

Compliance of Rhodes Food Group Holdings Limited ("RFG or the "Company") with the King Report on Corporate Governance for South Africa, 2009 ("King Code")

Principles of the King Code	Wording of the principle	Applied/ Explained	Compliance Status
1.1	The board should provide effective leadership based on an ethical foundation.	Applied	The board of directors of RFG (" the Board " or the Directors ") leads RFG based on the four values underpinning good governance, being responsibility, accountability, fairness and transparency. These principles are incorporated in the approved board charter and demonstrate a sound framework for effective leadership premised on an ethical foundation. The Board is evaluated annually by the chairman, or by a duly authorised independent party, which results will be mentioned in RFG's annual report.
1.2	The board should ensure that the company is and is seen to be a responsible corporate citizen.	Applied	<p>The Board and the Social and Ethics Committee strive to ensure that the Company is, and is seen to be, a responsible corporate citizen, having regard to not only the financial aspects of the Company's business but also the impact that the Company's business operations have on the environment and the society in which it operates. The Board also strives to ensure that the well-being of the Company, the environment and society is protected and enhanced.</p> <p>The Board promotes the stakeholder-inclusive governance approach, considering, weighing and promoting the interests of all of the Company's stakeholders. The Board ensures that collaborative efforts with stakeholders are embarked upon to promote ethical conduct and good corporate citizenship.</p>
1.3	The board should ensure that the company's ethics are managed effectively.	Applied	The Board builds and sustains an ethical corporate culture and ensures that the Company's ethics are managed effectively, by among other things: determining clearly articulated ethical standards and values; aligning internal and external ethics performance around the same ethical standards; incorporating ethical risks and opportunities in the risk management process; and assessing, monitoring and reporting on the Company's ethics performance.
2.1	The board should act as the focal point for and custodian of corporate governance.	Applied	As contemplated in the board charter, the Board is the focal point and custodian of the RFG group's (the " Group ") corporate governance and is also responsible for ensuring that it complies with all relevant laws and codes of best governance practices, and considers adherence to other non-binding rules, codes and standards.
2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable.	Applied	The Board is ultimately accountable for the performance and affairs of the Company, appreciating that strategy, risk, performance and sustainability are inseparable. It provides strategic direction by proposing, discussing and

			questioning, whilst evaluating and approving, plans and strategies based on the values and objectives of the Company and stakeholder interests and expectations.
2.3	The board should provide effective leadership based on an ethical foundation.	Refer to principle 1.1	
2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen.	Refer to principle 1.2	
2.5	The board should ensure that the company's ethics are managed effectively.	Refer to principle 1.3	
2.6	The board should ensure that the company has an effective and independent audit committee.	Refer to principles 3.1 - 3.10	
2.7	The board should be responsible for the governance of risk.	Refer to principles 4.1 - 4.10	
2.8	The board should be responsible for information technology (IT) governance.	Refer to principles 5.1 - 5.7	
2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	Refer to principles 6.1 - 6.4	
2.10	The board should ensure that there is an effective risk-based internal audit.	Refer to principles 7.1 - 7.5	
2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation.	Refer to principles 8.1 - 8.6	
2.12	The board should ensure the integrity of the company's integrated report.	Refer to principles 9.1 - 9.3	
2.13	The board should report on the effectiveness of the company's system of internal controls.	Refer to principles 7.1 - 7.5 and 9.1 - 9.3	
2.14	The board and its directors should act in the best interests of the company.	Applied	Directors are appointed in terms of the Company's memorandum of incorporation and the Companies Act, No. 71 of 2008 (" Companies Act ") and act according to their fundamental duties. Conflicts of interests are disclosed and appropriately managed. A policy on Directors' dealings is in place and is communicated to Directors' officers and selected employees before closed and sensitive periods.

