



**TIGER BRANDS LIMITED**

**REGISTER OF APPLICATION OF THE KING IV PRINCIPLES SET OUT IN THE REPORT ON CORPORATE GOVERNANCE FOR SOUTH AFRICA 2016**

Tiger Brands Limited (“Tiger Brands or the Company”) is a listed company on the Johannesburg Stock Exchange operated by the JSE Limited (JSE). The following table has been developed to provide a summary assessment of the application of the specific applicable recommendations of King IV, which shows that Tiger Brands applied all the principles of King IV during the financial year ended 30 September 2019.

| <b>LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP</b>   |   |
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| <b>Leadership</b>   |   |
| <b>Principle</b>  | <b>Application of the principle by Tiger Brands</b>   |
| 1. The governing body should lead ethically and effectively   | <p>The code of conduct is the foundation for ethical leadership and serves as a reference point to guide the standards of integrity, accountability and fairness in the group.</p> <p>The board sets the ethical tone in the group consistent with the company values.</p> <p>The board recognises that sound corporate governance practices effect value creation for all stakeholders and exercises effective and ethical leadership based on the requirements of the Company’s memorandum of incorporation, board charter, the Companies Act 71 of 2008 and the JSE Listings Requirements.</p> <p>Tiger Brands is committed to the highest standard of corporate governance.</p> |
| <b>Organisational Ethics</b>  |   |
| 2. The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture | <p>The board charter and the group code of conduct (the code) confirm the principles by which the board defines and leads the ethical culture in the group.</p> <p>The board has delegated the responsibility for implementation and execution of the code to management by way of its operational ethics committee, which reports to the social, ethics and transformation committee and audit committee of the board. The latter committees monitor the development of the code and a culture of ethical</p>  |

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|  | <p>leadership in the group. Executives and senior management are required to acknowledge their appreciation of the content of the code in writing annually and new employees are also obliged to sign the code, upon joining.</p> <p>Reporting on ethical calls received and action taken is provided in the 2019 Supplementary Sustainability Report.</p> |
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**Responsible corporate citizenship**

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| <p>3. Ensure that the organisation is and is seen to be a responsible citizen.</p> | <p>Good corporate citizenship is intrinsic to Tiger Brands. The company's commitment to responsible corporate citizenship is reflected through the work undertaken primarily by Corporate Affairs Function and monitored and supported by the board through the social, ethics and transformation committee, risk and sustainability committee and the remuneration committee.</p> <p>The social, ethics and transformation committee oversees the company's performance through the adoption of good corporate citizenship as the mechanism to create value for all stakeholders, while generating value for business.</p> <p>The company's Integrated Report describes the group's focus areas and progress against its priorities and sustainability agenda.</p> <p>Tiger Brands' commitment to responsible corporate citizen is also entrenched in the group strategy.</p> <p>Reporting on our social and community projects is provided in the 2019 Supplementary Sustainability Report.</p> |
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**STRATEGY, PERFORMANCE AND REPORTING**

**Strategy and performance**

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| <p>4. The governing body 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 is responsible for aligning the strategic objectives, vision and mission with performance and sustainability considerations, in line with the legitimate expectations of its stakeholders.</p> <p>In FY19, the board approved the Group Strategy to address key changes in the operating environment, meet new consumer needs, with a specific emphasis on driving margin improvement.</p> <p>While the strategy remains relevant and compelling,</p> |
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|  | <p>revised execution plans against each pillar of the strategy were presented to the board and accepted in September 2019. Key changes include:</p> <ul style="list-style-type: none"> <li>• Driving growth through changes to the leadership of category portfolios to drive more focus in the business, development of updated category strategies and strategic priorities for FY20, updating our customer strategy for winning at the point of purchase, creating a health and nutrition strategy and responding to private label.</li> <li>• Being efficient by unlocking costs and cash through incremental supply chain savings and driving continuous improvements and efficiencies, fueling growth and continuing to build an advantaged and agile supply chain.</li> <li>• The people strategy is focused on talent, leadership and creating a great place to work.</li> <li>• The sustainability strategy is aimed at health and nutrition, enhanced livelihoods and environmental stewardship.</li> </ul> <p>The board has approved key performance measures and targets for management. With the support of its committees, the board monitors the implementation and execution of the strategy by management.</p> |
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**Reporting**

