



Premier

King IV Application Register
as at November 2022

KING IV APPLICATION REGISTER

The Board recognises the link between effective governance, sustainable performance and the creation of long-term value for all of its stakeholders. The Board is committed to the principles of transparency, integrity, fairness and accountability, and recognises the need to implement good corporate governance principles. The Board, therefore, seeks to apply the principles as set out in the King Code.

The Group has performed an assessment of the application of the principles set out in King Code. The assessment is reflected below, together with key actions envisaged to achieve application where gaps exist.

Principle	Applied	Comments
<p>1 The governing body should lead ethically and effectively.</p>	Applied	<p>The members of the Premier Board hold one another accountable for decision-making and conduct that displays the ethical responsibilities stated in King IV. Members of the Board adhere to the framework of the Board Charter to ensure that each member displays ethical leadership that sets an example for the broader group and is in the best interests of its stakeholders. The Chairman of the Board is ultimately responsible for monitoring this as part of his duties.</p> <p>Each Board member is required to disclose his/her personal financial interests annually and at every Board meeting in terms of section 75 of the Companies Act.</p> <p>The Board undertakes to assess the performance of individual members of the Board which will include a peer evaluation of each member's ethical characteristics.</p> <p>As a JSE listed company, the Company Secretary will inform Directors and Executives of closed periods and insider trading legislation.</p>
<p>2 The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.</p>	Applied	<p>Premier has established the values of honesty, communication, effectiveness, and transparency in its daily commitment to do what is right. The Board Committees, notably the Social and Ethics Committee, contribute to the guidance and reporting required to assist the Board in establishing an ethical culture that will drive sustainability and value creation.</p> <p>Premier has a code of conduct in place, which is applicable to employees and incorporated as part of the contractual arrangements with parties in the supply chain.</p> <p>All employees are required to attend ethics awareness training at least once every year and performance evaluations of employees include evaluations of ethical conduct.</p> <p>Premier had a forensic fraud audit conducted and an independent ethics assessment is planned for the upcoming year, which will guide further steps to be taken to further enhance ethical management. It will also enable Premier to obtain an estimation of the extent to which Premier has achieved effective ethics management.</p>

KING IV REGISTER continued

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<p>3 The governing body should ensure that the organisation is, and is seen to be a responsible corporate citizen.</p>	<p>Applied</p>	<p>“Doing what is right” is a corporate philosophy that is deeply embedded in Premier’s culture. The organisation strives to instill responsible corporate citizenship in the way it conducts itself and has implemented performance measures which are cascaded down to each business unit and function.</p> <p>Premier has delegated to the Social and Ethics Committee, amongst others, the responsibility for monitoring the overall responsible corporate citizenship of the organisation. In this regard the Social and Ethics Committee is working with the CEO and the Executives responsible for Risk, Human Resources, Compliance and ESG.</p> <p>Premier has a long history of social upliftment in the communities in which it operates, nurturing relationships and earning the right to operate in the community. To supplement this, a key focus area has been to formulate and implement Premier’s ESG strategy, identifying areas of particular focus for the Premier Group, as well as areas of improvement.</p> <p>Premier furthermore undergoes internal health and safety audits at its various sites. Such audits are conducted by the Premier Central Risk team.</p>
<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>Applied</p>	<p>The Board reviews and approves the annual strategic direction of the Premier Group, as well as the Group’s five-year rolling plan. The Executive Committee, in conjunction with key managers, are responsible for mapping out the Group’s strategy, whereafter it is presented to the Board at a two-day workshop.</p> <p>The purpose of the strategy is to ensure that:</p> <ul style="list-style-type: none"> » it caters for the long- and short-term goals of the Group; » it caters for new opportunities within the market but at the same time, ensures that the base business is run efficiently and in accordance with consumer and market demands; » the objectives are sustainable and speak to Premier Group’s strategic objectives, namely, to earn the right to operate in our communities, grow together to be the best and be brilliant at the basics; and » capital is appropriately allocated to projects for realisation of return on investment. <p>Premier has put in place a rigorous set of risk management strategies so as to minimise the likelihood and impact of both strategic and operational risk events, ensuring growth and sustainability for the benefit of all its stakeholders. While the Board has ultimate responsibility for the oversight of the Group’s strategic risk management process, it has mandated the Audit and Risk Committee to ensure that management maintain and implement the risk framework responsibly and effectively.</p>

KING IV REGISTER continued

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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>Applied</p>	<p>Premier provides stakeholders with a holistic, clear, concise and understandable presentation of the organisation's operations in terms of its brands, sustainable value creation in the economic, social and environmental context within which it operates, as well as its operational performance. Refer to Premier's website www.premierfmcg.com which presents material information in this regard.</p> <p>In addition, Premier actively participates in activities in the communities in which it operates, creating awareness and a constant stream of communication. Premier also actively participates in numerous social media platforms, which gives consumers and the general public an opportunity to communicate interactively with the Group's activities.</p> <p>As a JSE listed company, Premier is fully committed to communicating with its stakeholders in a meaningful, transparent, and clear manner through the release of an integrated annual report which will be made available on the company's website.</p>
<p>6 The governing body should serve as the focal point and custodian of the corporate governance in the organisation.</p>	<p>Applied</p>	<p>The Board appreciates and understands its role and responsibilities in respect of setting the tone for good corporate governance principles within Premier.</p> <p>Several Committees, such as the Audit and Risk Committee, have been established and mandated to assist the Board in carrying out its responsibilities with respect to the governance requirements as set out in Board Charter.</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>Applied</p>	<p>The Board draws from a diverse set of skills and experience to ensure that the Board performs at optimum level.</p> <p>During the past year, Premier, with the assistance of the Board and the Remuneration and Nomination Committee, considered its composition in terms of balance of power and skills, experience, diversity, independence, and knowledge and whether this enables it to effectively discharge its role and responsibilities.</p> <p>As a result of this consideration, Premier identified that there was a need for greater diversity to ensure that various perspectives are brought to deliberations and to add depth to discussions. Premier has taken steps to strengthen its succession and diversity plans.</p>

