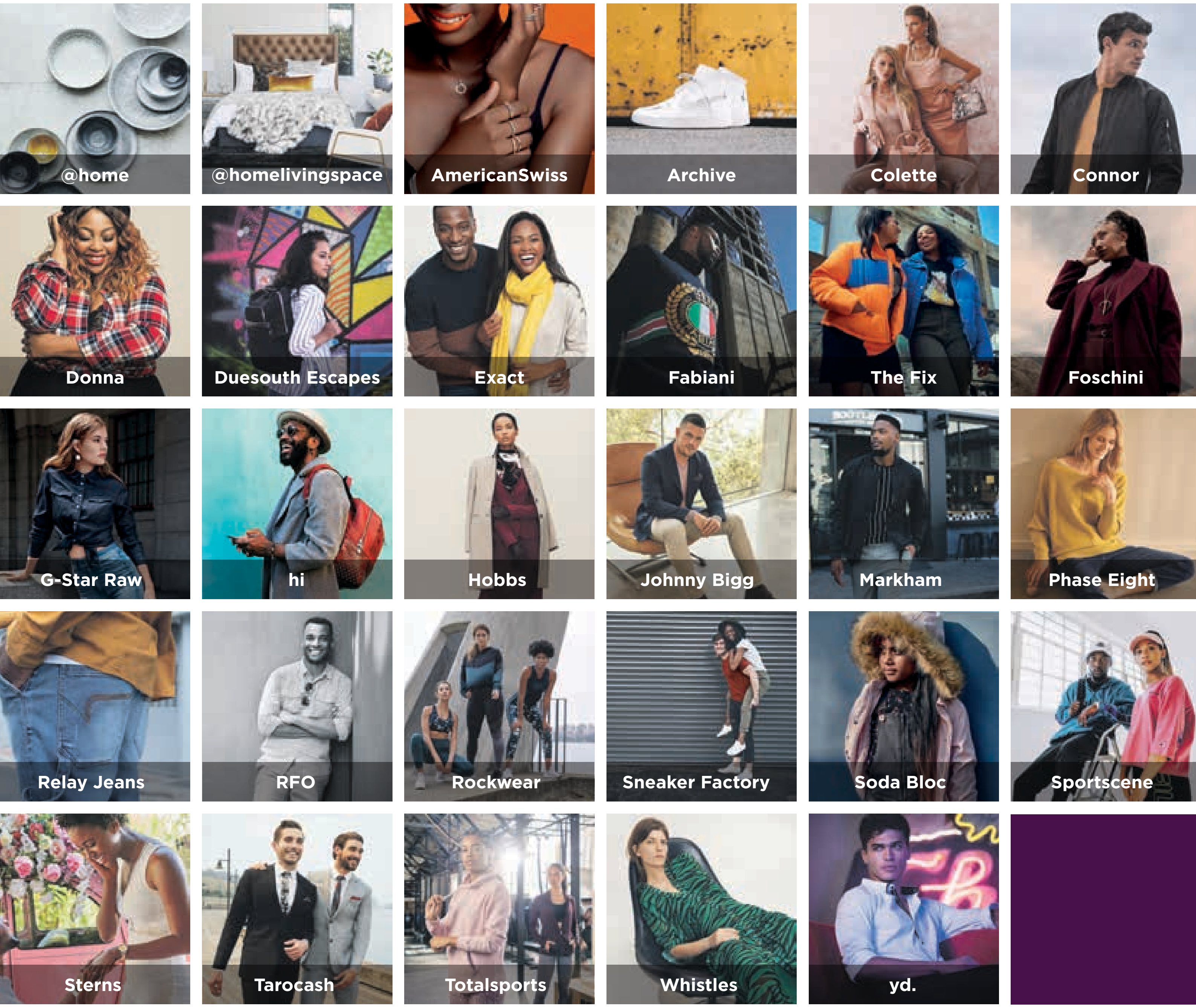
2020

INTEGRATED ANNUAL REPORT



CONTENTS

@home THE HOMEWARE STORE	@homelivingspace THE HOMEWARE STORE
AMERICANSWISS FINE JEWELLERS SINCE 1896	ARCHIVE
colette by colette hayman	CONNOR
donna	DUESOUTH ESCAPES
EXACT	Fabiani.
THE FIX	FOSCHINI
G-STAR RAW	hi
HOBBS LONDON	Johnny BIGG BY TAROCASH
MARKHAM	Phase Eight
RJ RELAY JEANS	RFO RENEGADE FASHION OUTLET
ROCKWEAR ACTIVEWEAR SINCE 1991	SNEAKER FACTORY
SODA BLOC	sportscene
STERNS 1896	TAROCASH
TOTALSPORTS	WHISTLES
yd.	

ABOUT OUR REPORT

THE SCOPE AND BOUNDARY OF THIS REPORT

The 2020 integrated annual report of The Foschini Group Limited and its subsidiaries (collectively referred to as "TFG" or "the Group") covers the financial year from 1 April 2019 to 31 March 2020.

REPORTING BOUNDARY FOR THE INTEGRATED REPORT
(risks, opportunities and financial and non-financial outcomes relevant to our key stakeholders)

FINANCIAL REPORTING
(control and significant influence)

TFG

TFG AFRICA

This refers to all our operations on the African continent, through 21 established brands. The TFG Africa business segment is managed from the Group's head office in Cape Town, South Africa.

While information is provided on all three business segments throughout this report, prominence is given to TFG Africa as it accounts for 74% of the Group's EBITDA.

TFG LONDON

This refers to the consolidated performance of the Phase Eight, Whistles and Hobbs brands. The TFG London business segment is managed by the local management team based in London, United Kingdom.

TFG AUSTRALIA

This refers to the consolidated performance of the Connor, Johnny Bigg, Rockwear, Tarocash and yd. brands, collectively Retail Apparel Group (RAG). The TFG Australia business segment is managed by the local management team based in Sydney, Australia.

REPORTING FRAMEWORKS

This report is presented in accordance with the requirements of the King IV Report on Corporate Governance™ for South Africa 2016 (King IV)[1]; the Companies Act of South Africa, No. 71 of 2008, as amended; the JSE Limited Listings Requirements and the International Integrated Reporting Council's <IR> Framework (referred to as "the Framework").

MATERIALITY

This report focuses on matters that have a material impact on TFG's ability to create sustainable value and outlines how these matters impact our business strategy, risks and opportunities, while considering stakeholder perspectives. Matters were identified using the Enterprise Risk Framework and apply to the Group, albeit with different levels of likelihood and impact.

Read more about our process and relevant matters on page 32.

COMPARABILITY

Data presented in this report applies to the Group, unless specifically indicated otherwise. Data relating to financial, economic, social and environmental indicators remains broadly comparable to and consistent with our 2019 report. However, the following should be considered when assessing TFG's performance and future prospects as they may affect the comparability of financial and non-financial information:

- The Group's adoption of IFRS 16.
- In March 2020, the World Health Organization formally recognised COVID-19 as a pandemic. Governments around the world have taken various actions to try and curb the pandemic, including the temporary closure of businesses, restriction on movement between geographical locations, social distancing and limits on any public gatherings. The global economy has experienced major contraction and significant uncertainty regarding the extent and duration of the pandemic remains. All three of the Group's main territories were impacted by restrictions that were implemented as well as the extent of regulations imposed.

Read more about the impact and scope of these events in the Chief Financial Officer's report on page 70.

Employees | Customers | Shareholders | Suppliers and business partners | Non-profit organisations and communities | Others

OUR REPORTING SUITE

This report is a concise communication, complemented by further reporting elements and information available in the investor centre on our website at www.tfglimited.co.za. Non-financial information provided in this report was not assured externally, other than indicated below:

REPORTING ELEMENT	TARGET AUDIENCE	EXTERNAL ASSURANCE STATUS AND PROVIDER
Annual financial statements	**Shareholders, investment community and analysts**	Audited by Deloitte & Touche (see external audit report)
King IV register	**All stakeholders**	No external assurance
TFG sustainability overview report	**All stakeholders**	No external assurance
B-BBEE credentials and scorecard	**All stakeholders**	Assured by 1st Verification Networx

The review of this report in conjunction with our consolidated annual financial statements will provide a comprehensive view of TFG's performance. The audited consolidated annual financial statements are available on our website at www.tfglimited.co.za.

COMBINED ASSURANCE

The combined assurance process continues to optimise assurance activities and enhance the governance and the enterprise risk and control environment. The five lines of defence approach identifies those responsible for internal controls, risk management and independent assurance.

Read more about our approach to combined assurance and risk management in our Audit and Risk Committees' reports from pages 98 and 111.

FEEDBACK

Feedback on and requests for printed copies of this report can be addressed to the Company Secretary, whose contact details are on the inside back cover. Should you elect to receive regular investor-related electronic communication from TFG, kindly provide your email address by emailing our Investor Relations department at investor_relations@tfg.co.za.

FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements regarding the results and business activities of TFG, which by their nature involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. These forward-looking statements have not been reviewed or reported on by the Group's external auditors.

APPROVAL

The Audit Committee recommended the approval of the integrated annual report and the consolidated annual financial statements to the Supervisory Board. The Supervisory Board acknowledges its responsibility for ensuring the integrity of the integrated annual report and collectively reviewed and assessed the content thereof. The Supervisory Board believes that the integrated annual report presents the material matters that impact the Group in a balanced way and that it is a fair representation of TFG's integrated performance and future prospects. Furthermore, the Supervisory Board believes that the integrated annual report adequately presents TFG's strategy, and how it enables the Group to create value, in a sustainable manner, in the short, medium and long term.

The Supervisory Board approved the 2020 integrated annual report on 11 August 2020.

M Lewis
Chairman

A E Thunström
Chief Executive Officer

WHO WE ARE

The company was established in 1924 and listed on the Johannesburg Stock Exchange (JSE) in the general retailers sector in 1941.

THIS IS TFG

OUR VISION AND MISSION

To be the leading fashion lifestyle retailer in Africa whilst growing our international footprint by providing innovative products and creative customer experiences and by leveraging our portfolio of diverse brands to differentiate our offering. Our talented and engaged people will always be guided by our values, social conscience and customer-centric mindset.

THE TFG DIFFERENCE

- **29 leading fashion** lifestyle retail brands of which 23 are omnichannel
- 4 083 trading outlets in 32 countries on **five continents**
- **Income diversification** through 74:26 cash vs credit sales contribution
- Integrated **online platform** for all TFG Africa online brands with single check out and multiple payment options
- **17,0% compound annual growth** rate in turnover and 9,2% compound growth rate in headline earnings per share over five years
- **27,8% compound annual growth** rate in free cash flow over five years
- 29 776 employees with **19+ years average fashion retail experience** among executive management
- Specialist in-house capabilities for **market-leading store design**, upgrades, fashion design and manufacturing
- **Social impact** through increased local employment, CSI initiatives and sustainable supply chain partnerships

OUR VALUES

TFG believes that teamwork coupled with professionalism in all aspects of retailing will continue to be the foundation for the future.

P
- **Passionate about service**
We passionately and truly believe that the customer comes first.

R
- **Resilience**
We have the courage of our convictions and the boldness to constructively challenge.

I
- **Integrity**
Our word is our honour, we are honest and ethical.

D
- **Dignity & respect**
We treat everyone the way we want to be treated.

E²
- **Empowerment**
We embrace diversity and create equal opportunity for all in a supportive environment.
- **Excellent performance**
We are accountable and drive performance in a creative and innovative way.

SALIENT FEATURES OF THE YEAR

+3,6%
GROUP REVENUE GROWTH
R38,5 billion

R1,1 bn
CAPITAL INVESTMENT
Investing for the future – 69% of this investment is expansionary

8,4%
GROUP ONLINE TURNOVER CONTRIBUTION

16,1 m
NUMBER OF TFG AFRICA CASH AND CREDIT REWARD CUSTOMERS
(March 2019: 14,5 million)

52,7%
GROSS MARGIN
(March 2019: 53,6%)

29 776
NUMBER OF EMPLOYEES
(March 2019: 29 121)

44,8%
TRADING EXPENSE MARGIN
(March 2019: 45,3%)

11,7 m
LOCALLY MANUFACTURED UNITS PRODUCED BY TFG DESIGN AND MANUFACTURING, OF WHICH 73% IS QUICK RESPONSE

-1,1%
HEADLINE EARNINGS PER SHARE
1 174,4 cents per share

146 276
TRAINING INTERVENTIONS DURING THE YEAR
(March 2019: 140 886)

92,2%
FREE CASH FLOW AS PERCENTAGE OF NET PROFIT FOR THE YEAR
R2,3 billion

OUR CORPORATE PROFILE

TFG is one of the foremost independent chain-store groups in South Africa and has a diverse portfolio of 29 leading fashion retail brands offering clothing, jewellery, cellphones, accessories, cosmetics, sporting apparel and equipment, and homeware and furniture from value to upper market segments.

TFG was established in 1924 and listed on the JSE in 1941.

The majority of our turnover is in the form of cash sales to customers, with the balance being from our own in-house credit offering. Credit is offered to customers in South Africa, Namibia, Botswana, Lesotho and Eswatini. Revenue is also generated from interest received on customers' store cards and through value-added services available to our TFG Africa customers.

South Africa and Namibia are TFG Africa's most significant markets, with the United Kingdom, including Ireland, being the most significant market for TFG London. TFG Australia is focused on Australia and New Zealand.

Read more about the markets we operate in on pages 81 to 84.

We source our product offering locally and offshore, with strong in-house design teams across all business segments. TFG Africa's manufacturing capabilities coordinate production through our own factories and various independent cut, make and trim (CMT) factories. This provides significant quick response capability and is a key differentiator for the Group.

Our strategic pillars drive our value-creating business model:

DIGITAL TRANSFORMATION

CUSTOMER & EMPLOYEE OBSESSION | LEADERSHIP | PROFIT | GROWTH

OUR TFG CULTURE

Read more about our strategic overview on page 56.

OUR BRANDS

MERCHANDISE CATEGORIES:

- Clothing: female fashion
- Clothing: male fashion
- Clothing: youth fashion
- Clothing: value
- Clothing: sport
- Homeware and furniture
- Jewellery
- Cellphones
- Cosmetics
- Luggage and accessories
- Available online

TFG's three business segments each have their own local management teams, which report into the Group's head office in Cape Town. Within these business segments, our brands are grouped into retail trading divisions and each is supported by a local centralised support services structure.

TFG AFRICA

63%
CONTRIBUTION TO TURNOVER

@home, @homelivingspace, American Swiss, Archive, colette, donna, Duesouth Escapes, Exact, Fabiani, The Fix, Foschini, G-Star Raw, hi, Markham, Relay Jeans, RFO, Sneaker Factory, Soda Bloc, sportscene, Sterns, Totalsports

TFG LONDON

14%
CONTRIBUTION TO TURNOVER

Hobbs London, Phase Eight, Whistles

TFG AUSTRALIA

15%
CONTRIBUTION TO TURNOVER

Connor, Johnny Bigg, Rockwear, Tarocash, yd.

E-COMMERCE

8%
CONTRIBUTION TO TURNOVER

TFG AFRICA: @home, @homelivingspace, Archive, donna, Duesouth Escapes, Exact, Fabiani, The Fix, Foschini, hi, Markham, Relay Jeans, Soda Bloc, sportscene, Totalsports

TFG LONDON: Hobbs London, Phase Eight, Whistles

TFG AUSTRALIA: Connor, Johnny Bigg, Rockwear, Tarocash, yd.

TFG'S RETAIL BRANDS SPAN VARIOUS MARKET SEGMENTS

INCOME CATEGORY: MID TO UPPER MARKET

American Swiss, Archive, hi, Johnny Bigg, sportscene, Totalsports

INCOME CATEGORY: UPPER MARKET

@home, @homelivingspace, Duesouth Escapes, Fabiani, G-Star Raw, Hobbs London, Phase Eight, Whistles

INCOME CATEGORY: MID MARKET

colette, donna, Foschini, Markham, Relay Jeans, Soda Bloc, Sterns, Tarocash, yd.

INCOME CATEGORY: VALUE MARKET

Connor, Exact, The Fix, RFO, Rockwear, Sneaker Factory

Read more about our brands in appendix 6 on page 159.

OUR FOOTPRINT

GROUP

4 083
TOTAL OUTLETS (2019: 4 085)

29 776
TOTAL EMPLOYEES (2019: 29 121)

TFG AFRICA

2 577
TFG AFRICA OUTLETS (2019: 2 631)

23 268
EMPLOYEES (2019: 22 755)

63%
CONTRIBUTION TO TURNOVER

TFG LONDON

972
TFG LONDON OUTLETS (2019: 971)

3 586
EMPLOYEES (2019: 3 845)

14%
CONTRIBUTION TO TURNOVER

TFG AUSTRALIA

534
TFG AUSTRALIA OUTLETS (2019: 483)

2 922
EMPLOYEES (2019: 2 521)

15%
CONTRIBUTION TO TURNOVER

E-COMMERCE

8%
CONTRIBUTION TO TURNOVER
Read more about our e-commerce brands on page 7.

INSOURCED DISTRIBUTION CENTRES

6 | **44 739m²**
SOUTH AFRICA – WESTERN CAPE

1 | **22 000m²**
SOUTH AFRICA – GAUTENG

1 | **8 609m²**
UNITED KINGDOM – LONDON

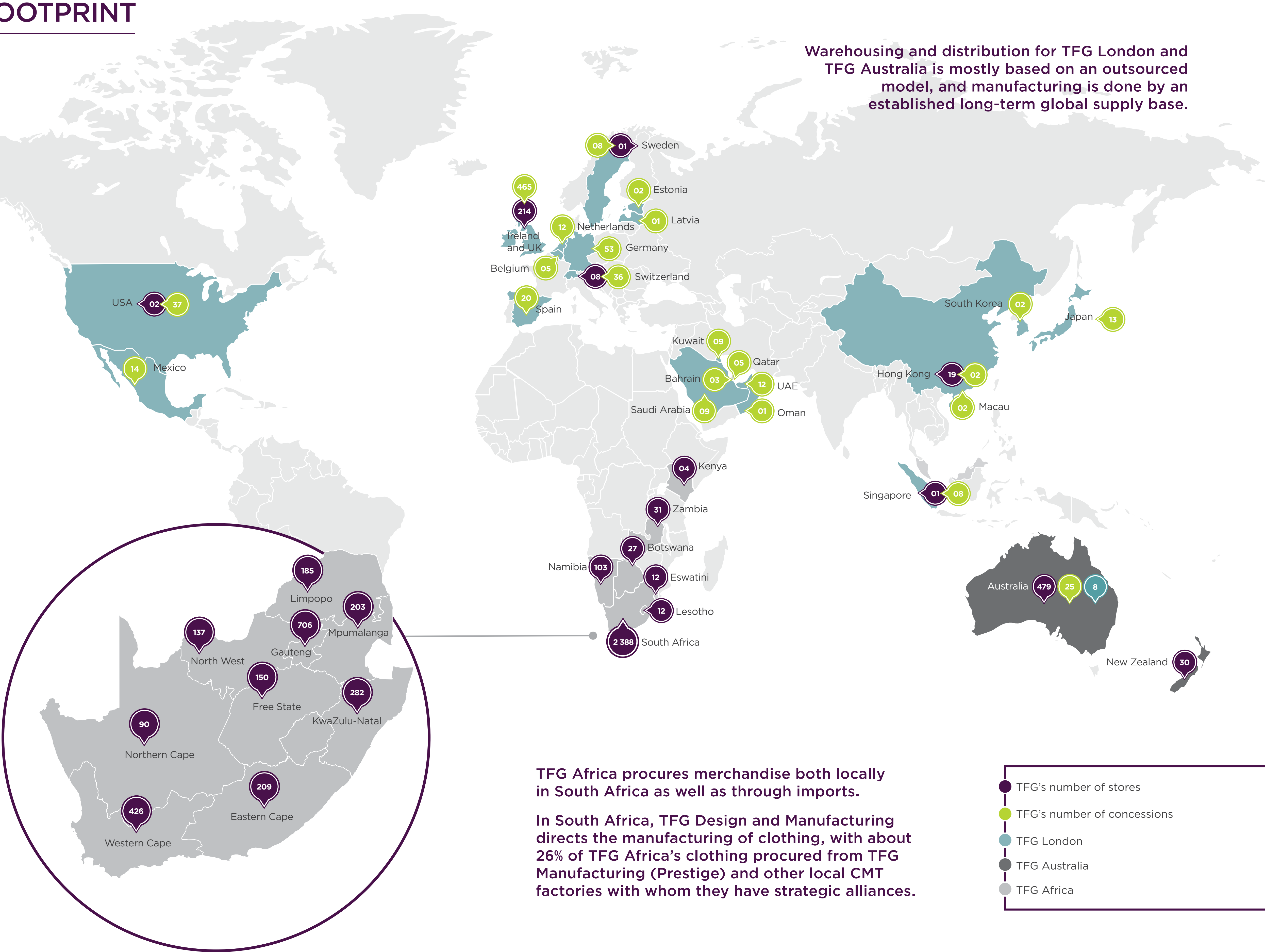
1 | **1 244m²**
AUSTRALIA – QUEENSLAND

OWNED FACTORIES

1
CALEDON

1
MAITLAND

Warehousing and distribution for TFG London and TFG Australia is mostly based on an outsourced model, and manufacturing is done by an established long-term global supply base.



TFG Africa procures merchandise both locally in South Africa as well as through imports.

In South Africa, TFG Design and Manufacturing directs the manufacturing of clothing, with about 26% of TFG Africa's clothing procured from TFG Manufacturing (Prestige) and other local CMT factories with whom they have strategic alliances.

OUR TIMELINE

OUR HISTORY AT A GLANCE

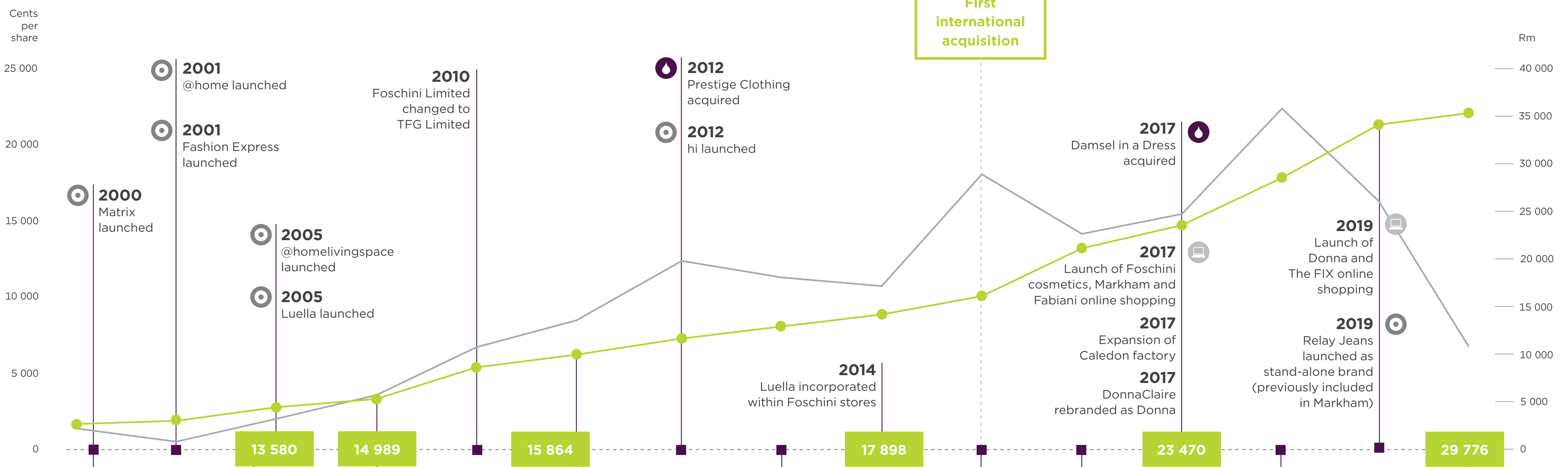
George Ivan Rosenthal founded TFG in 1924. He started out in clothing retail in America, but became interested in other markets when the boom days in America ended. His research showed that while South Africa was very much an underdeveloped country, it had a traditional fondness for American goods and know-how, and so he set sail for South Africa with little money, a lot of confidence and a grand plan. When naming his company, he decided on an old Italian name, Foschini.

He found that Johannesburg was one of the best shopping areas in South Africa and started leasing premises. On 27 November 1925, the first Foschini store opened on Pritchard Street, Johannesburg and more stores across South Africa soon followed. For the first time, South African women had access to fashion garments – garments that were affordable, well-made, up-to-date and accessible to a wider public.

Foschini had arrived.

He continued to expand the business and within two years after opening, Foschini had nine branches across South Africa. In 1941, George registered Foschini Dresses Proprietary Limited on the Johannesburg Stock Exchange, the first clothing retailer to do so.

Since then, the Group has continued to grow. Today, it consists of 29 brands in 4 083 outlets in 32 countries selling a broad range of merchandise categories to customers both in store and online.



2000 Matrix launched

2000 Totalsports acquired

2001 @home launched

2001 Fashion Express launched

2004 Duesouth launched

2005 @homelivingspace launched

2005 Luella launched

2008

2010 Foschini Limited changed to TFG Limited

2011 Fabiani acquired

2011 Charles & Keith franchise partnership

2011 Franchise rights for G-Star RAW in South Africa acquired

2012 Prestige Clothing acquired

2012 hi launched

2013 Matrix rebranded as Mat & May

2014 Luella incorporated within Foschini stores

2015 Phase Eight acquired

2015 RCS disposal

2015 Launch of @home and hi online shopping

2016 Launch of Totalsports, Sportscene and Duesouth online shopping

2016 SODA Bloc launched

2016 Franchise rights for Colette acquired

2016 Franchise rights for Next acquired

2016 Fashion Express rebranded as The FIX

2016 Whistles acquired

2017 Damsel in a Dress acquired

2017 Launch of Foschini cosmetics, Markham and Fabiani online shopping

2017 Expansion of Caledon factory

2017 DonnaClaire rebranded as Donna

2018 RAG acquired

2018 Launch of @homelivingspace, Exact, Foschini and SODA Bloc online shopping

2018 Hobbs acquired

2018 SODA Bloc incorporated within Foschini stores

2018 Next franchise rights ended

2018 Archive launched as stand-alone brand (previously included in Sportscene)

2019 Launch of Donna and The FIX online shopping

2019 Relay Jeans launched as stand-alone brand (previously included in Markham)

2020 Sneaker Factory and RFO brands launched

2020 Duesouth Escapes launched as stand-alone brand (previously included in Duesouth)

2020 Closure of Duesouth

2020 Charles & Keith franchise partnership ended

BEFORE 2000

1924 Founded

1941 Listed on the JSE

1958 Stanley Lewis buys major shareholding

1967 American Swiss Watch Company acquired

1968 Markham acquired

1969 Pages launched

1993 Sterns acquired

1994 DonnaClaire launched

1996 Sportscene acquired

1999 Pages rebranded as Exact RCS established

Acquired | Launched brand | Launched online shopping | Number of employees | Turnover | Closing share price

A MESSAGE FROM OUR CHAIRMAN

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Chairman's report

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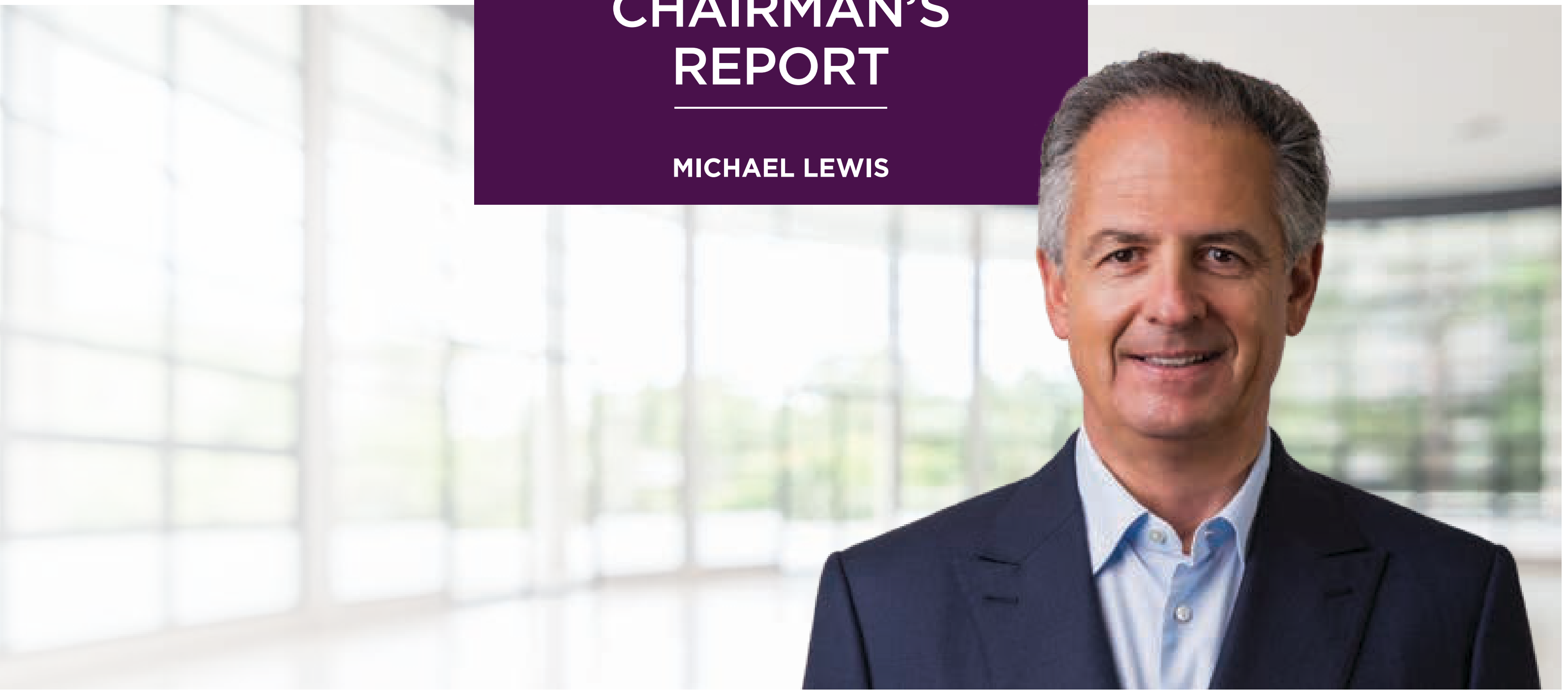
Responsible oversight of performance

TFG's culture remains one of hard work, innovation, collaboration and transparency.

CHAIRMAN'S REPORT

MICHAEL LEWIS



In the context of a challenging environment, the year under review produced a satisfactory result which would have been far better and industry-beating had the last few weeks of the financial year not been impacted by COVID-19 both in terms of turnover and provisions. We are nevertheless proud of our performance which is a great tribute to the people who make up the TFG family.

GOVERNANCE

TFG remains committed to the highest standards of corporate governance. Good governance must have real commercial meaning and be effective and relevant to the Group's context, culture and way of working.

In this unprecedented environment, the Supervisory Board has had to make quick decisions and trade-offs. Maintaining a dynamic and professional relationship between the Group's various governance structures and the management team has therefore been vital and has enabled thoughtful, good, timeous and dynamic decision-making.

Good current examples of this process include a robust response to the lockdowns, the decision to raise capital and the virtually simultaneous conditional offer made to acquire JET.

More so now than ever, many of our local and international competitors are struggling. In this context, keeping our deep bench of skilled people is crucial to the Group and we must therefore make sure that all people are properly remunerated and incentivised. We will always maintain appropriate governance over remuneration in which there is much public interest given the level of inequality in South Africa. But bearing in mind the disruption and very considerable hidden cost associated with the loss of skilled people to companies seeking talent to solve their own problems, our remuneration policy must be bold and competitive. We ask shareholders and other stakeholders to consider and understand this point.

We prioritise ensuring an appropriate balance of skills, diversity and experience on the Supervisory Board and committees. In October 2019, we appointed Doug Murray, the former Chief Executive Officer of the Group, to the Supervisory Board as a non-executive director. In January 2020, we appointed former Goldman Sachs Sub-Saharan Africa chief executive officer, Colin Coleman to the Supervisory Board as an independent non-executive director. Colin brings capital markets and investment banking experience to the Group as well as a perspective gained from his exposure to the public policy arena.

SOUTH AFRICAN CONTEXT

The Group appreciates the responsibility it has in terms of South Africa's ongoing transformation process. We recognise the importance of B-BBEE scoring and spare no effort in investing and developing the appropriate skills so that every level of the business's medium and long-term needs can be met in a manner that is based on sound business principles and the needs of the society at large. We are particularly proud of the progress we are making though much remains to be done.