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| <p>5. The governing body 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 Integrated Report provides a consolidated view of Tiger Brands' financial, social and environmental performance, prospects and strategy in the context of our operating environment to enable stakeholders to make an informed assessment of the group's value creation in the short, medium and long-term. The Integrated Report is supplemented by a Sustainability Report.</p> <p>The audit committee and board ensure the integrity of the Tiger Brands' reporting publications, in the form of the annual financial statements and Integrated Report, which are published on the company's website for easy access by our stakeholders.</p> |
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**Primary roles and responsibilities of the governing body**

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| <p>6. The governing body should serve as the focal point and custodian of the corporate governance in the organisation</p> | <p>The board of Tiger Brands is committed to the highest standards of corporate governance. Its role and responsibilities and the way it executes its duties and decision-making are set out in the board charter and terms of reference of its committees.</p> |
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|  | <p>Through the delegations of authority the board has set the direction and parameters for the powers which are to be reserved for itself, and those that are to be delegated to management via the Chief Executive Officer.</p>  |
| <p><b>Composition of the governing body</b></p>  |   |
| <p>7. The governing body 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 nominations committee is responsible for the succession plan of the board, it assesses the board's range of skills, knowledge, experience, diversity and independence to enable it to discharge its governance role and responsibilities.</p> <p>As at 30 September 2019, the board comprised 12 (twelve) directors. 10 (ten) independent non-executive directors and 2 (two) executive directors.</p> <p>The board has set gender and race diversity targets for the year 2022 that it will seek to achieve as vacancies occur on the board.</p> <p>The board is satisfied that there is a balance of skills, experience, independence, diversity and knowledge required to discharge its role and responsibilities.</p> <p>The Company Secretary coordinates training for directors where a specific need is required.</p> <p>The board composition is set out on page 50 of the Integrated Annual Report.</p> |
| <p><b>Committees of the governing body</b></p>   |   |
| <p>8. The governing body 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>The composition of the Board and its committees is in line with King IV. There is a clear balance of power to ensure that no individual has undue decision-making powers.</p> <p>The committees of the board comprise the audit committee, risk and sustainability committee, nomination and governance committee, remuneration committee, social, ethics and transformation committee and investment committee.</p> <p>The board has delegated certain responsibilities to its committees to assist the board in discharging its oversight responsibilities. Each committee operates under the board approved terms of reference which set out the committee's role, responsibilities, authority and composition.</p>   |

The board annually reviews the board charter and committees' terms of reference.

## **STRATEGY, PERFORMANCE AND REPORTING (continued)**

### **Evaluation of the performance of the governing body**

9. The governing body should ensure that the evaluation of its own performance and that of its committee, its chair and its individual members, support continued improvement in its performance and effectiveness

The board's performance and effectiveness assessment is conducted regularly, either internally in the form of self-assessment or externally by an external service provider.

In FY19, an external board's performance and effectiveness assessment was conducted. The overall feedback is positive and informs that it is a balanced professional board operating in a challenging industry under tough circumstances.

The nomination and governance committee, assisted by the Group Company Secretary, drives the internal performance assessment of the board, its chairman and committees, as well as that of individual directors.

The chairman of remuneration committee leads an assessment process in respect of the board chairman.

The outcomes from this assessment are put to the attention of the board.

The board chairman also engages with individual directors to address any area of improvement highlighted in the assessment feedback.

### **Appointment and delegation to management**

10. The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and effective exercise of authority and responsibilities

The board is responsible for the appointment of the CEO and CFO and evaluates the performance of these officers annually against agreed performance measures and targets.

The board has approved a delegations of authority matrix, which details the powers and matters reserved for itself and those to be delegated to management through the CEO.

The group's CEO is responsible to lead the implementation and execution of the group's strategy, policies and operational plans and reports to the board.

The board ensures that key management functions are led by a competent and appropriately authorised individual and are adequately resourced.

## **GOVERNANCE FUNCTION AREAS**

### **Risk governance**

11. The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives

The board is the ultimate custodian of risk governance. To this end, the board has approved the risk management policy and framework upon the recommendations by the risk and sustainability committee.

Management continuously identify, assess, mitigate and manage risks within the existing operating environment. Mitigating controls are put in place to address these risks.

