

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 Boule, 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.

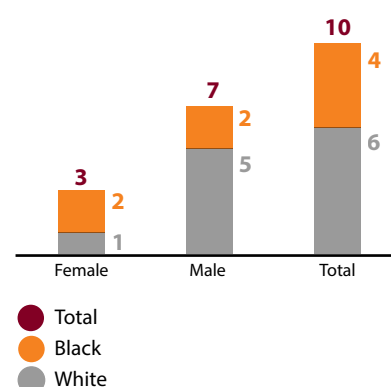
Santie Botha has served more than nine years on the Board. The Board has assessed her independence and is satisfied that she exercises objective judgement and there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, 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:

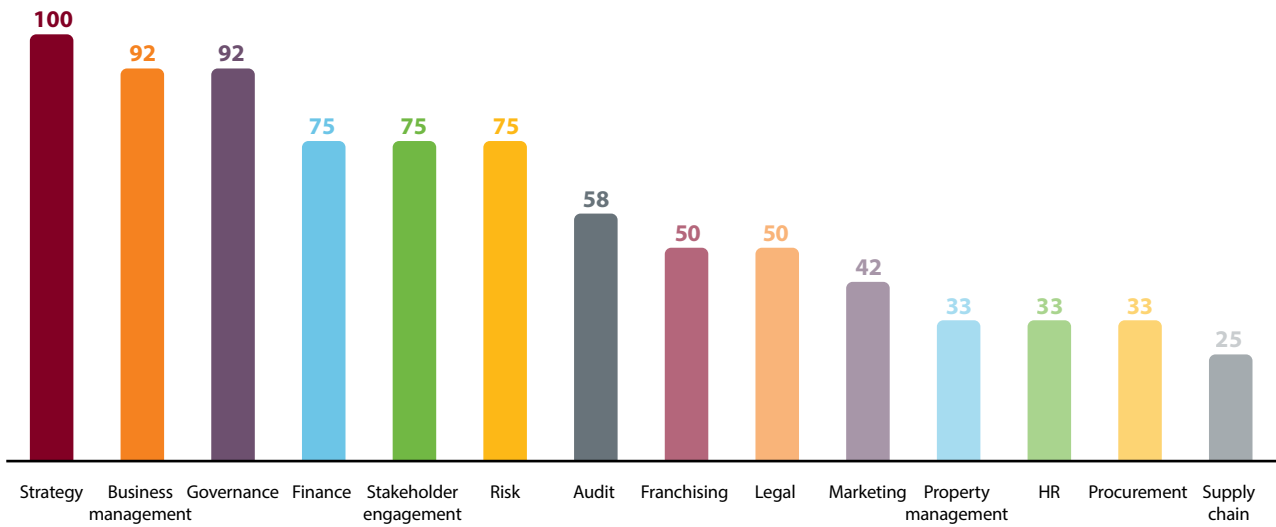
- Emma Mashilwane retired at the 2021 AGM and stepped down as a member of the Audit and Risk Committee and Chairman of the Remuneration Committee.
- Lebo Ntlha resigned as Group Finance Director and executive director in June 2021, effective 1 November 2021.
- Fagmeedah Petersen-Cook was appointed as 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