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	The Board considers the going concern status of the Group at least quarterly. The Board regularly monitors whether the Company is financially distressed (as defined in the Companies Act) and will consider business rescue proceedings or other turnaround mechanisms as soon as the Company is financially distressed.
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 fulfill the role of chairman of the board.	Applied	Dr Yvonne Muthien, an independent non-executive Director, is the chairperson of the Board. Bruce Alan Scott Henderson, an executive Director is the CEO of the Company. The roles and functions of the chairperson and the CEO are separate and clearly defined.
2.17	The board should appoint the chief executive officer and establish a framework for the delegation of authority.	Applied	The Board is responsible for the appointment and annual evaluation of the CEO. The collective responsibilities of management vest in the CEO and, as such, the CEO bears ultimate responsibility for all management functions. The Board delegates (without abdicating its duties and responsibilities) to management via the CEO, who in turn delegates to those reporting to him.
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.	Applied	There are currently four independent non-executive Directors, two non-executive Directors and two executive Directors on the Board. Additionally, the board charter provides that it is intended that the Board will comprise a majority of non-executive directors of whom the majority are independent.
2.19	Directors should be appointed through a formal process.	Applied	There is a formal process of identifying suitable candidates, including the nomination and evaluation process for such candidates. Non-executive Directors are selected for their broader knowledge and experience and are expected to contribute effectively to decision-making and the formulation of policy and strategy. The demographics of South Africa are also taken into account when making this decision.
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes.	Applied	The Board ensures that the collective skills and experience of Directors are suitable to carry out its responsibilities, to achieve the Company's objectives and create shareholder value over the long term. In this regard the Board ensures that, to the extent appropriate, Directors take part in formal induction programmes, as well as mentorship, where necessary, including regular briefings on changes in risks, applicable laws, rules, codes and standards and the environment. The results of annual performance evaluations are also considered in determining the training needs of Directors.
2.21	The board should be assisted by a competent, suitably	Applied	The board selects and appoints the company secretary and recognises the important role to

	qualified and experienced company secretary.		be played by the company secretary. The company secretary of the Group is Statucor (Proprietary) Limited, which was appointed on 18 July 2012.
2.22	The evaluation of the board, its committees and the individual directors should be performed every year.	Applied	The Board and its committees are evaluated annually by the chairman or the chairmen of the relevant board committees, alternatively such evaluation shall be conducted by a duly authorised independent external party. The Remuneration Committee also considers the results of the evaluation of the performance of the CEO and other executive Directors of the Company, both as Directors and as executives, in determining remuneration.
2.23	The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities.	Applied	The board committees assist the Board in executing its duties, powers and authorities. The required authority is delegated by the Board to each committee to enable it to fulfil its respective functions through formally approved terms of reference. Delegating authority to board committees or management, other than the specific matters for which the Audit and Risk Committee carries ultimate accountability in terms of the Companies Act, does not mitigate or discharge the Board and its Directors of their duties and responsibilities and the Board fully acknowledges this fact. The Board has established the following committees: <ul style="list-style-type: none"> • the Audit and Risk Committee; • the Social and Ethics Committee; and • the Remuneration Committee.
2.24	A governance framework should be agreed between the group and its subsidiary boards.	Applied	The Board advocates and promotes good governance by its subsidiaries. The formalised Board Charter has been implemented in order to ensure that good corporate governance is maintained throughout the Group in line with the requirements of the King Code and the principles of good corporate practice.
2.25	Companies should remunerate directors and executives fairly and responsibly.	Applied	The Remuneration Committee ensures that the Company remunerates executive directors, non-executive Directors and executives fairly and responsibly. The Remuneration Committee administers remuneration at all levels in the Company and ensures that the mix of fixed and variable pay, in cash, shares and other elements, meets the Company's needs and strategic objectives.
2.26	Companies should disclose the remuneration of each individual director and prescribed officer.	Explained	This shall be contained in the 2014 integrated report of the Company.
2.27	Shareholders should approve the company's remuneration	Applied	The Remuneration Committee ensures that remuneration policy is put to a non-binding

	policy.		advisory vote at the general meeting of shareholders once every year.
3.1	The board should ensure that the company has an effective and independent audit committee.	Applied	The Audit and Risk Committee comprises three duly appointed independent non-executive Directors. The members are Mark Bower, Thabo Patrick Leeuw and Lehlohonolo Andrew Makenete.
3.2	Audit committee members should be suitably skilled and experienced independent non-executive directors.	Applied	The Company's Audit and Risk Committee comprises financially literate, professionally qualified and commercially astute members and is constituted only by independent non-executive Directors. The chairman is a Chartered Accountant.
3.3	The audit committee should be chaired by an independent non-executive director.	Applied	Mark Bower is the independent chairman of the Audit and Risk Committee.
3.4	The audit committee should oversee integrated reporting.	Applied	The Audit and Risk Committee oversees integrated reporting and recommends the Company's integrated report for approval by the Board.
3.5	The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities.	Applied	It is the responsibility of the Audit and Risk Committee to ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities, and in particular the Audit and Risk Committee: ensures that the combined assurance received is appropriate to address all the significant risks facing the Company; and monitors the relationship between the external assurance providers and the Company.
3.6	The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function.	Applied	The Audit and Risk Committee reviews the expertise, resources and experience of the Company's financial function, and will disclose the results of the review in the Company's integrated report. It also considers and satisfies itself of the suitability of the expertise and experience of the financial director every year.
3.7	The audit committee should be responsible for overseeing of internal audit.	Applied	The Audit and Risk Committee is accountable for the systems of internal accounting control used by the Company and the Group with management being responsible. These systems and controls are designed to provide reasonable assurance regarding the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability of the assets.
3.8	The audit committee should be an integral component of the risk management process.	Applied	The Audit and Risk Committee is an integral component of the risk management process and oversees: financial reporting risks; internal financial controls; fraud risks as it relates to financial reporting; and IT risks as it relates to financial reporting.
3.9	The audit committee is responsible for recommending the appointment of the	Applied	The Audit and Risk Committee is solely responsible to nominate, for appointment as auditor of the Company, a registered auditor