The board is apprised of the group's top risks; the risk and sustainability committee is responsible for ensuring a comprehensive risk register is tabled at board meetings and lessons learnt are taken into consideration when formulating appropriate measures for mitigating potential negative impact of the top risks on the achievement of the group's strategic objectives.

We also disclose our risks and mitigating strategies as well as material issues and our response in the context of the strategy. See the risk management disclosure in the Integrated Annual Report, pages 23 to 25.

### **Technology and information governance**

12. The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives

The board understands the importance, relevance and inherent risks in information technology (IT). It oversees the governance of IT. The board delegated to the audit, and risk and sustainability committees the authority to ensure appropriate compliance structures are in place.

The audit committee delegates the management of IT to the Chief Information Officer through the IT Charter and Governance Framework.

The risk and sustainability committee monitors IT governance and approved the IT strategy and reports to the audit committee on its monitoring of the IT governance of risk and compliance. The risk committee reviews progress on strategic IT projects.

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|  | <p>The risk committee reviews IT risks as they relate to financial reporting and the going concern assessment.</p> <p>The Chief Information Officer is responsible to implement and execute effective technology and information management systems.</p>  |
| <p><b>Compliance governance</b></p>  |   |
| <p>13. The governing body should govern compliance with applicable laws and adopted non-binding rules, codes and standards in a way that it supports the organisation being ethical and a good corporate citizen</p> | <p>The company has identified all the laws, regulations, codes and standards that impact its operations.</p> <p>Legal compliance systems and processes are continuously being put in place, to mitigate the risk of non-compliance with the laws in various jurisdictions in which Tiger Brands does business.</p> <p>A library of policies provides the necessary guidance to employees on the acceptable levels of conduct. The compliance universe is screened on a daily basis for updates to the laws and regulations. Relevant changes in the law are communicated to management and business representatives for further action to be taken. The policy library is updated on a continuous basis with policies being amended to reflect the changes in the external environment, e.g. legislative updates.</p> <p>The board has delegated the responsibility for implementing compliance to management.</p> <p>The Tiger Brands Legal function and the Company Secretary review the adequacy of controls to ensure full compliance coverage of legal and regulatory responsibilities, with input from the Group Compliance Director.</p> |
| <p><b>Remuneration and governance</b></p>  |   |
| <p>14. The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives in short, medium and long term</p>          | <p>Remuneration is used as a tool to reward and motivate winning performance thereby ensuring that the business creates value in a sustainable manner within the economic, social and environment context in which the organisation operates. Therefore, the board established a remuneration committee to ensure that group's remuneration policy and practices are built on principles of fair and responsible pay and promotes value creation in a sustainable manner.</p> <p>The company discloses the remuneration of each director and prescribed officer in the Integrated Annual Report.</p>  |

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|   | <p>The remuneration report, including the implementation report and the remuneration policy are set out on pages 57 to 82 of the Integrated Annual Report.</p>   |
| <p><b>Assurance</b></p>   |  |
| <p>15. The governing body 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>                      | <p>The board has delegated to the audit committee the responsibility for overseeing that structures are in place for achieving an effective internal control environment. To this end the audit committee delegates this responsibility to the internal audit function to assess the operating effectiveness of controls implemented by management to enable an effective internal control environment.</p> <p>The internal audit function is responsible for evaluating controls to determine the reliability and integrity of the information used for decision making by management, the board and its committees.</p> <p>The combined assurance plan that details the assurance coverage over significant risks and material matters is presented to the risk and sustainability committee on an annual basis.</p> |
| <p><b>STAKEHOLDER RELATIONSHIPS</b></p>   |  |
| <p><b>Stakeholders</b></p>  |  |
| <p>16. In the execution of its governance roles 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> | <p>Tiger Brands recognises that robust stakeholder relationships and engagement, both within and outside of Tiger Brands are key to creating and unlocking real stakeholder value. The group code of conduct guides on how these stakeholder relationships may be established and managed.</p> <p>An overview of our stakeholder relationships and engagement are provided on pages 20 to 22 of the Integrated Annual Report.</p>  |
| <p>17. The governing body of an institutional investor organization should ensure that responsible investment is practiced by the organization to promote the good governance and the creation of value by the companies in which it invests.</p>                           | <p>Not applicable.</p>   |