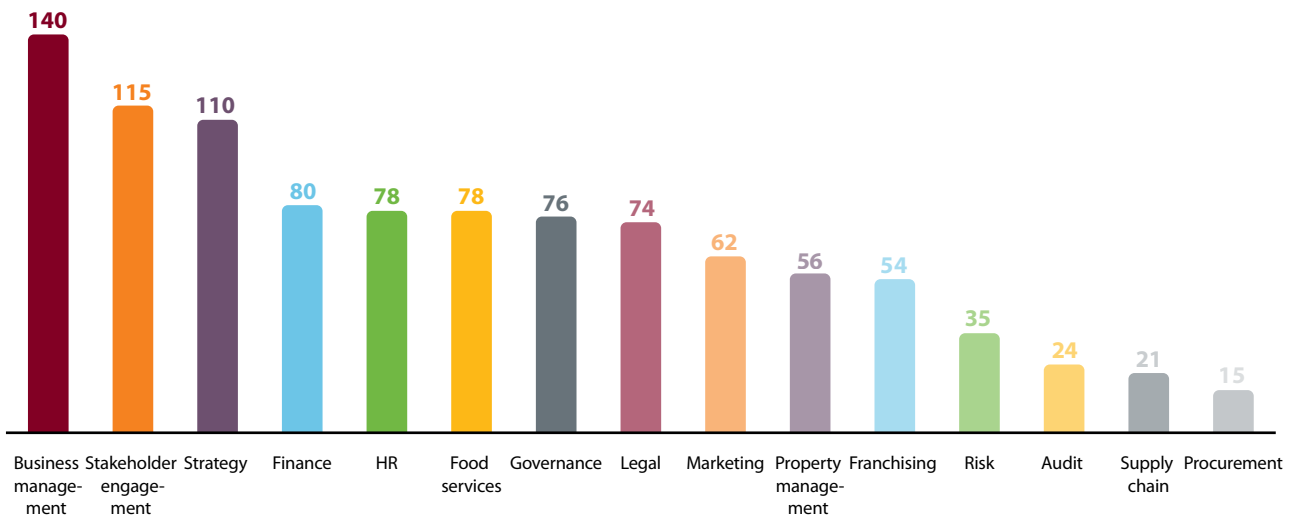


- Consequently, the following Committee changes were made:
 - Chris Boule was appointed as Chairman of the Remuneration Committee and member and Chairman of the Audit and Risk Committee.
 - Fagmeedah Petersen-Cook was appointed as a member of the Remuneration Committee, Audit and Risk Committee and member and Chairman of the Investment Committee.
 - Chris Boule 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.

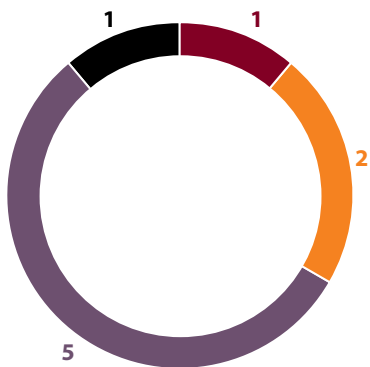
Board skills profile (%)



Exco skills profile (combined years of experience)

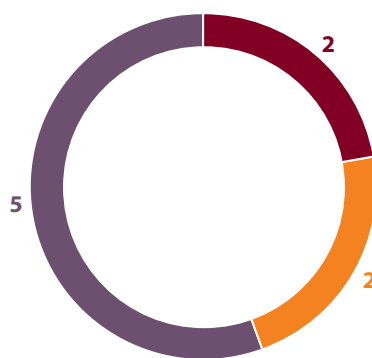


Exco age



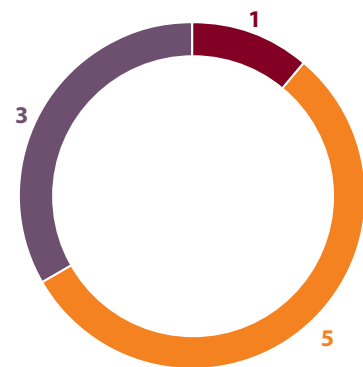
- 30 to 40 years
- 40 to 50 years
- 50 to 60 years
- 60 to 70 years

Exco tenure



- 0 to 5 years
- 5 to 10 years
- More than 10 years

Exco demographics



- Black female
- White male
- Black male

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 Boule (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)

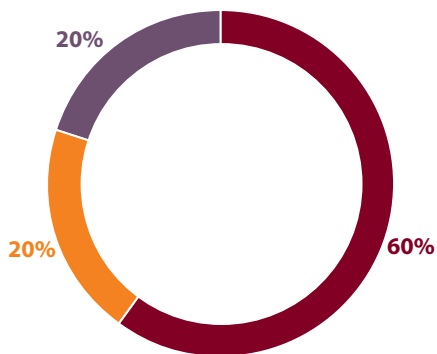
Non-executive director



John Lee Halamandres (68)

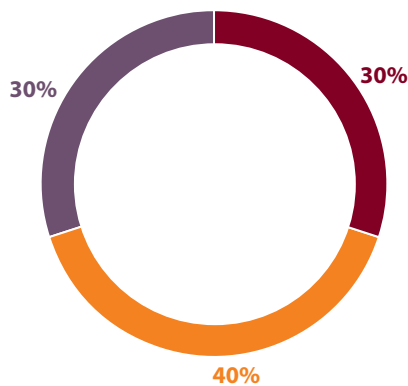
Non-executive director

Board independence



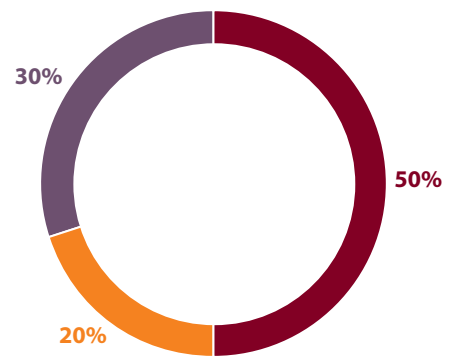
- Independent non-executive director
- Non-executive director
- Executive director

Board age



- 40 to 50 years
- 50 to 60 years
- 60 to 70 years

Board tenure



- >5 years
- <5 years and >9 years
- <9 years



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)

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

<p>Operational</p> 	<ul style="list-style-type: none"> • 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.
<p>Strategy and financing</p> 	<ul style="list-style-type: none"> • 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.
<p>Risk management, internal control and compliance</p> 	<ul style="list-style-type: none"> • 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.
<p>Succession and talent management</p> 	<ul style="list-style-type: none"> • 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.
<p>Corporate and performance reporting</p> 	<ul style="list-style-type: none"> • 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.
<p>Corporate citizenship</p> 	<ul style="list-style-type: none"> • 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.