A report like this would be incomplete if it did not restate that slow growth and persistent lack of investment confidence in South Africa exacerbate income inequality and undermine transformation. As I said last year, paying lip service to dogmas for which there is ample evidence of failure will not result in transformation. Quite the contrary. In this regard, it is particularly concerning to witness the lack of progress in restructuring the state-owned enterprises.

It is crucial to adopt a clear political direction which leads to economic confidence, investment growth and transformation. To this end, TFG will continue to support Business Leadership South Africa (BLSA) and cooperate with government to rebuild the institutions that were eroded by state capture and corruption.

My Supervisory Board colleagues and I associate ourselves with the policy statement issued by Anthony Thunström on the Group's stance on racism on 12 June 2020 and which *inter alia* states that "We may not always have the solutions, but we will always remain true to our values. TFG is very clear about our stance against social injustice. Our core values are centred on integrity, dignity and respect regardless of race, religion, gender or culture. We do not tolerate any forms of discrimination and TFG will always be a safe space for all of our employees".

THE ECONOMY AND OPERATING ENVIRONMENT

As mentioned, the 2020 results were achieved notwithstanding the challenging economic and socio-political headwinds in South Africa and in the Group's other major territories.

In South Africa, all sectors of the business performed strongly with the exception of womenswear which continues to be the most challenging sector of the market. Significant investment continued to strengthen the businesses which are market leaders and to evolve those that need change.

Amongst others, a key factor separating TFG from its competitors is its continuing investment in local manufacturing. This is planned to be enhanced in the years ahead bringing much needed jobs and giving the business the trading flexibility it needs.

The trading performance in Australia again was particularly encouraging. Three years after the purchase of RAG it is most gratifying to report exceptional growth in sales and profitability as well as the increasingly strong position of the business in the segments in which it operates. This is a great testament to both the TFG and RAG management who have forged a powerful team from which both businesses have greatly benefited.

In my report last year, I noted that TFG London had outperformed its competitors notwithstanding a complex trading environment and in particular the upheaval in the department store sector to which the business is exposed. These trends continued into the 2020 financial year.

COVID-19 impacted the last few weeks of the financial year in all geographies and the pace of recovery in each of our markets is different. TFG Australia has emerged very strongly from lockdown and continues to trade well. TFG Africa also had a strong start though its performance has been more volatile. Whilst TFG London experienced strong, own-channel online sales during and post lockdown, its store reopening experience is proving to be the most challenging. This is especially evident in London and the other major metroplexes. In addition, the performance of department stores, in which the company has a substantial trading presence, has been particularly poor. If these trends were to continue, there will be an impact on profitability which will only partially be offset by the positive performance of the digital channel. The Board and executive management are watching events in the United Kingdom carefully given these concerning very recent trends.

COVID-19

TFG's Supervisory Board and management have been monitoring and proactively responding to the COVID-19 pandemic.

We acknowledge the severity of the situation and continue to focus on mitigating the risks and impact of the virus on all TFG businesses and stakeholders. We prioritise the safety and wellbeing of employees, customers and suppliers.

The impact of COVID-19 is being felt in all our operations globally.

As the news of the pandemic and its impact on China broke, our initial focus was on mitigating the risk of disruption to the flow of goods from China. We worked with our own factories and regional suppliers and were able to limit the impact on our supply chain.

The investment in our local manufacturing capacity has not only enabled us to diversify away from Chinese factories, but also provided significant flexibility as we have had to adjust forward purchases to cope with uncertain levels of turnover for the balance of the financial year.

A full list of measures taken, including the decision to raise almost R4 billion of new capital via a fully underwritten righs offer to minimise the financial impact of COVID-19, is available in the Chief Executive Officer's report from page 50.

REVIEW OF THE YEAR

The Supervisory Board is encouraged by the Group's performance despite unusually difficult trading conditions. Highlights for the year include:

- growth of 3,6% in turnover;
- headline earnings essentially flat at R2,7 billion, a performance that is testament to the Group's focus on cost control given the significant impact of COVID-19 on turnover growth for the year; and
- free cash flow at 92,2% of net profit.

Further information on the Group's financial performance is available in the Chief Financial Officer's report from page 70.

Continued progress was made on our strategic pillars of Customer & Employee Obsession, Leadership, Profit and Growth, and our ambitious digital transformation programme. TFG's culture remains one of hard work, innovation, collaboration and transparency. This approach has seen the business stay ahead of economic and political turbulence.

DIGITAL TRANSFORMATION

The digitisation of TFG is proceeding at pace and, if anything, the current circumstances emphasise the need to execute this strategy even more rapidly. The Group has made and will continue to make significant investments in technology and people to keep our digitisation journey ahead of the curve.

The Supervisory Board is increasingly of the view that, subject to landlords understanding this momentous shift and reflecting this in realistic rental levels, an omnichannel approach is key. Digitisation has brought about profound changes in the power dynamic between consumers, retailers and landlords, with consumer needs becoming more central. This is as it should be. Everything we do is informed by what consumers want: bricks and mortar stores and digital channels reinforce each other and should be seamlessly integrated to give consumers the choices they prefer. It is though likely that over a more extended period, bricks and mortar stores will play a much smaller role and the business is being prepared to be digitally lead with less reliance on a vast store network.

Shareholders and other stakeholders should be in no doubt that no effort will be spared to invest in technology and people to ensure TFG's digital leadership and they should expect more bold initiatives in this regard.

Further information on the Group's strategic progress is available in the Chief Executive Officer's report from page 50.

LEADERSHIP TEAM

Our succession planning activities are ongoing at every level of the business. The executive management changes effected in the previous financial year have contributed to the Group's resilience and growth. I remain confident that this will continue to ensure the preservation of TFG's performance and culture.

PROSPECTS

Clearly, the future is highly uncertain and this makes forecasting hazardous. Globally, the pandemic will suppress growth until a treatment or vaccine for the virus is found and administered to enough people to stem its progress.

For the reasons mentioned earlier – lack of domestic and international confidence in policy making and implementation – South Africa's growth prospects are weak. Globally, especially in the markets in which we operate which were growing at reasonable rates with high levels of employment, a more rapid recovery is possible given the unprecedented scale of government intervention and support assuming the virus can be checked within a reasonable timescale. Obviously, if a treatment isn't found or there is not a natural end to the pandemic, the prospect of far more severe economic damage cannot be discounted.

TFG is preparing for all these eventualities. Our balance sheet was structured to withstand most predictable types of shocks but not a total lockdown of the type we experienced and may have to endure again. Hence our decision to pass the final dividend and raise capital.

In these circumstances, we are very cautious about trading conditions particularly in the United Kingdom and can therefore give no guidance other than that COVID-19 will have a significant impact on our financial year ending March 2021 across all our territories, the extent of which is difficult to predict with accuracy.

APPRECIATION

Some of life's greatest pleasures are to be found in the relationships we form. They add texture to happy times and help us endure the inevitable difficult times. During my thirty-year association with the Group nothing has been more rewarding than these relationships.

So it has been this past financial year which begun with such promise and success and ended with the global spread of a one-in-a-hundred-year pathogen which tested and continues to test us to the fullest possible extent.

Against this backdrop it's my pleasure to acknowledge and profoundly thank:

- our loyal and valued customers for continuing to shop with us. We know there is plenty of choice so our promise is to constantly strive to make their experience with TFG ever more pleasurable;
- Anthony Thunström and his team in South Africa, Australia and the United Kingdom for their expert management and teamwork as they work to reinvent the business in the digital age;
- every single member of TFG's almost 30 000 staff members in all our operating jurisdictions for their commitment, hard work and creativity in moving the Group forward;
- my non-executive colleagues and Committee Chairpersons for their steadfast support, hard work, collaboration and wise counsel;
- our valued suppliers, advisors and business associates for their support in advancing the Group's interests; and
- our shareholders for their enduring support in helping the Group navigate its way through uncertain and complex times.

Michael Lewis
Chairman

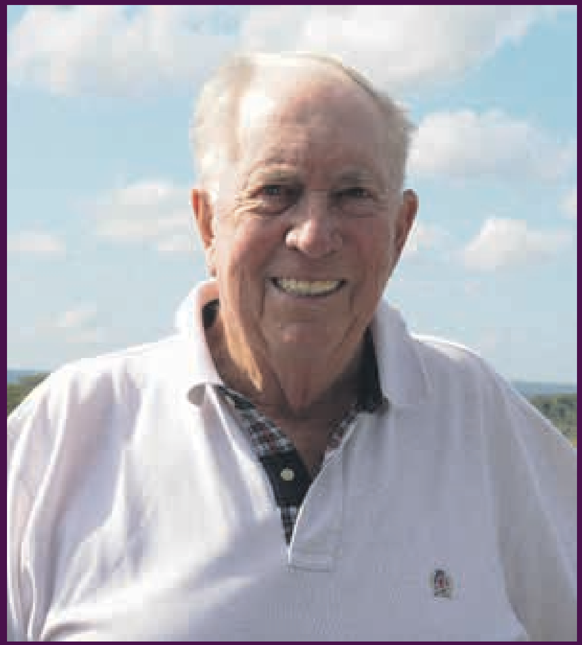
11 August 2020

ROY NORMAN

TFG mourns the passing of Roy Norman, a former Financial Director and Company Secretary of the Group, on 14 June 2020.

Roy, a chartered accountant, worked in TFG's finance department and was appointed to its Board as Financial Director in 1991. He worked particularly closely with TFG's former Chairman Stanley Lewis and positively contributed towards the Group's growth and development for 22 years before retiring in 1997.

He will be greatly missed and all at TFG extend our condolences to the Norman family.



RESPONSIBLE OVERSIGHT OF PERFORMANCE

TFG's values and culture are the foundation of our governance framework, with our Enterprise Risk Management (ERM) and combined assurance frameworks critical elements within our governance ecosystem. Combined, these form the cornerstones of TFG's approach to responsible oversight of our business operations, strategy and performance.

Importantly, these frameworks provide a structured, integrated, dynamic and consistent approach to risk management that is critical to the achievement of our strategic objectives and the long-term sustainable growth of the business. Our business operations, strategy and performance are underpinned by TFG's values and guided by our vision and mission. The TFG culture is at the centre of what we do.

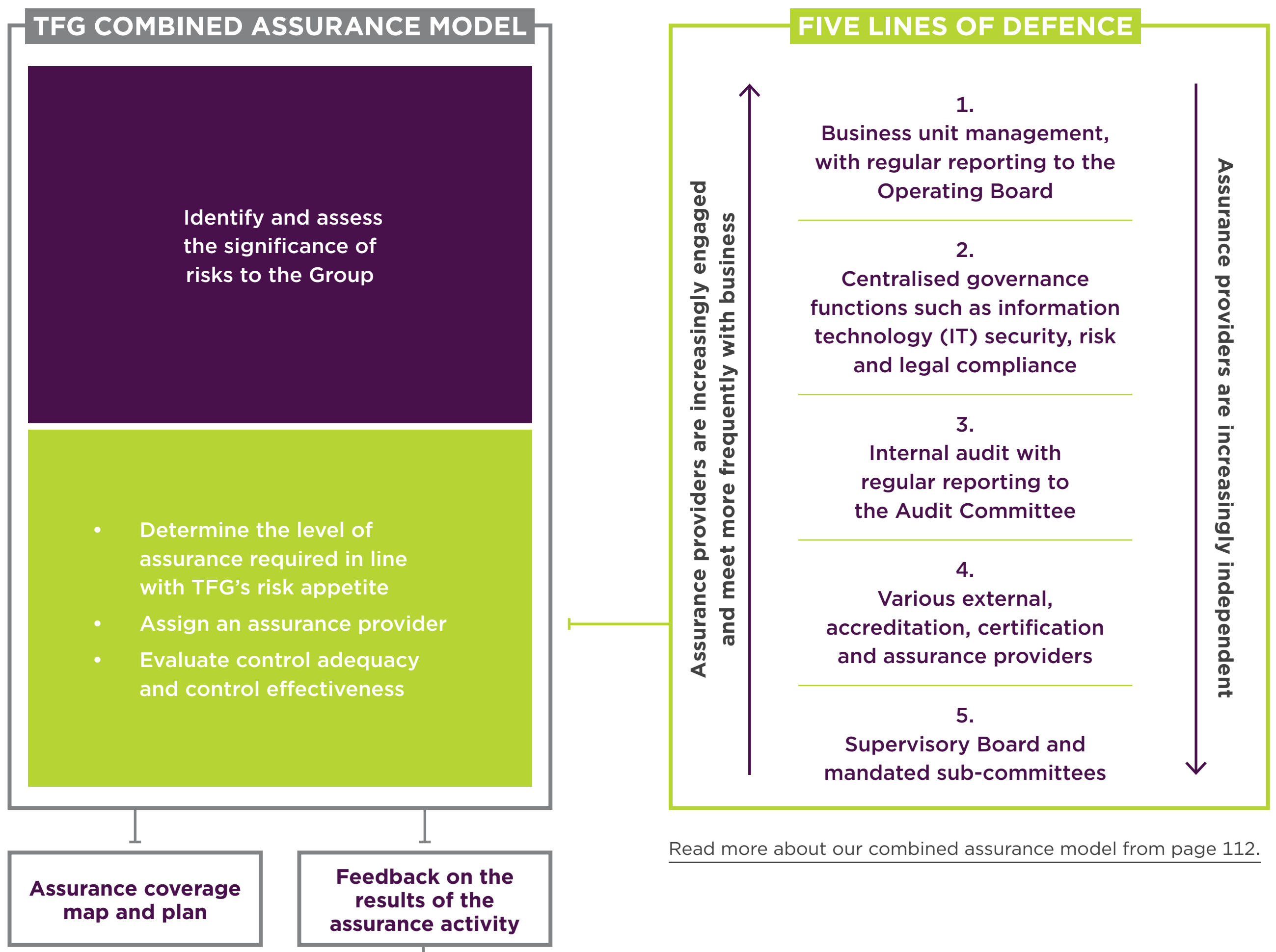
This governance ecosystem is bolstered by our governing structures and delegation of authority frameworks, which help our employees, Operating and Supervisory Boards fulfil their duties and contribute to effective governance and oversight of TFG.

Read more about TFG's governing structures on page 90.

Our legal compliance team monitors compliance with regulatory requirements and meets with management to refine or rethink processes to ensure compliance. This includes assessing and maintaining the legal compliance environment of the key jurisdictions in which TFG trades to identify, assess and advise TFG on existing, new or draft legislation, regulations, rules and codes (binding and non-binding).

All business decisions are guided by TFG's vision and mission

Read more about our Enterprise Risk Management (ERM) process from page 114.



Read more about our combined assurance model from page 112.

All business decisions are underpinned by the Group values (PRIDE²) and TFG culture

HOW WE CREATE VALUE

Our core business activities focus on delivering quick response and quality outputs, reducing manufacturing waste and implementing lean systems.

OUR BUSINESS MODEL

Our business model defines TFG's business activities and the key resources we leverage in our journey to be the leading fashion lifestyle retailer in Africa while growing our international footprint. It illustrates how we transform these resources into outputs and outcomes that create value for our stakeholders and deliver on our strategic objectives in the short, medium and long term.

Our focus is on speciality retail where we invest in brands and build brand equity. Our brands cater for market segments from value to upper income while providing convenient shopping experiences in-store and online. Our unique portfolio of brands, geographic spread and customer retention initiatives differentiate us from other retailers locally and abroad.

Our approach to value creation is underpinned by the concept of shared value: initiatives across our value chain must produce measurable financial, social and environmental results.

OUR KEY RESOURCES AND THE INPUTS INTO OUR BUSINESS MODEL

FINANCIAL CAPITAL

R15,9 bn Total equity	**R2,3 bn** Free cash flow	**74%** Cash turnover contribution	**26%** Credit turnover contribution

MANUFACTURED CAPITAL

4 083 Outlets	**2** TFG Africa-owned factories	**7** TFG Africa insourced distribution centres	**13** Online warehouses
R1,1 bn Capital investment	**91,6%** Turnover contribution from outlets	**8,4%** Turnover contribution from online	**74%** of TFG Africa's local clothing procurement is from TFG Design and Manufacturing

INTELLECTUAL CAPITAL

29 Brands	**11,7 m** Locally manufactured units*	**16,1 m** TFG Rewards customers*	Most visited online lifestyle destination in South Africa

HUMAN CAPITAL

29 776 Employees	**146 276** Training interventions	**94,9%** Employment Equity (EE) representation

SOCIAL AND RELATIONSHIP CAPITAL

R26,2 m CSI spend	**R3,3 bn** Paid to governments in taxes	**35%** Of TFG Africa clothing procurement is local	**R57,8 m** Invested in supplier development

NATURAL CAPITAL

Natural resources used in the production of goods include water, cotton, paper, electricity, gold, diamonds and silver	**44 017 kilolitres** Water consumption in TFG Africa head offices and distribution centres

* *Relates to TFG Africa only.*

OUR TFG CULTURE

DIGITAL TRANSFORMATION

OUR STRATEGIC PILLARS

CUSTOMER & EMPLOYEE OBSESSION

LEADERSHIP

PROFIT

GROWTH

OUR BUSINESS ACTIVITIES

MERCHANDISE PROCUREMENT

We have a range of local and international suppliers who deliver stock according to forecasted demand. TFG Africa procures from local suppliers and through imports, with a large portion of local supply through quick response models and replenishment – this is based on actual trading patterns and sales trends. Stock for TFG London and TFG Australia is procured through imports. In the United Kingdom, replenishment is replaced by an open-to-buy policy to ensure flexibility and freedom within season.

DESIGN AND MANUFACTURING

We have a fit-for-purpose, quick response model that drives design and manufacturing. This reduces lead times and allows for style or design-related adjustments during seasons. TFG Design and Manufacturing supplies about 26% of TFG Africa's total apparel units. Manufacturing is split between our Prestige factories in Caledon and Maitland, and other CMT factories. Manufacturing for our international operations is performed by an established long-term supplier base.

RETAIL

Retail operations are managed through stores that are leased, through concessions in department stores and through online platforms. TFG Africa has 2 577 outlets that sell physical products, accept returns and transact with customers. TFG London has 972 outlets consisting of 245 stores and 727 concessions (arrangements with key department stores to occupy agreed floor space) while TFG Australia has 534 outlets (509 stores and 25 concessions). 23 brands trade through online platforms. Call centres in all territories provide customer support.

SUPPLY CHAIN AND LOGISTICS

Distribution for TFG Africa throughout South Africa and into African markets is managed via seven distribution centres. A model of own and outsourced transport is applied. Online orders are managed through one outsourced third-party warehouse and two insourced warehouses. Distribution for TFG London and TFG Australia is mostly based on an outsourced model. TFG London distributes stock for outlets and online orders through four distribution centres while TFG Australia utilises seven distribution centres.

TFG AFRICA

TFG LONDON

TFG AUSTRALIA

OUR EXTERNAL OPERATING ENVIRONMENT: TFG AFRICA, TFG LONDON AND TFG AUSTRALIA

Market conditions, macroeconomic factors and retail trends can influence our financial performance positively or negatively. These can either create an environment for growth or restrict the degree to which we can create value. COVID-19 had a significant impact on operations due to store closures during national lockdowns. Global supply chains were disrupted and business activities suspended.

TFG immediately responded with increased focus on resource and capacity in the following key areas:

- Continuing focus on the Group's strategy to increase the contribution of TFG Africa's own locally manufactured product to limit impact on global supply disruptions
- Fast-tracking e-commerce evolution and continuing investment in digital transformation for all aspects of the business
- Reassessing capital allocation and increasing credit risk management measures

Read more about our operating context in the Chairman's report on page 15 and in the segmental performance reviews from page 81.

THE OUTPUTS OF OUR BUSINESS MODEL

PRODUCTS AND SERVICES

Our retail brands offer clothing, jewellery, cellphones, accessories, cosmetics, sporting apparel and equipment, and homeware and furniture. TFG Africa also offers customers a range of value-added services such as magazines, insurance products and mobile airtime as well as our TFG Rewards programme.

BY-PRODUCTS AND WASTE

As a retailer, our direct environmental impacts are relatively low. Indirect environmental impacts are found upstream in our supply chain (cotton growing, colour dyeing, printing and manufacturing) and downstream in customer washing, drying and ultimate disposal of garments.

We therefore focus on improving resource efficiency in our head office, distribution centres and store environments. Electricity consumption, waste, packaging and paper are the largest contributors to our carbon footprint. In all our business activities, we focus on reducing manufacturing waste and implementing lean systems.

Read more in our sustainability overview report, available on our website.

THE OUTCOMES OF OUR BUSINESS MODEL

The outcomes of our business model include the internal and external consequences for our stakeholders and key resources.

Read more about our key resources and the value we create on page 25.

TRADE-OFFS

In our strategic and tactical business decisions, we prioritise certain resources and stakeholder outcomes.

Read more about the trade-off decisions resulting from these on page 28.

OUR STAKEHOLDERS

Our stakeholders participate in our shared value creation through a range of engagements and relationships.

Read more about our stakeholders on page 29.

CASE STUDY:
Focusing on impact contributions to the United Nations Sustainable Development Goals

We are committed to growing our international footprint in a way that is sustainable, ethical and that contributes to addressing social and environmental challenges. To align with an international agenda, we focus our contributions according to the United Nations Sustainable Development Goals (SDGs).

We recognise that the goals rely on collective action and collaboration to minimise negative impacts and maximise positive impacts on people and the planet. This means that we invite and encourage our stakeholders to join us on the journey towards doing good.

Our primary focus is on SDG 8 and SDG 12. This is underpinned by SDG 17, as we have a range of partners we rely on to effectively execute our initiatives. As the 17 goals are interconnected and interdependent, we support many other efforts directly and indirectly. Our focus on two goals drives our active investment for impact. Our contribution to these goals is highlighted throughout this report.

In our sustainability overview report we provide detail on the targets per goal, and TFG's measurable contributions. This is a summary of our contribution for the financial year.

8 DECENT WORK AND ECONOMIC GROWTH

SDG 8 promotes sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Our quick response model contributes to higher levels of productivity in a labour-intensive manufacturing environment. Our supplier development and enterprise development initiatives drive entrepreneurship, job creation and formalisation of small enterprises. We also focus on employment equity, skills development and socio-economic development as areas that promote productive employment and increase diversity and youth employment.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

SDG 12 ensures sustainable consumption and production patterns

We are changing the way goods are consumed and produced through formalised governance structures that promote sustainable practices and report transparently on progress. We are improving the ratio of waste recycled at our sites and use resources efficiently. We have targets to reduce the use of electricity, paper and water consumption.

In addition to aligning our business activities and outcomes with the SDGs, we actively participate in various national and global industry associations and voluntary initiatives. We are also recognised by independent rating and research agencies for our leading practices:

- Included on the FTSE/JSE Responsible Investment Index and FTSE4Good Index Series
- Included on the Vigeo Eiris Best Emerging Market Performers Ranking
- Included in the Sustainalytics ESG Report Ranking
- Participated in the CDP (formerly the Carbon Disclosure Project)
- Joined forces with Sedex as a Responsible Business Partner last year
- Signatory to the South African Plastic Pact, which was launched in January 2020
- The Foschini brand was included in the Fashion Transparency Index for the first time this year

OUR KEY RESOURCES AND THE VALUE WE CREATE

We access and use key resources responsibly to deliver our products and services. These resources have evolved over the years as the Group expanded and diversified.

A SNAPSHOT OF VALUE CREATED DURING THE YEAR

The outputs and outcomes of our business activities include the internal and external consequences for our stakeholders and our resources, acknowledging that these can be positive or negative, and collectively result in the value that we create over time. Value creation is measured per key resource and linked to relevant stakeholders.

FINANCIAL CAPITAL

TFG's sources of funds consist of funds reinvested in the Group, retail profit generated, interest income, income from our value-added services, share capital and a combination of long-term and short-term borrowings from institutional lenders and banks. Financial capital is used to fund the growth of the Group, to pay interest on borrowed funds and for capital expenditure and expansion. When appropriate, it is used to pay dividends to our shareholders.

Creating value for our stakeholders

Our employees and shareholders benefit from the proper management of financial capital. The effect of COVID-19 on the Group's operations impacted the overall value created for these stakeholders during the year:

	March 2020	March 2019	% change
Total equity	**R15,9 billion**	R14,0 billion	13,6
Group gearing (total debt to equity – pre-IFRS 16)	**52,4%**	57,7%	
Free cash flow	**R2,3 billion**	R2,2 billion	4,5
Earnings attributable to equity holders of TFG	**R2,4 billion**	R2,6 billion	(7,7)
Dividend declared per share	**335 cents**	780 cents	(57,1)
Headline earnings per share	**1 174,4 cents**	1 187,9 cents	(1,1)
Net asset value per share	**2 677,6 cents**	2 360,1 cents	13,5
Value added	**R11,3 billion**	R11,6 billion	(2,6)

Key outcomes achieved during the year

Read more about how we generate, use, invest and transform this capital in the Chief Financial Officer's report from page 70. Our detailed value-added statement is provided in appendix 5 on page 158.

MANUFACTURED CAPITAL

We use a range of physical sites and facilities throughout our markets in Africa and internationally, which enable us to procure, import, manufacture, sell and deliver our products and services. This includes our outlets, distribution centres, factories and logistics infrastructure. In-house manufacturing increases the quick response capabilities for TFG Africa.

Creating value for our stakeholders

Our employees, customers, suppliers and shareholders benefit from the proper management of our manufactured capital. Overall value created for these stakeholders increased during the year:

	March 2020	March 2019	% change
Capital expenditure	**R1 119,4 million**	R942,4 million	18,8
Quick response manufacturing (TFG Africa)	**8,5 million units**	5,4 million units	57,4
Group footprint – number of outlets	**4 083**	4 085	
Net space growth in TFG Africa outlets*	**0,3%**	1,9%	
Net space growth in TFG Australia outlets*	**12,8%**	23,9%	
E-commerce – brands available on online platforms	**23 of 29 brands**	23 of 29 brands	
Turnover contribution from outlets	**91,6%**	91,2%	
Turnover contribution from online	**8,4%**	8,8%	

* *TFG London's footprint consist mostly of concessions. As concessions by nature change floor space on a continuous basis, the Group do not report on space growth for this business segment.*

Key outcomes achieved during the year

Read more about the migration to online retailing due to COVID-19, new payment channels and initiatives to further increase local manufacturing in the Chief Executive Officer's report from page 50.

INTELLECTUAL CAPITAL

Intellectual capital enables us to develop, continuously improve and effectively manage and govern our product and service offerings, while innovation across our trading and service divisions helps us realise a brand-appropriate customer experience. As a resource, intellectual capital includes our broad retail experience, strong operational support and market-leading brand portfolio. Our buying process and quick response model help ensure stock purchases and fabric selection are in line with projected turnover and based on actual trading patterns and sales trends.

Creating value for our stakeholders

Our customers, employees and shareholders benefit from the proper management of our intellectual capital. Overall value created for these stakeholders increased during the year:

	March 2020	March 2019	% change
Goodwill and intangible assets	**R9,7 billion**	R8,6 billion	12,8
Number of TFG Rewards customers (TFG Africa)	**16,1 million**	14,5 million	
Group brands	**29**	29	

Key outcomes achieved during the year

Read more about TFG's response to shifting fashion trends during COVID-19, ways in which we supported customers and brand equity in the Chief Executive Officer's report from page 50.

HUMAN CAPITAL

Human capital constitutes the skills and retail experience of our employees, who enable us to implement our strategy and deliver our products and services. We grow our human capital through bursaries granted to employees and through retail and manufacturing internship and learnership opportunities. This capital relies on our employees' ability to adapt to change and on their safety and wellbeing.

Creating value for our stakeholders

Our employees, customers and shareholders benefit from the proper management of our human capital. Overall value created for these stakeholders increased during the year:

	March 2020	March 2019
Total number of employees	**29 776**	29 121
Internal bursaries granted	**15**	61
Internships and learnership opportunities in retail operations and factories	**1 151**	1 516
Number of training interventions	**146 276**	140 886
Employee turnover – total (excluding contractors)	**24,3%**	30,1%
Employment Equity % representation of previously disadvantaged groups among permanent employees (South Africa only)	**94,9%**	94,4%

Key outcomes achieved during the year

Read more about TFG's response to remuneration during COVID-19 store closures, remote working options and depth of leadership in the Chief Executive Officer's report from page 50.

SOCIAL AND RELATIONSHIP CAPITAL

Our ability to succeed as a business depends on our relationships with our various stakeholders. As a responsible corporate citizen, we invest in these relationships and strive to work effectively with our stakeholders to create shared value.

Creating value for our stakeholders

All our stakeholders, including governments, legislators and regulators as well as the non-profit organisations and communities we work alongside, benefit from responsible stakeholder engagement. Overall value created for these stakeholders increased during the year:

	March 2020	March 2019	% change
Taxation paid to governments	**R3,3 billion**	R3,2 billion	3,1
CSI spend	**R26,2 million**	R26,7 million	(1,9)
Local clothing procurement for TFG Africa	**35%**	34%	
Investment in supplier development	**R57,8 million**	R31,8 million	81,8

Key outcomes achieved during the year

Read more about the support that we provided to different stakeholders during COVID-19 in the Chief Executive Officer's report from page 50.
Read more about our investment in the supply chain, and community initiatives in our sustainability overview report, available on our website.

NATURAL CAPITAL

As a retailer, we rely on natural resources for the production and disposal of goods. Our environmental impacts can be found upstream in our supply chain (cotton growing, colour dyeing, printing and manufacturing) and downstream in washing, drying and the ultimate disposal of garments. We focus on resource efficiency at TFG's head office and within our distribution centres and stores to reduce our electricity usage, waste, packaging and paper consumption, which are the largest contributors to our carbon footprint.

Creating value for our stakeholders

Our suppliers, shareholders and the communities we operate in benefit from the proper management of our natural capital. While we increased value for our stakeholders by further reducing our water consumption year on year, value was negatively impacted by an increase in our scope 1, 2 and 3 emissions. Our efforts to reduce these impacts continue:

	March 2020	March 2019	% change
Scope 1 and 2 emissions (tCO_2e)	**171 870**	157 768	8,9
Scope 3 emissions (tCO_2e)	**75 193**	66 650	12,8
Water consuption (kilolitres) – TFG Africa head office and distribution centres	**44 017**	54 373	(19,0)

Key outcomes achieved during the year

Read more about our carbon footprint and efforts to reduce waste in our sustainability overview report, available on our website.

CASE STUDY: TFG joins SA Plastics Pact

TFG joined SA Plastics Pact, a collaborative initiative launched in January 2020 that aims to keep plastic in the economy and out of the natural environment. SA Plastics Pact has identified plastic supply chain commitments that tie in with global commitments but are tailored to the South African context. We will convene a packaging Steering Committee to spearhead our actions against these objectives for the year ending March 2022.

Read more about this commitment in our sustainability overview report, available on our website.

RESOURCE AND STAKEHOLDER TRADE-OFFS

In our strategic and tactical business decisions, we have to prioritise certain resources and stakeholder outcomes above others. These decisions are taken based on the guidance and long-term focus of our strategic pillars, and according to the delegation of authority framework as approved by the Supervisory Board, but can also form part of daily operational choices. Due to the wide-ranging nature of trade-offs, we provide a few examples of these decisions:

TRADE-OFF EXAMPLES	STRATEGIC PILLARS*
We have more than one brand offering in each market segment – each with a different investment requirement. Due to stringent capital allocation disciplines, financial support will be directed in favour of the brand that is able to generate the greatest returns for the Group. The trade-off will create value for the brand and its customers but might reduce financial resources available for other brands in the short term.	
When we aim to attract, retain and develop the best talent, there is a trade-off between hiring less experienced employees at a lower employment cost and the impact of their lower experience levels and additional training costs required.	
The Group's investment in employee training reduces our financial capital but increases the skills of our employees and ultimately improves our customer service and our customers' experience.	
While corporate social investment reduces the Group's financial capital, it increases social and relationship capital by uplifting communities and improving youth education, which is ultimately an investment in the leaders of our future.	
The investment in local supply chain development reduces financial capital but increases manufactured capital, while improving our customers' experience by providing the right product at the right time. As we invest in intellectual capital to drive digital transformation, our requirements for human and manufactured capital are shifting, and might result in fewer physical stores and the need for employees with different skills sets.	