	external auditor and overseeing the external audit process.		<p>who, in the opinion of the Audit and Risk Committee, is independent of the Company.</p> <p>The Audit and Risk Committee is responsible for the evaluation, co-ordination and monitoring of the external audit processes.</p>
3.10	The audit committee should report to the board and shareholders on how it has discharged its duties.	Applied	<p>The Audit and Risk Committee is solely responsible for preparing a report to be included in the annual financial statements for each financial year.</p> <p>The chairman (or, in his absence, an alternative member) of the Audit and Risk Committee shall attend annual general meetings of the Company in order to answer questions concerning matters falling within the ambit of the Audit and Risk Committee's responsibilities.</p>
4.1	The board should be responsible for the governance of risk.	Applied	The Board recognises that it is ultimately responsible for risk management and monitoring of the Group. The Audit and Risk Committee is delegated with the responsibility of implementing, enforcing and monitoring risk management measures including the responsibility to monitor and report on financial risks.
4.2	The board should determine the levels of risk tolerance.	Applied	The Board identifies key performance and risk areas and the mitigation of risk such that the ultimate risk tolerance of the Company is acceptable.
4.3	The risk committee or audit committee should assist the board in carrying out its risk responsibilities.	Applied	<p>The effectiveness of risk management is reviewed quarterly by the Audit and Risk Committee. The Audit and Risk Committee takes into account material changes and trends in the risk profile and considers whether the control systems, including reporting, adequately supports the achievement of the risk management objectives.</p> <p>See principle 3.8</p>
4.4	The board should delegate to management the responsibility to design, implement and monitor the risk management plan.	Explained	The policy and plan for the system and process of risk management, are reviewed and recommended by the Audit and Risk Committee, and if deemed appropriate, approved by the Board. Management is responsible for the implementation of the policy and plan for risk management.
4.5	The board should ensure that risk assessments are performed on a continual basis.	Applied	The Board ensures that risk assessments are continuously performed. The effectiveness of risk management is reviewed quarterly by the Audit and Risk Committee.
4.6	The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.	Applied	The Board is responsible for ensuring that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risk. RFG has implemented relevant risk management processes that will enhance the Company's ability to achieve its strategic objectives.

4.7	The board should ensure that management considers and implements appropriate risk responses.	Applied	The Board ensures that management continually monitors risk and considers and implements appropriate risk responses.
4.8	The board should ensure continual risk monitoring by management.	Applied	See principle 4.7.
4.9	The board should receive assurance regarding the effectiveness of the risk management process.	Applied	The Audit and Risk Committee ensures that the combined assurance received is appropriate to address all the significant risks facing the Company and monitors the relationship between the external assurance providers and the Company.
4.10	The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders.	Applied	The Board is responsible for ensuring that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders.
5.1	The board should be responsible for information technology (IT) governance.	Applied	The Board is responsible for IT governance and has delegated the regulation of, <i>inter alia</i> , IT governance issues and policies to the Audit and Risk Committee.
5.2	IT should be aligned with the performance and sustainability objectives of the company.	Applied	The Board is responsible for aligning IT with the performance and sustainability objectives of the Company.
5.3	The board should delegate to management the responsibility for the implementation of an IT governance framework.	Applied	IT risk governance falls within risk management of the Company, which is reviewed and recommended to the Board by the Audit and Risk Committee and is implemented and continuously monitored by management.
5.4	The board should monitor and evaluate significant IT investments and expenditure.	Applied	The Board monitors and evaluates significant IT investments and expenditure.
5.5	IT should form an integral part of the company's risk management.	Applied	IT risk management includes the assessment and management of all significant IT risks.
5.6	The board should ensure that information assets are managed effectively.	Applied	The Board is to be advised of the management of these assets and confirm that appropriate structures and procedures for their management are in place.
5.7	A risk committee and audit committee should assist the board in carrying out its IT responsibilities.	Applied	The Audit and Risk Committee Charter regulates, <i>inter alia</i> , IT governance issues and policies to be adopted by the Company.
6.1	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	Applied	The Board monitors compliance. Compliance is a regular item on the Board's agenda, which is reported on a quarterly basis. The Board is responsible for ensuring that the Company complies with all relevant laws and codes of best governance practices, and considers adherence to other non-binding rules,