OUR APPROACH TO GOVERNANCE AND LEADERSHIP continued

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 Board/Committee members	6	4	3	3	3	2
Meeting attendance	12	4	4	3	3	4
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.

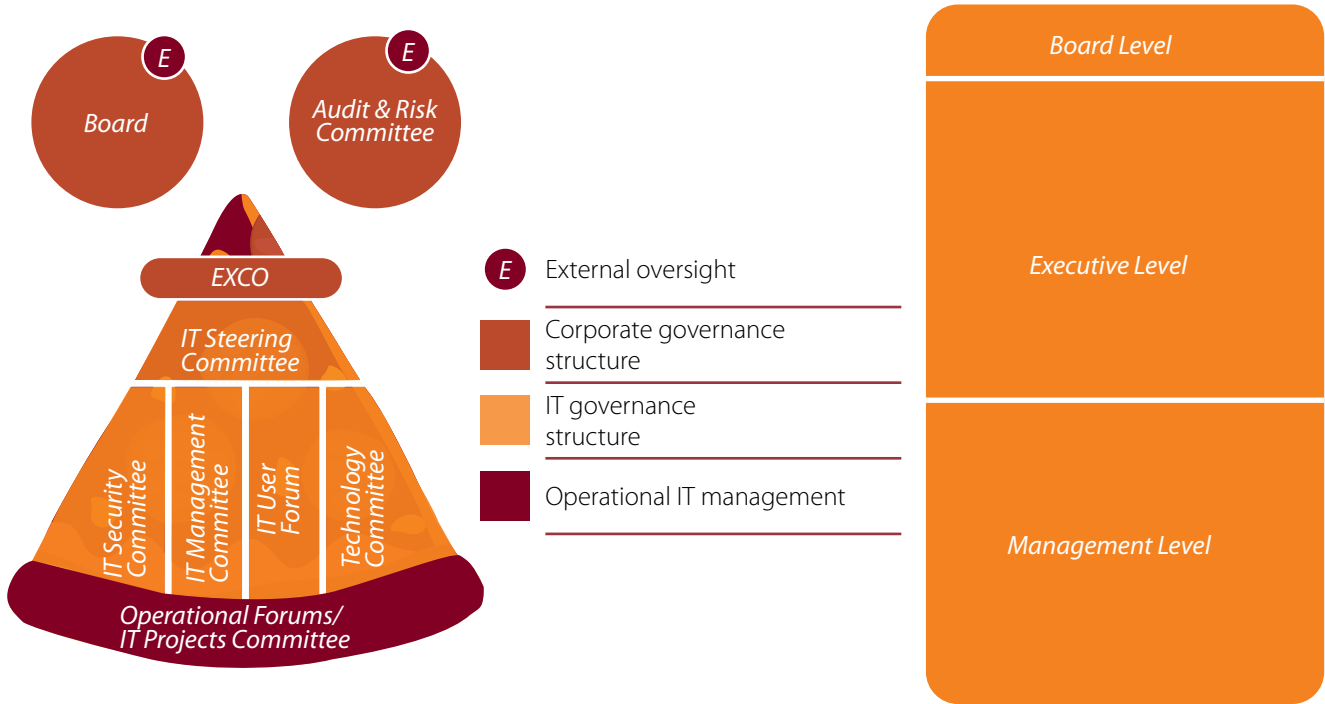
E-vouchering: Our e-vouchering systems enable brands to remove plastic card-based gift cards with digital versions that are simple to purchase and issue and apply to all purchase points within the Famous Brands ecosystem.