* *Read more about our strategy in the strategy overview from page 56.*

OUR STAKEHOLDERS

Our stakeholders are those individuals and groups that have an interest in our business, and that influence and impact how we create value. By working effectively with our stakeholders, for example, we contribute towards an improved customer and employee experience and enhance our supply chain. Stakeholder engagement also provides input into what is material for TFG and what the Group must focus on to remain a competitive and sustainable business that delivers shared value.

A RESPONSIVE APPROACH TO ACHIEVE QUALITY ENGAGEMENTS

CUSTOMERS

- 16,1 million TFG Africa Rewards cash and credit customers
- 2,8 million active TFG Africa account customers

Our customers are diverse in their spread across geographies, gender, age and income groups. Customers most frequently raise specific issues relating to in-store experiences or credit queries. They also engage with us regarding merchandise and fashion trends.

Our customers are a strategic priority as they provide income through the purchase of our products and services. We offer them a diverse range of fashion, lifestyle and homeware choices through brand experiences that encompass their channel of preference.

We engage with our customers through our call centre, digital media, online and in-store experiences as well as through focus groups and surveys. Our Voice of Customer (VoC) tool is an example of an effective way for all TFG Africa brands to listen to their customers' point of view on a daily basis.

Read more in our strategy overview from page 56.

SHAREHOLDERS

- 11 631 shareholders
- 38,3% of shares held outside South Africa
- 96,6% public shareholding

As our major source of financial capital, shareholders require sustainable growth. This requires transparent and ongoing communication regarding our strategy, business model, approach to capital allocation and future growth prospects. In 2020, shareholder concerns intensified around the potential business impact of COVID-19 with regard to remuneration, dividends and our capital position.

In addition to more frequent communication and operational updates, including more granular detail on measures to mitigate the COVID-19 impact, we continue to meet their expectations through consistent strategy execution and risk management.

We engage with shareholders through presentations, roadshows and meetings where we receive feedback and discuss their matters of interest.

Read more in our remuneration report from page 119.

EMPLOYEES

- 29 776 employees
- 70,9% female employees
- 94,9% Employment Equity employees (TFG Africa: South Africa only)

Our employees are diverse in their spread across geographies, gender, age and skills profiles. Employee engagement focus areas include communication about training and development, human resource policies, remuneration and performance management.

We engage with our employees through our Voice of Employee (VoE) platform and encourage them to share ideas that could enhance profitability and the Group's performance culture.

We invest in our people through training and skills development, technology upgrades, market research and brand support. We also assist them to adapt to new ways of working in our digital transformation efforts.

As per our Leadership strategic pillar, we are committed to embedding a performance-based culture that attracts, retains and develops the best talent in the industry.

Read more about our people and our various employee-focused initiatives from page 44 and about our approach to remuneration from page 119.

SUPPLIERS

- 35% of total TFG Africa apparel units procured from local suppliers in South Africa
- 26% of total TFG Africa apparel units procured from TFG Design and Manufacturing
- 65% of our Top 100 merchandise suppliers have been onboarded on the Sedex platform

The TFG supplier base consists of merchandise and non-merchandise suppliers who require oversight and transparent communication on various supply chain-related issues. Our mutual intent is to establish trust and loyalty and align business interests for the long term. This ensures that we deliver branded merchandise of high standards, at the right price and in locations convenient to our customers.

Supplier engagements intensified this year due to COVID-19 restrictions and supply chain disruptions.

Read more about this specific challenge in the Chief Executive Officer's report on page 52.

Through transparent supplier take-on procedures and agreements, we ensure that we source ethically and that suppliers are able to invest over the long term.

We are committed to local supply chain development to enable economic empowerment, job creation and socio-economic improvement. In turn, we benefit from a sustainable source of quality merchandise.

The TFG Merchandise Procurement division oversees and ensures responsible management and quality assurance of our TFG Africa procurement practices.

A formal process evaluates existing and potential suppliers and monitor supplier performance. This process includes supplier visits and audits to ensure adherence to our code of business principles, bolstered by our partnership with Sedex. Sedex is one of the world's largest collaborative platforms for sharing responsible sourcing data on supply chains.

Read more about our approach to local supply chain development and ethical sourcing in our sustainability overview report, available on our website, as well as in our Social and Ethics Committee report on page 107.

GOVERNMENTS, LEGISLATORS AND REGULATORS

This stakeholder group includes Revenue authorities, Regulators and government departments in the countries in which we trade.

Governments across our three main territories, South Africa, United Kingdom and Australia, require businesses to participate in growing the economy through job creation and by complying with all applicable regulatory requirements.

We engage with governments through business and industry associations such as Business Leadership South Africa and the National Clothing Retail Federation of South Africa, employer organisations outside of South Africa and the Australian Retail Association.

We provide verbal and written submissions on proposed legislative changes (both in South Africa and outside of South Africa) and attend industry-relevant meetings at Parliament in South Africa.

NON-PROFIT ORGANISATIONS AND COMMUNITIES

We support the communities in the markets in which we operate. Non-profit organisations include the various organisations we partner with to deliver on our shared value strategy. Key partnerships in South Africa include Gift of the Givers and Services Sector Education and Training Authority (SETA). Outside of South Africa, we partner with SOS Children's Villages International to implement various initiatives targeted at reducing global unemployment through education and training.

We create shared value with our communities through our business activities, through education and empowerment initiatives and through disaster relief and support, for example during the COVID-19 lockdowns.

Read more about our CSI projects in our sustainability overview report, available on our website.

OUR MATERIAL MATTERS, RISKS AND OPPORTUNITIES

TFG's material matters are a combination of risks, opportunities and issues that can directly or indirectly affect the Group's ability to create sustainable value in the short, medium and long term.

These matters are discussed with specialists and senior management as part of the enterprise risk cycle. This process includes revisiting our previously identified material matters and reviewing the Group strategy.

For each material matter we indicate whether the trend is increasing, remaining stable or decreasing, as well as whether TFG's ability to create value is likely to be impacted in the short, medium or long term. We also indicate which of our strategic pillars are impacted by the relevant material matter.

Read more about our four strategic pillars in our strategic overview from page 56.

The material matters identified apply to TFG Africa, TFG London and TFG Australia, albeit with different levels of likelihood and impact. They remained aligned with the Group's material matters reported in 2019, except for the impact of COVID-19 which has been considered in the matters discussed below and may continue to impact the Group over ensuing periods.

THE INSTABILITY OF THE GLOBAL ECONOMIC AND POLITICAL CLIMATE

TFG is exposed to uncertain and unstable economic and political environments in all territories in which it has a presence, which may result in constrained or negative growth (given the COVID-19 situation). A stagnant economic climate negatively affects consumer confidence, spending patterns and purchasing power, and influences customers' ability to settle accounts.

RISKS IMPACTING TFG

- In South Africa, load shedding, the performance of state-owned enterprises, youth unemployment, social inequality and corruption remain concerning. These factors impact consumer confidence, interest rates, inflation and the Group's ability to raise and afford capital.
- In the United Kingdom, continued uncertainty surrounding the exit from the European Union may be a source of instability in international markets, create significant currency fluctuations and impact consumer confidence.
- Increased tensions between China and Australia could negatively impact supplier relationships for TFG Australia.
- COVID-19, and the related local responses to, have impacted our ability to trade, customer confidence and spending patterns.

OPPORTUNITIES AND RISK MANAGEMENT

- The Group has an increasingly diversified business model and strives to increase accessibility to the market by growing its footprint in varied locations.
- We continue to refine our credit score models and our collection strategies are regularly reviewed.
- Optimisation programmes initiated and implemented to drive efficient use of resources and reduction in cost base.

TREND
Increasing

TERM
S – M

STRATEGIC PILLARS

Read more about our operating context in the segmental performance reviews from page 81.

FASHION TRENDS AND CUSTOMER PREFERENCES

As TFG aspires to be a leading fashion lifestyle retailer, our ability to offer, predict and deliver according to the latest trends and customer preferences is essential for value creation. Customers are increasingly seeking value and consistent products as they start to experience the financial effects of mechanisms employed by governments across the world to contain the COVID-19 pandemic.

RISKS IMPACTING TFG

- Our ability to generate profits could be undermined by a failure to quickly and accurately interpret and respond to fashion trends.
- The ability of our brands to cater for a shift in consumer preferences.
- The response to the pandemic to work from home has led to a shift in consumer clothing preferences.

OPPORTUNITIES AND RISK MANAGEMENT

- Our brands are positioned as fashion-forward and are premised on our market-leading, in-house capabilities in clothing and store design.
- In South Africa, value continues to be created through our quick response supply chain while increasing local manufacturing capacity remains a strategic objective.
- Launch of increased value offerings in brands such as RFO and Sneaker Factory.
- The recent conditional offer submitted by TFG to acquire certain commercially viable stores and selected assets of JET would provide the Group with further strategic expansion into the value segment of the Southern African retail apparel market.

TREND
Increasing

TERM
S – M

STRATEGIC PILLARS

CONTINUITY OF SUPPLY CHAIN

TFG seeks to have a diversified supplier base to minimise the effect of disruptions and endeavours to ensure that its suppliers operate in an ethical manner.

RISKS IMPACTING TFG

- Reputational damage due to failure to maintain ethical standards for the manufacture of products.
- Reputational damage due to failure to embrace fair labour practices throughout our supply chain.
- Failure by key suppliers to meet their supply obligations is increased due to the impact of COVID-19.
- Loss at or disruption to in-house manufacturing facilities in South Africa.

OPPORTUNITIES AND RISK MANAGEMENT

- TFG seeks to ensure that its suppliers operate in an ethical manner, which includes working with Sedex to improve and monitor the ethical business practices across the supply chain.
- Regular review of the supplier base and related geographies.
- We continue to develop our quick response capability in the TFG Africa supply chain; quick response units have grown to represent 73% of TFG Africa's total manufactured units.

TREND
Increasing

TERM
S – M

STRATEGIC PILLARS

Read more about quick response capabilities, localisation and our supply chain in our sustainability overview report, available on our website.

DISRUPTION IN RETAIL ACROSS OUR VARIOUS MARKETS AND CHANNELS

Growing our international footprint and delivering an integrated, secure omnichannel customer experience across our various brands continue to be long-term strategic objectives for TFG. The outbreak of COVID-19 has led to increased activity on the Group's e-commerce platforms while there is a decline in footfall in our stores as customers seek to limit potential exposure to the virus.

RISKS IMPACTING TFG

- Changing retail trends (including the increased demand for a digital presence) necessitates that we be flexible in how we engage with our customers. Failure to meet this demand could erode customer loyalty.
- Adapting the Group's store network to the changing needs of the Group's customers and securing the most appropriate mix of multi-channel distribution.

OPPORTUNITIES AND RISK MANAGEMENT

- Strategic investment in digital transformation is a strategic priority for the Group and a focus in the short to medium term to support our future resilience and success.

TREND Increasing

TERM S – M – L

STRATEGIC PILLARS

Read more about our investment in digital transformation in the Chief Executive Officer's report from page 50.

TALENT MANAGEMENT: ATTRACTING, RETAINING AND DEVELOPING KEY TALENT

Our ability to create value depends on our people. TFG has to retain and develop its core and critical skills pool, while continuing to attract the best talent in the industry.

RISKS IMPACTING TFG

- In South Africa, it is essential that we attract and retain Employment Equity (EE) candidates.
- Considering the highly competitive retail market, a lack of focus on talent management could erode TFG's leadership pipeline and impact the ability to execute our strategic objectives.
- It is important and challenging to attract and train staff with skills necessary to carry out the Group's digital transformation initiative.

OPPORTUNITIES AND RISK MANAGEMENT

- We have various talent development programmes in place to develop our future leaders.
- EE plans that provide clear accountabilities and targets to 2021 are in place for each division in TFG Africa.
- In line with our digital transformation strategy, we are leveraging technology to enhance our employee experience which includes offering online training.
- We continue to focus on an enhanced employee value proposition.
- Transformation plans include reskilling and training of our talent.

TREND Stable

TERM S – M – L

STRATEGIC PILLARS

Read more about our employee-focused initiatives from page 44 and in our sustainability overview report, available on our website.

RELIANCE ON INFORMATION TECHNOLOGY

Information technology (IT) continues to change the environment in which TFG operates and alters how we create, process and disseminate information critical to business performance. The Group has become increasingly dependent on IT to conduct certain operational and processing activities. The social distancing measures introduced to combat COVID-19 and the resulting work-from-home policies that were adopted by the Group has increased the strain placed on IT resources.

RISKS IMPACTING TFG

- Failure to properly understand the impact of IT innovation in the retail sector could undermine the future growth and success of the Group.
- Increased risks of cyber security incidents that threaten the privacy of our employee and customer-related data.
- Increasing reliance on IT has raised the significance of potential IT failures within the Group.

OPPORTUNITIES AND RISK MANAGEMENT

- TFG recognises the importance of IT and continues to invest in this area - as prioritised in our digital transformation strategy.
- We continue to invest in cyber security and the Risk Committee is regularly updated on IT-related risks and mitigation plans.
- The technology and information governance steering committee, which includes TFG's international operations, meets regularly.
- IT disaster recovery plans are in place across the Group.

TREND Increasing

TERM S – M – L

STRATEGIC PILLARS

Read more about digital transformation in the Chief Executive Officer's report from page 50.

COMPLEXITY OF THE REGULATORY ENVIRONMENT

The South African regulatory environment is becoming increasingly complex and costly, while our expanded international footprint further heightens compliance and risk profiles for the Group.

RISKS IMPACTING TFG

- We have to understand, interpret and apply differing regulatory requirements in multiple jurisdictions as non-compliance can lead to fines, business interruptions, financial loss and reputational damage.

OPPORTUNITIES AND RISK MANAGEMENT

- TFG closely monitors proposed changes to and/or new proposed legislation and regulations to understand the potential implications on our business operations.
- In TFG Africa, we monitor proposed amendments to credit legislation, changes affecting optional customer insurance products and financial services as well as the requirements of pending data privacy regulations.
- The potential implications of Brexit continue to be closely monitored by our operations in the United Kingdom along with the impact of revisions to consumer protection laws and the pending Omnibus Directive.

TREND Stable

TERM S – M

STRATEGIC PILLARS

Read more about regulation and compliance on page 19.

OUR PEOPLE

Our people are our most important resource and critical in helping us achieve our key business priorities.

SUPERVISORY BOARD

INTRODUCING OUR DIRECTORS

The Supervisory Board is ultimately accountable for the strategy, direction, leadership, governance and performance of TFG. It has oversight of the development, approval and updating of TFG's vision, mission and value statements, and significant policies and goals related to economic, environmental and social impacts.

Read more about the Supervisory Board from page 88.

EXECUTIVE DIRECTORS

A E THUNSTRÖM (50)
Chief Executive Officer
BCom (Hons Acc), CA(SA)

Member of: Risk and Social and Ethics Committees
Meetings attended by invitation: Audit, Remuneration and Nomination Committees

Anthony, our Chief Executive Officer, joined the Group in 2015 as Chief Financial Officer and assumed the position of Chief Executive Officer in September 2018. Prior to this, he had 21 years' professional services experience, during which he held various local and international leadership positions.

Appointed to the Supervisory Board: 2015

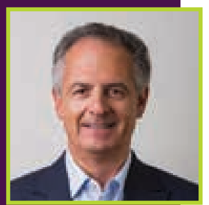
B NTULI (43)
Chief Financial Officer
BCom (Hons Acc), CA(SA), AMP (Harvard)

Member of: Risk Committee
Meetings attended by invitation: Audit and Social and Ethics Committees

Bongiwe joined TFG in January 2019 as Chief Financial Officer. Prior to this, she was the chief executive officer of Freight Services at Grindrod Limited and a Grindrod group executive board member. Before Grindrod, she held various finance and treasury positions for Anglo American plc locally and internationally. Bongiwe has over 20 years' international commercial, operational and executive management experience. She has worked in South Africa, the United Kingdom and Canada, and has completed an Advanced Management Programme at Harvard Business School.

Appointed to the Supervisory Board: 2019

INDEPENDENT NON-EXECUTIVE DIRECTORS



M LEWIS (61)
Chairman
BA (Econ) (Hons)

Member of: Nomination and Remuneration Committees
Chairman of: Nomination Committee
Meetings attended by invitation: Risk and Audit Committees

Michael has more than 35 years' experience in the investment management and retail sectors. He is the chairman of Strandbags Holdings Proprietary Limited (Australia) and Oceana Investment Corporation Limited (UK). He is also a director of United Trust Bank Limited (UK). Michael served on the supervisory board of Axel Springer AG (Germany) and on the board of Cheyne Capital Management LLP (UK). He previously worked at fund managers Ivory & Sime and Lombard Odier.

Appointed to the Supervisory Board: 1989

G H DAVIN (64)
Lead independent non-executive director
BCom, BAcc, CA(SA), MBA

Member of: Nomination Committee
Meetings attended by invitation: Audit Committee

Graham is a chartered accountant and a career banker with extensive international financial and broad business experience. Graham qualified with Arthur Andersen in Johannesburg and joined Investec Bank after an MBA at UCT. He was a director of Investec Bank for 16 years and of Bank Insinger de Beaufort N.V., a Dutch private bank. He was responsible for the listing of Investec on the JSE and of Insinger on the Luxembourg Stock Exchange. In 2003, after moving to London, Graham led the management buyout of United Trust Bank, a fast-growing UK specialist bank of which he is chief executive officer.

Appointed to the Supervisory Board: 2015

S E ABRAHAMS (81)
FCA, CA(SA)

Meetings attended by invitation: Audit Committee

Sam is an experienced director and was formerly an international partner and South African managing partner of Arthur Andersen. Sam is currently a non-executive director of Investec Securities Proprietary Limited and Chairman of The Victor Daitz Foundation, one of the largest charitable foundations in South Africa. Sam has acted as a non-executive director for several listed companies, both in the United Kingdom and South Africa.

Appointed to the Supervisory Board: 1998

INDEPENDENT NON-EXECUTIVE DIRECTORS (continued)

PROF. F ABRAHAMS (57)
BEcon (Hons), MCom, DCom

Member of: Nomination, Remuneration, Risk and Social and Ethics Committees
Chairperson of: Social and Ethics Committee
Also a director of South African listed companies: Clicks Group Limited and Lewis Group Limited

Fatima is a senior professor (part-time) and was dean of the Economic and Management Sciences Faculty at the University of the Western Cape (UWC). She is a registered industrial psychologist and has built up extensive expertise in the human capital field. She was also a non-executive director of Transnet, B2B Africa Proprietary Limited and chairperson of Victoria & Alfred Waterfront Holdings. She has served and continues to serve on the Audit and Risk Committees and Transformation and Remuneration Committees of several companies, and has built up sound business experience over the years.

Appointed to the Supervisory Board: 2003

C COLEMAN (57)
B (Architecture)

Colin is a senior fellow and lecturer at Yale University's Jackson Institute for Global Affairs. He was chief executive officer, Sub-Saharan Africa, of Goldman Sachs up until his retirement at the of end 2019 and before that head of its South African business and then head of its Investment Banking division for Sub-Saharan Africa. He was named a partner of Goldman Sachs in 2010. Colin was an anti-apartheid activist and deeply involved in South Africa's constitutional transition from apartheid to democracy. He was named one of the World Economic Forum's "Global Leaders for Tomorrow", is a recipient of Harvard Business School's "Business Statesman Award" and was named one of Euromoney's World Top Ten "Financing leaders for the 21st Century." He also serves on the steering committee of the CEO Initiative and is co-chairman of the Youth Employment Service (YES).

Appointed to the Supervisory Board: 2020

D FRIEDLAND (67)
BCom, CA(SA)

Member of: Audit, Remuneration and Risk Committees
Also a director of South African listed as well as public companies: Pick n Pay Stores Limited, Investec Limited and Investec Bank Limited
Also a director of foreign listed as well as public companies: Investec plc and Investec Bank plc

David is a chartered accountant with extensive audit experience from a broad range of listed retail companies. He served as international partner at Arthur Andersen from 1990 and was a partner at KPMG from 2002. David was head of Audit and Risk at KPMG (Cape Town) and was the lead audit partner for several listed companies. In 2013, he retired and was appointed to the boards of Investec Limited and Investec plc, serving as the group audit committee chairman.

Appointed to the Supervisory Board: 2013

B L M MAKGABO-FISKERSTRAND (46)
BA

Member of: Audit, Risk and Social and Ethics Committees
Also a director of a South African listed company: Sun International Limited

Tumi is the founder and executive director of AfricaWorldwide Media and director of Tumi Makgabo Enterprises, focusing on enterprise development in South Africa and across the African continent. In addition, Tumi served as the vice chairperson of the World Economic Forum's Global Agenda Council on Women's Empowerment and as a member of its Council on Africa for two years. In 2008, she was nominated to the World Economic Forum's Forum of Young Global Leaders, which is a multi-stakeholder community of exceptional leaders below the age of 40, selected from around the world.

Appointed to the Supervisory Board: 2012

INDEPENDENT NON-EXECUTIVE DIRECTORS (continued)

E OBLOWITZ (63)

BCom, CA(SA), CPA(Isr)

Member of: Audit, Remuneration and Risk Committees

Chairman of: Remuneration and Audit Committees

Also a director of a South African listed as well as a public companies: Trencor Limited and BNP Paribas Personal Finance South Africa Limited

Eddy has considerable audit, finance and business advisory experience, having spent 21 years in professional practice, most notably as a senior partner of the Cape Town, Durban and Port Elizabeth offices of Arthur Andersen. He also served as a member of the firm's worldwide Retail and Distribution Industry Team. In addition to serving as a non-executive director and trustee to various companies and trusts, he is the Principal at Contineo Financial Services which provides specialist advisory and fiduciary services to high net worth South African and international families and their entities.

Appointed to the Supervisory Board: 2010

N V SIMAMANE (61)

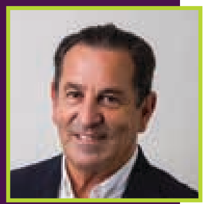
BSc (Chemistry & Biology) (Hons)

Member of: Audit, Risk and Social and Ethics Committees

Also a director of South African listed companies: Cashbuild Limited, Oceana Group, The Hollard Insurance Company Limited and Lenmed Investments Limited

Nomahlubi has extensive business, marketing and communications experience, having previously held the positions of marketing manager at Unilever, marketing director of British American Tobacco and managing director of BLGK Bates Advertising Agency. She is currently the chief executive officer of Zanusi Brand Solutions, a branding consultancy she founded in 2001. She has worked in the United States and Kenya and has been recognised as a seasoned business woman, having won two Business Women of the Year Awards in 2009.
She was also named the 2013 Enterprising Woman in Fort Lauderdale, Florida, USA.

Appointed to the Supervisory Board: 2009



R STEIN (71)

BCom, CA(SA)

Member of: Audit, Risk and Nomination Committees

Chairman of: Risk Committee

Ronnie was previously our Chief Financial Officer. He retired from this position at the end of June 2015 after serving 19 years with the Group. Prior to joining the Group, he was an accountant and auditor in public practice. He was a partner at Kessel Feinstein for 15 years. Following his retirement, Ronnie remains on the Supervisory Board in a non-executive capacity.

Appointed to the Supervisory Board as a non-executive director: 2015

NON-EXECUTIVE DIRECTOR

A D MURRAY (63)

BA, CA

Member of: Risk Committee

Meetings attended by invitation: Audit Committee

Doug was previously our Chief Executive Officer. He retired from this position in September 2018 after serving 33 years with the Group, 11 of those as Chief Executive Officer. He has a wealth of knowledge and experience in the international retail sector in general and TFG in particular, where he held a number of senior executive roles in the Group before his appointment as Chief Executive Officer. Doug was appointed to the Supervisory Board in a non-executive capacity on 1 October 2019 and also serves on the Group's UK and Australian subsidiaries' boards and committees.

Appointed to the Supervisory Board as a non-executive director: 2019

OPERATING BOARD

OUR OPERATING BOARD FROM LEFT TO RIGHT:

G S NAIDOO (52)
BSocSc (Hons), MA (Ind Psych), AMP (Harvard)
Group Director – Fabiani, G-Star RAW, Jewellery division, @home division, Digital Transformation
Joined the Group in 2005

D B GEDYE (61)
Group Director – Exact, The FIX, Markham, Sport division, TFG Property, TFG Store Development
Joined the Group in 1979

J FISHER (47)
BSc (Hons) Mathematics and Computing Science
Group Director – Financial Services, TFG Rewards
Joined the Group in 2013

S E MORLEY (50)
BSocSc
Group Director – TFG Human Resources
Joined the Group in 2002

A E THUNSTRÖM (50)
BCom (Hons Acc), CA(SA)
Chief Executive Officer
Joined the Group in 2015

B J CURRY (58)
Chief Information Officer – TFG Infotec, TFG Logistics, TFG Services, TFG Marketing & E-commerce, Hi, Digital Transformation
Joined the Group in 1988

S A BAIRD (54)
Group Director – Foschini division, TFG Design and Manufacturing, TFG Merchandise Procurement, TFG London
Joined the Group in 1986

B NTULI (43)
BCom (Hons Acc), CA(SA), AMP (Harvard)
Chief Financial Officer
Joined the Group in 2019

RESPONSIBILITY

The Operating Board is responsible for the Group's strategy formulation and the day-to-day management of all aspects of the operations of the retail trading and service divisions. In addition, they are responsible for deliberating and making decisions or recommendations on all matters affecting TFG's strategy and operations, including risk management, and the succession of executive and senior management.

The key focus areas per strategic pillar remains as follows:

DIGITAL TRANSFORMATION

CUSTOMER & EMPLOYEE OBSESSION
- Store location, leasing operations, design and architecture
- Credit management and customer relationship marketing and systems
- Employee and Customer attraction and retention strategies

LEADERSHIP
- Human resource recruitment, training, development and remuneration
- Development and refinement of the business philosophy, value system and performance management
- Development, review and implementation of the Employment Equity plan
- Development, implementation and monitoring of the transformation strategy

PROFIT
- Merchandise sourcing, buying, warehousing and distribution
- Financial management and administration
- Development, review and achievement of budgets in relation to sales, operating expenses and capital expenditure
- Development and implementation of business optimisation initiatives
- Cash flow and liquidity management
- Approval of transactions regarding divestment, refinancing and restructuring in accordance with parameters set by the Supervisory Board

GROWTH
- Acquisition, development and maintenance of information and technology systems, including e-commerce and digital transformation initiatives
- Development, implementation and monitoring of revenue-generating growth initiatives
- Approval of transactions regarding investment in accordance with parameters set by the Supervisory Board

OUR TFG CULTURE

OTHER
- Monitoring and proactively responding to the COVID-19 outbreak
- Formulating, developing, executing and refining the Group's strategic plan
- Identification, assessment, mitigation and risk management
- Development, monitoring and audit of internal controls
- Development and monitoring of operational policies and procedures
- Adoption, implementation and monitoring of corporate governance practices and meeting standards set out in King IV

INTRODUCING OUR PEOPLE

The skills and experience of our employees enable us to implement and execute our strategy and deliver our products and services to our customers.

A SNAPSHOT OF OUR EMPLOYEES

29 776
EMPLOYEES
(2019: 29 121)

91
EMPLOYEES WITH DISABILITIES
(2019: 119)

70,9%
FEMALE EMPLOYEES
(2019: 72,1%)

23 268
TFG AFRICA EMPLOYEES
(2019: 22 755)

94,9%
EMPLOYMENT EQUITY REPRESENTATION*
(2019: 94,4%)

6 508
GLOBAL EMPLOYEES
(2019: 6 366)

6 622
CORPORATE EMPLOYEES^
(2019: 6 387)

R162,2 m
SPENT ON TRAINING AND DEVELOPMENT
(2019: R150,2 m)

23 154
RETAIL EMPLOYEES
(2019: 22 734)

Zero
WORK DAYS LOST DUE TO INDUSTRIAL ACTION
(2019: Zero)

8 DECENT WORK AND ECONOMIC GROWTH

THROUGH THE VARIOUS INITIATIVES AND PROGRAMMES UNPACKED IN THIS SECTION, WE CONTRIBUTE TO SDG 8. WE ACHIEVE THIS THROUGH A FOCUS ON EMPLOYMENT EQUITY AND SKILLS DEVELOPMENT, WHICH PROMOTE PRODUCTIVE EMPLOYMENT.

* *Relates to South Africa only.*
^ *Employees other than those working in outlets.*

WHAT WE FOCUSED ON DURING THE YEAR TO CREATE VALUE FOR OUR EMPLOYEES

OUR RESPONSE TO COVID-19

Following the announcement of COVID-19 as a global health emergency, we responded swiftly to mitigate the risks and impact of the pandemic on our employees. This included taking measures to protect their safety and wellbeing.

Read more about our social support systems in our Chief Executive Officer's report on page 53.

EMPLOYEE EMPOWERMENT AND TRANSFORMATION*

We focused on empowering our employees by prioritising Employment Equity (EE) and skills development in our African operations. These initiatives are aligned to TFG's "Educate2Employ" strategy, which aims to address youth unemployment while building a strong talent pipeline for the Group.

Read more about employee empowerment and transformation in our sustainability overview report, available on our website.

EMPLOYMENT EQUITY

94,9% of our South Africa employees are EE appointments.

64,4% of our South Africa employees are African Black.

We continue making reasonable progress in transforming our managerial ranks. Our South African senior and middle management are now made up of 34% and 60% EE appointments respectively.

A three-year EE plan was signed off by each division in 2019 and will run until 2021. This plan makes each division accountable for reaching specific targets per occupational level. The primary focus is on increasing the representation of African Black employees and employees with disabilities within TFG.

SKILLS DEVELOPMENT

We initiated a company-wide launch of TFGLearn in February 2020.

TFGLearn is our online learning app, which enables learning across all our employee communities and groups – any device, anywhere, anytime.

This is supported by 'reverse billing' which enables employees to continue their learning journey without incurring additional data costs.

* *Relates to South Africa only.*

THE IMPLEMENTATION OF A DIVERSITY AND SOCIAL INCLUSION STRATEGY

Led by TFG's National Employment Equity and Skills Development Forum (NEESDF), we plan to approve and roll out our first diversity and social inclusion policy, underpinned by education and awareness campaigns across the Group. To support these initiatives, we aim to spend 0,3% of our annual South Africa payroll on training and development initiatives for differently abled employees.

We remain committed to understanding the current and future trends influencing our workplace environment. Current technological advances such as artificial intelligence, robotics, and the Internet of Things have drastically altered the talent landscape, transforming not only how we attract, develop and retain talent, but also what we consider "talent" to be. It is therefore critical that we focus on the skill-sets we require today, and also define and prepare for those we will need in the future. An evolving talent landscape further requires us to continually review and adjust our talent offering – from acquisition to development – to ensure we remain an employer of choice. As such, we are making strides to differentiate our offering and strengthen our employer brand.

Looking ahead, the impact of the COVID-19 pandemic means that there is still a lot of work to be done as we navigate the lockdown period and ensure that we emerge from this crisis with a sustainable business that is primed for the future.

LEVERAGING TECHNOLOGY TO BOOST EMPLOYEE ENGAGEMENT AND LEARNING

We continue to find innovative ways to use technology to enhance our employee experience and support strategy execution. This is an important part of our digital transformation journey. Building on the foundation of our human resources (HR) and payroll system launched in 2016, we have since invested in a range of other enabling technologies that include:

- A best of breed recruitment solution, Talent Connect, to source and place top talent effortlessly
- Our Compensation Workbench functionality (CWB) to efficiently process and analyse salary increases in real time
- An HR Service Manager Tool to help our employees log and track any HR-related queries across multiple online platforms
- Chatbot Kiara – a voice and text enabled bot that provides immediate front-line human resource support to employees on policies and procedures. Kiara was launched late 2019 and the journey to mature her will continue
- Our employee app, TFG on the go, enabling self service
- The roll-out of a cloud-based tool, Workforce Management, to improve employee scheduling in store and ensure the right people are in the right place at the right time to deliver a superior experience to our customers

ATTRACTING AND ACQUIRING THE BEST TALENT IN THE MARKET

The South African National Development Plan envisions a nation that embraces its potential and where opportunity is not determined by birth but by ability, education and hard work. This has inspired our way of thinking about our shared value strategy and how we promote skills development and create employment opportunities across the country, with a strong focus on South Africa's youth.

We offer internships, learnerships, skills development, academic programmes and bursaries to attract and upskill high-calibre individuals for roles at our head office and across our brands in all stores. This is underpinned by an aggressive talent acquisition strategy. In addition to our metropolises, we roll out projects in rural areas in South Africa where youth unemployment is rife and geographic location acts as a barrier to employment.

