

GRAND PARADE INVESTMENTS LIMITED

KING IV APPLICATION REGISTER FOR THE PERIOD 1 JULY 2016 TO 30 JUNE 2017

	KING IV PRINCIPLE	APPLICATION OF PRINCIPLE
1.	Leadership: The Board should lead ethically and effectively	<p>The Board of GPI is the principle governing body in the Group and its responsibilities include providing effective leadership based on an ethical foundation. The directors assume collective responsibility for setting the Group’s direction as well as accountability for Group performance.</p> <p>Directors are obliged to avoid situations that may place them in conflict with the interests of the Company or the Group. In addition, interests must be declared before each Board meeting and procedures are in place for directors to provide the company secretary with full disclosure of any related-party transactions to which they or their immediate families may be a party.</p> <p>To ensure effective leadership, a formal process is followed in the appointment of new Directors. The Remuneration and Nomination Committee, in consultation with the Executive Chairman, considers suitable candidates and nominates persons for appointment as directors taking into account the requirements of the business and the skills, qualifications and experience of the candidates.</p> <p>New directors receive a formal letter of appointment together with a pack of relevant statutory information including the disclosure requirements for dealing in the Company’s shares and the trading restrictions during closed periods. Further induction is provided into the Group’s business and affairs and the terms of reference of any committees on which they may be appointed to serve.</p> <p>The chairman of the Remuneration and Nomination Committee, in consultation with the executive chairman, evaluate the effectiveness of the Board and the Board committees.</p>
2.	Organisational ethics: The Board should govern the ethics of the organisation in a way that supports the establishment of an ethical culture	<p>The Board has ultimate responsibility for the governance of ethics and is assisted in this, by the Social and Ethics Committee which acts in terms of a formal mandate. During the period under review, the Committee considered a revised Code of Ethics and Conduct, and will monitor implementation thereof to ensure the development of a good performance and ethics culture across the Group.</p> <p>The Group’s ethical values are based on integrity, transparency, fairness and trust and a commitment to making a meaningful contribution to broad-based black economic empowerment as inclusively as possible; to uphold the highest ethical and moral standards; and to invest in the finest people and promote their personal growth.</p> <p>The Code of Ethics and Conduct commits the Group and its employees to the highest ethical standards of conduct and regulates aspects such as non-discrimination, confidentiality, appropriate use of company time and property, prevention of conflicts of interests, offering or accepting of gifts, bribes and other forms of consideration.</p>

		<p>Areas of future focus will include the training of employees so as to embed an ethical culture across the Group as well as the continuation of the practice whereby the respective businesses are required to include the Company's Code of Ethics and Conduct in the service level agreements with suppliers and contractors.</p>
3.	<p>Responsible corporate citizenship: The Board should ensure that organisation is and is seen to be a responsible citizen</p>	<p>The Board is responsible for ensuring that the Group's activities, products or services do not impact negatively on the workplace, society, economy and the environment. To this end the Board, with the assistance of the Social and Ethics committee, oversees that the Company's core purpose and values, strategy and conduct are congruent with it being a responsible corporate citizen.</p> <p>During the period under review, the Social and Ethics and the Remuneration and Nomination committees considered transformation, employment equity and fair labour practices and will continue to monitor further policy development and implementation in this regard.</p>
4.	<p>Strategy and performance: The Board should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process</p>	<p>The Board has developed a well-defined growth strategy with achievable growth objectives which management is responsible for implementing by way of short, medium and long-term strategies at subsidiary level. For investments where GPI does not have management control, the Board aligns its ambitions with the strategic objectives of the investee companies, ensuring that each investment has a remuneration structure that incentivises the attainment of GPI's strategic objectives.</p> <p>For GPI's subsidiaries, strategic plans and budgets are submitted to the Board for approval and management is held accountable for achieving the strategic objectives. Management's performance is measured by way of KPIs and targets and remuneration is structured in accordance with the attainment of GPI's strategic objectives.</p> <p>The Board regularly monitors each investment to ensure it remains value accretive and meets expectations and provides support when the strategic objectives and operational performance targets have been missed. Management across the investments are encouraged to identify synergies between the respective businesses to ensure that maximum value is unlocked across GPI's investment portfolio.</p> <p>The Audit and Risk Committee will assist with the governance of risks and the monitoring of identified risks and effectiveness of the mitigating controls</p>
5.	<p>Reporting: The Board should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects</p>	<p>The Board is responsible for the integrity of the Company's reporting and, in conjunction with the Audit and Risk Committee and the external auditors, oversees the production of the Company's annual financial statements and Integrated Report. Copies of these are available on the Company's website for retrieval by stakeholders.</p> <p>Stakeholders are also provided with information via the notice of annual general meeting, results presentations, the Company's website and management intends to commence roadshows during the 2018 reporting period.</p>