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

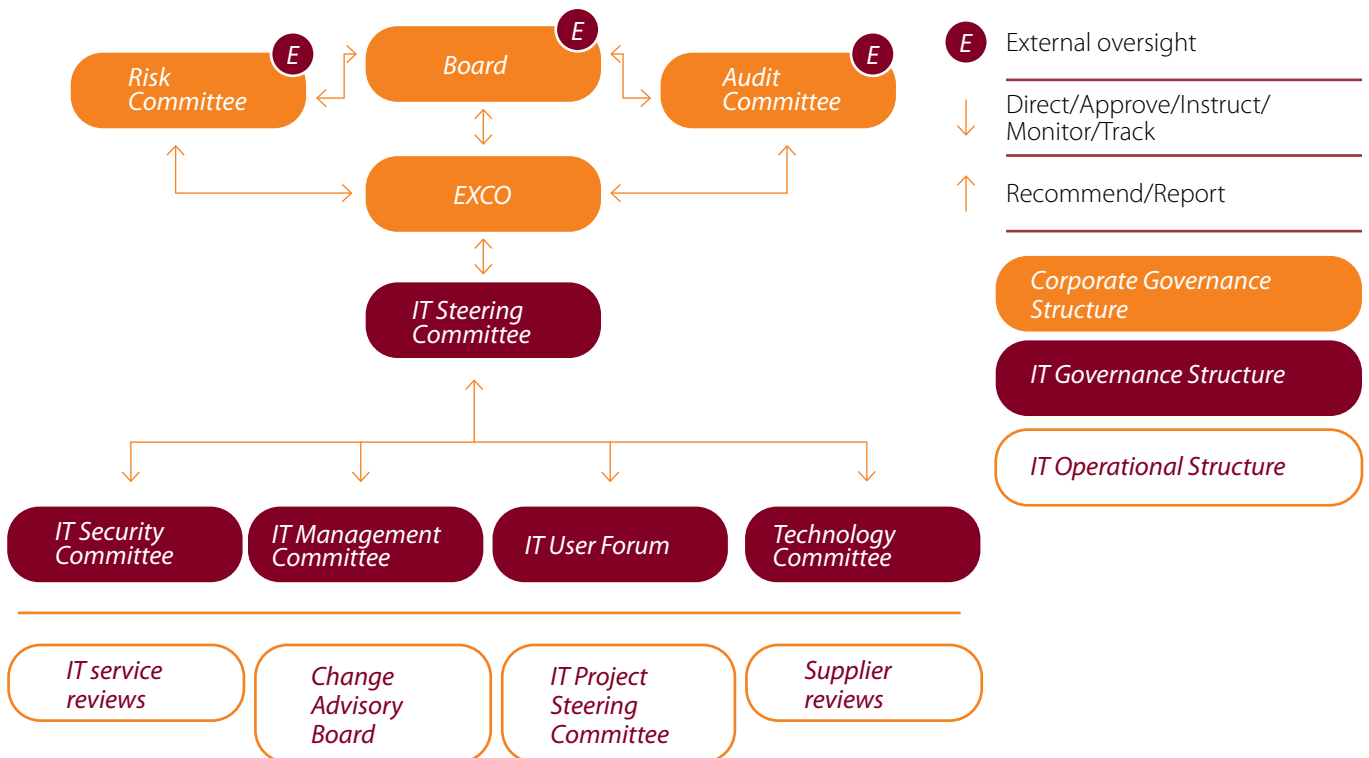
IT Governance Framework

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.

OUR APPROACH TO GOVERNANCE AND LEADERSHIP continued

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.

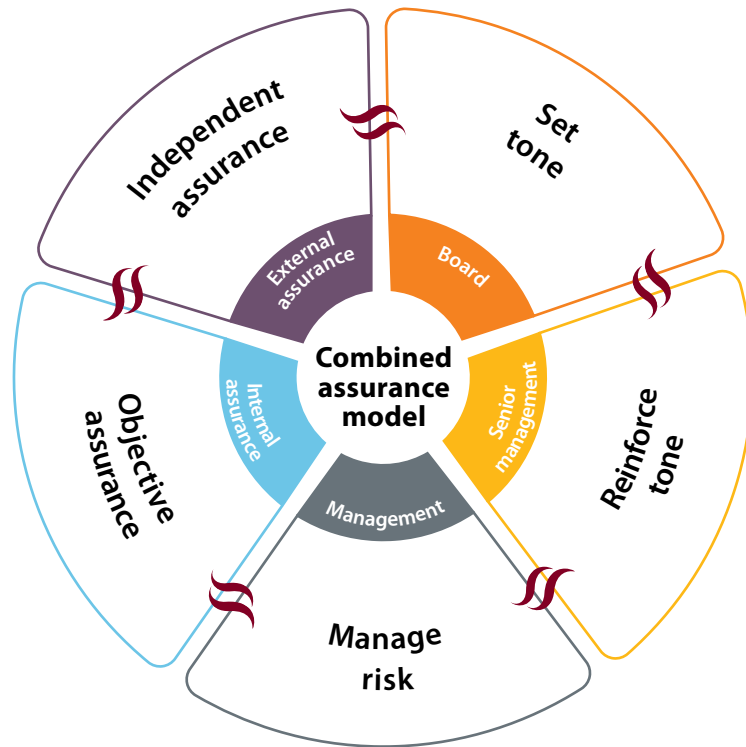
The Group’s combined assurance model enhances the assurance obtained from management and internal and external assurance providers while developing a strong ethical environment and mechanisms to ensure compliance. The Internal Audit and Risk departments ensure adequate controls are in place. The external

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.