Highlights for 2020:

- We launched a programme to equip more than 85 customer-facing managers with a National Certificate in Generic Management. This intervention is specifically designed to develop a wide range of management competencies and is aimed at improving the effectiveness and leadership abilities of middle managers in TFG.
- TFG's Retail Academy continues to go from strength to strength. Key focus areas include 'customer obsession', 'employee obsession' and 'store optimisation' and these themes are integrated into the various modules offered. 533 customer-facing managers were given opportunities to participate, ultimately resulting in formal, nationally-recognised qualifications.
- For many years TFG has partnered with fashion and design school FEDISA and the University of the Western Cape (UWC) to provide financial assistance to students wishing to further their studies at these institutions. Many of these students have started their careers at TFG after graduating. Due to COVID-19, many educational institutions and their learners were impacted by the government-imposed lockdown which restricted classroom-based learning activity. As a result, UWC launched the #NoStudentWillBeLeftBehind campaign to help 30% of their students who don't have access to resources for remote learning. TFG donated R500 000 towards laptops and data for these students.
- We continued to invest in our retail management programme with Babson College Massachusetts. Key business metrics taught on these programmes are re-enforced in all our business operations.

CONTRIBUTING TO EMPLOYEE WELLNESS AND BENEFITS

Our wellness and benefits strategy enhances our employee value proposition. Examples of wellness-focused initiatives include:

- An online service to enable head office employees to book and manage their clinic appointments
- Wellness initiatives for store employees across South Africa and in Namibia and wellness days held at our head office and regional offices in Durban, Cape Town and Johannesburg as well as in our distribution and contact centres
- Onsite primary health clinics based at the distribution centres, head office, call centre and manufacturing plant, which undertook more than 12 000 employee consultations in the financial year ended March 2020
- Armed robbery interventions, where group counselling was made available to 842 employees impacted by crime

FAIR AND EQUITABLE REMUNERATION UNDERPINNED BY PERFORMANCE MANAGEMENT

TFG is committed to fair and responsible remuneration and provides all employees with the chance to grow their earnings through training and upskilling and by leveraging opportunities to apply for internal positions. For example, an employee starting out as a sales associate may well, over a period of three to five years, move into a store management role. In line with their individual performance metrics, and to ensure employees are appropriately rewarded for performance that supports the four strategic pillars, TFG's remuneration policy recognises and fairly rewards individual performance, behaviour and responsibility.

The following activities support fair and responsible remuneration at TFG:

- Annual performance reviews are conducted for all employees and talent maps are developed for high-performance employees who demonstrate potential. These employees are offered additional and specific training and development support to advance their careers and pay progression is aligned with their actual performance and experience.
- The management of remuneration, including appointment and pay progression, is governed by clearly defined policies. TFG is committed to fairly differentiating pay based on work of equal value, competitive market rates and individual performance and contribution. Processes are in place to regularly measure pay differentials and identify and correct any discriminatory practices.

The Remco carefully considered the short- and long-term impact of COVID-19 on employee wellbeing and the ability of TFG to implement remuneration policies formulated prior to the dramatically changed social and economic environment in which we all now find ourselves. To this end, the Remco decided that it is in the best long-term interests of both employees and investors to implement short-term tactical remuneration measures which will be reviewed next year, once more certainty has been obtained, regarding the longer-term impact of the COVID-19 crisis. A summary of the extraordinary steps taken is provided on page 120 of this report.

Read more about our approach to remuneration and performance management in our remuneration report from page 119.

OUR STRATEGY

We remain committed to our strategic pillars of Customer & Employee Obsession, Leadership, Profit and Growth, which have remained broadly unchanged since 2015.

CHIEF EXECUTIVE OFFICER'S REPORT

ANTHONY THUNSTRÖM

I would like to acknowledge all of our nearly 30 000 employees working in our South African, African and international operations for their extraordinary efforts during an unprecedented period in TFG's history. Together, we have ensured that TFG is positioned to emerge from this crisis potentially stronger than we went into it.

2020 AT A GLANCE

Pre-COVID-19	React and protect: March/April	Restore: May	Positioning for the future
TFG's performance up to the end of February 2020 was resilient in a trading environment characterised by increased pressure on consumers, retail industry disruption and low economic growth across all three of its major territories: South Africa, the United Kingdom and Australia. Nevertheless, the Group outperformed their respective peer groups in all three markets with turnover growth of 5,5% for the eleven months to February 2020.	COVID-19 was declared a global pandemic by the World Health Organization on 11 March 2020. TFG took decisive action as national governments announced lockdown measures and stores had to close: • We took steps to protect employees, customers and operations. • We minimised cash outflows and protected liquidity.	TFG was prepared and ready when stores started opening again from 1 May 2020. Operations were geared for safety and hygiene. Already strong online trading momentum was further accelerated.	Difficult trading conditions are expected to persist in all three major territories. Investment in digital transformation and localised supply chains will continue. We are insulating against future shocks and further uncertainty. Measures include a fully underwritten rights offer launched in July 2020 to raise gross proceeds of up to R3,95 billion.

	Store closure dates	Store reopening dates
TFG London	23 March 2020	15 June 2020 (phased)
TFG South Africa	26 March 2020	1 May 2020 (phased)
TFG Australia	27 March 2020	1 May 2020 (phased)

A YEAR OF TWO PARTS

TFG's performance during most of the 2020 financial year – until the end of February 2020 – trended well ahead of expectations. Despite a weak economy in South Africa, where consumers continued to experience significant economic pressure, and significant promotional activity in the market, we nonetheless enjoyed strong Black Friday and Christmas sales. At that time, the Group had outperformed the market in each of its three major territories.

During March we entered the COVID-19 period, characterised initially by a dramatic slowdown in footfall with the subsequent closure of stores and no trading as a result of government-enforced lockdowns. We had to take immediate and decisive action to reduce cash outflows and to ensure adequate liquidity for the short to medium term.

The crisis in March had a swift and significant impact: by the end of the financial year, turnover growth decelerated to 3,6% compared to 5,5% at the end of February (March 2019: 19,6%) and the EBITDA margin reduced to 24,1% from 25,4% at the end of February (March 2019: 25,0%). Adjusting for the COVID-19 impacts in respect of lost sales, additional provision for stock and IFRS 9 provisions for debtors, the Group would have delivered double-digit HEPS growth – potentially a record achievement and well ahead of expectations.

The impact of lockdown measures to mitigate COVID-19 in our three territories was not limited to just one month of trading. It has caused a structural shift in the way we do business, how our customers interact with us and how we rethink what it means to ensure sustainability. It will determine how we operate in future, where we invest and what we prioritise.

MULTIPLE RESPONSES TO COVID-19 CHALLENGES

SOUTH AFRICA CUSTOMERS: NEW PAYMENT CHANNELS AND PRUDENT CREDIT MANAGEMENT

Before COVID-19 the South African credit industry was already showing signs of stress: the consumer credit index had dropped in line with diminishing economic growth. As a result of this slow deterioration in the credit environment, TFG had already been strategically reducing credit extension for most of the financial year, with our new account acceptance rates running at around half of our traditional levels.

Following the onset of the pandemic, we immediately further tightened our credit application criteria and acceptance rates. Write-offs were higher than in the previous year, but delinquency levels for new business improved. Credit costs continued to be well managed.

Debt relief interventions brought about by the new National Credit Amendment Act, No. 7 of 2019 resulted in lower debt sales, generating lower income and this in turn resulted in increased provisions.

Given that 90% of customer account payments were previously traditionally made in store, we swiftly launched a range of new payment channels during lockdown. To encourage customers to convert to new ways of paying, which is difficult and takes time, we ran educational campaigns and successfully incentivised customers to migrate to alternative payment options.

Where customers were unable to use new payment channels, we offered payment holidays for April and May.

We believe that we have continued to be suitably conservative in terms of our credit provisioning, based on all the information available at the time. The next few months will be crucial to see how consumers react once lockdown levels ease, and how this impacts the economy and payment behaviour.

STABILISING AND STRENGTHENING OUR CAPITAL POSITION

As soon as lockdown measures were instituted, we proactively reached out to and engaged with our providers of funding, namely our institutional lenders and banks. Our objectives were threefold:

1. To ensure that our existing borrowing facilities remained intact
2. To negotiate the waiving or resetting of borrowing covenants
3. To arrange and secure additional facilities over and above our existing facilities

A great deal of effort was involved in these negotiations, and we were ultimately successful in respect of all three objectives.

Although the Group is in a solid financial position, after careful consideration and scenario planning, we decided to embark on a rights offer targeting gross proceeds of up to R3,95 billion. The objectives of the rights offer were threefold:

- To de-gear our balance sheet in light of the future uncertainty and a reduced risk appetite
- To enable TFG to continue to invest in strategic areas of the business that will position us for future success, specifically in the areas of e-commerce and expanded local, quick response manufacturing
- To position TFG to take advantages of expected opportunistic acquisition opportunities

Read more about our capital position and the rights issue in the Chief Financial Officer's report from page 70.

INVENTORY AND MERCHANDISING MEASURES TAKEN

COVID-19 lockdowns caused significant interruption of global supply chains. While local manufacturing is a strategic focus for TFG Africa, it still relies on international suppliers for approximately 65% of its apparel. Stock for TFG London and TFG Australia is procured almost entirely through imports.

In South Africa we went into early winter relatively well-stocked, despite suspensions and restrictions on the movement of goods in March and April, as we had ordered product in advance of traditional timelines, to avoid logistical challenges over the Chinese new year. We did however pull back on planned orders for the latter part of winter given the anticipated, constrained trading environment.

Our continuing investment in developing our local supply chain – one of our key sustainability strategies – delivered significant value during this time. It provided a flexible, sustainable source of quality merchandise while we were able to assist in protecting jobs and ensure income for potentially vulnerable groups. This also allowed us to deepen our partnership with local fabric conversion suppliers.

With lockdown, we immediately engaged with domestic and international suppliers of all three business segments to either cancel or delay merchandise orders in response to customer demand. We also renegotiated payment terms.

These conversations were conducted on an individual basis and reflected the strength of our supplier relationships. We handled difficult situations sensitively. As we started trading again, suppliers were ready to take up new orders.

FAIR RENTALS AND FUTURE LEASE AGREEMENTS

Store rentals constitute a significant portion of indirect spend for the Group. We proactively engaged with landlords to reach an agreement on fair rentals during a period in which we either could not trade or could only trade on a highly restrained basis.

These engagements resulted in understanding from retailers and property owners that we need to establish a sustainable model for the future and that it is in all of our interests to do so.

Physical stores remain important, even in countries such as the United Kingdom where online sales comprised 31% of turnover. Customers enjoy the in-store experience, and the physical environments act as showrooms for our products.

At 31 March 2020, the Group traded out of 4 083 outlets across 32 countries, with 228 new outlets opening and 230 outlets closing.

FINANCIAL RESPONSE

In addition to the rights offer, we implemented various measures to conserve cash and reduce expenditure, especially in non-essential business spend.

All discretionary capex was paused and expansion capex was either delayed, deferred or cancelled in areas such as information technology, store refurbishment and logistics. Given that TFG entered the COVID-19 period as a well invested business, I am confident that the impact of these reductions will not harm TFG's future prospects.

The Group's business optimisation projects are well advanced and have now been fast-tracked.

Read more about our financial response and cost containment in the Chief Financial Officer's report from page 70.

BRAND EQUITY REMAINS A STRENGTH AND A KEY DIFFERENTIATOR

The fashion industry experienced heavy discounting since the end of last year as retailers tried to dispose of surplus Black Friday and Christmas stock. This was compounded by a clear shift in consumer preferences towards casualwear since the beginning of lockdown. The Group had strategically diversified away from smart wear over the past decade and is well invested in leisure and casual wear, and youth fashion through brands such as Sportscene, Rockwear and The FIX.

We have not followed heavy discounting trends as we focus on building brand equity. The majority of our sales are therefore still derived from full-price transactions. We remain committed to our model of speciality retail that invests in building the equity of our individual brands.

OUR SOCIAL SUPPORT SYSTEMS

As stores closed down, we assisted as many employees as possible to work remotely. As an example, one of our challenges was to enable our entire TFG Africa call centre of 200 agents to be able to work from home within 48-hours. This was crucial, as the call centre needed to continue to operate to respond to customer queries and assist customers with account payment options.

We focused on the health and safety of employees, but also had to consider their financial wellbeing. In South Africa, we committed to paying full salaries and benefits in April and May, and applied for government relief funding where available. Board fees and salaries were temporarily reduced, and we implemented zero salary increases for the new financial year.

TFG London implemented a sharp reduction in sale commissions and agreed a pay reduction for all store, head office and management employees. There was strong buy-in due to a long-term partnership approach. The business also registered for government support schemes to the extent applicable.

TFG Australia suspended salaries when stores closed but had access to government salary support that will extend until the end of September.

We utilised both our assets and core competencies to support COVID-19 initiatives. In our local manufacturing facilities, we were able to redirect production to personal protection equipment (PPE) in April, when government regulations were lifted, to ensure some short-term sustainability of strategic manufacturers.

Each TFG employee received masks for their own use and the TFG Foundation is distributing face masks to employees to pass on to their families and loved ones. Over 100 000 masks will be distributed to employees and their families. We also donated food parcels to employees that returned to work to produce face masks.

Gift of the Givers continues to distribute our purple TFG blankets, manufactured in our factories, to communities who find themselves in need because of COVID-19. We continue to support communities that were already battling with unemployment, low disposable income and crime before the pandemic. We donated R22 million and positively impacted the lives of 650 000 people in South Africa this year. This included support to the Sew Good project and R8 million worth of customer-returned merchandise to various non-profit organisations.

Our individual brands also made contributions, including data, airtime and SMS bundles as well as clothing to field workers. They also provided funds to assist students who needed access to laptops.

The South African economy will be in critical need of job opportunities post-COVID-19. TFG will be well positioned to respond through our local supply chain strategy and skills development initiatives. TFGLearn, our online learning app, supports this development of our employees' skills as it enables learning on any device, anywhere, anytime.

PERFORMANCE SUMMARIES FOR OUR THREE TERRITORIES

Turnover performance across TFG Africa, TFG London and TFG Australia was strong relative to market conditions and peer groups. TFG Africa achieved turnover growth of 3,3% and comparable turnover growth of 1,5% (ZAR), while TFG London's turnover decreased by 4,5% (GBP), a performance that was both ahead of most competitors and that illustrates just how tough trading conditions have been in this market. Whilst TFG London's own web sales and own store sales were pleasing, the headwinds already facing our department store partners were significantly exacerbated by the onset of COVID-19. TFG Australia performed above expectation with turnover growth of 9,6% and comparable turnover growth of 2,8% (AUD).

Online turnover growth continues to grow strongly in TFG Africa and TFG Australia with growth for the year of 47,9% (ZAR) and 30,6% (AUD) respectively. The poor performance of third party partner websites however continued to hamper online turnover growth for TFG London, which decreased by 13,6% (GBP) for the year. The contribution of online turnover to total Group turnover is now at 8,4%.

Read more about the performance of our three business segments from page 81.

AN OVERVIEW OF PROGRESS WITH OUR STRATEGY

Our vision is to be Africa's leading fashion lifestyle retailer while growing our international footprint. We are confident that the strategies that we have been employing with success over the past years have become even more relevant going forward.

LOCAL MANUFACTURING, GROUP SOURCING AND BUSINESS OPTIMISATION

We are committed to local supply chain development that benefits our suppliers by enabling economic empowerment and job creation. In turn, we benefit from a sustainable source of quality merchandise that improves our financial returns.

In terms of local manufacturing – we have embarked on this journey for three purposes:

1. Margin advantage due to lower mark downs
2. Better trend relevance because we can make fashion calls closer to season as opposed to long lead times from offshore manufacturers
3. Balance sheet advantages through superior inventory and working capital control

COVID-19 highlighted the competitive advantage in having two regional manufacturing hubs in South Africa – in the Western Cape and KwaZulu-Natal. Two world-class quick response facilities – Prestige Clothing in Caledon and Maitland – allow us to react to in-demand, in-season sales.

Our investment in local manufacturing enabled us to mitigate the risk of a single-source supplier, such as China. As no retailer can forecast customer demand with 100% accuracy, even under normal business conditions, it is increasingly important to have the shortest lead times possible. The most effective way to do this is to localise supply that we can manage on a real-time basis.

TFG QUICK RESPONSE ADVANTAGES FOR THIS YEAR INCLUDED:

-59 inventory days

+4% clearance advantage

+53% local raw material procurement

48 days average lead time

+8% employment provided

8 DECENT WORK AND ECONOMIC GROWTH

EXPERIENCED LEADERSHIP AND MANAGEMENT TEAMS

Talent acquisition and retention, leadership development and disciplined succession planning have long been viewed as critical to our success and sustainability. The recent COVID-19 crisis has proved just how important this focus is. Over the last couple of months, we have experienced, as never before, how critical it is to have depth of talent and leadership within the retail and service divisions. This means having the right people facilitating the right conversations with suppliers, staff and key partners, with the appropriate understanding and relationship history. The same has been evident in our Credit division, where we had to make rapid decisions and adjustments in turbulent circumstances.

I appreciate the extraordinary efforts of our leadership and management teams that guided our nearly 30 000 employees through uncertain times and difficult decisions. I am grateful for everyone's hard work and commitment this financial year.

DIGITAL TRANSFORMATION THROUGH E-COMMERCE, NEW BRANDS AND BRAND REPOSITIONING

COVID-19 brought a structural and permanent shift to online retailing. Once a customer successfully and safely shops online, they are highly likely to continue using the channel. In April and May TFG Africa experienced online turnover growth of 88%, off an already rapidly growing base. We will continue to invest in digital transformation and e-commerce to enhance our customer's experience and to ensure that our customer has a true omnichannel experience.

The roll-out of radio frequency identification (RFID) continued, which significantly reduced time and effort regarding stock takes, enabled notable improvements in stock accuracy per store, and improved control over shrinkage. This assisted in higher accuracy for online orders and further reduced lost sales – an imperative in the current trading environment.

Our "OneStock" solution matched online customer demand with stores with available stock. Thus, we could fulfil orders from stores closer to where a customer lives or works. We want to expand from the 400 stores currently accessible to a wider proportion of our store base. This will ensure we continue to offer our customers unparalleled choice and convenience through our various channels.

Our recently launched "TFG on the go" mobile app supports the human resource shared-services model and enabled us to continue communicating with our 23 000 TFG Africa employees including the seamless distribution of employee travel permits and letters of authorisation to facilitate the return to workplaces after lockdown.

POSITIONING FOR THE FUTURE

We recognise that the make-up of the retail sector is shifting and that shopping behaviour changes accelerated this year. We have two immediate priorities to position TFG for the outcomes of COVID-19:

1. We need to insulate the balance sheet. Notwithstanding the rights offer and other mitigating actions mentioned earlier in this report, we believe significant uncertainty and risk will continue in our core markets. The Supervisory Board and executive management believe it is prudent and necessary to reduce our financial indebtedness now. This will allow TFG to strengthen its relative position through the recovery and insulate the balance sheet against potential future shocks while at the same time positioning the Group for future growth and opportunities.
2. We have been clear on the strategic initiatives that have driven our success over the past 12 months and we need to ensure that we continue to invest throughout the cycle and in these specific platforms to ensure we obtain the most from organic growth opportunities. This includes areas such as e-commerce, digital transformation and localised quick response manufacturing. We also want to take advantage of attractive acquisition opportunities if they become available – subject to our experience in stringent investment criteria. An example is the recent conditional offer that was submitted to acquire certain commercially viable stores and selected assets of the JET business from Edcon. This would provide the Group with a strategically important expansion into the value segment of the Southern African retail apparel market.

We also want to ensure that the Group is in a position to resume paying dividends when appropriate. In light of the current subdued economic environment and the heightened levels of uncertainty posed by COVID-19, the Supervisory Board took a prudent and conservative decision to not pay a final dividend for the 2020 financial year.

While we continue to deal with the economic and health impact of COVID-19 on the countries within which we operate, the outlook for trading conditions continues to remain materially uncertain across all three of the Group's business segments. The impact of the pandemic on our 2021 financial year is expected to be significant, especially if lockdowns are re-introduced or the economic recovery is slower than anticipated. In particular, the speed of recovery in the United Kingdom and European territories is difficult to predict.

OUTLOOK SUMMARY

TFG is well positioned for growth post-COVID-19

- We have a diversified product mix and customer base, with strong brands supporting our growth
- The Group is geographically diversified across 32 countries
- We have well-established e-commerce platforms and a leading omnichannel offering
- Local sourcing is well-embedded and we have a high degree of vertical integration
- TFG has a solid history of management execution and track record of delivering quality earnings

We are enhancing our ability to capitalise on strategy actions through:

- Fast-tracking the e-commerce evolution, digital transformation and local quick response manufacturing
- Investment through the cycle with capex aimed at growing market share
- Positioning for agility and flexibility: we are creating balance sheet headroom to respond to market opportunities
- Capturing market share through organic growth and opportunistic mergers and acquisitions

APPRECIATION

I am truly grateful for the guidance, support and encouragement I received during a very challenging year. This includes the support of our Chairman, Supervisory and Operating Boards, as well as the various management teams across the business.

To our employees - thank you for the ongoing, brave and pivotal role you play in the sustainability of the Group. To our customers, shareholders, suppliers and other stakeholders – thank you for a year of intense collaboration as we negotiated a dynamic and shifting operating environment.

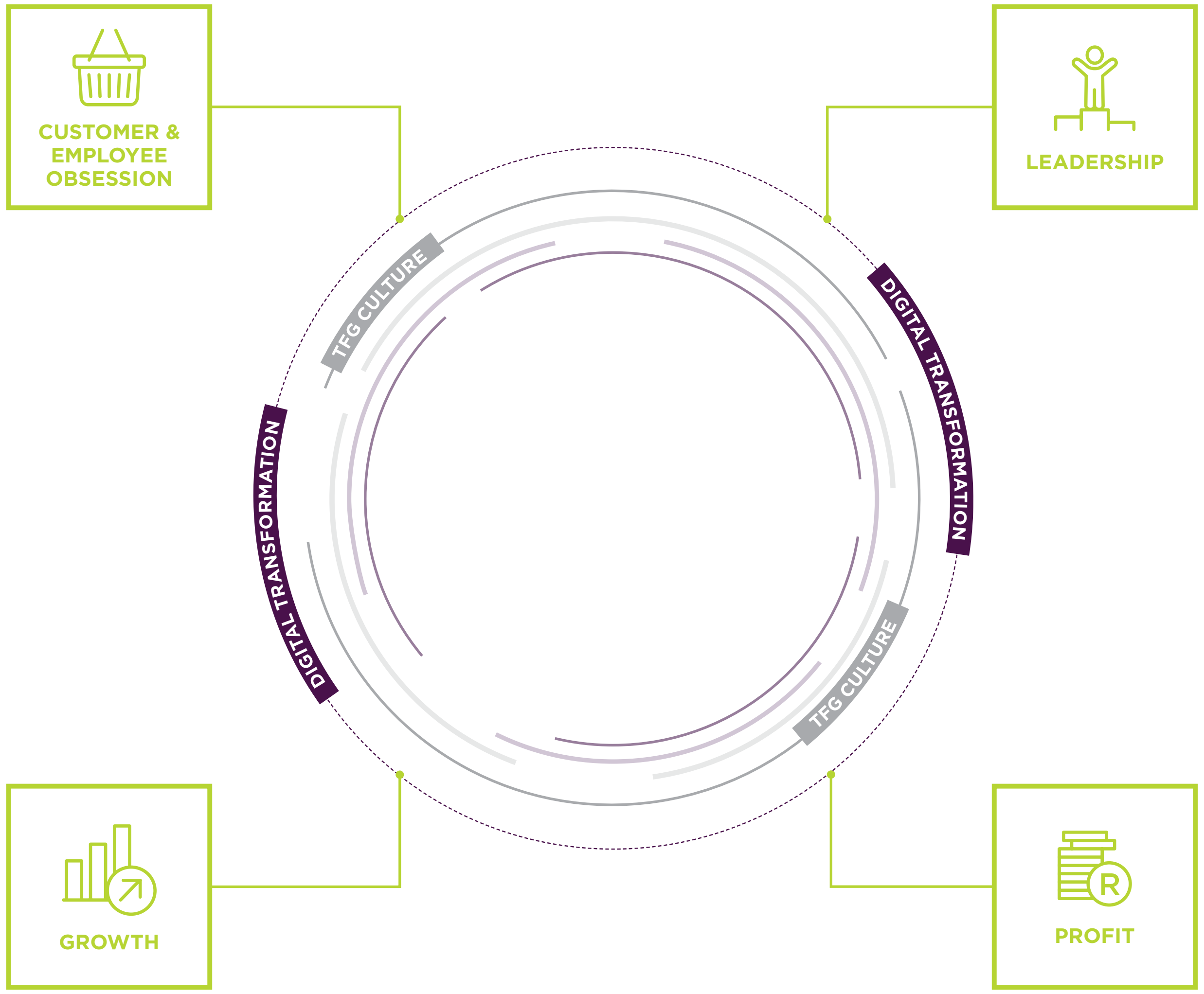
I look forward to us building on TFG's sound business principles and solid foundation as we look to the future. We remain committed to finding innovative and exciting ways to bring new value to our customers.

Anthony Thunström
Chief Executive Officer

11 August 2020

AN OVERVIEW OF OUR STRATEGY

Our strategy is informed by our vision, mission and values, and is centralised around the TFG culture. We remain committed to our strategic pillars of Customer & Employee Obsession, Leadership, Profit and Growth. Digital transformation is a wraparound that touches each pillar, supported by our shared value sustainability strategy.



Our strategic pillars have remained broadly unchanged since 2015. Each pillar has specific strategic objectives which were determined by the Operating Board and approved by the Supervisory Board. A rolling, five-year strategic overview, which we refer to as our "Five-year Vision", is updated annually.

This Five-year Vision includes financial targets against the strategic objectives, where relevant, and is based on current market conditions, planned initiatives and expansion plans. Any targets exceeded during the year are reviewed as part of the next five-year strategic overview.

The strategic pillars, together with the respective objectives, apply to the Group as a whole. The international expansion strategy of the Group commenced in January 2015 and the performance and strategic objectives of these business segments continue to be included within the Growth pillar.

More information about our sustainability strategy is available in our online sustainability overview report, which also includes detail on our broader shared-value initiatives, progress and approach.

Our business and the external environment continue to evolve. COVID-19 has further triggered a structural shift in the way we do business. Therefore, while the core principles of our strategy remain unchanged, certain parts are becoming more critical and we have chosen to elevate these priorities to enable us to achieve our vision.

OUR TFG CULTURE

Considering the size, scale and geographic reach of our business, it is essential that we recognise, nurture and protect the culture that enabled our growth and success to date. The culture across our three geographic operating segments is unified and we will continue to work hard to ensure this remains the case.

DIGITAL TRANSFORMATION

The traditional retail operating model is being fundamentally disrupted at almost every level. This is not only in the area of e-commerce, but is a pervasive change that impacts virtually every part of the retail business model – from design to sourcing, engagement with our people, store operations, models, pricing and promotional activity through to a full omnichannel offering. We recognise the importance of these changes and are committed to investing as required to remain on the forefront of digital transformation. Digital transformation is therefore a wraparound that touches each pillar of our strategy.

LOCAL MANUFACTURING AND GROUP SOURCING

Over the past five years, we have strategically diversified our supply chain to reduce reliance on a single source supplier such as China. We have done this by enhancing our local manufacturing and quick response capabilities. Combined, these efforts lessen our fashion risk, improve input margins and decrease markdowns, while enabling local economic empowerment, job creation and socio-economic improvement. Going forward, we believe that local manufacturing and Group sourcing will be key drivers of the 'Profit' pillar of our strategy and key strategic enablers.

BUSINESS OPTIMISATION

The Group commenced focussed business optimisation projects last year with the aim to optimise processes in line with our digital transformation, cost reduction and working capital initiatives to ensure a future-fit organisation. As part of our COVID-19 mitigating actions, business optimisation projects have been fast-tracked where practical to do so, in order to reduce the cost of doing business.

EXPERIENCED LEADERSHIP AND MANAGEMENT TEAMS

COVID-19 emphasised the importance of having depth of talent and leadership within retail, service and credit divisions to ensure rapid decision-making underpinned by appropriate history and understanding. Our succession planning activities are ongoing at every level of the business and this will continue to ensure the perpetuation of the Group's performance and culture, with a specific focus on succession planning for leadership positions.

Read more about these strategic priorities on the following pages of this report and in the Chief Executive Officer's report from page 50.

We will deliver superior customer and employee experiences across our retail brands.	We will leverage data science to improve our customer experience and engagement across all our retail brands.	We will grow our customer base through a targeted customer acquisition strategy.	We will develop a long-term environmental, social and governance (ESG) strategy to create broader economic and social value, aligned with international trends and best practice.

Our customer and employee context

Our customer base spans from value to upper market. Through our 29 fashion-forward brands trading out of 4 083 outlets in 32 countries globally, we offer our customers clothing, jewellery, cellphones, accessories, cosmetics, sporting apparel and equipment, and homeware and furniture. 23 of our brands are available to our customers online. Our e-commerce marketplace, myTFGworld.com, gives customers access to all TFG Africa online brands on one site. Our TFG Rewards programme is available across all TFG Africa retail brands and is intended to suit every lifestyle and life stage. We have a full in-house credit management capability for our TFG Africa customers. The Group employs almost 30 000 employees, with 23 268 employees in TFG Africa. We continuously enhance workforce scheduling in stores and offer training interventions across the Group.

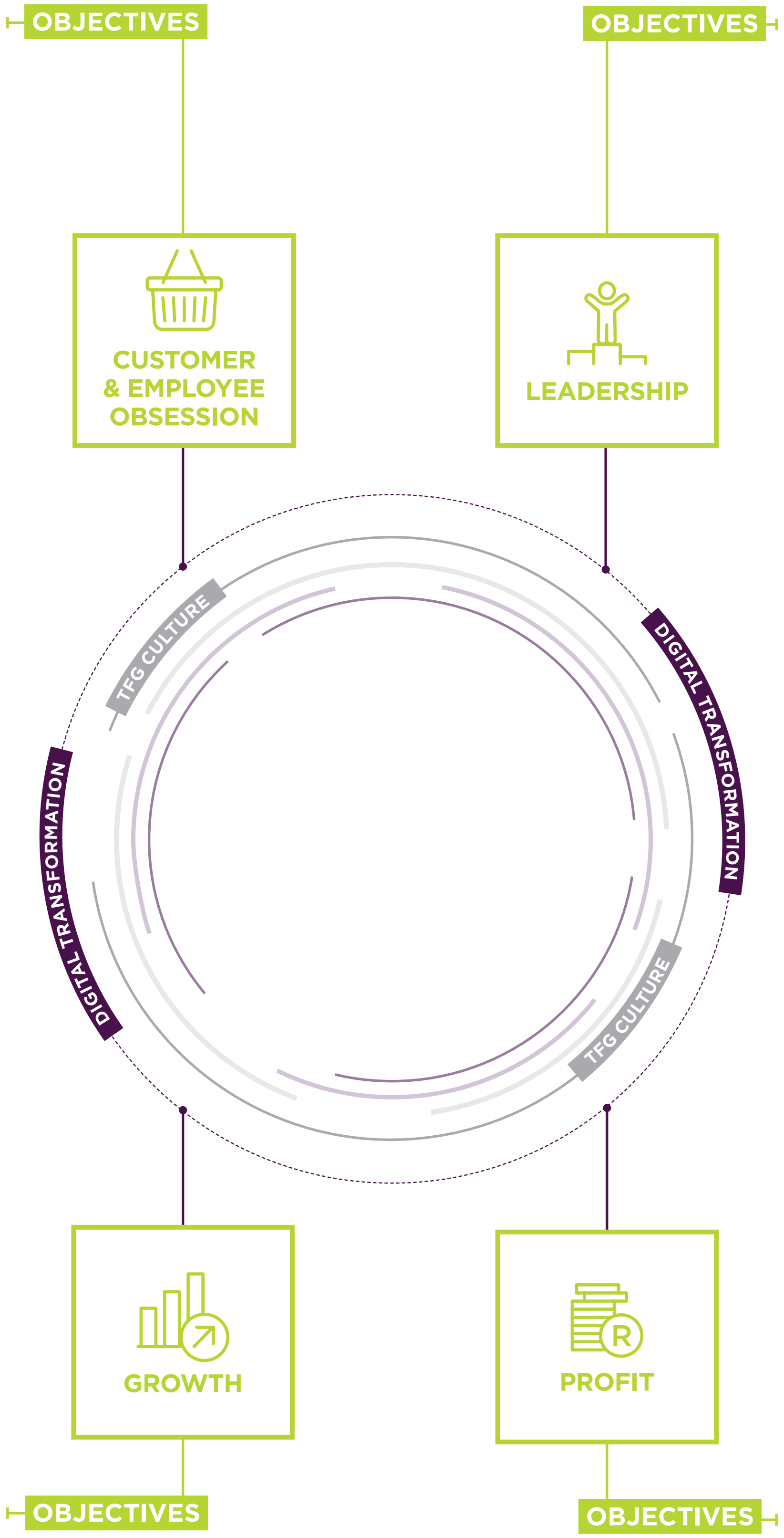
How we measure customer and employee success

- Number of TFG Rewards customers
- Number of active accounts
- Number of customer-facing employees trained through the TFG Retail Academy

Material matters, risks and opportunities relevant to customers and employees

- The instability of the global economic and political climate
- Fashion trends and customer preferences
- Continuity of supply chain
- Disruption in retail across our various markets and channels
- Talent management: attracting, retaining and developing key talent
- Reliance on information technology

Read more about our material matters, risks and opportunities on page 32 and about our sustainability strategy in our sustainability overview report, available on our website.