		<p>The Company has implemented policies governing the use of social media, engaging with the media and issuing of media communications and releases on the JSE electronic news service (SENS) require the prior approval of the executive chairman or, in his absence, the Chief Executive Officer.</p>
6.	<p>Primary role and responsibilities of the Board: The Board should serve as the focal point and custodian of corporate governance in the organisation</p>	<p>The Board Charter documents the Board’s role and responsibilities which include the provision of direction and leadership to the Group. The Board is ultimately accountable for the overall governance, performance, strategy and affairs of the Group and its corporate governance practices are aimed at promoting value creation and long-term sustainability to generate shareholder value and benefit for all stakeholders.</p> <p>The Board delegates authority to the relevant Board Committees and to management to ensure that all aspects of strategy, performance and governance are applied. The Board monitors the implementation and execution of its strategy by way of regular reports by Board Committees and management.</p> <p>The number of meetings held during the reporting period and attendance at the meetings is included in the Governance Report contained in the Integrated Report on the Company’s website.</p> <p>The Board is satisfied that it has fulfilled its responsibilities in accordance with its Charter during the period under review.</p>
7.	<p>Composition of the Board: The Board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively</p>	<p>The Board’s composition during the reporting period, together with their periods of service and their biographical details are provided in the Integrated Report on the Company’s website. The biographical details of the directors reflect their diversity in terms of academic and professional qualifications, age, experience, race and gender.</p> <p>The Board is headed by the Executive Chairman and his role and that of the Chief Executive Officer (CEO) are clearly defined. The Executive Chairman is responsible for leading the Board and ensuring that the Board and its committees are effective and act with integrity. The CEO is responsible for managing and running the Company’s business effectively in accordance with the strategy and objectives approved by the Board.</p> <p>In addition to the three full-time salaried executive directors, the Board comprises six non-executive directors. One of the non-executive directors has been appointed as Lead Independent Director providing leadership to the Board, committees, directors and executives in the event of conflicts of interest.</p> <p>The Company’s workforce and Board composition have always been representative of diversity (in the contexts of both race and gender diversity), an approach which is illustrated graphically in the Integrated Report on the Company’s website. Women constitute 22% of the Board and black directors make up more than 85% of the numbers. The Board has nevertheless adopted a Policy on gender</p>

		<p>and race diversity at Board level to formalise its objectives for the continued achievement of diversity, and specifically race and gender diversity.</p> <p>The Remuneration and Nomination Committee, in collaboration with the Social and Ethics Committee, will in future be required to determine race and gender diversity targets for each year with due regard to the composition of the Board and the skills and experience required on the Board.</p> <p>One-third of the company's non-executive directors are required to retire by rotation at the annual general meeting (AGM) of shareholders. Retiring directors may offer themselves for re-election and directors appointed during the period are required to have their appointments ratified at the following AGM. Details of these directors are given in the Notice of AGM available online on the Company's website.</p> <p>Directors are appointed by the Board in a formal manner whereby the Remuneration and Nomination Committee, in consultation with the Executive Chairman, considers suitable candidates and nominates persons for appointment as directors taking into account the requirements of the business. These include skills, qualifications and experience as well as race and gender diversity requirements to ensure that the Board and committees' compositions are appropriately balanced.</p>
8.	<p>Committees of the Board: The Board should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties</p>	<p>Board committees are constituted in accordance with the provisions of King IV and with due regard to the skills and experience required by each committee to fulfil the relevant committee's mandate and to ensure a balanced distribution of power. The Board Committees have clear terms of reference that define their powers and duties and these are documented in Committee Charters which are regularly reviewed by each Committee and amended with the approval of the Board.</p> <p>The Board has appointed the following standing Committees:</p> <ul style="list-style-type: none"> • Audit and Risk Committee • Remuneration and Nomination Committee • Social and Ethics Committee • Investment Committee <p>The Charters of the Remuneration and Nomination and Social and Ethics Committees were reviewed during the Reporting period specifically to ensure alignment with the King IV principles that impact on these committees' areas of responsibility and certain amendments have been implemented. Further refinements will be made to the Charter of the Audit and Risk Committee during the next year.</p> <p>Management are invited to attend Board Committee meetings by way of standing invitations or on an ad hoc basis when specific contributions in their fields of expertise are required. Details pertaining to the composition of Board Committees and their terms of reference are given in the individual Committee reports in the Integrated Report on the Company's website.</p>