KING IV REGISTER continued

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<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>Applied</p>	<p>Membership of the Board Committees is as recommended in King IV, with the exception of the Audit and Risk Committee where the majority of members are not independent. This will be remedied in 2023 following the appointment of additional Independent Non-executive Directors. The Remuneration and Nomination Committee is committed to find suitable candidates to fulfil positions that require independence, while taking diversity requirements into consideration.</p> <p>Furthermore, Messrs R Hartmann and J Matthews, both of whom are Non-executive Directors of Premier, have been identified as suitable members of the Audit and Risk Committee due to their experience and skills in this area, which was considered of importance for the purpose of guiding the Audit and Risk Committee during the JSE listing process. Despite not adhering to the recommended practice, Premier believes that the Audit and Risk Committee is able to discharge its responsibilities effectively.</p> <p>The composition of the Committees of Premier and the distribution of authority between the Chairman and other individual members ensures that neither the Chairman nor any other individual(s) are able to dominate decision-making within the company's governance structures or result in undue dependency on such individual(s).</p>
<p>9 The governing body 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.</p>	<p>Applied</p>	<p>Assessments of the performance of the Chief Executive Officer are conducted annually.</p> <p>In due course, the performance of the Premier Board, its members and Committees will similarly be conducted annually.</p> <p>Premier has, with the assistance of the company secretary, undertaken a holistic review of its Board Charter and the Committee Terms of Reference to ensure integration and a co-ordinated approach amongst the Board and all its Committees.</p>
<p>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.</p>	<p>Applied</p>	<p>The Premier Group has implemented a delegation of authority framework, outlining which matters are reserved for the Board, the Committees, the CEO, CFO, and Senior Management.</p>

KING IV REGISTER continued

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<p>11 The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.</p>	Applied	<p>The Audit and Risk Committee has been tasked to assist the Board with the governance of risk. The Audit and Risk Committee has approved the risk management policy which determines that the Group risk management framework be adopted. As risk management permeates all aspects of the operations of the organisation, risk is overseen at executive level.</p> <p>In addition, business units are required to identify and manage their individual site or unit risks and are required to maintain their own individual risk registers. These registers ultimately feed into the Group risk register.</p>
<p>12 The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.</p>	Applied	<p>The Board is responsible for IT governance and has delegated this responsibility to the Audit and Risk Committee. Premier's IT security and infrastructure is a top priority, and it continues to focus on optimisation of the environment to continuously improve cyber defences and operational performance.</p> <p>Premier's IT strategy is informed by an IT policy that speaks to confidentiality, data protection, integrity, availability, and accuracy of information.</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>	Applied	<p>The Board, with the assistance of the Audit and Risk and Social and Ethics Committees, ensures that the company complies with applicable laws, regulations, codes and standards. This includes voluntary codes such as the principles of the United Nations Global Compact and the International Labour Organisation, as well as the recommendations of the OECD.</p> <p>Compliance systems and processes are in place to mitigate the risk of non-compliance with laws in relevant jurisdictions, and to ensure appropriate responses to changes and developments in the regulatory environment.</p> <p>Premier is committed to make a sustainable contribution within its ability and within the communities it operates. The Social and Ethics Committee is tasked to monitor Premier's responsibilities as a corporate citizen against a compliance framework. In addition, the Committee is tasked to ensure that Premier's transformation strategy and employment equity plan is on track.</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 and positive outcomes in the short-, medium- and long-term.</p>	Applied	<p>The Remuneration and Nomination Committee is mandated to review Premier's remuneration policy and is tasked to review Premier's performance against predetermined key performance indicators and financial performance. In addition, it reviews and makes recommendations on Premier's long- and short-term incentive schemes.</p> <p>As a JSE listed company, Premier will disclose the remuneration of executive and Non-executive Directors, as well as its public officers. Furthermore, Premier will table its remuneration policy and implementation report for non-binding votes at the company's annual general meetings.</p>

KING IV REGISTER continued

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<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>	Applied	<p>An internal audit function has been established to assist the Audit and Risk Committee and the Board to identify, oversee and manage operating and financial risks and to maintain an effective control environment.</p> <p>The internal audit function is outsourced to an independent auditing firm. Assurance activities of management, internal audit and external audit are coordinated, which ultimately reports to the Audit and Risk Committee which in turn, makes recommendations to the Board for approval.</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>	Applied	<p>Premier will be identifying key stakeholder groupings and their legitimate and reasonable needs, interests, and expectations. The Group will similarly publish a review of key stakeholder relationships and the interaction and management thereof.</p> <p>Certain stakeholder relationship programmes have been developed to ensure continual engagement with key stakeholders.</p> <p>To guide Premier further in its interaction with stakeholders, an assessment of the quality of these relationships will be conducted.</p>