We will embed a performance-based culture that ensures that we attract, retain and develop the best talent in the industry.	We will achieve credible empowerment credentials in South Africa, underpinned by an implementation plan to ensure compliance.

Our leadership context

The evolving complexity of the Group requires leaders to lead increasingly bigger teams and across functional and geographic boundaries. COVID-19 further emphasised the importance of leadership depth and succession planning. We nurture ongoing structured talent development and a strong performance management culture. In addition to an experienced executive management team – with an average of 19 years' service – our unique and growing multi-brand Group structure creates career opportunities for key talent and ensures optimised succession planning. We value diversity and develop talent in a proactive way, which includes a continued focus on promoting attendance at our retail academies.

How we measure leadership success

- Number of training interventions during the year
- Employee turnover – total %
- Employment equity – fair gender and racial advancement
- Participants in disability learnerships/ internships
- Number of days lost to industrial action

Material matters, risks and opportunities relevant to leadership

- Talent management: attracting, retaining and developing key talent
- Reliance on information technology

Read more about our material matters, risks and opportunities on page 32 and about our sustainability strategy in our sustainability overview report, available on our website.

We will deliver a customer-focused, digital omnichannel ecosystem.	We will be the leading lifestyle retailer in Africa whilst growing our international footprint.	We will develop an innovative, sustainability-driven business model and build partnerships that enhance TFG's reputation.

Our growth context

Our continued strategic international expansion creates value for our shareholders through geographic diversification, digital transformation, the leveraging of our existing retail experience and additional revenue and profit. The Group trades across 32 countries, 29 brands and 4 083 outlets, with multiple opportunities for expansion. There are additional opportunities across sales channels and territories within TFG Australia and TFG London – subject to our stringent acquisition criteria.

How we measure growth success

- Retail turnover
- E-commerce turnover
- Cash turnover contribution
- Number of outlets
- Geographic turnover contribution to total Group turnover

Material matters, risks and opportunities relevant to growth

- Disruption in retail across our various markets and channels
- Complexity of the regulatory environment

Read more about our material matters, risks and opportunities on page 32 and about our sustainability strategy in our sustainability overview report, available on our website.

Our brands will optimise their supply chain capability, including their suppliers, buying processes and quick response.	We will optimise the flow of goods from source to customer to enhance the customer experience.	We will enhance ROCE by optimising profitability and capital management.	We will develop a long-term ESG strategy to manage sustainability risks throughout our supply chain and business activities, underpinned by an energy reduction strategy.

Our profit context

We have market-leading in-house capabilities for store design and upgrades, fashion design and manufacturing. Our well-developed fabric and pattern optimisation systems support quick response capabilities to repeat "winners" in season and implement quick interpretation of in-demand trends and fashion. The Group has a natural currency hedge through TFG London and TFG Australia's growing contribution. We protect our income streams through the diversification of our footprint across numerous economies and we continuously seek to optimise cost-efficiencies. We support a direct sourcing strategy, both locally and globally, through compliant vendors. Natural resources are under pressure and becoming increasingly costly. Reducing our resource usage and eliminating waste across our value chain enables us to save money while preserving the resources we depend on.

How we measure profit success

- Number of quick response units
- Gross margin
- TFG Africa ROCE
- Pre-pack units as a percentage of product received
- Free cash flow
- Reduction in electricity consumption
- Reduction in paper consumption
- Reduction in water consumption

Material matters, risks and opportunities relevant to profit

- The instability of the global economic and political climate
- Fashion trends and customer preferences
- Continuity of supply chain
- Disruption in retail across our various markets and channels
- Reliance on information technology
- Complexity of the regulatory environment

Read more about our material matters, risks and opportunities on page 32 and about our sustainability strategy in our sustainability overview report, available on our website.

OUR PERFORMANCE AGAINST OUR STRATEGY

CUSTOMER & EMPLOYEE OBSESSION

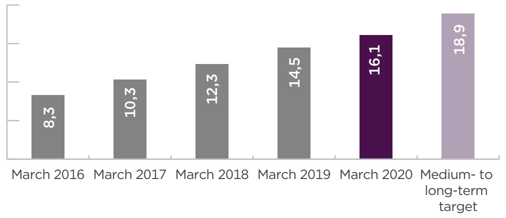
KEY ACTIVITIES UNDERTAKEN DURING THE YEAR

- Journey mapping has been a powerful tool to understand the experiences of our employees and customers. Multiple mapping sessions were completed during the year to kick off projects, identify pain points and reimagine existing journeys.
- Our Voice of Customer (VOC) and Voice of Employee (VOE) platforms remain robust and valuable tools to identify areas for improvement and have become integral parts of our business processes.
- We continued researching alternative structures and operating models to better support our operations across Africa. Accordingly, we went live with a new operating model which introduced shared services supported by process automation and technology to enable line manager self-service.
- To provide immediate front-line support to our employees, we launched Chatbot Kiara. The bot is text enabled with future voice-enabled capability and provides additional, around-the-clock human resource support for our people.
- We rolled-out our employee app, TFG on the go; among other things, to facilitate and manage employee self-service. In response to COVID-19, the app was used to help sort employee permits, letters of authorisation and facilitate return to workplaces after the first levels of lockdown.
- As a responsible credit provider and to support longer term economic recovery, TFG offered its customers a range of support measures in response to COVID-19. This included making electronic and other alternative payment channels available to them. Where customers were unable to use new channels, we offered payment holidays for April and May.
- We formulated recovery plans for all our locations post the lockdown period, including how to keep our employees and customers safe with strict social distancing protocols in place within the supply chain, our stores and in all our head office buildings.

Read more about our specific response to COVID-19 in the Chief Executive Officer's report from page 50.

PERFORMANCE AGAINST THIS STRATEGIC PILLAR

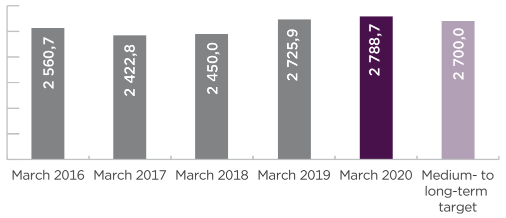
Number of TFG Rewards customers (million)^



The conversion of ordinary cash customers to the TFG Rewards programme results in a higher percentage of Group turnover being tracked at a customer level. This enhances our level of customer knowledge and the relevance of our engagement strategies. We acquired an additional net 1,6 million new TFG Rewards customers.

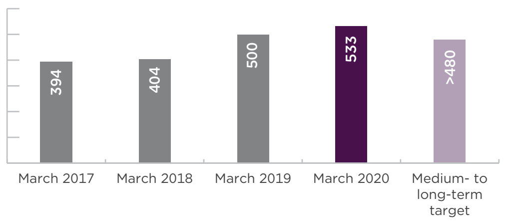
^ *Relates to TFG Africa only.*

Number of active accounts ('000)



Active accounts determine the success of our credit division, which remains an important part of our business. In line with our strategy to curtail credit sales in the prevailing economic environment, the criteria for granting of new credit were tightened. Accordingly, the number of active accounts increased by only 2,3%. The number of active accounts may be impacted by COVID-19 and related macroeconomic conditions in the short term.

Number of customer-facing employees trained through the Retail Academy*



The TFG Retail Academy enables current and future retail managers and customer-facing employees to develop management competencies and leadership abilities. This helps us deliver an ever-improving customer journey.

* *Launched during FY2016.*

FUTURE FOCUS AREAS

- Data science remains a key focus area to improve customers' experience and grow our customer target base.
- Investment in our "single view of customer" initiative will continue along with the optimisation of the TFG Africa Rewards programme in order to gain a holistic understanding of our customers' needs and wants in order to respond appropriately.
- Consistent with our TFG values, we will develop a long-term ESG strategy to create broader economic and social value. This will be aligned with international trends and best practice.

OUR PERFORMANCE AGAINST OUR STRATEGY (continued)

LEADERSHIP

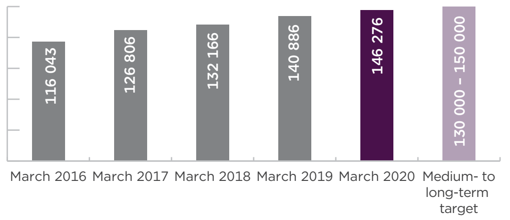
KEY ACTIVITIES UNDERTAKEN DURING THE YEAR

- Digital transformation continues to be driven through all employee-related strategies. We launched the TFGLearn mobile learning app during the year to propel the Group's e-learning capabilities into the future.
- Local manufacturing has an ageing skills base. We have therefore set up partnerships and training schools within our local supply chain to develop much needed future skills. This includes a programme targeting unemployed youth who can acquire internships in design, merchandising and manufacturing.
- In the last quarter of financial year ended March 2020, we launched a programme which aims to equip our customer-facing managers with South Africa's Generic Management qualification. This intervention is specifically designed to develop a wide range of management competencies and is aimed at improving the effectiveness and leadership abilities of middle managers in TFG. Seventy-four percent of the delegates on this learning intervention are African Black employees – demonstrating our strategy to grow our equity leadership pipeline in store and field operations.
- During the year we launched an internal innovation campaign called THINK where we presented our head office employees with real business challenges, and invited them to participate in finding solutions. In the process, we grew our capacity as innovaters and trend-setters. The campaign was a huge sucess and many initiatives will be implemented this year.

Read more about our various employee-focused initiatives from page 44.

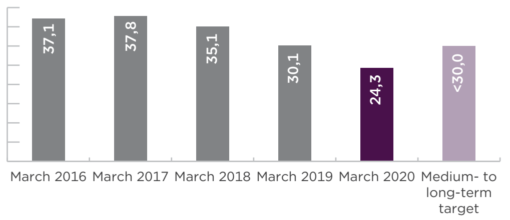
PERFORMANCE AGAINST THIS STRATEGIC PILLAR

Number of training interventions during the year



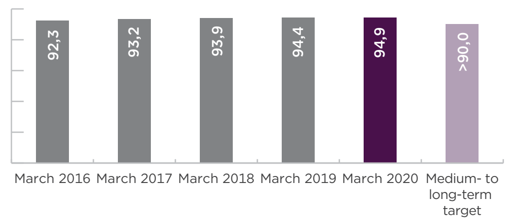
The highly competitive retail environment requires a strong focus on talent management and development. The number of annual training interventions continues to increase year on year. In 2020, the key focus remained on the development of customer-facing employees and managers.

Employee turnover – total %



Tracking employee turnover is important to determine the effectiveness of our people management strategies. Employee turnover remains within industry norms. We continue to focus on retention initiatives.

Employee equity (% representation of previously disadvantaged groups among permanent employees) – South Africa only



Employment equity remains a critical aspect of the Group's transformation agenda. In line with this, the alignment of Group and divisional targets with the national economically active population of South Africa remains a key focus. We continue to focus our efforts on improving the representation of EE employees within our senior and middle management.

FUTURE FOCUS AREAS

- We will approve and roll out our first diversity and social inclusion policy, underpinned by education and awareness campaigns.
- We remain committed to understanding current and future trends that influence our workplace environment in order to ensure that we can differentiate our employee offering and strengthen our employer brand.

OUR PERFORMANCE AGAINST OUR STRATEGY (continued)

PROFIT

KEY ACTIVITIES UNDERTAKEN DURING THE YEAR

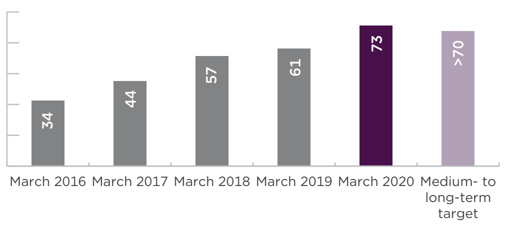
- We continue to focus on capital allocation and the rationalisation of our portfolios.
- The Group continued to improve expense control through targeted initiatives, including the successful delivery of certain streams of its previously announced back office business optimisation programme. This enabled the Group's trading expense margin to reduce to 44,8% from 45,3% at the previous year-end.
- As part of our supply chain optimisation, we have consolidated non-merchandise suppliers.
- Focused TFG African business optimisation continues with the aim to optimise processes in line with our digital transformation, cost reduction and working capital initiatives. As part of our COVID-19 mitigating actions, business optimisation projects in TFG Africa have been fast-tracked where practical to do so to reduce the cost of doing business.
- In the United Kingdom, TFG London has largely completed the harmonisation and consolidation of the back-office functions and systems for the three brands.
- COVID-19 highlighted the competitive advantage of having two regional manufacturing hubs in South Africa – in the Western Cape and KwaZulu-Natal. Two world-class quick response facilities – Prestige Clothing in Caledon and Maitland – allow us to react to in-demand, in-season sales.
- We employed an additional net 84 people at our two Prestige factories.
- Lighting is an important part of the retail experience and can enhance the customer journey. However, we need to ensure we are as efficient as possible in terms of the watts per m^2 we consume. Analytics is in place for over 100 of our stores and we continue to monitor how we can improve efficiency through better store design.

- We recognise the responsibility to balance the environmental imperative of reducing plastic waste with finding sustainable alternatives for our plastic packaging. In line with this thinking, TFG signed the South African Plastic Pact.

Read more about our specific response to COVID-19 in the Chief Executive Officer's report from page 50 and our initiatives to improve our environmental resource efficiency in our sustainability overview report, available on our website.

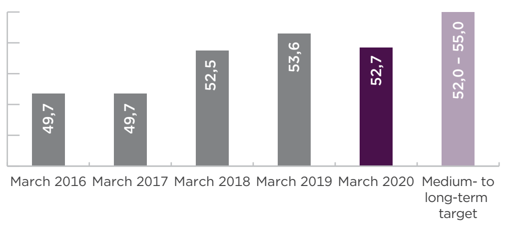
PERFORMANCE AGAINST THIS STRATEGIC PILLAR

Quick response contribution to total units manufactured (%)



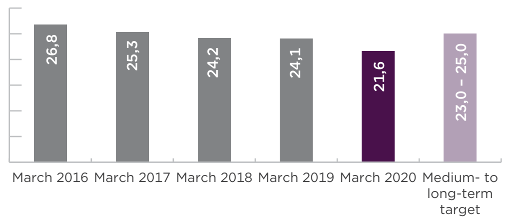
We believe that increasing our quick response units provides a strong competitive edge as this supports margin advantage, trend relevance and superior inventory cost control. We achieved an increase of 3,1 million units year on year, with a total quick response unit growth of 57,4%. We continue to grow the ability of our Maitland and Caledon factories to manufacture and deliver quick response products.

Gross margin (%)



Continued improvement in the Group's supply chain, especially local manufacturing, assisted the Group to maintain its gross margins. This may be impacted in the short term by COVID-19 and related macroeconomic disruption.

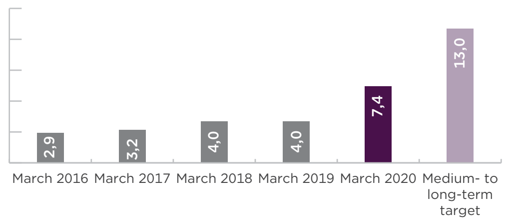
TFG Africa ROCE (%)*



* *Pre-IFRS 16*

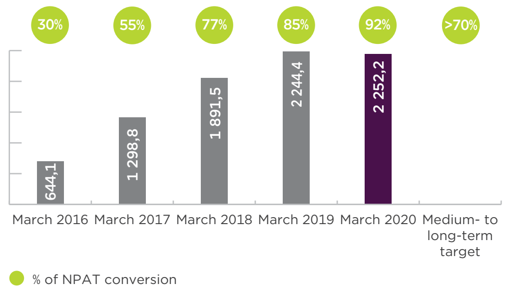
A specific focus on ROCE and cost-saving initiatives positions us well to meet our future cash requirements. This achieves a more profitable business and ultimately increases shareholder and broader stakeholder value. We continue to focus on incremental improvement in ROCE over time. The recent commencement of business optimisation will contribute to this improvement, however, this ratio may be impacted in the short term by COVID-19 and related macroeconomic disruption.

Pre-pack units as % of product received



Cross docking is a strategic focus to improve speed and efficiencies. We will continue to grow this process to gain the benefits thereof.

Free cash flow (Rm)*



* *Free cash flow in financial years ended March 2016 to March 2018 was not restated for IFRS 9, 15 and 16.*

Enhanced free cash flow generation enables us to pursue opportunities and support ongoing investment in digital and physical infrastructure to ensure we continue to meet the expectations and needs of our customers. We achieved free cash flow equal to 92,2% of net profit. This continued improvement in free cash flow conversion reflects TFG's ongoing focus on working capital management. The ratio may be impacted in the short term by COVID-19 and related macroeconomic disruption.

FUTURE FOCUS AREAS

- We will continue to grow our quick response capability.
- We will continue to invest in digital transformation to reduce lead times associated with product development and enhance our quality inspection processes.
- Our business optimisation projects will continue, and will be fast-tracked where possible, in order to remove non-essential spend from the business and thereby improve profitability.
- Procurement tools implemented during the year will support our focus on cost control and we expect to see efficiencies in the short to medium term.

OUR PERFORMANCE AGAINST OUR STRATEGY (continued)

GROWTH

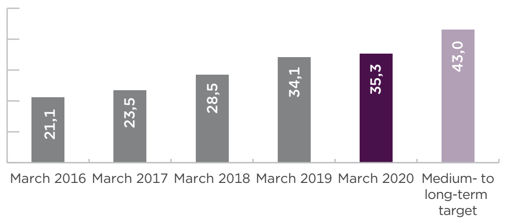
KEY ACTIVITIES UNDERTAKEN DURING THE YEAR

- We launched the myWedding website on myTFGworld.com. This extends our product offering to customers on our multi-brand online marketplace where all online TFG Africa brands are available on a single URL.
- We introduced Robotic Process Automation (RPA) to reduce the time taken to complete routine tasks, improve the accuracy of outcomes and give our employees more time to focus on value-adding activities.
- We continue to execute our digital transformation strategy and enhance the omnichannel customer experience. This included the continued roll-out of RFID to 1 850 stores and leveraging our "OneStock" solution to meet online customer demand, ensure greater stock accuracy and reduce lost sales – an imperative in the current trading environment.
- Our investment in e-commerce platforms and digital transformation initiatives yielded higher than expected benefits during national lockdown as we were able to trade effectively despite COVID-19 restrictions. Over the months of April and May, TFG Africa's online turnover grew 88%.
- We launched two new brands in TFG Africa during the year, RFO and Sneaker Factory. Both brands are positioned in the value market and have exceeded expectations for the year.
- TFG London continued to reshape its store portfolio, both in the United Kingdom and internationally where Hobbs in particular has growth opportunities, closing poorer performing stores and opening where we can benefit from variable rents, resulting in 12 net store openings. The global contraction in department stores led to net closures of 11 concessions.
- TFG Australia opened 25 concessions within Myer department stores during the year, while the six test stores of American Swiss in Australia were closed during March 2020.

Read more about digital transformation and our specific response to COVID-19 in the Chief Executive Officer's report from page 50.

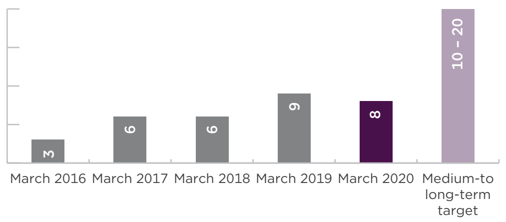
PERFORMANCE AGAINST THIS STRATEGIC PILLAR

Retail turnover (Rbn)



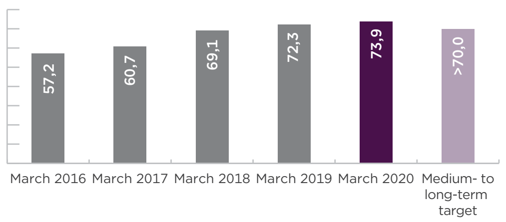
TFG's performance trended well ahead of expectations for most of the year. However, the impact of the global COVID-19 pandemic was felt across all our operations since the beginning of March, with a significant impact on turnover in the second half of March due to the introduction of stringent lockdown measures.

E-commerce turnover contribution to retail turnover (%)



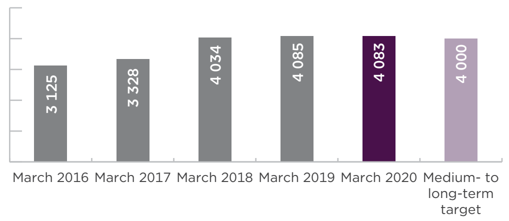
E-commerce growth in TFG Africa and TFG Australia continued ahead of our expectations. Online turnover in TFG London decreased due mainly to the poor performance of third-party partner websites. Online turnover for the Group now contributes 8,4% to total turnover.

Cash turnover contribution (%)



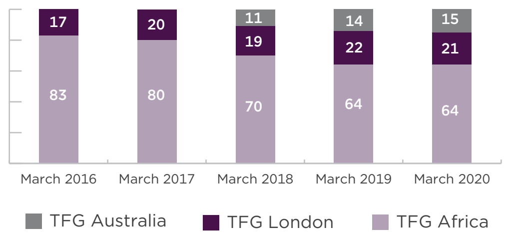
Cash turnover grew by 5,9% and now contributes 73,9% to Group turnover. TFG Africa's cash turnover grew by 7,7% and contributed 59,1% to the segment's turnover.

Number of outlets



At March 2020, the Group's footprint consisted of 4 083 outlets across 32 countries. TFG Australia continued their focus on growth through the expansion of their existing brands in Australia and New Zealand with a net increase of 51 outlets during the year. Across the Group we continue to focus on store portfolio rationalisation.

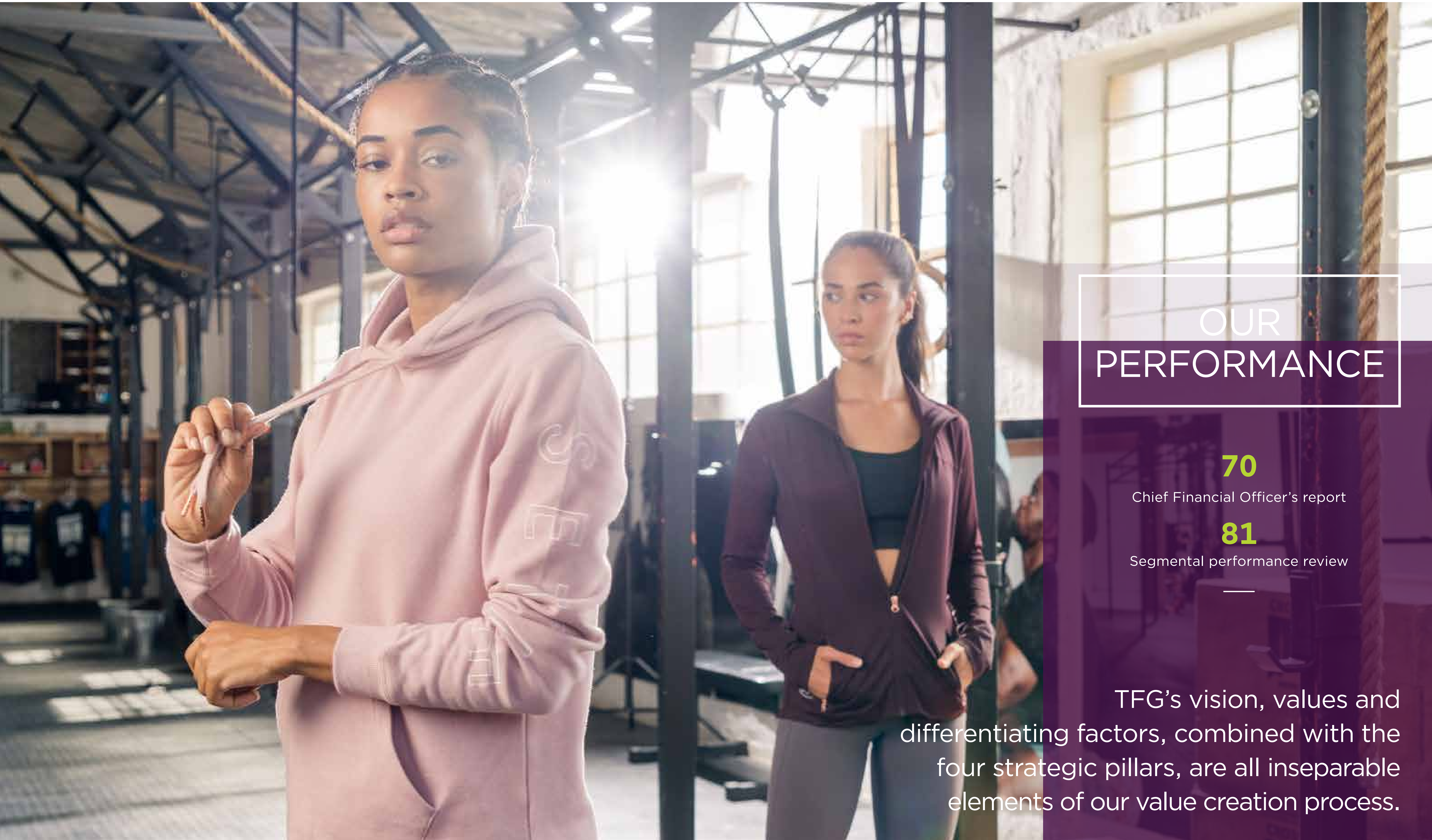
Geographic turnover contribution to total Group turnover (%)



The current combined turnover contribution of TFG Australia and TFG London is 36%, which is in line with our desired level of offshore exposure.

FUTURE FOCUS AREAS

- TFG Africa's digital transformation and e-commerce evolution will continue, and be fast-tracked where possible, to ensure that our customer has a true omnichannel experience.
- TFG Australia will continue to grow its online business and make further investments into digital transformation while growth through the store expansion of its existing brands will continue.
- In terms of TFG London's omnichannel offering, the focus remains on delivering sustainable growth across own and third-party channels.
- On 10 July 2020, TFG submitted a conditional offer to acquire certain commercially viable stores and selected assets of JET, which will provide the Group with expansion opportunities into the value segment of the southern African retail apparel market. Initial focus of the Group will be on successful completion of the transaction, where after focus will be on the integration of the JET business into TFG Africa's operations.



OUR PERFORMANCE

TFG's vision, values and differentiating factors, combined with the four strategic pillars, are all inseparable elements of our value creation process.

CHIEF FINANCIAL OFFICER'S REPORT

BONGIWE NTULI

KEY MESSAGES

- **Market-leading turnover growth** to February 2020
- **COVID-19 impacted significantly** on the month of March 2020
- We continued to **gain ground in expense control/optimisation**
- **TFG Africa performance in line with expectation** in difficult trading conditions
- **TFG Australia performance above expectation**
- **TFG London performance at expectation** in a tough market
- **Strong free cash flow generation** of R2,3 billion, equal to 92,2% of net profit after tax (NPAT)
- We continued to invest for the future with **capital expenditure of R1,1 billion**, 69% of which is expansionary
- We continue to **focus on cost and liquidity management and scenario planning**

FINANCIAL PERFORMANCE YTD* MARCH 2020

3,6%
TURNOVER GROWTH
(February 2020: 5,5% | March 2019: 19,6%)

52,7%
GROSS MARGIN
(February 2020: 53,4% | March 2019: 53,6%)

24,1%
EBITDA MARGIN
(February 2020: 25,4% | March 2019: 25,0%)

13,3%
EBIT MARGIN
(February 2020: 14,9% | March 2019: 14,3%)

R2 717 m
HEADLINE EARNINGS
(March 2019: R2 745 m)

1 174,4 c
HEPS
(March 2019: 1 187,9 c)

FINANCIAL POSITION YTD* MARCH 2020

13,3%
ROCE
(March 2019: 15,1%)

106,4%
DEBT TO EQUITY RATIO
(February 2020: 112,8% | March 2019: 117,8%)

92,2%
FREE CASH FLOW TO NET PROFIT
(March 2019: 85,0%)

1,5
CURRENT RATIO
(February 2020: 1,5 | March 2019: 1,6)

1,99x
NET DEBT TO EBITDA
(February 2020: 1,98x | March 2019: 1,94x)

The above information is post-IFRS 16.
* *YTD: year to date.*

OVERVIEW

The financial year ended March 2020 continued to be a challenge for retail locally and internationally, although with strong Black Friday trade which continued through December, the Group was set for yet another strong result. At our nine-month trading update to December 2019, we reported 5,9% turnover growth, however, as the effects of the COVID-19 pandemic rippled through the globe, footfall started to decrease in large centres and we experienced a significant decline in demand as our customers responded to the calls for social distancing. During March 2020, government-enforced lockdowns were announced in South Africa and in the United Kingdom, with stores closing on 26 March 2020 and 23 March 2020 respectively. In Australia, our stores closed on 27 March 2020 in response to government restrictions and regulations on social distancing.

The Group, in response to the crisis, reacted in a swift and decisive manner and took a number of pre-emptive measures to protect our employees, our customers and the business. This includes the reduction of non-essential expenditure, managing working capital appropriately and enhancing our banking facilities.

REVIEW OF OUR PERFORMANCE DURING THE YEAR

INTRODUCTION OF NEW ACCOUNTING STANDARDS

The Group adopted IFRS 16 *Leases* for the first time for its financial year ended 31 March 2020. The amendments to the standard have been applied retrospectively, subject to transitional provisions, with comparative information restated accordingly. The primary effect of the application of the new standard at transition date (31 March 2018) has been to capitalise store leases of approximately R6,9 billion and to record a lease liability of R7,8 billion.

Read more about the impact of this change in accounting policy in note 38 of our annual financial statements.

OUR CONSOLIDATED PERFORMANCE

Turnover

After a strong 11-month performance to February 2020, retail turnover for the 12 months to March 2020 grew by 3,6% to R35,3 billion, with cash sales increasing by 5,9% and credit sales decreasing by 2,5%. The contribution of cash sales to Group turnover for the financial year ended March 2020 increased to 74% (March 2019: 72%), in line with the Group's strategy to curtail credit sales in the prevailing economic environment. Our acceptance rates deliberately reduced from c.55% (June 2018) to 37% in the current financial year.

Across the Group's three business segments (TFG Africa, TFG London and TFG Australia), turnover performance was strong relative to market conditions and peer groups. TFG Africa achieved turnover growth of 3,3% and comparable turnover growth of 1,5% (ZAR), while TFG Australia performed above expectation with turnover growth of 9,6% and comparable turnover growth of 2,8% (AUD). TFG London's turnover decreased by 4,5% (GBP), a performance that was expected in an already tough and uncertain market (Brexit impact) and performance was further worsened by the effects of COVID-19.

E-commerce growth in TFG Africa and TFG Australia continued to grow ahead of our expectations at 47,9% (ZAR) and 30,6% (AUD) respectively. Online turnover in TFG London decreased by 13,6% (GBP), mainly due to the poor performance of third party partner websites and further, the reduced demand of our product following lockdowns (UK and its International businesses). Online turnover for the Group now contributes 8,4% to total turnover.

Key facts on turnover drivers (in %):

GEOGRAPHY

	TFG Africa	TFG London	TFG Australia
YTD 12 MONTHS	+3,3	-4,5	+9,6
YTD 11 MONTHS	+4,8	-0,8	+13,0

TENDER

	Cash (Group)	Cash (TFG Africa)	Credit (Group and TFG Africa)
YTD 12 MONTHS	+5,9	+7,7	-2,5
YTD 11 MONTHS	+8,2	+9,5	-1,4

CHANNEL

	Stores	Online
YTD 12 MONTHS	+4,1	-1,9
YTD 11 MONTHS	+5,6	+4,4

MERCHANDISE CATEGORY

	Clothing	Cellular	Homeware and furniture	Jewellery	Cosmetics
YTD 12 MONTHS	+3,9	+1,6	+5,2	+2,7	-1,5
YTD 11 MONTHS	+6,0	+2,6	+6,0	+3,2	-0,1

Impact of COVID-19 on March turnover growths

Geographic turnover growth in local currencies, all other turnover growths in ZAR.