9.	Evaluations of the performance of the Board: The Board should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness	During the Reporting period the chairman of the Remuneration and Nomination Committee, in consultation with the executive chairman, evaluated the effectiveness of the Board and the Board committees. No issues of material concern were raised in the evaluations and the Board is satisfied with its performance and effectiveness.
10.	Appointment and delegation to management: The Board should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities	<p>The roles of the executive chairman and the Chief Executive Officer (CEO) are clearly defined. The executive chairman is responsible for leading the Board and ensuring that the Board and its committees are effective and act with integrity. The chief executive officer is responsible for managing and running the Company's business effectively in accordance with the strategy and objectives approved by the Board.</p> <p>The Board has appointed a Financial Director and the Audit and Risk Committee perform an annual review of the effectiveness of the Financial Director and the Finance function. The Audit and Risk Committee is satisfied as to their effectiveness and that appropriate financial reporting procedures are in place and are operating.</p> <p>The company secretary is appointed by the Board on a full-time basis and is not a director of the Company. The company secretary is also appointed as secretary of the standing committees of the Board. The performance and independence of the company secretary is evaluated by the Board on an annual basis and the Board is satisfied that the company secretary has the requisite competence, qualifications, knowledge and experience to carry out the duties of a secretary of a public company.</p> <p>Although the Board has delegated certain powers and functions to the executive directors and Board Committees, it remains responsible and accountable for the full and effective control of the Group.</p>
11.	Risk governance: The Board should govern risk in a way that supports the organisation in setting and achieving its strategic objectives	<p>The Board assumes ultimate accountability for the risk management process and the Group's system of internal control while responsibility for effective risk management is spread across the Group's management and workforce.</p> <p>In collaboration with the Group Audit and Risk Committee, the Board has adopted a Risk Management Framework aimed at achieving the Group's overall strategic objectives and the creation of long-term value for shareholders.</p> <p>A complete review of the Group's risk management processes and reporting framework has been in progress and a new process is currently being rolled out across the Group, the main objective of the review being to embed robust risk management processes across the Group so as to –</p> <ul style="list-style-type: none"> • Inform capital allocation • Align risk appetite and strategy • Improve and enhance risk response decisions • Identify opportunities • Monitor and ensure sound mitigation measures against the ongoing threat of cyber-crime.

12.	Technology and information governance: The Board should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives	<p>The Board is responsible for It Governance and has mandated the Audit and Risk Committee with responsibility for considering the efficacy of IT controls, policies and processes to the extent that these pose a risk to the financial reporting process, the effectiveness of financial controls, the achievement of the Board’s strategic objectives and the continuity of the Group’s operations.</p> <p>At Group level the Group Technology Officer, who regularly reports to the Audit and Risk Committee, oversees the implementation of the IT policies, assesses and monitors security of the IT systems and information, oversees the management of the Group’s information systems, reviews the risks in the IT environment and ensures that business continuity arrangements are in place for continuity in the event of significant incidents and disruptions. Management as a whole is responsible for ensuring that strict standards of corporate conduct are practiced with regard to the use of the Group’s IT resources.</p> <p>During the next reporting period, further measures will be implemented to comply with legislation to protect the privacy of personal information.</p>
13.	Compliance governance: The Board should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen	<p>The Board is responsible for compliance with applicable laws, codes, standards and the terms of the master franchise agreements in terms of which the Food brands operate. Management is responsible for managing compliance and for reporting any material breaches or incidences of non-compliance and the imposition of significant fines or penalties to the Board and the Audit and Risk Committee.</p> <p>Brand standard compliance is monitored extremely closely and is subject to review by the Internal Auditor who reports directly to the Audit and Risk Committee.</p> <p>Management is furthermore responsible for informing the Board and the relevant Board Committees of any relevant new legislation or regulations that are introduced from time to time.</p> <p>The Board is satisfied that during the reporting period there were no instances of material non-compliance with legislation and regulation, or non-adherence with codes of best practice, in relation to the Group’s operations.</p>
14.	Remuneration governance: The Board should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term	<p>The Remuneration and Nomination Committee (Remco) assists the Board in ensuring that the remuneration policies and practices that are applied in the Group reflect a fair, responsible and transparent approach to remuneration to achieve the strategic objectives and positive outcomes in the short, medium and long terms.</p> <p>The GPI Board views its remuneration policy as a key enabler of the group’s strategy and a means by which to attract and retain quality talent and reward a high-performance culture. Remco is tasked by the Board to design and oversee the implementation of a remuneration policy that reflects a clear linkage between the achievement of the group’s objectives and balanced reward outcomes. Ultimately the group objectives and reward outcomes must be aligned with shareholder interests over the short and long term.</p> <p>The Remuneration Policy, together with the implementation report, will be presented to shareholders at the Company’s annual general meeting for a non-binding, advisory vote by shareholders.</p> <p>Directors’ remuneration has been disclosed comprehensively in the company’s annual financial statements and the Integrated Report, both of which are available on the Company’s website.</p>

15.	Assurance: The Board should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports	<p>The Board, with the input of the Audit and Risk Committee, external auditors and the internal auditor, sets the direction for assurance services.</p> <p>The audit and risk committee has satisfied itself as to the independence of the external auditor as well as the effectiveness of the internal audit function</p>
16.	Stakeholders: in the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time	<p>The Board believes that its membership reflects a diversity of perspective and views that will better enable it to anticipate and consider the concerns and perspectives of all key stakeholders. As such, the Remuneration and Nomination and the Social and Ethics Committee are charged with responsibility to balance the needs of stakeholders with those of the Group's business operations.</p> <p>The chief executive officer is responsible for ensuring effective stakeholder relationships and for maintaining a balance between the legitimate and reasonable needs, interests and expectations of stakeholders and those of the Company.</p> <p>Stakeholders are also provided with information via the notice of annual general meeting, results presentations, the Company's website and management intends to commence roadshows during the 2018 reporting period.</p>