

### King Code of Corporate Governance for South Africa, 2009 (King III) checklist

The Board of Directors (the Board) of Famous Brands Limited (Famous Brands or the company) is fully committed to business integrity, fairness, transparency and accountability in all of its activities. In support of this commitment, the Group's executive leadership subscribes to sound corporate governance in all aspects of the business and to the ongoing development and implementation of best practices. This document sets out the company's compliance with King III and should be read in conjunction with the company's 2015 Integrated Annual Report, which is available on the company's website at [www.famousbrands.co.za](http://www.famousbrands.co.za).

Principle #	Principle	Applied/ Partially applied/ Not applied	Explanation where the company has partially applied or not applied King III principles
1.1	The board should provide effective leadership based on an ethical foundation	Applied	
1.2	The board should ensure that the company is and is seen to be a responsible corporate citizen	Applied	
1.3	The board should ensure that the company's ethics are managed effectively	Applied	
2.1	The board should act as the focal point for and custodian of corporate governance	Applied	
2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable	Applied	
2.3	The board should provide effective leadership based on an ethical foundation	Refer principle 1.1	
2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen	Refer principle 1.2	
2.5	The board should ensure that the company's ethics are managed effectively	Refer principle 1.3	
2.6	The board should ensure that the company has an effective and independent audit committee	Refer chapter 3	
2.7	The board should be responsible for the governance of risk	Refer chapter 4	
2.8	The board should be responsible for information technology (IT) governance	Refer chapter 5	
2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	Refer chapter 6	
2.10	The board should ensure that there is an effective risk-based internal audit	Refer chapter 7	

2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation	Refer chapter 8	
2.12	The board should ensure the integrity of the company's integrated report	Refer chapter 9	
2.13	The board should report on the effectiveness of the company's system of internal controls	Refer chapters 7 and 9	
2.14	The board and its directors should act in the best interests of the company	Applied	
2.15	The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act	Applied	
2.16	The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of chairman of the board	Applied	
2.17	The board should appoint the chief executive officer and establish a framework for the delegation of authority	Applied	
2.18	The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	Not applied	The Board comprises a majority of non-executive directors, including founding shareholders and directors who do not meet the independence criteria of King III although the individual directors apply their minds independently, comply with the Companies Act and act in the interests of all shareholders. Future appointments to the Board will be proposed mindful of King III independence criteria.
2.19	Directors should be appointed through a formal process	Applied	
2.20	The induction, ongoing training and development of directors should be conducted through formal processes	Partially applied	An induction programme exists but there is not a formal development programme. Legislative changes are briefed to the Board.
2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary	Applied	
2.22	The evaluation of the board, its committees and the individual directors should be performed every year	Partially applied	The assessment is of the Board's performance as a whole. The Board has appointed well-structured Board Committees without abdicating its responsibilities.
2.23	The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	Applied	

2.24	A governance framework should be agreed between the group and its subsidiary boards	Applied	
2.25	Companies should remunerate directors and executives fairly and responsibly	Applied	
2.26	Companies should disclose the remuneration of each individual director and certain senior executives	Applied	
2.27	Shareholders should approve the company's remuneration policy	Applied	
3.1	The board should ensure that the company has an effective and independent audit committee	Applied	
3.2	Audit committee members should be suitably skilled and experienced independent non-executive directors	Partially applied	The Audit Committee comprises suitably skilled and experienced non-executive directors. At the Annual General Meeting to be held on 31 August 2015, shareholders will be asked to ratify the appointment of Mr N Adami and Mr M Kgosana. Independent non-executive directors will then comprise the majority of Audit Committee members.
3.3	The audit committee should be chaired by an independent non-executive director	Not applied	The Board, as assisted by the Nominations Committee, is in the process of addressing this.
3.4	The audit committee should oversee integrated reporting	Applied	
3.5	The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	Applied	
3.6	The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function	Applied	
3.7	The audit committee should be responsible for overseeing of internal audit	Applied	
3.8	The audit committee should be an integral component of the risk management process	Applied	
3.9	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	Applied	
3.10	The audit committee should report to the board and shareholders on how it has discharged its duties	Applied	
4.1	The board should be responsible for the governance of risk	Applied	
4.2	The board should determine the levels of risk tolerance	Applied	

4.3	The risk committee or audit committee should assist the board in carrying out its risk responsibilities	Applied	
4.4	The board should delegate to management the responsibility to design, implement and monitor the risk management plan	Applied	
4.5	The board should ensure that risk assessments are performed on a continual basis	Applied	
4.6	The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	Applied	
4.7	The board should ensure that management considers and implements appropriate risk responses	Applied	
4.8	The board should ensure continual risk monitoring by management	Applied	
4.9	The board should receive assurance regarding the effectiveness of the risk management process	Not applied	The cost of obtaining external assurance is not warranted.
4.10	The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	Applied	
5.1	The board should be responsible for information technology (IT) governance	Applied	
5.2	IT should be aligned with the performance and sustainability objectives of the company	Applied	
5.3	The board should delegate to management the responsibility for the implementation of an IT governance framework.	Applied	
5.4	The board should monitor and evaluate significant IT investments and expenditure	Applied	
5.5	IT should form an integral part of the company's risk management	Applied	
5.6	The board should ensure that information assets are managed effectively	Applied	
5.7	A risk committee and audit committee should assist the board in carrying out its IT responsibilities	Applied	
6.1	The board should ensure that the company complies with applicable laws and considers adherence to nonbinding rules, codes and standards	Applied	

6.2	The board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business	Applied	
6.3	Compliance risk should form an integral part of the company's risk management process	Applied	
6.4	The board should delegate to management the implementation of an effective compliance framework and processes	Applied	
7.1	The board should ensure that there is an effective risk based internal audit	Applied	
7.2	Internal audit should follow a risk-based approach to its plan	Applied	
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal controls and risk management	Applied	
7.4	The audit committee should be responsible for overseeing internal audit	Applied	
7.5	Internal audit should be strategically positioned to achieve its objectives	Applied	
8.1	The board should appreciate that stakeholders' perceptions affect a company's reputation	Applied	
8.2	The board should delegate to management to proactively deal with stakeholder relationships	Applied	
8.3	The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company	Applied	
8.4	Companies should ensure the equitable treatment of shareholders	Applied	
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	Applied	
8.6	The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible	Applied	
9.1	The board should ensure the integrity of the company's integrated report	Applied	
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting	Applied	

9.3	Sustainability reporting and disclosure should be independently assured	Not applied	The cost of obtaining external assurance is not warranted.
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