improvements to financial controls.
- Improving consolidation of financial statements and financial reporting.
- Enhancing finance team structure and skills depth.

Conclusion

Having considered all the material factors and key audit matter, the Committee recommended the AFS for the year ended 28 February 2022 for approval to the Board. The Board has approved the AFS, which will be open for discussion at the forthcoming AGM of shareholders.

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the year. I will be available at the AGM to answer any questions regarding the activities of the Committee.

Chris Boulle
Chairman

23 June 2022

Social and Ethics Committee report

The Committee reviewed its transformation and sustainability initiatives in the context of our broader socio-economic realities, and a backdrop where COVID-19 continues to impact our business and employees.

Mandate

The purpose of the Social and Ethics Committee is to assist the Board in discharging its oversight responsibilities regarding how the Group does business according to its values, ethical standards and social responsibility. As per the Companies Act, the Committee's duties include oversight over social and economic development, good corporate citizenship, the environment, health and public safety, consumer relationships, and labour and employment.

Members	Invitees	Relevant skills profile of members
Chairman • CH Boulle* 2/3 • A Maditse* 1/3 **Members** • DP Hele • N Halamandaris • AK Maditse	• Group HR Executive • Group Executive: Business Development • Group Risk Executive • Group Transformation Manager • Company Secretary	Committee members are highly skilled in governance, law and sustainability reporting.

* *Chris Boulle stepped down as the Chairman of the Social and Ethics Committee in October 2021 and was replaced by Alex Maditse.*

Oversight areas

The Committee, together with the Social and Ethics Working Group (made up of the executives of the Group), have adopted best practice for this committee as recommended by the IoDSA. It encapsulates King IV, the Companies Act, the 10 Principles of the UN Global Compact and legislation related to the economy (including fraud and corruption), workplace matters, environment and society (including stakeholder relations).

Governing and managing ethics

We have the following measures in place to ensure that we adequately govern and manage ethics within the Group:

- Published policies related to ethics published on the Group intranet.
- Whistle-blowing Policy is in place together with channels to report unethical activity.
- Regular internal communications campaigns on topics related to values and ethics.
- Training for managers and executives.

Focus areas for 2022

The Committee and/or the Social and Ethics Working Group worked on the following matters:

General

- Reviewed and approved the Committee Charter and annual Committee workplan.
- Reviewed and accepted management's feedback (based on relevant legislation and best practice) regarding the Group's activities relating to:
  - Social and economic development.
  - Good corporate governance.
  - ESG matters.
  - Consumer relationships.
  - Labour and employment.
- Reviewed and recommended the non-financial disclosures contained in the IAR to the Board for approval.
- Approved the Group's CSI activities and provided the Board with updates on existing CSI projects and progress achieved and made recommendations regarding new proposed projects.
- Noted the Risk Management Plan for 2022.

Compliance *(refer to page 119 for more information)*

- Reviewed progress made to ensure POPIA compliance across the Group.
- Monitored the implementation of a software tool to support compliance with AARTO and the implications of this tool for disciplinary processes for drivers employed by Famous Brands.
- Monitored the Group's preparations for the Extended Producer Responsibility legislation.
- Reviewed and approved the new Competition Law Compliance Policy.

Transformation and labour *(refer to page 78 for more information)*

- Reviewed and reported to the Board on the Group's employment equity performance relative to the Group's Employment Equity Plan, which was set out in the annual Employee Equity Report submitted to the Department of Labour.
- Reviewed and considered the employment equity targets as agreed with the Department of Labour, in the context of broader diversity objectives for the Group. This included the approach for recruiting people with disabilities and the process to help existing employees identify and report their disabilities.
- Reviewed and reported to the Board on the Group's detailed BBBEE strategy, targets and budget, and progress made aligned to the scorecard.
- Noted the formation of a new Enterprise Development and Supplier Development Committee, established to provide oversight into enterprise development and supplier development projects.
- Noted the ongoing impact of COVID-19 on the BBBEE strategy and performance against approved targets.
- Noted the Group's move to the Food and Beverage SETA.
- Noted the progress made with wage negotiations and relationships with the various trade unions.

Ethical conduct *(refer to page 117 for more information)*

- Noted the report on the Group's Code of Ethics and policies regarding gifts, conflict of interest, fraud and whistle-blowing.
- Monitored the progress of ethics training across the Group.
- Whistle-blowing cases monitored and investigated.
- Noted the Conflict of Interest Declaration Policy exercise, the results of the annual employee survey (Voice your View) and the equal work for equal pay analysis completed in 2021.
- Received feedback on health and public safety.

Sustainability disclosures *(refer to page 66 for more information)*

- Approved the targets for the seven UN SDGs identified as relevant for the Group.

Environmental impact (refer to page 74 for more information)

- Reviewed and considered the IoDSA King IV Guidance Paper on the responsibilities of governing bodies in responding to climate change.
- Evaluated management plans and their progress. These projects related to:
  - Measures to monitor and improve our water and electricity consumption and the reporting of this data.
  - More environmentally friendly packaging options.
  - An initiative to reduce food waste.

Health and safety

- Monitored our health and safety procedures against globally accepted best practice.
- Monitored enhanced food safety measures across the business through the new food safety effectiveness system.
- Monitored management's adherence to COVID-19 protocols across the operation and reports on COVID-19 statistics across the Group.
- Considered a mandated vaccination policy but decided not to mandate vaccinations.
- Reviewed safety reports related to injuries and fatalities and agreed on extended management reports to include near-miss incidents.