Gross margin

Gross margin for the Group contracted marginally to 52,7% from 53,6% in the prior year, with weak trade and additional stock provisioning in March being the main contributor to the movement. The increased provisions related to COVID-19 were taken at year end in anticipation of stock that will be sold under circumstances which require significant discounting.

Gross margin in the three business segments were as follows:

	March 2020	March 2019	
TFG Africa	**47,5%**	48,2%	Relatively stable margin
TFG London	**59,3%**	61,4%	Margin pressure
TFG Australia	**65,4%**	66,0%	Maintained margin

Quick response manufacturing continued to benefit the gross margin in TFG Africa with an increase of 57% in quick response units. Quick response now constitutes 73% of the total units manufactured by TFG Design and Manufacturing.

Read more about our local manufacturing and quick response capabilities in our Chief Executive Officer's report from page 50.

Trading expenses

The Group continued to improve expense control through targeted back office initiatives, including the successful delivery of some of the streams of its previously announced back office business optimisation program. This enabled the Group's trading expense margin to reduce to 44,8% from 45,3% at the previous year end.

In both TFG Africa and TFG London, continued focus on limiting expense growth yielded positive results, with TFG Africa's trading expenses increasing by only 1,9% (ZAR) while TFG London's trading expenses decreased by 5,5% (GBP) as a result of cost saving initiatives undertaken in response to a difficult retail environment. TFG Australia's trading expenses increased by 9,4% (AUD), in line with business expansion and store openings. As part of our COVID-19 mitigating actions, business optimisation projects in TFG Africa have been fast-tracked where practical to do so, in order to reduce the cost of doing business.

Earnings per share and dividends

Earnings per share and headline earnings per share decreased by 7,6% and 1,1% respectively with the impairment of the right-of-use assets being the main differentiator between the two numbers.

In light of the current subdued economic environment and the heightened levels of uncertainty posed by COVID-19, the Group decided that it would be prudent not to declare a final dividend for the year. Dividends will be resumed when appropriate to do so.

OUR CONSOLIDATED FINANCIAL POSITION

Working capital

The Group's focus on working capital continued during the year with the current ratio at March 2020 of 1,5x stable compared to 1,6x at the end of the previous financial year.

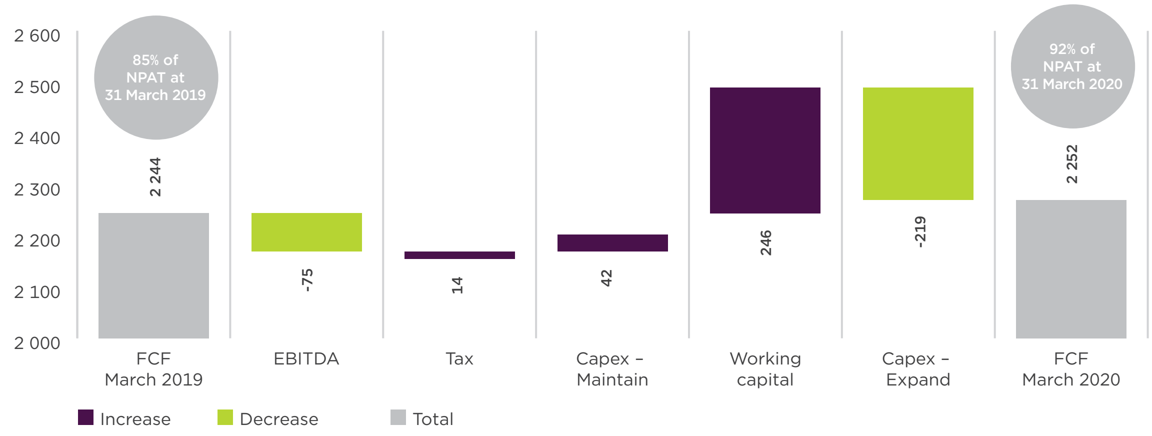
While the growth in inventory at year end of 9,8% was ahead of turnover growth, this was largely as a result of the impact of COVID-19 on trade during March 2020. Product price deflation in TFG Africa averaged approximately -0,6% at March 2020.

The retail net debtors' book of R7,8 billion increased by 4,3% since March 2019. The allowance for impairment as a percentage of the debtors' book increased to 20,4% (2019: 19,9%) due to a provision for the impact of COVID-19 on expected credit losses. A conservative credit appetite and restricted approval criteria will remain in place as a response to the Group's assessment of the negative economic climate and the current COVID-19 pandemic.

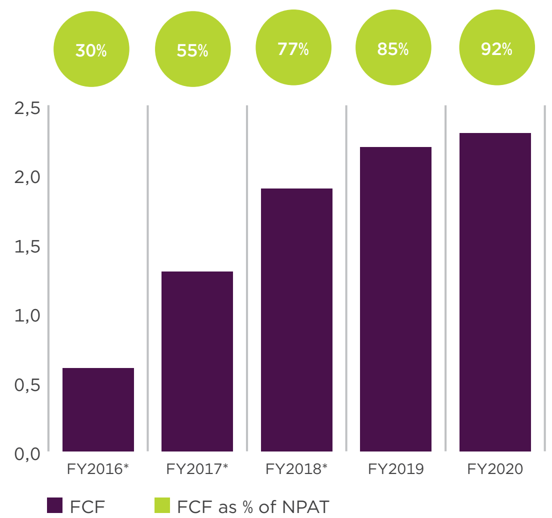
Free cash flow

The Group had continued to grow its free cash flow generation for the year of R2,3 billion, the equivalent of 92,2% of NPAT (March 2019: 85,0% of NPAT) conversion, which reflects TFG's ongoing focus on working capital management.

CASH MOVEMENT FROM FY2019 TO FY2020 (Rbn)



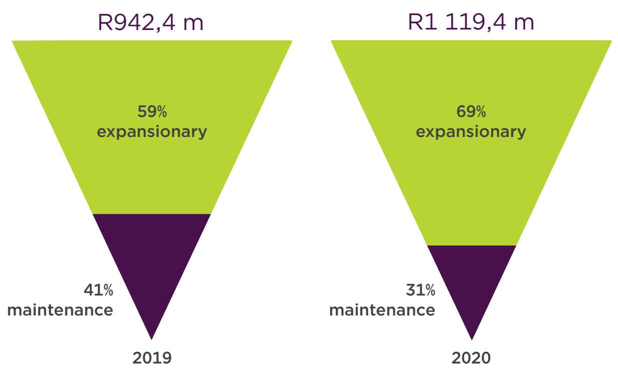
EVOLUTION OF FREE CASH FLOW (Rbn)



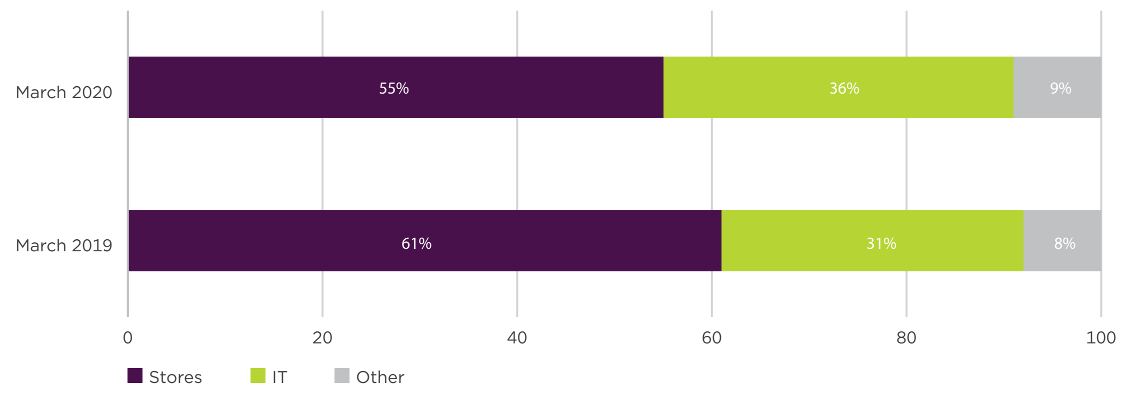
* FCF in FY2016 – FY2018 not restated for IFRS 9, 15 and 16.

Continued investment in the Group

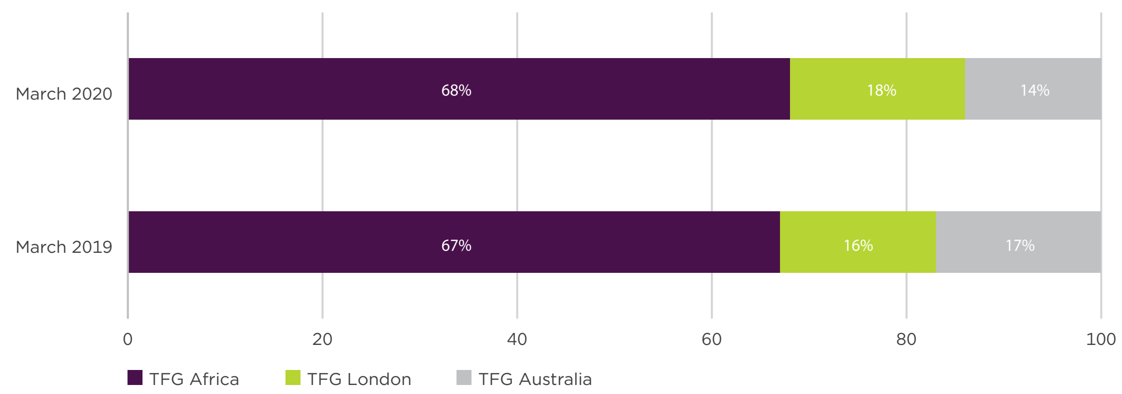
Capital expenditure (capex) of R1,1 billion was incurred during the year, with 69% spent on expansionary capex. During the year, there was an increased investment in digital technology, which was partly funded with reduced store capex.



CAPEX BY NATURE



CAPEX BY SEGMENT



TFG was already well invested in key strategic initiatives going into COVID-19 and although expansionary capital expenditure is being curtailed in the financial year ending March 2021, we will continue to prioritise investments which contribute to our successful e-commerce platforms and digital transformation initiatives that enhance customer experience, reduce the cost of doing business and increase our own local, quick response manufacturing capacity.

Gearing

At March 2020, the Group's debt to equity ratio (pre-IFRS 16) was 52,4%, down from 57,7% at March 2019.

As mentioned in our SENS announcement on 15 May 2020, TFG has secured additional committed facilities (now at R3,3 billion) over and above its existing funding lines, as well as the waiving of covenant testing in September 2020 and the resetting of covenants for March 2021 to net debt to EBITDA^ of not more than 3,5x (previously 2,5x) and EBITA to gross interest expense^ of not less than 1,0 (previously 3,2). At 31 March 2020, TFG met its banking covenants for all facilities.

Notwithstanding the above measures, we believe significant uncertainty and risk will continue in our core markets, especially the United Kingdom and Europe. The Supervisory Board and management believe it is prudent and necessary to reduce our financial indebtedness now. This will allow TFG to strengthen its relative position through the recovery and insulate the balance sheet against potential future shocks while at the same time positioning itself for future growth and opportunities.

^ *Pre-IFRS 16*

RIGHTS OFFER

For the reasons stated in the preceding paragraph, TFG implemented a fully underwritten, renounceable rights offer to raise gross proceeds of up to R3,95 billion.

The rights offer is underwritten by Rand Merchant Bank, a division of FirstRand Bank Limited, The Standard Bank of South Africa Limited and Absa Bank Limited, subject to customary terms and conditions.

The rights offer will consist of an offer of 94 270 486 renounceable rights to subscribe for new TFG ordinary shares in the ratio of 40 rights offer shares for every 100 TFG ordinary shares held by TFG shareholders (excluding certain shareholders as indicated in our SENS announcement on 16 July 2020), offered for a subscription price of R41,90 per rights offer share. This represents a discount of approximately 32,8% to the theoretical ex-rights price which was calculated using the prevailing 30-day volume-weighted average price and 40,6% to the prevailing 30-day volume-weighted average price of TFG shares as at 15 July 2020.

The salient dates of the rights offer were published on SENS on 14 July 2020.

OUTLOOK

While we continue to deal with the economic and health impact of COVID-19 on the countries within which we operate, the outlook for trading conditions continues to remain materially uncertain across all three of the Group's business segments. Notwithstanding that all three business segments are engaged with the recovery from COVID-19, the impact of the pandemic on the financial year ending March 2021 is expected to be significant across all territories especially the TFG London business where the ramp-up in demand for ladies formal/suiting and occasion wear is expected to take longer due to continued work-from-home arrangements resulting in customers focussing on loungewear and active wear. The extent of the impact is difficult to predict with accuracy. Any re-introduction of significant lockdowns, slower economic recovery than modelled and store closures across our three business segments would have a further material and negative impact on our business and results of operations in the financial year ending March 2021.

The Group will however continue to focus on 'self-help' measures and these, together with the rights offer, will ensure that TFG is well positioned for future growth, and to capitalise on the reopening of the economies across all our territories.

The focus on sustainable business optimisation, digital transformation and local manufacturing will continue. We are confident that our resilient business model and strategic investments will stand us in good stead for the future.

APPRECIATION

I sincerely would like to thank our Finance team, local and international, who worked remotely to close the financial year ended March 2020 and be ready to have the audit finished and results published within JSE timelines. Our TFG IT team, under the leadership of Brent Curry, also requires special recognition – they pulled us out of the building and set us up at home and we experienced no glitches as we burnt the midnight oil to finalise the results and audit for the year ended 31 March 2020. I also would like to thank Deloitte & Touche partner, Michael van Wyk, and his team locally and internationally, who also contributed to us meeting our deadlines.

As mentioned throughout our results presentation, liquidity became a key focus area for us in April and our local banks have been extraordinarily supportive, especially RMB (our key relationship), Standard Bank and ABSA – all three banks went out of their way to ensure we were well supported and interrogated our liquidity/scenario forecasts to a great extent to ensure our ask was robust enough.

Bongiwe Ntuli
Chief Financial Officer

11 August 2020

SUMMARY OF ANNUAL FINANCIAL STATEMENTS

The following summary consolidated financial statements have been extracted from the audited consolidated annual financial statements of the Group for the year ended 31 March 2020. A copy of the full audited consolidated annual financial statements and the unmodified auditor's report thereon is available on www.tfglimited.co.za.

Summary consolidated statement of financial position

As at 31 March

THE FOSCHINI GROUP LIMITED AND ITS SUBSIDIARIES

	2020 Rm	Restated* 2019 Rm	Restated* 2018 Rm
ASSETS			
Non-current assets			
Property, plant and equipment	**2 937,4**	2 820,0	2 861,9
Goodwill and intangible assets	**9 738,5**	8 590,1	7 667,2
Right-of-use assets	**7 499,3**	7 499,5	6 937,2
Deferred taxation assets	**1 228,2**	1 177,9	788,3
	21 403,4	20 087,5	18 254,6
Current assets			
Inventory	**8 431,1**	7 680,9	6 900,6
Trade receivables – retail	**7 762,4**	7 439,8	7 373,6
Other receivables and prepayments	**1 490,4**	1 147,6	821,8
Concession receivables	**62,7**	174,3	296,8
Cash and cash equivalents	**2 969,1**	1 111,0	1 206,1
Taxation receivable	**39,6**	–	–
	20 755,3	17 553,6	16 598,9
Total assets	**42 158,7**	37 641,1	34 853,5
EQUITY AND LIABILITIES			
Equity attributable to equity holders of The Foschini Group Limited	**15 942,6**	14 049,1	12 873,9
Non-controlling interest	**–**	–	4,5
Total equity	**15 942,6**	14 049,1	12 878,4
LIABILITIES			
Non-current liabilities			
Interest-bearing debt	**5 480,3**	6 017,4	4 825,7
Put option liability	**54,2**	81,0	72,7
Lease liabilities	**5 596,8**	5 611,4	5 207,8
Deferred taxation liabilities	**1 087,2**	933,7	829,4
Post-retirement defined benefit plan	**228,6**	233,8	215,8
	12 447,1	12 877,3	11 151,4
Current liabilities			
Interest-bearing debt	**5 849,2**	3 196,0	4 524,9
Trade and other payables	**4 786,4**	4 363,1	3 597,3
Lease liabilities	**3 001,0**	2 836,4	2 594,5
Taxation payable	**132,4**	319,2	107,0
	13 769,0	10 714,7	10 823,7
Total liabilities	**26 216,1**	23 592,0	21 975,1
Total equity and liabilities	**42 185,7**	37 641,1	34 853,5

* *Refer to note 38 of the annual financial statements for the impact of the IFRS 16 change in accounting policy.*

Summary consolidated income statement

For the years ended 31 March

THE FOSCHINI GROUP LIMITED AND ITS SUBSIDIARIES

	2020 Rm	Restated* 2019 Rm	% Change
Revenue	**38 476,5**	37 128,2	
Retail turnover	**35 323,3**	34 101,4	3,6
Cost of turnover	**(16 700,1)**	(15 820,8)	
Gross profit	**18 623,2**	18 280,6	
Interest income	**1 759,7**	1 764,0	
Other income	**1 393,5**	1 262,8	
Net bad debt	**(1 275,5)**	(992,8)	
Trading expenses	**(15 816,2)**	(15 432,0)	
Operating profit before finance costs	**4 684,7**	4 882,6	(4,1)
Finance costs	**(1 335,4)**	(1 304,5)	
Profit before tax	**3 349,3**	3 578,1	
Income tax expense	**(905,5)**	(937,8)	
Profit for the year	**2 443,8**	2 640,3	
Attributable to:			
Equity holders of The Foschini Group Limited	**2 443,8**	2 640,1	
Non-controlling interest	**–**	0,2	
Profit for the year	**2 443,8**	2 640,3	
Earnings per ordinary share (cents)			
Basic	**1 056,2**	1 142,5	(7,6)
Diluted (basic)	**1 050,6**	1 132,1	(7,2)

* *Refer to note 38 of the annual financial statements for the impact of the IFRS 16 change in accounting policy.*

Summary consolidated cash flow statement

For the years ended 31 March

THE FOSCHINI GROUP LIMITED AND ITS SUBSIDIARIES

	2020 Rm	Restated* 2019 Rm
Cash flows from operating activities		
Operating profit before working capital changes	**8 794,5**	8 767,3
Increase in working capital	**(542,1)**	(788,0)
Cash generated from operations	**8 252,4**	7 979,3
Interest income	**24,4**	15,7
Finance costs	**(1 335,4)**	(1 304,5)
Taxation paid	**(1 148,0)**	(947,1)
Dividends paid	**(1 839,3)**	(1 756,1)
Net cash inflows from operating activities	**3 954,1**	3 987,3
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	**(1 119,4)**	(942,4)
Proceeds from sale of property, plant and equipment and intangible assets	**18,5**	32,3
Proceeds from disposal of businesses	**–**	41,7
Net cash outflows from investing activities	**(1 100,9)**	(868,4)
Cash flows from financing activities		
Shares purchased in terms of share incentive schemes	**(242,9)**	(274,3)
Proceeds from sale of shares in terms of share incentive schemes	**191,0**	46,7
Increase (decrease) in interest-bearing debt	**1 948,3**	(319,2)
Lease liability payments	**(2 997,9)**	(2 747,0)
Net cash outflows from financing activities	**(1 101,5)**	(3 293,8)
Net increase (decrease) in cash and cash equivalents during the year	**1 751,7**	(174,9)
Cash and cash equivalents at the beginning of the year	**1 111,0**	1 206,1
Cash held in non-controlling interest	**–**	(6,4)
Effect of exchange rate fluctuations on cash held	**106,4**	86,2
Cash and cash equivalents at the end of the year	**2 969,1**	1 111,0

* *Refer to note 38 of the annual financial statements for the impact of the IFRS 16 change in accounting policy.*

SEGMENTAL PERFORMANCE REVIEW

TFG AFRICA

SALIENT FEATURES

+3,3%
Retail turnover of R22,5 bn

47,5%
Gross margin

-1,2%
EBITDA* of R6,3 bn

27,9%
EBITDA margin

2 577
Outlets

* *Post-IFRS 16 EBITDA.*

OPERATING CONTEXT

- Tough trading conditions continued during the year in South Africa and consumer confidence remained under pressure. Increased unemployment contributed to this pressure.
- The loss of South Africa's last remaining investment-grade credit rating in March added pressure on the Rand, which continued to depreciate against most major currencies.
- Business confidence at the end of the first quarter of 2020 was at a 21-year low of 18, largely attributed to load shedding, bailouts of struggling SOEs, the deterioration in the government's finances and the spreading of COVID-19 around the world.#
- In the rest of Africa, most of the countries we operate in continue to experience economic woes. During the year, the Group closed our stores in Ghana when the leases came to an end. The decision was taken to not renew the leases due to the amendment to the Ghana Value Added Tax Act, which occurred in 2017, when the standard rated scheme was replaced with a flat rate scheme for all retailers. Following the change, retailers did not qualify for any input tax deductions. In the long term, this made it impossible to trade profitably in a country where all merchandise is imported.

\# *Source: BER.*

PERFORMANCE OVERVIEW

- TFG Africa delivered a strong performance in a tough environment with growth in all its merchandise categories except for cosmetics, which continues to trade in a market characterised by significant discounting.

	TFG Africa % change	TFG Africa % same store growth	TFG Africa contribution % to turnover
Clothing	3,9	1,9	72,4
Homeware and furniture	5,2	2,8	7,3
Cosmetics	(1,5)	(2,3)	4,8
Jewellery	0,2	(0,1)	6,8
Cellphones	1,6	1,0	8,7
Total turnover	**3,3**	**1,5**	**100,0**

- Cash turnover grew by 7,7% for the year, and now contributes 59,1% to total TFG Africa turnover, up from 56,7% at March 2019.
- Collection cost recovery and service fees for the year grew strongly at 31,3% to R640,2 million compared to the prior year value of R487,6 million. The main driver for this growth is the increase in new accounts during the financial year ended March 2019.
- As a result of the focused business optimisation programme, trading expenses for the year grew by only 1,9%. This contributed to the EBITDA margin only decreasing by 1,2% to 27,9% from 29,1% at March 2019, despite the significant impact of COVID-19 on trade during the last month of the financial year.

Cash vs credit split

PERFORMANCE OVERVIEW (continued)

- Net bad debt for the year increased by 28,5% to R1 275,5 million while net bad debt as a percentage of the debtors' book increased to 13,1% from 10,7% in the prior year. The significant account growth in the prior year was the main driver for this increase as accounts typically reach peak charge-off 18 months after being opened.
- We continued evaluating our portfolio of brands within TFG Africa. This included assessing return on capital, future market size and scalability versus the amount of time required to maintain or grow the business. As an outcome of this process, we decided to wind down Mat & May during the year.

OUTLOOK

- The extent of the impact of COVID-19 on the financial year ending March 2021 is difficult to predict with accuracy.
- About 80% of our stores reopened from 1 May 2020, and all stores adhere to strict COVID-19 safety protocols. Performance was strong in May and TFG Africa achieved turnover growth of 0,6%, notwithstanding 447 jewellery stores still being closed during the month due to the prevailing lockdown restrictions. From 1 June 2020 all of our stores reopened.
- Our focus on digital transformation and business optimisation will remain a key focus area.

TFG LONDON

SALIENT FEATURES

-4,5%
Retail turnover of £390 m

59,3%
Gross margin

-18,4%
EBITDA* of £44,3 m

11,3%
EBITDA margin

972
Outlets

* *Post-IFRS 16 EBITDA.*

OPERATING CONTEXT

- The United Kingdom has now left the European Union and is operating through a transition period until the end of 2020.
- The terms of future trading are in negotiation and the government is expecting to conclude by the end of October.
- Ongoing failures of high-profile retailers continued which added to market volatility.

PERFORMANCE OVERVIEW

- The TFG London brands entered the COVID-19 crisis in strong financial health with 11-month turnover holding firm on the prior year and the gross margin shortfall mitigated within the cost base particularly through an increased proportion of negotiated turnover-based and sound cost control initiatives.
- However, the steady progress of COVID-19 through the markets caused an unprecedented drop in turnover in March resulting in turnover for the year of £390 million, a decrease of 4,5%.
- The impact of the sales shortfall on stock ageing and expected stock obsolescence resulted in a decrease in gross margin to 59,3% from 61,4% at the previous year end.
- At EBITDA level, strong cost control ensured that TFG London entered the final month of the financial year within 2% of prior year figures. The one month of turnover shortfall, coupled with increased margin adjustments and a continuing cost base drove a monthly loss that resulted in the year ending on a decrease in EBITDA of 18,4% to £44,3 million.

OUTLOOK

- The initial impact of COVID-19 was significant on the wider sector in which the Group trades. Liquidation and company voluntary arrangement (CVA) processes have been reported by a broad range of peers.
- TFG London, however, entered this crisis with a strong brand portfolio, a strong online presence (both direct and through third parties), limited operational leverage compared to our peer group and a strong local balance sheet and cash holdings.
- Despite these strengths, the initial impact of the crisis has been severe with the store estate closed across our brand portfolio, and our brands' strong focus on workwear and occasionwear in contrast to a consumer currently focused on loungewear, activewear and non-fashion.
- However, to date, our detailed reforecasts on turnover, stock and liquidity have been met as trade on our web channels has gradually rebuilt and international markets have gradually reopened, followed by the United Kingdom stores opening on 15 June 2020.
- While the path to recovery is uncertain at this point, the following key factors are however in our favour:
  - A strong online and multi-channel offering
  - Diverse international presence across Europe, Asia and the Americas
  - Short store leases with increasing flexibility
  - Lower operational leverage versus peers
  - A resilient core consumer
  - A supportive local government
  - A supportive group of key stakeholders, including our suppliers, lenders and senior team

TFG AUSTRALIA

SALIENT FEATURES

+9,6%
Retail turnover of A$542 m

65,4%
Gross margin

+15,0%
EBITDA* of A$138,7 m

25,6%
EBITDA margin

534
Outlets

* *Post-IFRS 16 EBITDA.*

OPERATING CONTEXT

- Australia is going into a COVID-19 driven recession, with GDP expected to contract in the second quarter of 2020, after shrinking 0,3% in the first quarter of the year.
- Annual inflation rose to 2,2% in Q1 of 2020 from 1,8% in Q4, above expectations. It was the highest rate since Q3 2014 and was impacted by drought, bushfires and the early effects of COVID-19.
- The business confidence index rose to -46 in April 2020 from a record low of -65 in March with forecasts predicting -12 in 12 months' time.
- The level of unemployment increased in April to 6,2% (highest rate since September 15) from 5,2% in March. Market expectations were 8,3% and predictions are at 10% by the end of June 2020. The government hopes assistance packages and easing of restrictions will prevent a surge in unemployment.
- The consumer sentiment index rebounded in May but remains weak, reversing most of the large fall in April after the federal government announced a three-stage plan to ease restrictions with state governments following.

Source: Reserve Bank of Australia, Westpac-Melbourne Institute, National Australia Bank, Tradingeconomics.com

PERFORMANCE OVERVIEW

- TFG Australia delivered another strong performance for the year and while March was tough with the impact of COVID-19, the segment still delivered its best performance ever.
- Turnover growth of 9,6% was achieved for the year, while a rolling 12-month turnover growth at the end of February was up 11,9% compared to the previous year. Like-for-like turnover growth for the year was 2,8% (stores only) and 4,1% (including online), down from 7,1% like-for-like turnover growth at the end of February, illustrating the severe impact of COVID-19 during March.
- EBITDA grew 15,0% compared to the prior year, with expense growth in line with expansion, and it is pleasing to note that growth on this line was ahead of turnover growth for the year.
- Six American Swiss test stores were closed during March 2020.
- Growth through expansion of existing brands in Australia and New Zealand continues with a net increase of 51 outlets during the financial year. At year end, the segment traded out of 509 stores and 25 concessions with Myer department stores.

FUTURE FOCUS AREAS

- All TFG Australia outlets were open and able to trade by 25 May 2020. Turnover is tracking above expectation and in line with revised forecasts.
- Online turnover has grown exponentially and investment in this channel and in digital transformation will continue.
- Relationships with our bankers and key merchandise suppliers are strong and we will continue to maintain the strength of these relationships.
- We will continue to expand our store base across our brand portfolio.

HOW WE GOVERN TFG

TFG remains committed to the highest standards of corporate governance that add value to the business

CORPORATE GOVERNANCE REPORT

TFG's Supervisory Board is committed to the highest standards of corporate governance and supports the outcomes and principles set out in King IV and the JSE Limited Listings Requirements.

THE SUPERVISORY BOARD IS COMMITTED TO EXERCISING ETHICAL AND EFFECTIVE LEADERSHIP TOWARDS THE ACHIEVEMENT OF THE FOLLOWING GOVERNANCE OUTCOMES, AS STATED IN KING IV:

ETHICAL CULTURE

TFG maintains an enjoyable, ethical and values-based workplace. We also create opportunities for our employees to develop and grow in a respectful, collaborative, high-performing, career-orientated environment.

The TFG code of good ethical conduct guides how we do business, maintain a workplace free from discrimination and ensure fair and ethical practices for all employees. The code also guides how TFG interacts with external stakeholders and broader society.

Management is responsible for implementing and executing the code of good ethical conduct. The Supervisory Board, with the assistance of the Social and Ethics Committee, exercises ongoing oversight of the management of ethics and monitors TFG's activities with regard to ethics to ensure it is integrated in the operations of the company. The code of good ethical conduct is included on TFG's intranet and referenced in supplier and employee contracts.

In addition to the above, we continued to invest in measures to monitor organisational ethics and minimise the number of incidents during the year.

The Group has a zero-tolerance approach to fraud, corruption and other forms of crime or dishonesty. A whistle-blowing facility has been in place since February 1998. Whistle-blowing is encouraged through the outsourced Deloitte & Touche tip-off anonymous line, which is promoted among employees and suppliers. Reports are submitted to the Group Forensics department for investigation.

- 202 (reports received in 2018)
- 232 (reports received in 2019)
- 251 (reports received in 2020)

Feedback on material matters received via the tip-off line is reviewed by the Audit Committee to ensure appropriate follow-up and remedial action is taken. Significant issues, including fraud, are reported to the Supervisory Board. No significant issues were recorded during the year.

GOOD PERFORMANCE

TFG's vision, values and differentiating factors, combined with the four strategic pillars, material risks and opportunities, business model and sustainability strategy, are all inseparable elements of our value creation process.

During the year, the Supervisory Board approved the strategy formulated by the Operating Board and reviewed and approved the policies and operational plans developed by the Operating Board to give effect to the approved strategy.

Read more about this process on page 56.

Importantly, the Supervisory Board engaged with the Operating Board to assess TFG's performance and ensure alignment between the Group's strategy, performance and remuneration to achieve long-term sustainable growth and the enhancement of shared value for all stakeholders.

EFFECTIVE CONTROL

The Group's governing structures (set out on page 90) assist TFG in setting the direction for how the relationships and exercise of power within the Group should be approached and conducted.

A formal Board evaluation process is followed every two years to evaluate the performance of the Supervisory Board, its committees, its chair and its individual members.

Read more about the Board evaluation process followed in 2020 on page 96.

The Supervisory Board remains ultimately responsible for overseeing compliance, technology and information governance, internal control functions, combined assurance and risk management. Duties in this regard are assigned and delegated by the Supervisory Board to the Audit and Risk Committees. An overview of these duties follows later in this report.

LEGITIMACY

The Social and Ethics Committee is responsible for assisting the Supervisory Board with monitoring, reporting and discharging TFG's social, ethical, transformational and sustainability practices consistent with good corporate citizenship. Our stakeholder engagement programme enables us to understand and be responsive to the interests and expectations of all stakeholders.