			codes and standards.
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	<p>The Board understands the context of the law and how laws interact with each other, and has a working understanding of the effect of applicable laws, rules, codes and standards on the Company and its business.</p> <p>The Directors sufficiently familiarise themselves with the general content of applicable laws, rules, codes and standards, in order to discharge their legal duties with the assistance of the company secretary.</p>
6.3	Compliance risk should form an integral part of the company's risk management process.	Applied	<p>Compliance is a regular item on the Board's agenda, which is reported on a quarterly basis.</p> <p>Non-compliance risks are identified, assessed and responded to through the risk management processes of the Company.</p>
6.4	The board should delegate to management the implementation of an effective compliance framework and processes.	Applied	<p>The implementation of an effective compliance framework and processes is delegated to management.</p> <p>The Board will disclose in the Company's annual integrated report details regarding how it discharged its responsibility to establish an effective compliance framework and processes, and also details of material or repeated instances of non-compliance.</p>
7.1	The board should ensure that there is an effective risk based internal audit.	Applied	An effective risk-based internal audit function exists. The purpose, authority and responsibilities of the internal audit function are defined in the board-approved Audit and Risk Committee charter.
7.2	Internal audit should follow a risk based approach to its plan.	Applied	A risk-based approach to internal audit planning is adopted in assessing the Group's control environment and is aligned to the risk assessment process.
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management.	Applied	The Company maintains an internal audit professional and/or department who/which functions independently to appraise, examine and evaluate the Group's accounting systems, internal accounting controls and general internal control mechanisms within the Company.
7.4	The audit committee should be responsible for overseeing internal audit.	Applied	The Audit and Risk Committee is accountable for the systems of internal accounting control used by the Company and the Group with management being responsible. These systems and controls are designed to provide reasonable assurance regarding the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability of the assets. The Audit and Risk Committee's internal audit functions are fully set out in the committee's terms of reference.
7.5	Internal audit should be strategically positioned to	Applied	The internal audit professional has unrestricted access to the Chairman, the Board, the Audit and Risk Committee and the executives of the

	achieve its objectives.		Group. The internal audit function is adequately skilled and resourced to discharge its duties.
8.1	The board should appreciate that stakeholders' perceptions affect a company's reputation.	Applied	<p>The Board provides effective leadership based on an ethical foundation by, among other things, taking account of the Company's impact on internal and external stakeholders.</p> <p>The Board facilitates the establishment of mechanisms and processes that support stakeholders in constructive engagement with the Company.</p>
8.2	The board should delegate to management to proactively deal with stakeholder relationships.	Explained	The interactions with stakeholders by the Board and/or committee members are managed by the Social and Ethics Committee.
8.3	The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company.	Applied	The Board realises that there is a broad range of stakeholders who have a genuine stake in or are affected by the Company and its various activities. The Board strives to achieve the appropriate balance between its various stakeholder groupings, in the best interest of the Company.
8.4	Companies should ensure the equitable treatment of shareholders.	Applied	Shareholders (or classes of shareholders) are treated equitably. Shareholders are encouraged to attend the Company's annual general meeting and are given information timeously.
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.	Applied	<p>Complete, timely, relevant, accurate, honest and accessible information is provided by the Company to stakeholders, having regard to legal and strategic considerations.</p> <p>Board communication with stakeholders is in clear and understandable languages.</p> <p>The Board will disclose in the Company's annual integrated report the number and reasons for refusals of requests for information that were lodged with the Company in terms of the Promotion of Access to Information Act, No. 2 of 2000.</p>
8.6	The board should ensure disputes are resolved as effectively, efficiently and expeditiously as possible.	Applied	<p>The Board shall in the first instance ensure that all disputes are first attempted to be resolved by the use of alternative dispute resolution mechanisms.</p> <p>Board shall also ensure that appropriate individuals are selected to represent the Company in legal proceedings.</p>
9.1	The board should ensure the integrity of the company's integrated report.	Applied	As a part of risk management, the Board ensures the integrity of the Company's annual integrated report.
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting.	Applied	The Company's integrated report will include commentary on the Company's financial results, the going concern status of the Company, an explanation of how the Company has generated its profit and/or loss and positive and negative impacts of the Company's operations and

			means to eradicate the negatives.
9.3	Sustainability reporting and disclosure should be independently assured.	Applied	Sustainability reporting and disclosure is independently assured, if deemed necessary. The Audit and Risk Committee oversees the provision of assurance over sustainability issues.