Focus areas for 2023

The key focus areas for the Committee for 2023 are:

- Wage negotiations with unions.
- Monitor POPIA compliance and increase POPIA awareness among employees as well as a POPIA and data protection legislation gap analysis and remedial actions in foreign territories where the Group operates.
- Making policy documents more accessible to employees.
- Monitor the implementation of the Competition Law Compliance Policy and improve competition law awareness.
- Recommending and approving CSI projects for 2023.
- Review performance against approved UN SDG targets.
- Maintaining our Level 4 BBEEE status, investigating new enterprise and supplier development projects and improving the detail of internal transformation reporting.

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the year. I will be present at the AGM to answer any questions regarding the statutory obligations of the Committee.

Alex Maditse
Chairman: Social and Ethics Committee

23 June 2022

Investment Committee report

The Committee focussed on investment projects that were aligned to the overall strategy, and supported the objective of right-sizing the business in response to a post-COVID-19 trading environment.

Mandate

The purpose of the Investment Committee is to assist the Board in discharging its oversight responsibilities regarding the Company's investment strategy and policy. The Committee assists the Board in considering investment opportunities, approving acquisitions, disposals and capex, and reviewing the performance of previous investments.

Members	Invitees	Relevant skills profile of members
Chairman • CH Boulle* 1/2 • F Petersen-Cook* 1/2 **Members** • NJ Adami • SL Botha • CH Boulle	• CEO • Group Financial Director • N Halamandaris • Group Risk Executive • Company Secretary	Committee members are highly skilled in actuarial science, business strategy, finance and commercial law

* *Chris Boulle stepped down as Chairman of the Investment Committee in June 2021 and was replaced by Fagmeedah Petersen-Cook.*

Focus areas for 2022

The Committee reviewed and approved the annual workplan and Committee Charter. The Committee evaluated key investment projects including:

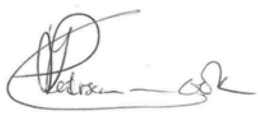
- Project Decade including the relocation of the KwaZulu-Natal Distribution Centre.
- Project Unite, which relates to the expansion of the current Midrand facility.
- Expansion PAUL[1] – three new restaurants.
- Expansion of our Nigerian footprint through further investment in our associate UAC Restaurants.
- The purchase of the remaining minority shareholdings in Turn 'n Tender and LUPA Osteria.
- Approved the sale of our minority shareholding in Famous Brands Great Bakery Company (Pty) Ltd.
- Reviewed the weighted average cost of capital (WACC) calculation and impairments.
- Considered and approved the capex for strategic IT projects.
- The company store portfolio.

[1] *Licensed brand by PAUL International.*

Focus areas for 2023

Our focus areas for 2023 include the finalisation of the investment for Project Unite, supporting management in the evaluation of growth opportunities and the consideration and review of strategically important Group IT projects.

I confirm that the Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the financial year. I will be present at the AGM to answer any questions regarding the activities of the Committee.



Fagmeedah Petersen-Cook
Chairman: Investment Committee

23 June 2022

Nomination Committee report

The focus of the Committee was to ensure that the Board had the requisite skills and independence to provide the business with the leadership needed during a tough trading environment and to position it for the recovery to normal trading.

Mandate

The purpose of the Nomination Committee is to ensure that the composition and structure of the Board and its Committees and the executive leadership team perform at their best in support of the business and stakeholders. The Committee is also responsible for evaluating the overall performance of the Board and individual Board members and selecting the best candidates for each seat on the Board.

Members	Invitees	Relevant skills profile of members
Chairman • SL Botha **Members** • NJ Adami • AK Maditse	• CEO • Company Secretary	Committee members are highly skilled in governance, law and business strategy.

Focus areas for 2022

Over and above the annual review, amendment and agreement of the Committee workplan and Charter, the Committee:

- Evaluated the Exco succession plan and related organogram, particularly focussing on relevant skills in the IT reporting structure.
- Reviewed the Board composition and was comfortable with the balance between independent non-executive directors, non-executive directors and executive directors.
- Considered the appropriate composition and rotation of Board members and the composition of various Board Committees, particularly the Audit and Risk Committee and Remuneration Committee, with the resignation of Emma Mashilwane.
- Considered leadership structures by evaluating a schedule of subsidiary boards and directors and supported the appointments of:
  - Deon Fredericks as Group Financial Director, and his appointment to material wholly-owned and partially-owned subsidiaries.
  - Fagmeedah Petersen-Cook as an independent non-executive director to Famous Brands Board, member and Chairman of the Investment Committee and member of the Audit and Risk and Remuneration Committees.
  - Busisiwe Mathe as an independent non-executive director to the Famous Brands Board and member of the Audit and Risk committee.
  - Gerard Carolan as an independent non-executive director to the Board of Wimpy UK.
  - Jeddidah Thatho as an independent non-executive director to the Board of Famous Brands Kenya.
- Evaluated the Board's performance and effectiveness (page 116).

Focus areas for 2023

The key focus areas for 2023 will be the appointment of a new independent director to the Board, preferably a chartered accountant, as well as succession planning for long standing Board directors. The continuous focus on succession planning within the IT and HR departments will remain a focus area.

I confirm that the Committee is satisfied that it has fulfilled its responsibilities according to its terms of reference for the financial year. I will be present at the AGM to answer any questions regarding the activities of the Committee.

Santie Botha
Chairman

23 June 2022