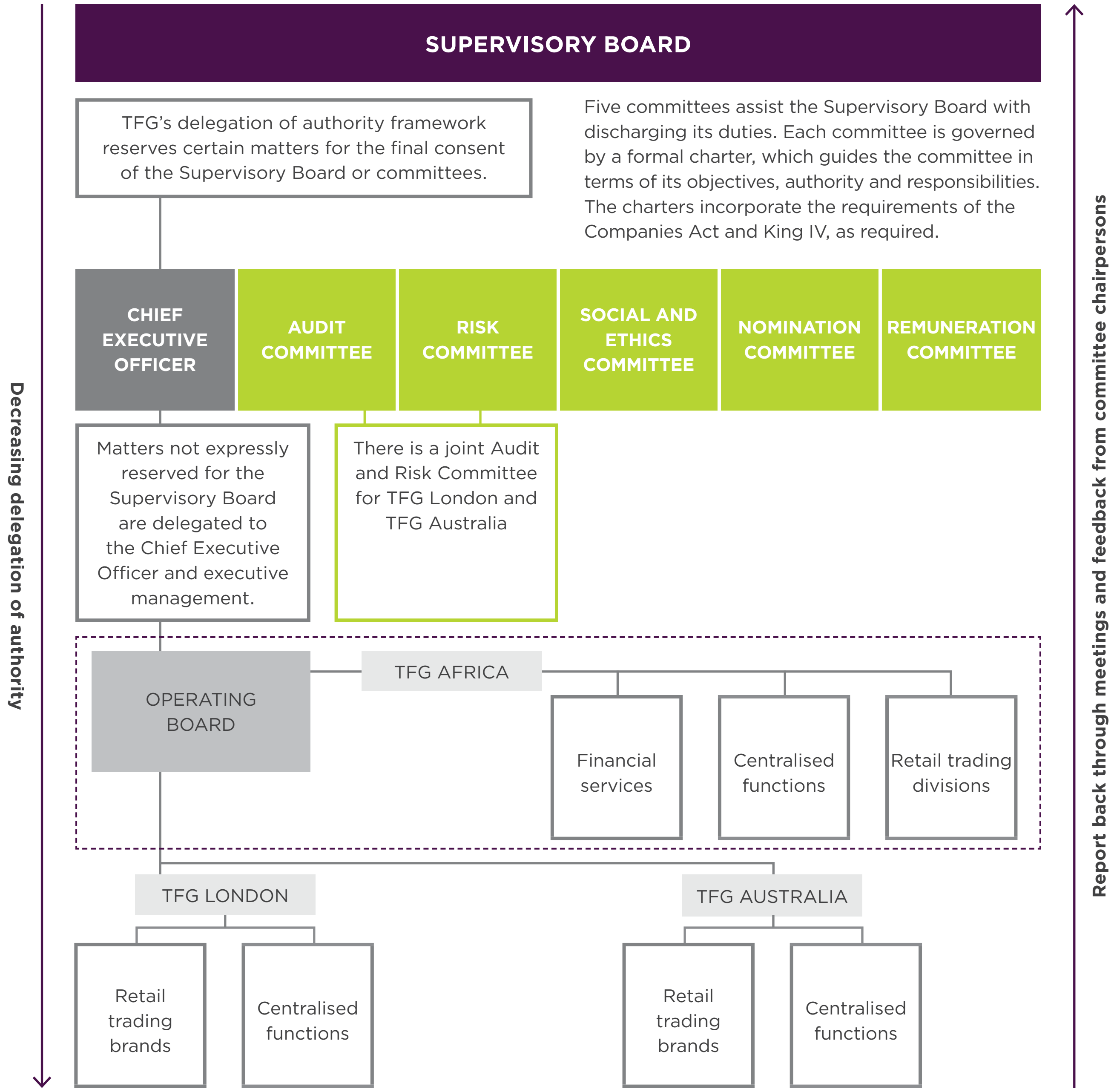
This report, supplemented by our sustainability overview report, details our approach to managing material sustainability challenges. These include governance, ethics, human rights, addressing climate change and promoting effective utilisation of energy, water and other environmental resources to ensure an effective contribution to a sustainable future.

TRANSPARENCY, OPENNESS AND ACCOUNTABILITY REMAIN THE KEY PRINCIPLES ON WHICH ALL TFG'S BUSINESS ACTIVITIES ARE CONDUCTED. THIS IS IN ACCORDANCE WITH THE GROUP'S VALUES OF TRUST AND MUTUAL RESPECT.

Our King IV application register is available on our website and demonstrates how we are applying specific governance structures, processes and practices to achieve the 16 King IV principles and, as a result, the desired governance outcomes.

GOVERNING STRUCTURES AND DELEGATION

A Group governance framework assists in setting the direction for how the relationships and exercise of power within the Group should be approached and conducted.



The scope and functioning of the Supervisory Board and its committees are governed by charters. These charters are regularly reviewed and updated. They outline the relevant authority, responsibilities, powers, composition and functioning of the Supervisory Board and its committees.

All committees are chaired by an independent non-executive director.

An *ad hoc* Finance Committee, comprising both non-executive and executive directors and chaired by G H Davin, is tasked from time to time to assist the Supervisory Board in several areas. This includes making dividend recommendations to the Supervisory Board, implementing and monitoring treasury and liquidity KPIs and specifically considering and investigating all potential acquisition opportunities and their funding.

The Operating Board is responsible for day-to-day management and operations

Read more about the role and responsibilities of the Operating Board on page 43.

There is a clear distinction drawn between the roles of the Chief Executive Officer and the Chairman and these positions are occupied by separate individuals. The Chairman is considered independent.

The Supervisory Board is satisfied that the delegation of authority framework contributed to role clarity and the effective exercise of authority.

HOW THE SUPERVISORY BOARD SPENT ITS TIME

The Supervisory Board typically meets five times per year in Cape Town.

Proceedings at meetings are directed by way of an agenda. → The proposed agenda is circulated in advance to give Supervisory Board members the opportunity to request additional agenda items. → A comprehensive Board pack is distributed prior to meetings to ensure members are properly informed and able to engage in meaningful discussions and effectively discharge their duties.

Minutes of all committee meetings are included in the Supervisory Board packs and directors can raise concerns or questions arising from these minutes.

During the 2020 financial year, the Supervisory Board undertook several discussions and debates related to the execution of TFG's strategy, the effectiveness of the Group's governance structures and the factors underpinning performance.

The Supervisory Board *inter alia*:

- considered the impact of COVID-19 on the business and the appropriate response measures;
- approved projections and results;
- approved dividends;
- considered compliance and governance matters (including amendments to the JSE Limited Listings Requirements and the application of King IV);
- approved the King IV application register;
- considered the independence of non-executive directors;
- approved the appointment of A D Murray and C Coleman as non-executive and independent non-executive director respectively;
- considered report-backs on the governance structures for TFG London and TFG Australia;
- reviewed and updated the Board charter;
- reviewed strategy at various levels;
- focused on current performance;
- considered report-backs from Supervisory Board committees;
- discussed emerging retail trends and TFG's digital transformation initiatives; and
- approved the policy on the promotion of broader diversity at Supervisory Board level.

The Supervisory Board is satisfied that it has fulfilled its responsibilities in accordance with its charter for the 2020 financial year. Further, the directors confirm that the committees functioned in accordance with their written terms of reference as contained in their charters during the financial year.

SUPERVISORY BOARD AND COMMITTEE ATTENDANCE

The attendance of the directors at Supervisory Board and committee meetings for the financial year was as follows:

	Supervisory Board	Remuneration Committee	Risk Committee	Audit Committee	Nomination Committee	Social and Ethics Committee
Number of meetings	5	4	4	3	2	2
Prof. F Abrahams	5	4		3		2
S E Abrahams	5		4#	3	2	
C Coleman	1***					
G H Davin	5			2#		
D Friedland	5	4	4	3		
M Lewis	5	4	4#	3#	2	
B L M Makgabo-Fiskerstrand	4*		3*	3		2
A D Murray	3**		2**	2#		
B Ntuli	5		4	3#		2#
E Oblowitz	5	4	4	3		
N V Simamane	4*		3*	3		2
R Stein	5		4	3#	2	
A E Thunström	5	4#	4	3#	2#	2

Invitee.
* *Absent with apology.*
** *Appointed 1 October 2019 and attended all the relevant meetings from this date.*
*** *Appointed 22 January 2020 and attended all the relevant meetings from this date.*

The Supervisory Board considers the allocation of roles and responsibilities and the composition of membership across committees holistically, to achieve the following:

- Effective collaboration through cross-membership between committees, coordinated timing of meetings, and the avoidance of duplication or fragmented functioning so far as possible
- Where more than one committee has jurisdiction to deal with a similar matter, the specific role and positioning of each committee in relation to such a matter is defined to ensure complementary rather than competing approaches
- There is a balanced distribution of power in respect of membership across committees so that no individual has the ability to dominate decision-making, and no undue reliance is placed on any individual

SUPERVISORY BOARD COMPOSITION, EXPERTISE AND DIVERSITY

The Supervisory Board mainly comprises non-executive directors, with the majority being independent.

Read more about how we evaluate the independence of our directors on page 96.

2 Executive directors
Chief Executive Officer and Chief Financial Officer

10 Independent non-executive directors

1 Non-executive director

All directors exercise unfettered discretion in fulfilling their duties and there exists a balance of power and authority among the members of the Supervisory Board.

TFG has adopted a policy on the promotion of broader diversity at Supervisory Board level.

4 Female **9** Male

4 Black **9** White

GENDER DIVERSITY (% FEMALE)

RACE DIVERSITY (% BLACK)

Diversity is important to provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship and management of TFG.

TENURE OF THE BOARD OF DIRECTORS

4 1 – 4 YEARS

3 5 – 8 YEARS

6 9 YEARS OR MORE

Of the ten independent non-executive directors, six have served a term in excess of nine years. The Supervisory Board reviewed the independence of Mr S E Abrahams, Mr M Lewis, Prof. F Abrahams, Ms N V Simamane, Mr E Oblowitz and Mr R Stein and after due consideration (during the relevant meeting the aforementioned directors recused themselves) concluded that the length of their association with the Group does not impair their independence.

The Nomination Committee recommends re-election by shareholders after due consideration is given to the director's attendance at meetings and his/her performance.

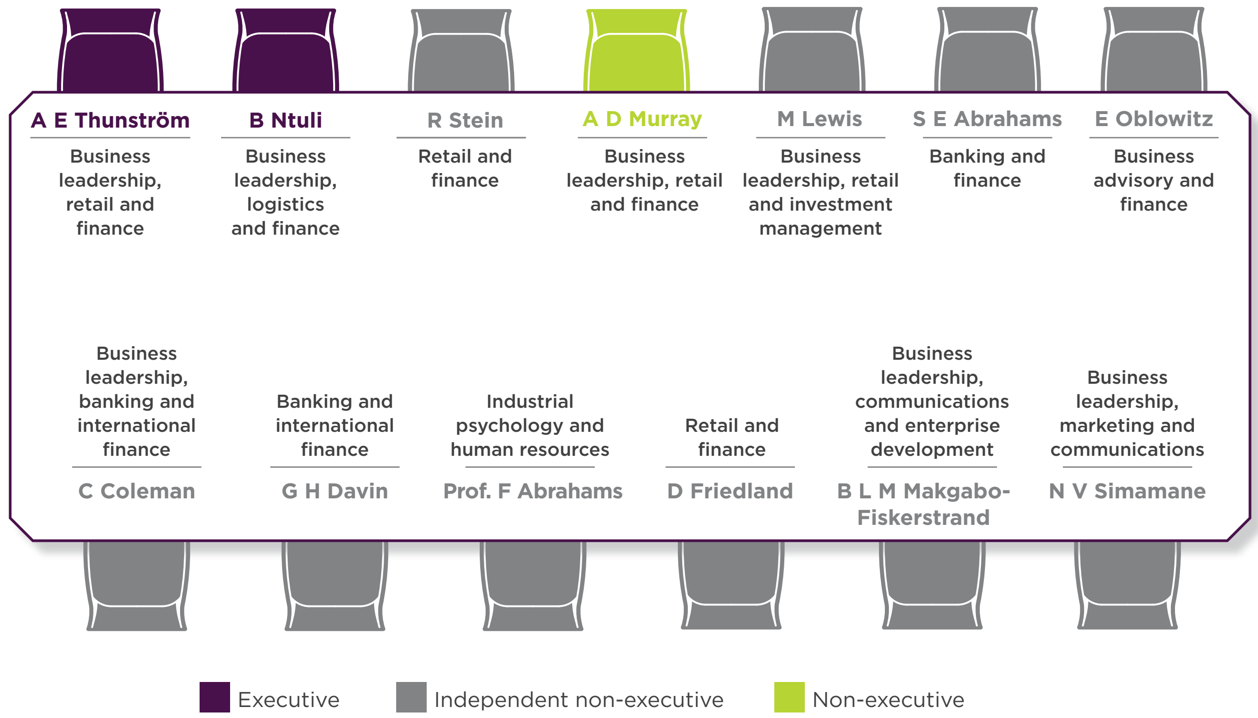
Each year, one third of the existing non-executive directors are subject to retirement by rotation. This is in line with the memorandum of incorporation.

The following Supervisory Board members will stand for re-election at the 2020 AGM:

R Stein
N V Simamane
D Friedland
G H Davin

A truly diverse board will include and make good use of different skills, regional and industry expertise/knowledge, experience, age, culture, background, race, gender and other distinctions between directors.

The Supervisory Board is satisfied that its composition reflects the appropriate mix of knowledge, skills, experience, diversity and independence, as illustrated below:



TFG's ongoing focus on its strategic objectives is supported by the Supervisory Board's commitment to oversee the execution of these strategies.

This oversight depends on the directors' collective ability to stay ahead of new and changing uncertainties, risks and opportunities facing TFG over time. It is thus important that the Supervisory Board assess any gaps in its collective experience and upskill directors accordingly to ensure decision-making is properly informed. This further ensures that our approach to succession planning, director renewal, training and development and committee composition is relevant and resilient to TFG's changing risk environment.

In addition, a formal induction programme for new non-executive directors is in place to maximise their understanding of the Group and enable them to provide input and make well-informed decisions as quickly as possible. All non-executive directors are exposed to the key aspects of the Group on a regular basis and are invited to proactively participate in this process. Directors have unrestricted access to the Company Secretary and all company records, as well as to independent professional advice at the company's expense in appropriate circumstances.

INDEPENDENCE AND PERFORMANCE EVALUATION

As recommended by King IV, the Supervisory Board categorises non-executive directors as independent if it concludes there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making in the best interests of TFG. The Supervisory Board considers King IV and other indicators holistically and on a substance-over-form basis when performing this assessment and is aided by an annual independence questionnaire completed by each non-executive director.

On this basis, ten of the eleven non-executive directors are categorised as independent and one, A D Murray, is not considered to be independent.

G H Davin has been appointed as the Lead Independent Non-Executive Director with effect from 1 August 2020.

The Lead Independent Director performs specific duties primarily aimed at strengthening the Chair of the Board of Directors in line with the recommendations contained in King IV. These duties include *inter alia* overseeing the evaluation of the Chair, being a sounding board for the Chair, being an avenue of communication for the other directors on any issues relating to the Chair, and chairing discussions and decision making where the Chair has a conflict of interest.

Non-executive directors have no fixed terms and the performance of all directors is subject to an evaluation process. This formal Board evaluation process is followed every two years as recommended by King IV, and includes the following steps:

1. Comprehensive questionnaires are sent to all Supervisory Board members to evaluate the performance of the Supervisory Board, its committees, its chair and its individual members.
2. The results are collated and passed on to the Chairman.
3. The Chairman conducts a one-on-one interview session with each director to discuss his/her feedback and any areas of concern.
4. The Chairman provides feedback to the Supervisory Board on any actions arising from the evaluation process.
5. The outcomes of the actions are evaluated to ensure improvements were achieved.

This formal process was last followed in 2019 and will be repeated in 2021. During the 2020 financial year, as recommended by King IV, the Chairman conducted an informal one-on-one interview session with each director to create an opportunity for consideration, reflection and discussion of the Supervisory Board's performance. No significant results or remedial actions were identified in this process.

The Supervisory Board is satisfied that the evaluation process is improving its performance and effectiveness.

DIRECTOR APPOINTMENT

Potential non-executive directors go through a thorough interview process until a suitable candidate is appointed. The process is contained in a policy that details the appointment procedure and ensures that appointments are a matter for the Supervisory Board, assisted by the Nomination Committee. Newly-appointed directors hold office until the next shareholders' meeting, at which time their appointment is confirmed and they stand for re-election.

CHANGES TO THE SUPERVISORY BOARD AND COMMITTEES

As was announced on the Stock Exchange News Service (SENS) on 1 October 2019, Mr A D Murray, the former Chief Executive Officer of the Group, was appointed as a non-executive director of the Group with effect from 1 October 2019. Mr Murray was appointed to the Risk Committee and as an invitee to the Group's Audit Committee. Mr Murray will also service on the Group's UK and Australian subsidiaries' Boards and committees.

As was announced on SENS on 22 January 2020, Mr C Coleman was appointed as an independent non-executive director of the Group with effect from 22 January 2020.

These appointments were ratified at the extraordinary general meeting of shareholders held on 16 July 2020.

As was announced on SENS on 29 July 2020, Mr G H Davin, previously an independent non-executive director, has been appointed as the Lead Independent Non-Executive Director with effect from 1 August 2020.

Mr R Stein, previously categorised as a non-executive director, has been classified as an independent non-executive director with effect from 29 July 2020.

The following changes to the various Board Committees have been made with effect from 1 August 2020 and are a result of an ongoing review process, by the Nomination Committee, with regards to the composition of the Board and Board Committees as well as the need for succession planning and renewal, and aims to align the company with Corporate Governance requirements.

AUDIT COMMITTEE

- Mr S E Abrahams will step down as chairman and member of the Audit Committee
- Mr E Oblowitz will be appointed as chairman of the Audit Committee
- Prof. F Abrahams will step down as a member of the Audit Committee
- Mr R Stein will be appointed as a member of the Audit Committee

RISK COMMITTEE

- Mr E Oblowitz will step down as chairman of the Risk Committee and will remain a member
- Mr R Stein will be appointed as chairman of the Risk Committee
- Prof. F Abrahams will be appointed as a member of the Risk Committee

NOMINATION COMMITTEE

- Mr S E Abrahams will step down as a member of the Nomination Committee
- Mr G H Davin and Prof. F Abrahams will be appointed as members of the Nomination Committee

COMPANY SECRETARY

The Company Secretary, D van Rooyen, is accountable to the Supervisory Board, and all directors have access to his professional corporate governance advice and services. He has unfettered access to the Supervisory Board, but at the same time maintains an arm's length relationship with it and is not a director of the company. The Company Secretary is independent and functionally reports to the Supervisory Board on company secretarial matters. The Company Secretary's duties include but are not limited to those listed in section 88 of the Companies Act of South Africa.

Every two years, as part of the Supervisory Board formal evaluation process, the directors assess whether the Company Secretary has fulfilled the required obligations and duties. The assessment questionnaire also gives directors the opportunity to not only evaluate the Company Secretary, but to raise any concerns they may have.

Following this assessment in 2019, the Supervisory Board believes the Company Secretary is an objective, suitably qualified, competent and experienced individual able to provide the Supervisory Board with the requisite support for its effective and efficient functioning and discharge of its duties as prescribed by the Companies Act of South Africa, King IV and the JSE Limited Listings Requirements. The Supervisory Board further believes that the office of the Company Secretary is empowered and that the position carries the necessary authority.

REMUNERATION AND SHAREHOLDING

The remuneration paid to directors during the current year as well as details of direct and indirect shareholdings are disclosed in the Remuneration Committee report which appears later in this report. Information regarding their participation in share incentive schemes (which is limited to executive directors) is also disclosed.

DEALING IN SHARES

The Supervisory Board complies with the Listings Requirements of the JSE Limited in relation to restrictions on directors and employees trading with TFG shares during closed periods. Restrictions may also be placed on share dealings at other times if TFG is involved in corporate activity or sensitive negotiations.

There is a process in place in terms of the Listings Requirements of the JSE Limited for directors to obtain prior clearance before dealing in TFG shares. All transactions are conducted at the ruling market price on the JSE. Details of directors' share dealings are disclosed on SENS.

DIRECTORS' INTERESTS IN CONTRACTS

In addition to a formal annual disclosure process, directors are required to make ongoing disclosures of any interests in contracts. During the year under review, the directors had no interest in contracts as contemplated in the Companies Act of South Africa.

COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

Responsibility for the implementation and execution of effective compliance management is delegated to management. The Supervisory Board retains ultimate responsibility for compliance with applicable laws, adopted non-binding rules, codes and standards. The constantly changing regulatory landscape is carefully monitored to ensure that key regulatory changes are identified by jurisdiction, impact on the business is determined and appropriate business response plans are developed to ensure compliance.

The Foschini Group Limited (the company) is in compliance with the Companies Act of South Africa and other relevant laws of establishment, specifically relating to its incorporation. Further, the company is operating in conformity with its memorandum of incorporation.

Read more about how we identify risks and respond to the risk of non-compliance in our Risk Committee report from page 111.

AUDIT COMMITTEE REPORT

The Audit Committee is pleased to present its report for the financial year ended 31 March 2020 to the shareholders of TFG. This report complies with the Companies Act of South Africa and King IV.

- Meeting attendance for the committee is set out on page 92. All members of the committee continue to meet the independence requirements of the Companies Act of South Africa and King IV.
- Each member's qualifications and experience are set out in the profiles on pages 38 to 40.
- Details of fees paid to committee members appear in note 32 of the consolidated annual financial statements.

INTRODUCTION

Undoubtedly, the COVID-19 pandemic which manifested itself in sizeable proportions towards the end of the financial year has had, and is likely to continue to have for many months to come, many challenges to most countries from a financial risk standpoint.

Retail operations, which in several global locations were already under duress pre the pandemic, now face the conundrum of, *inter alia*, operating under government policies which appear to be applied on a country by country basis and the objective of providing in-store customers with a pleasurable shopping experience despite adhering to social distancing regulations, and wearing of protective equipment.

From a TFG point of view for at least eleven months of the year under review, access to funding facilities, operating results and planning for future trading were a "business as usual" scenario and the expectation of a trouble-free year end was not in doubt.

The only matters of concern at this stage were the indications that in South Africa the collection of receivables was becoming problematic and in the United Kingdom department stores and other well-known franchises had either gone into administration or were in serious financial stress.

The Audit Committee has engaged regularly during the past few months with executive management, the Head of Group Risk, the Group Chairman and others in all our operating jurisdictions to assess the business financial risks TFG faces in the current uncertain economic environment.

I record the Audit Committee's sincere thanks to all who, despite the pressures they were dealing with facing multi-faceted challenges, have responded timeously to questions raised.

Further, during the past few months, the Audit Committee has been able to access the Group's *ad hoc* Finance Committee, comprising experienced Board members, to gain further insights into future funding proposals.

It must be recorded that at this exceptional period in the history of TFG, the Group is particularly fortunate to be able to call upon the services of several experienced retail experts and financiers.

COMMITTEE MANDATE AND FUNCTIONING

The committee is governed by a formal Audit Committee charter that is reviewed regularly and incorporates all the requirements of the Companies Act of South Africa. This charter guides the committee in terms of its objectives, authority and responsibilities, both statutory and those assigned by the Supervisory Board. The committee fulfilled its responsibilities in accordance with its charter during the 2020 financial year.

The Audit Committee recognises its important role as part of the risk management and corporate governance processes and procedures of TFG.

The committee typically meets three times per year and further meetings are held as required. Salient aspects of internal audit reviews are discussed at each meeting. In addition, the following is addressed at each respective meeting:

- Review of Enterprise Risk Management (ERM) and combined assurance methodology and consideration of outcome of financial risk assessment (typically in March each year)
- Approval of annual results (typically in May each year)
- Approval of interim results (typically in November each year)

The committee considered the draft interim and annual financial reports prepared by executive and senior management and recommended the adoption of these reports to the Supervisory Board subject to certain amendments. The Chairman provided written reports to the Supervisory Board that summarise the committee's findings and recommendations.

The committee held three formal meetings during the 2020 financial year. To further strengthen the Group's governance structures, there is also a joint Audit and Risk Committee for TFG London and TFG Australia. These committees met twice during the financial year.

Independently of executive management, members of the committee meet separately with the head of internal audit and the external auditors respectively. The head of internal audit reports directly to the Audit Committee.

Meeting dates and topics are agreed well in advance each year. Each meeting is preceded by the distribution of an Audit Committee pack to each attendee, comprising *inter alia*:

- a detailed agenda;
- minutes of the previous meeting;
- a report by the external auditors; and
- written reports by executive and senior management including:
  - taxation;
  - compliance and legal;
  - governance over technology and information management;
  - internal audit;
  - loss statistics; and
  - Enterprise Risk Management (ERM).

AUDIT COMMITTEE MEMBERSHIP AS AT 31 MARCH 2020

MEMBERS AND APPOINTMENT DATES

S E Abrahams (Chairman)	29 January 1999
Prof. F Abrahams	1 October 2016
D Friedland	1 April 2016
B L M Makgabo-Fiskerstrand	1 October 2015
E Oblowitz	1 October 2010
N V Simamane	24 February 2010

The Chief Executive Officer, the Chief Financial Officer, the Head of Internal Audit, the Head of Enterprise Risk Management, the Company Secretary and the external audit partner and staff attended meetings of the committee by regular invitation. Additional attendees during the 2020 financial year included non-executive directors Mr R Stein, Mr A D Murray and Mr G H Davin, as well as members of executive management, who are invited to attend meetings on an *ad hoc* basis. The Chairman of the Group has an open invitation to attend meetings of the Audit Committee.

ROLES AND RESPONSIBILITIES

STATUTORY DUTIES AS PRESCRIBED IN THE COMPANIES ACT OF SOUTH AFRICA

General

- to receive and deal appropriately with any concerns or complaints (whether internal, external or on its own initiative) relating to the accounting practices and internal audit of TFG, the content or auditing of TFG's financial statements, the internal financial controls of TFG or any related matter.

External auditors

- to evaluate the independence, effectiveness and performance of the external auditors;
- to obtain assurance from the auditors that adequate accounting records are being maintained and that appropriate accounting policies are in place, which have been consistently applied save for the introduction of IFRS 16;
- to evaluate the appointment of the external auditors on an annual basis and to ensure that such appointment is in terms of the provisions of the Companies Act of South Africa and any other legislation;
- to approve the audit fee and fees in respect of any non-audit services; and
- to determine the nature and extent of any non-audit services the auditors may provide to the Group and to pre-approve proposed agreements for non-audit services.

Financial results

- to make submissions to the Supervisory Board on any matter concerning the Group's accounting policies, financial controls, records and reporting; and
- to provide, as part of the integrated annual report and consolidated annual financial statements, a report by the Audit Committee.

DUTIES ASSIGNED AND DELEGATED BY THE SUPERVISORY BOARD

General

- to ensure that the respective roles and functions of external audit and internal audit are sufficiently clarified and coordinated;
- to assess the effectiveness of the arrangements in place for combined assurance; and
- to assist the Supervisory Board in carrying out its risk management, technology and information management responsibilities.

External auditors

- to consider and respond to any questions from the Supervisory Board and shareholders regarding the resignation or dismissal of the external auditors, if necessary;
- to review and approve the external audit plan; and
- to ensure that the scope of the external audit has no limitations imposed by executive management and that there is no impairment on its independence.

Internal control and internal audit

- to review the effectiveness of the Group's systems of internal control, including internal financial controls, financial reporting procedures and risk management, and to ensure that effective internal control systems are maintained;
- to ensure that written representations on internal controls are submitted to the Supervisory Board annually by all divisional managing directors and general managers (these being representations that provide assurance on the adequacy and effectiveness of the Group's systems of internal control);
- to monitor and supervise the effective functioning and performance of the internal audit function;
- to review and approve the annual internal audit plan and the internal audit charter;
- to ensure that the scope of the internal audit function has no limitations imposed by executive management and that there is no impairment on its independence; and
- to review that appropriate internal controls and internal audit plans are prepared to cover the TFG International operations.

Finance function

- to consider the appropriateness of the expertise and experience of the Chief Financial Officer; and
- to satisfy itself with the expertise, resources and experience of the finance function.

Financial results

- to consider any accounting treatments, significant unusual transactions, or accounting judgements and estimates that could be contentious;
- to review executive management's assessment of going concern and to make a recommendation to the Supervisory Board that the going concern concept be adopted by the Group;
- to consider the JSE's report on the proactive monitoring of financial statements for compliance with International Financial Reporting Standards (IFRS) and to ensure that appropriate action is taken if required; and
- to review the integrated annual report, as well as the consolidated annual financial statements, interim reports, preliminary reports or other financial information prior to submission and approval by the Supervisory Board.

COMMITTEE EVALUATION

A formal Supervisory Board evaluation (which includes an evaluation of all sub-committees) was followed in the 2019 financial year. Action plans are in place to address the key themes.

ELECTION OF COMMITTEE MEMBERS

The following changes to the committee have been made and will be included in the proposal to shareholders at the upcoming annual general meeting (AGM):

- Mr S E Abrahams will step down as chairman and member of the Audit Committee
- Mr E Oblowitz will be appointed as chairman of the Audit Committee
- Prof. F Abrahams will step down as a member of the Audit Committee
- Mr R Stein will be appointed as a member of the Audit Committee

The members below made themselves available for election to the committee. Such election was recommended by the Nomination Committee and will be proposed to shareholders at the upcoming AGM:

E Oblowitz (Chairman)
D Friedland
B L M Makgabo-Fiskerstrand
N V Simamane
R Stein

SPECIFIC RESPONSIBILITIES

The committee confirms that it has carried out its functions in terms of the Audit Committee charter and section 94(7) of the Companies Act of South Africa, by:

- confirming the nomination of Deloitte & Touche as the Group's registered auditor, and Mr M van Wyk as the designated partner, for the year ending 31 March 2021; being satisfied that they are independent of the company;
- approving the terms of engagement and fees to be paid to Deloitte & Touche;
- ensuring that the appointment of Deloitte & Touche complies with the provisions of the Companies Act of South Africa;
- determining the nature and extent of any non-audit services, which the external auditors provide to the company or a related company;
- pre-approving proposed agreements with Deloitte & Touche for the provision of any non-audit services;
- preparing this report for inclusion in the consolidated annual financial statements and the integrated annual report;
- receiving and dealing appropriately with any relevant concerns or complaints;
- making submissions to the Supervisory Board on any matter concerning the Group's accounting policies, financial controls, records and financial reporting; and
- performing other oversight functions as determined by the Supervisory Board.

INTERNAL FINANCIAL CONTROL AND INTERNAL AUDIT

Based on the assessment of the system of internal financial controls and financial reporting procedures conducted by internal audit, as well as information and explanations given by executive and senior management and discussions held with the external auditors on the results of their audit, the committee is of the opinion that TFG's system of internal financial controls and financial reporting procedures is effective and forms a basis for the preparation of reliable financial statements in respect of the year under review. This assessment included consideration of all the entities included in the consolidated annual financial statements and TFG's ability to effectively prepare and report on the consolidated Group financial statements.

In addition, during the 2020 financial year, the committee was not made aware of any material breaches of any laws or regulations or material breaches of internal controls or procedures.

Internal audit continues to develop and refine its approach to analytically examine and interrogate the store data in an attempt to highlight:

- unmitigated risks; and
- potential loss.

This work has involved the development of IT software to enable intelligent scrutiny of stores' data. Although this is being enhanced, the Audit Committee, the Risk Committee and senior management believe this initiative is essential to achieve better coverage of critical issues, particularly given the sizeable growth in new stores that has occurred in TFG Africa, London and Australia.

Mr H Nell, the Head of Internal Audit, retired in December 2019 and Ms C van der Vyver, the Head of Enterprise Risk, is currently caretaking this role as part of a broader restructure of the internal audit function.

The committee believes that Ms C van der Vyver, possesses the appropriate expertise and experience to meet her responsibilities in that position and that the internal audit function is functioning and performing effectively.

COMBINED ASSURANCE

The Audit Committee reviewed the combined assurance process and related methodologies and the outcomes thereof and considers this process to be effective.

Read more in our Risk Committee report from page 111.

RISK MANAGEMENT

While the Supervisory Board is ultimately responsible for the maintenance of an effective risk management process, the committee, together with the Risk Committee, assists the Supervisory Board in the assessment of the adequacy of the risk management process. The chairman of this committee has an open invitation to Risk Committee meetings to ensure that relevant information is regularly shared. The committee fulfils an oversight role regarding financial reporting risks, internal financial controls, fraud risk as it relates to financial reporting and technology, and information management risks as they relate to financial reporting.

The strategies adopted by the Audit Committee and the Risk Committee ensure timely review of any internal control weakness identified by any of the assurance providers. In addition, there continues to be significant improvements in the development of Enterprise Risk Management (ERM) methodologies, which will further enhance the Group's risk management coverage and focus.

Read more about our risk management approach in the Risk Committee report from page 111.

TFG INTERNATIONAL OPERATIONS

The joint Audit and Risk Committee continues to significantly enhance the governance oversight of both TFG London and TFG Australia. This committee meets twice a year and provides feedback to the Audit and Risk Committees as well as the Supervisory Board. The chairmen of both these committees will also review the financial results of the TFG International operations and provide feedback to the Audit and Risk Committees as well as to the Supervisory Board.

Internal audit continues to draw up an assurance plan to cover the significant risks identified and audits were conducted during the year to cover those risks. No major concerns surfaced from their audit work.

THE FINANCIAL AND BUSINESS ENVIRONMENT

What follows must be read in conjunction with the comments made in the introductory section of this report.

SOUTH AFRICA

As indicated in last year's report, the retail industry in South Africa has suffered from a lack of GDP growth, high unemployment rates and the lack of disposable income for large numbers of prospective customers. With the trend of credit customers being under financial distress, the Group reviewed its credit granting scorecard in order to further de-risk our exposure to credit customers.

On the other hand, TFG was able to increase cash sales to more than compensate for the lack of growth in credit sales.

What has been encouraging is that during total lockdown from late March throughout April, collections from our existing customers exceeded our expectations. This is particularly pleasing since about 90% of our credit customers have in the past settled their accounts in our stores.

With lockdown provisions being relaxed from 1 May and totally from 1 June it remains to be seen whether sales return to former levels. The Group's investment in online platforms will, it is expected, continue to grow, but regrettably the fact is that a large percentage of South Africa's population does not have the tools to shop online.

UNITED KINGDOM

Although the uncertainty of Brexit has thankfully been removed from the United Kingdom political scene, how this plays out in the COVID-19 pandemic has meant that the negotiations with the European government is on the back burner and the only thing that is certain is that the United Kingdom will exit Europe at the end of this calendar year.

The business will need to replace sales which emanated from the struggling House of Fraser and Debenhams department stores.

The directors of the United Kingdom operations have prepared budgets for the period from 2021 to 2025 and should the forecasts prove correct, the major brands will record satisfactory profits for all years except for the year ending 31 March 2021, which has suffered from all stores ceasing to trade for about three months. Online sales continue to perform in line with expectation.

AUSTRALIA

Up until lockdown the Australian operations continued to grow, despite the retail environment in that country being under significant pressure. Management is confident that when we become fully operative in Australia, profitability will be more than satisfactory.

ACCOUNTING STANDARDS

As discussed in last year's report, the Group embraced the introduction of IFRS 9, 15 and 16 in the current year.

It is my first contention that the letter of the law interpretation of IFRS 9 in the current year is problematical. No drafter of any accounting standard could have envisaged the global economic pandemonium created by COVID-19. Governments have had to spend substantial sums of money supporting medical institutions, large, medium and small sized entities as well as millions of citizens of almost every country who are in financial difficulties through the loss of employment, etc.

IFRS 9 is predicated on the assessment of debtors' likelihood to default, using empirical and likely future data. Currently this is only achievable by exercising judgement and common sense, as it is impossible to predict the way forward considering the present pandemic. It is interesting that the Chancellor of the Exchequer in the United Kingdom believes that the United Kingdom will bounce back from the recession when the "new normal" becomes operative.

Insofar as IFRS 16 is concerned, many retailers have either paid no rent or a small portion of their monthly rent during lockdown. This has also resulted in tenants reviewing their existing lease agreements and negotiating with landlords. It is conceivable that landlords and tenants will change their "normal" lease agreements and should tenants achieve shorter term leases possibly with turnover clauses, such changes will result in different IFRS 16 disclosures. This uncertainty exists but will probably be resolved by the next year end.

OTHER ACCOUNTING MATTERS

Provision for doubtful debts

As is set out on page 69 of the annual financial statements, full details of our provision for doubtful debts is provided. The external auditors as well as executive management and the Audit Committee members have reviewed these calculations and believe that TFG is carrying an appropriate level of provisions in South Africa and the United Kingdom.

Inventory

Although an additional provision for slow-moving stock has been provided for in South Africa, the concern for stock levels relates to whether manufacturers will be able to deliver timeously for hoped-for demand for the 2020/2021 summer periods. Similar concerns are applicable in Australia but management is seeking solutions.

Going concern

Following a series of meetings between our senior executives and funders, sufficient funding has been secured for the required time frames to ensure a positive outcome of the going concern concept. In addition, as indicated in the introductory section of this report, a number of meetings were held by the Finance Committee at which cash flow statements and funding matters were debated. Clearly the going concern risk will be heightened if further COVID-19 outbreaks force governments in TFG's major operating countries to reintroduce lockdown restrictions.

Combined assurance

The progress in providing a comprehensive combined assurance framework is most pleasing as all five layers of risk providers have had input into the process. This financial and operational framework is aimed at ensuring all identified risks facing the Group are mitigated as far as possible. In addition, the risk profiles are updated on a continuous basis, thus enabling the Group to address new risks as they manifest themselves on a proactive basis.

In December 2019 the Chief Internal Auditor (CIA) left the Group and the various options available to provide internal audit services to the Group are currently being evaluated. As an interim measure, Carmen Van Der Vyver is fulfilling the CIA function. All internal auditing programme plans for the 2019/2020 period have been completed.

Losses from crime-related incidents

Although the Group continues to suffer from crime-related incidents, our Forensics department is making progress in limiting losses and assisting the law enforcement agencies in bringing criminals to face charges for their misdemeanours.

IT Governance

Regular reports are provided to, *inter alia*, the Audit Committee on the progress made by the Group's IT division to be an enabler to the Group's brands. Appropriate levels of investment are a high priority of the Group, with the clear understanding that IT remains a critical service provider to the Group's operations.

Value-in-use of goodwill and intangibles

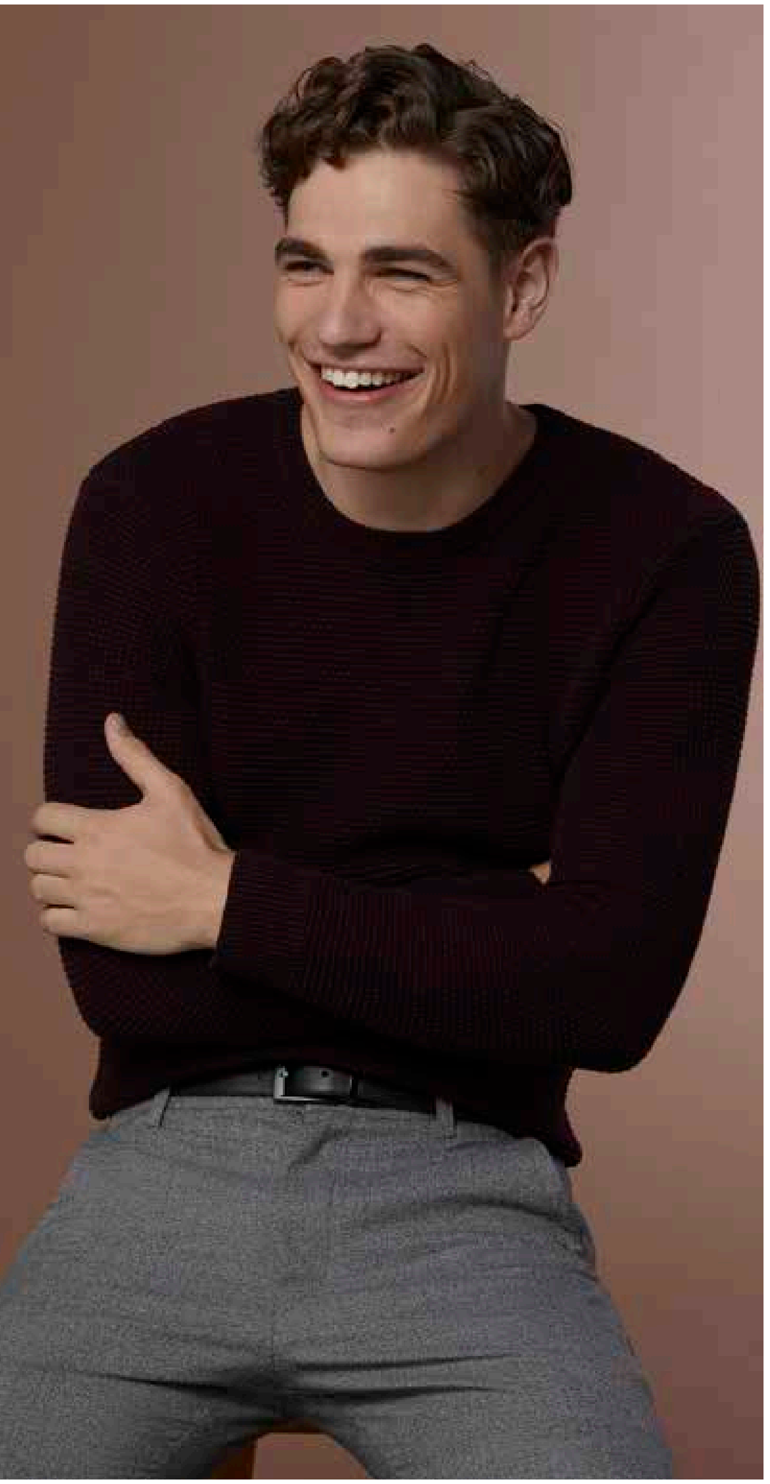
Up to slightly in excess of eleven months of the year under review, the Australian operations were trading in excess of both expectations and budget while TFG London operations were tracking on budget. The onset of COVID-19 meant that lockdown significantly impacted on trading since, aside from online sales, turnover was non-existent until reopening occurred.

The foregoing meant that management, the external auditors and the Audit Committee needed to apply their minds to the carrying values of intangibles in both TFG Australia and, more particularly, TFG London.

Without much difficulty, all parties concluded that despite using a high weighted average cost on capital (WACC) rate, the Australian operations, even after making post-year-end COVID-19 related adjustments, had more than sufficient headroom to sustain the carrying value of intangibles.

A similar conclusion was reached for TFG London after stress testing several scenarios and utilising differing WACC rates. In support of the conclusion, the directors of the United Kingdom operations prepared budgets for the years 2021 to 2025, from which it was apparent that apart from the 2021 year end which will undoubtedly be affected adversely by extended lockdown periods, it is anticipated that all three major United Kingdom brands (*viz* Phase Eight, Whistles and Hobbs) will continue to operate. The levels of profitability achieved pre-COVID-19 are expected to be sustainable. Clearly there is uncertainty relating to the speed with which the United Kingdom economy will recover from the current sovereign economic meltdown and this ongoing situation will need to be reviewed regularly. The Chancellor of the Exchequer in the United Kingdom has stated publicly that the current recession is the worst suffered by the country for over 300 years.

The decision not to impair intangibles in TFG London was supported by management, the external auditors and the Audit Committee.



EXTERNAL AUDITORS

The Group's external auditors are Deloitte & Touche and the designated partner is Mr M van Wyk.

Deloitte & Touche is afforded unrestricted access to the Group's records and management, and present any significant issues arising from the annual audit to the committee. In addition, Mr M van Wyk, where necessary, raises matters of concern directly with the chairman of the committee.

The committee gave due consideration to the independence of the external auditors and is satisfied that Deloitte & Touche is independent of the Group and executive and senior management and therefore able to express an independent opinion on the Group's consolidated annual financial statements. The committee specifically considered Deloitte & Touche's tenure (three years) and the nature and extent of non-audit services. Non-audit services of R4,5 million were provided in the current year (2019: R4,1 million).

The committee has nominated, for approval at the AGM, Deloitte & Touche as the external auditor and Mr M van Wyk as designated audit partner for the 2021 financial year, having satisfied itself (as required by the JSE Limited Listings Requirements):

- that the audit firm is accredited by the JSE Limited; and
- that the quality of the external audit is satisfactory (after referencing the most recent inspection reports issued by the Independent Regulatory Board for Auditors (IRBA) in respect of both the audit firm and the designated audit partner).

FINANCIAL STATEMENTS

The committee reviewed the financial statements of the company and the Group and is satisfied that they comply with IFRS and the requirements of the Companies Act of South Africa. This review included a consideration of the JSE's reports on the proactive monitoring of financial statements.

In addition, the committee reviewed executive management's assessment of going concern and recommended to the Supervisory Board that the going concern concept be adopted by TFG.

As recommended by King IV the committee has concentrated primarily on the following financial captions with the actions taken to address the risks listed:

ADOPTION OF NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS		
The Audit Committee specifically considered the impact of the following new accounting standards: • IFRS 16 *Leases*	The Audit Committee received regular presentations from management on the processes and controls in place to address the adoption of this new accounting standard; as well as on the financial impact and the required disclosures.	The external auditors provided detailed reports on their work to satisfy themselves that the adoption of the new accounting standard has been correctly applied.

RECOVERY OF TRADE RECEIVABLES		
During the year we received detailed presentations from the Group director responsible for credit on the progress being made in controlling the collection of receivables, which reports detail trends in recoveries, bad debt write-offs and other matrixes associated with TFG's customer accounts status.	In addition to reports provided to the Audit Committee, similar presentations are made to the Supervisory Board at regular intervals.	The Audit Committee received reports from the external auditors on their work. Robust discussions took place on their findings.

INVENTORY		
The Audit Committee members received monthly reports from the Chief Executive Officer, which include comments made by each divisional head on: • their inventory holdings, stock turn statistics and write-down information; and • the adequacy or otherwise of the overall quantum of their inventory holdings per business unit.	Internal audit conducts ongoing cyclical inventory counts and reported on their findings to the Audit Committee. In addition, the detailed internal audit reports relating to inventory counts were reviewed throughout the year by the Risk Committee.	The external auditors provided a detailed year-end report on their work to satisfy themselves that this critical caption is fairly stated.

INTEGRATED ANNUAL REPORT

The committee fulfils an oversight role in respect of the integrated annual report. In this regard, the committee gave due consideration to the need for assurance on the sustainability information contained in this report and concluded that obtaining independent assurance would not be beneficial to stakeholders in all aspects of our business.

The committee considered the sustainability information as disclosed in the integrated annual report, assessed its consistency with the consolidated annual financial statements and sustainability overview report and is satisfied that the sustainability information is in no way contradictory to that disclosed in the consolidated annual financial statements.

EXPERTISE OF CHIEF FINANCIAL OFFICER AND FINANCE FUNCTION

The committee considers the appropriateness of the expertise and experience of the Chief Financial Officer and finance function on an annual basis.

In respect of the above requirement, the committee believes that Ms B Ntuli, the Chief Financial Officer, possesses the appropriate expertise and experience to meet her responsibilities in that position.

The committee further considers that the expertise, resources and experience of the finance function are appropriate based on the nature, complexity and size of the Group's operations.

CONCLUSION

As this is my last report as the chairman of the Audit Committee, I place on record my sincere thanks to all of those Audit Committee members who have supported me throughout this long journey.

I had the pleasure of serving three Chairmen *viz* the late Elliot Osrin, David Nurek and Michael Lewis. My thanks to each of them for entrusting me with the responsibility of developing the Audit Committee. Also, I was privileged to work with three Chief Executive Officers over this period *viz* Denis Polak, Doug Murray and Anthony Thunström. They were all supportive of the Audit Committee as were the three Chief Financial Officers I worked with, *viz* Ronnie Stein, Anthony Thunström and Bongiwe Ntuli.

In concluding this report I place on record my thanks to all those many individuals who contributed to the working of the Audit Committee, including Group Secretarial and obviously all the Audit Committee members over the period, including those who attended as invitees. I acknowledge the roles played by the two firms of auditors who were in place during my tenure and wish my successor every success for the future.

APPROVAL

The committee recommended the approval of the consolidated annual financial statements and the integrated annual report to the Supervisory Board.

S E Abrahams
Outgoing chairman: Audit Committee

11 August 2020

SOCIAL AND ETHICS COMMITTEE REPORT

The Social and Ethics Committee is pleased to present its report for the financial year ended 31 March 2020 to the shareholders of TFG.

- Meeting attendance for the committee is set out on page 92.
- Each member's qualifications and experience are set out in the profiles on pages 38 to 40.
- Details of fees paid to committee members appear in note 32 of the consolidated annual financial statements.

COMMITTEE MANDATE AND FUNCTIONING

The committee is responsible for assisting the Supervisory Board with the monitoring and reporting of social, ethical, transformational and sustainability practices that are consistent with good corporate citizenship and assisting the Group in discharging its business responsibilities in relation thereto.

The committee is governed by a formal charter, which guides the committee in terms of its objectives, authority and responsibilities. The charter incorporates the requirements of the Companies Act of South Africa, specifically regulation 43(5) of the Companies Act of South Africa's regulations, as well as those of King IV. The committee fulfilled its responsibilities in accordance with its charter during the 2020 financial year.

The committee held two meetings during the 2020 financial year. At each of these meetings the committee received reports detailing matters relevant to each of the areas within its mandate.

The focus areas of the committee are:

- social and economic development, including transformation;
- good corporate citizenship;
- the environment, health and public safety;
- labour and employment;
- consumer relationships;
- ethics; and
- sustainable development initiatives.

In discharging its duties, the committee takes into consideration any relevant legislation, other legal requirements or prevailing codes of best practice.

Our sustainability overview report provides more detail in respect of some of the aspects falling within the mandate of the committee. This report is available on our website.

SOCIAL AND ETHICS COMMITTEE MEMBERSHIP

The committee comprises three independent non-executive directors and one executive director, being the Chief Executive Officer. In addition, the Chief Financial Officer and other TFG executives attend meetings of this committee by invitation.

MEMBERS

Prof. F Abrahams (Chairperson)
B L M Makgabo-Fiskerstrand
N V Simamane
A E Thunström

INVITEES

B Ntuli

KEY AREAS OF FOCUS FOR THE REPORTING PERIOD

- local supply chain development;
- employee empowerment;
- transformation;
- wage negotiations and labour law developments;
- environmental efficiency, which included metrics for waste, electricity consumption, paper use and recyclables;
- corporate social investment initiatives;
- accountability, ethics and governance;
- implementation of action items arising from the United Nations Global Compact principles;
- compliance with consumer laws; and
- a review of TFG's sustainability strategy and its implementation, including approval of TFG's sustainability overview report.

The committee fulfilled its mandate as prescribed by the Companies Regulations to the Companies Act during the 2020 financial year. There are no instances of material non-compliance to disclose.

SUPPLY CHAIN

In TFG Africa, our shared value commitment allows us to prioritise local supply chain development and enable us to focus on creating shared value in both financial and social terms within our local supply chain operations. By achieving this, we aim to increase disposable household incomes by uplifting local communities through job creation, job retention, training and upskilling.

HEALTH AND SAFETY

The health and safety of all our stakeholders, both in our outlets and our other business premises, is a key focus area. The impact of COVID-19 resulted in the implementation of additional health and safety measures (such as the wearing of face masks, social distancing protocols, the mandatory use of hand sanitisers and enhanced cleaning procedures) to safeguard all our stakeholders in all our locations of operation. The Group's operational and compliance teams actively monitor and report on compliance with the relevant legislation; and the committee provides oversight in this regard.

OTHER MATTERS

There are no other matters the committee would like to bring to the attention of shareholders. The committee is satisfied with the efforts and activities undertaken by TFG in each of the areas falling within the committee's mandate. However, since TFG Africa is the most significant segment in the Group, additional details on transformation are provided as this remains a key focus area.

TRANSFORMATION REPORT

The Supervisory Board recognises the critical role it has to play in the transformation process in South Africa. The Supervisory Board's Social and Ethics Committee, through its governance and oversight role, ensures that an appropriate transformation strategy exists that is aligned with the Broad-Based Black Economic Empowerment (B-BBEE) Act and the associated codes of good practice.

The role of the committee is to achieve sustainable empowerment and it has an ongoing responsibility to govern and oversee all aspects of the Group's B-BBEE strategy and implementation. At its meetings during the 2020 financial year, the committee received feedback detailing matters relevant to each of the functional areas within its transformation mandate.

TRANSFORMATION STRATEGY

Each year, the transformation strategy is reviewed and clear guidelines are defined for each of the five pillars of the B-BBEE scorecard. By delivering shared value through our empowerment initiatives, we are making a meaningful contribution to many of our stakeholders, while ensuring the long-term stability and profitability of our business.

OUR B-BBEE PERFORMANCE

For the financial year ended 31 March 2019, the commitment of the Group to transformation yielded a Level 6 rating with a score of 70,57 points out of 120. A recognition rating of 60% was achieved for preferential procurement and the Group also achieved Empowering Supplier status in terms of the dti's B-BBEE scorecard.

While the committee would normally report on the current financial year B-BBEE scorecard and level achieved, information for financial year ended March 2020 was not available in time for this year's report due to the company utilising the two-month extension afforded to issuers by the Financial Services Conduct Authority and the JSE. Full detail on the scorecard will be reported on in our 2020 online sustainability overview report.

Although the scorecard was not yet finalised, we can report back on the highlights of the various 2020 initiatives and achievements of the Group with regards to our B-BBEE performance. These highlights include:

Ownership

We maintained our Black shareholding with Black rights originating from mandated investments.

Management Control

The Black representation at both the Operating Board and executive and senior management levels is being secured through a continued focus on diversity in the succession planning and talent management processes.

Employment Equity remains a critical aspect of the Group's transformation agenda. In line with this, the alignment of Group and divisional targets with the national economically active population of South Africa remains a key focus. Reasonable progress continues to be made in transforming our managerial ranks and a number of initiatives have been put in place to build a pipeline of talent to assist us in reaching our targets. Development opportunities at senior management level continue to be aligned to the selection of employees from designated groups.

Skills Development

The Group continues to support the government's strategy of job creation and skills development by investing in key skills required to sustain and grow the retail sector and its own workforce. As with the Employment Equity scorecard, the skills development targets are based on racial demographics of the economically active population.

TFG was accredited as a training provider in 2018 and can provide accredited training for our customer-facing employees. Our other key initiatives this year included the provision of bursaries to 15 of our employees towards the study of a formal qualification as well as three external bursaries. The establishment of a Talent Acquisition team resulted in the placement of 36 internship opportunities in our retail operations, 802 learnership opportunities in our retail operations and 201 learnership opportunities in our factories.

There were legislated changes to the Skills Development element of the B-BBEE scorecard which impacted on our ability to reach our targets. As a result, we are reviewing our strategy in order to optimise our spend on skills development initiatives and resulting scores.

Enterprise and Supplier Development

Preferential procurement remains a focus. The Group established a non-merchandise procurement capability during the year and developed a robust strategy for our supply base, which includes continual review of possible opportunities for Black-owned and Black women-owned suppliers.

Our main contribution to enterprise development continues to be clothing, fabric and machinery donations. Supplier development initiatives included loans and advances, donation of machinery and fabric, preferential payment terms and human resources capacity support.

Socio-economic Development

Our Group goal is to support the United Nations Sustainable Development Goal 8, which targets the achievement of full and productive employment and decent work, for all women and men including for young people and persons with disabilities, and equal pay for work of equal value by 2030.

Sew Good, one of our flagship initiatives, promotes skills development (NQF2) by teaching previously unemployed women how to sew, starting with purple blankets. The blankets are then distributed to disaster affected communities. Since the start of this initiative we have manufactured and distributed over 220 000 blankets, with close to 75 000 blankets manufactured and over 50 000 distributed in the past financial year.

Through our partnership with Gift of the Givers, we were able to assist a number of communities over the last year. This includes fire victims across the Western Cape; the elderly in Nelspruit; various homeless shelters in Cape Town, Uitenhage and Graaf Reinet; and old age homes and children's homes in Port Elizabeth.

Read more about these and other projects in our sustainability overview report, available on our website.

Prof. F Abrahams
Chairperson: Social and Ethics Committee

11 August 2020

NOMINATION COMMITTEE REPORT

The Nomination Committee is pleased to provide a report of its activities for the 2020 financial year.

- Meeting attendance for the committee is set out on page 92.
- Each member's qualifications and experience is set out in the profiles on pages 38 to 40.
- Details of fees paid to committee members appear in note 32 of the consolidated annual financial statements.

COMMITTEE MANDATE AND FUNCTIONING

The committee is governed by a charter which sets out its mandate, and key responsibilities and reports are provided to the Supervisory Board quarterly. The committee fulfilled its responsibilities in accordance with its charter during the 2020 financial year. The committee typically meets twice a year and further meetings are held as required. The committee held two meetings during the 2020 financial year.

NOMINATION COMMITTEE MEMBERSHIP

At year end, the committee comprised two independent non-executive directors and one non-executive director. In addition, the Chief Executive Officer attends meetings of this committee by invitation.

MEMBERS

M Lewis (Chairman)
S E Abrahams
R Stein

INVITEES

A E Thunström

The following changes were made to the committee with effect from 1 August 2020:

- Mr S E Abrahams will step down as a member of the Nomination Committee
- Mr G H Davin and Prof. F Abrahams will be appointed as members of the Nomination Committee

ROLES AND RESPONSIBILITIES

- reviewing the Supervisory Board structure, size and composition;
- reviewing the nature, size and composition of the Supervisory Board committees;
- succession planning;
- reviewing the balance between non-executive and executive directors;
- ensuring the directors have the required blend of experience, skills and knowledge to support the continued success of the Group; and
- ensuring the existence of a formal process of performance evaluation.

KEY AREAS OF FOCUS FOR THE REPORTING PERIOD

- review of the composition of all Supervisory Board committees to ensure an appropriate mix of skills and experience;
- consideration of the broader diversity of the Supervisory Board and its committees;
- review of the policy on the promotion of broader diversity at Supervisory Board level;
- review of independence of non-executive directors;
- review of the charter;
- oversight of the Supervisory Board evaluation process;
- appointment of Mr A D Murray and Mr C Coleman as non-executive and independent non-executive director respectively; and
- Chief Executive Officer and general succession.

The committee specifically considered and applied the policy on the promotion of broader diversity at Supervisory Board level in its deliberations around the appointments of Mr A D Murray and Mr C Coleman as non-executive and independent non-executive director respectively.

Mr A D Murray, the previous Chief Executive Officer of the Group, has a wealth of knowledge and experience in the international retail sector in general and in South Africa specifically, having served the Group for 33 years, 11 of which were as Chief Executive Officer.

Mr C Coleman's background is in international finance and banking, having served in senior leadership roles for Goldman Sachs, Standard Bank and J.P. Morgan. Mr Coleman also serves on the Steering Committee of the CEO Initiative, is co-chairman of the Youth Employment Service (YES) and a senior fellow and lecturer at the Jackson Institute for Global Affairs at Yale University.

M Lewis
Chairman

11 August 2020

RISK COMMITTEE REPORT

The Risk Committee is pleased to present its report for the financial year ended 31 March 2020.

- Meeting attendance for the committee is set out on page 92.
- Each member's qualifications and experience is set out in the profiles on pages 38 to 40.
- Details of fees paid to committee members appear in note 32 of the consolidated annual financial statements.

COMMITTEE MANDATE AND FUNCTIONING

THE SUPERVISORY BOARD REMAINS ACCOUNTABLE TO ENSURE RISKS ARE EFFECTIVELY MANAGED AND HAS DELEGATED RISK MANAGEMENT OVERSIGHT TO THE:

RISK COMMITTEE

The Risk Committee reviews significant risks and their related mitigations and reports back to the Supervisory Board at each meeting.

The committees follow separate but aligned mandates.

AUDIT COMMITTEE

The Audit Committee focuses predominantly on financial risks and reviews the effectiveness of the risk process.

Read more about the functions of the Audit Committee from page 98 of this report.

The committee ensures:

- appropriate risk and control policies are in place and are communicated throughout the Group;
- the process of risk management and the system of internal control are regularly reviewed for effectiveness;
- there is an ongoing process to identify, evaluate and manage the significant risks faced by the Group;
- a formal risk assessment is undertaken annually;
- there is an ongoing process to identify and evaluate opportunities throughout the year;
- assurance providers are aligned to provide adequate assurance over the significant risks across the Group;
- there is an adequate and effective system of internal control in place to manage the more significant risks faced by the Group within an acceptable level;
- a risk register is maintained;
- there is a documented and tested process in place to enable the Group to continue its critical business processes in the event of a disaster and or concurrences of a sustained business interruption, *inter alia*, the destruction of a distribution centre, head office or computer facility that affects its activities; and
- appropriate insurance cover is in place and regularly reviewed and uninsured risks are reviewed and managed.

The committee meets four times a year. The agenda includes:

- updating significant risks;
- overseeing regulatory updates, including the latest available information pertaining to government policy decisions and new or draft legislation;
- feedback on IT governance matters;
- emerging risk matters; and
- feedback on mitigation plans for catastrophic events, including insurance.

During the November and March meetings, the committee focuses on the renewal of TFG's annual insurance and reviewing the outcomes of the formal risk assessment process. Cyber security and combined assurance continued to receive additional focus during the year and will continue to be focus areas in the year ahead, along with business resilience. In addition, the Chairman of the Risk Committee meets with the Head of Enterprise Risk Management on an *ad hoc* basis throughout the year.

The committee fulfilled its responsibilities in accordance with its charter during the 2020 financial year.

RISK COMMITTEE MEMBERSHIP AS AT 31 MARCH 2020

MEMBERS

E Oblowitz (Chairman)
D Friedland
B L M Makgabo-Fiskerstrand
A D Murray
B Ntuli
N V Simamane
R Stein
A E Thunström

INVITEES

S E Abrahams
M Lewis

The following changes were made to the committee with effect from 1 August 2020:

- Mr E Oblowitz will step down as chairman of the Risk Committee and will remain a member
- Mr R Stein will be appointed as chairman of the Risk Committee
- Prof. F Abrahams will be appointed as a member of the Risk Committee

TECHNOLOGY AND INFORMATION GOVERNANCE

The technology and information governance steering committee, chaired by the Chief Information Officer, meets quarterly and reviews emerging technology and information governance-related risks, TFG's disaster recovery plans and any significant initiatives. The committee includes international operations.

The Risk Committee receives feedback on matters discussed and monitors technology and information governance initiatives to ensure these do not pose a risk to the continuity of the Group's operations. The Risk Committee also receives regular feedback on the results of assurance activities undertaken by internal and external providers.

LEGISLATIVE COMPLIANCE

An update on legal compliance is presented at each Risk Committee meeting. This update includes a forecast of significant legislative developments in all of the countries where the Group has a footprint. Key areas of non-compliance, if any, are brought to the attention of this committee.

Based on key laws and regulations effective at 31 March 2020, there were no material areas of non-compliance. There were no monitoring or legal compliance inspections by environmental regulators, no findings of non-compliance with environmental laws and no criminal sanctions or prosecutions for non-compliance with environmental legislation.

COMBINED ASSURANCE

During the year the Group continued to embed its combined assurance model, which aligns and optimises assurance and ensures that significant risks are adequately addressed. This enables an effective control environment and ensures the integrity of information used for decision-making and reporting.

The model recognises the five lines of defence. Regular communication between assurance providers optimises areas of reliance and enhances value delivery to stakeholders. Assurance providers collectively provide assurance to the Supervisory Board.

During the year, no significant matters of concern were highlighted.

TFG COMBINED ASSURANCE MODEL

EXAMPLES OF THE APPLICABLE GOVERNANCE FRAMEWORKS:

- Companies Act No. 71 of 2008, JSE Limited Listings Requirements, King IV Report on Corporate Governance
- External governance frameworks and legislation
- TFG Supervisory Board charter
- TFG Audit and Risk Committee charters
- Internal TFG policies and procedures

Assurance providers are increasingly engaged and meet more frequently.

LINE		
1	**Line/divisional management with regular reporting to Operating Board**	Line management is responsible for managing, measuring and mitigating operational risk and performance.
2	**Governance functions such as risk, IT security, legal and compliance**	Specialised and independent functions assist and guide management in executing its duties and provide assurance through monitoring. The Operating Board, Audit and Risk Committees provide oversight.
3	**Internal audit with regular reporting to the Audit and Risk Committees**	Internal audit operates independently from management, with oversight by the Audit and Risk Committees. The Head of Internal Audit reports directly to the Audit Committee.
4	**Various external, accreditation, certification and assurance providers**	In accordance with the Group's governance framework, independent external assurance providers are appointed as required on an *ad hoc* basis. The external auditors are appointed by shareholders on recommendation of the Audit Committee.
5	**Supervisory Board**	The Supervisory Board has an overall oversight role and mandates the various committees that acts on its behalf. Refer to page 90 for a description of TFG's governance structure.

Assurance providers are increasingly independent.

Both the Audit and Risk Committees oversee the combined assurance model as well as related methodology and assurance outcomes.

OBJECTIVE

Optimise assurance activities across the Group to provide:

- assurance that the financial control environment is effective; and
- assurance that the mitigation steps developed by management are adequate, have been implemented and are effective to reduce risk to an acceptable level.

Read more about combined assurance in the Audit Committee report from page 98.

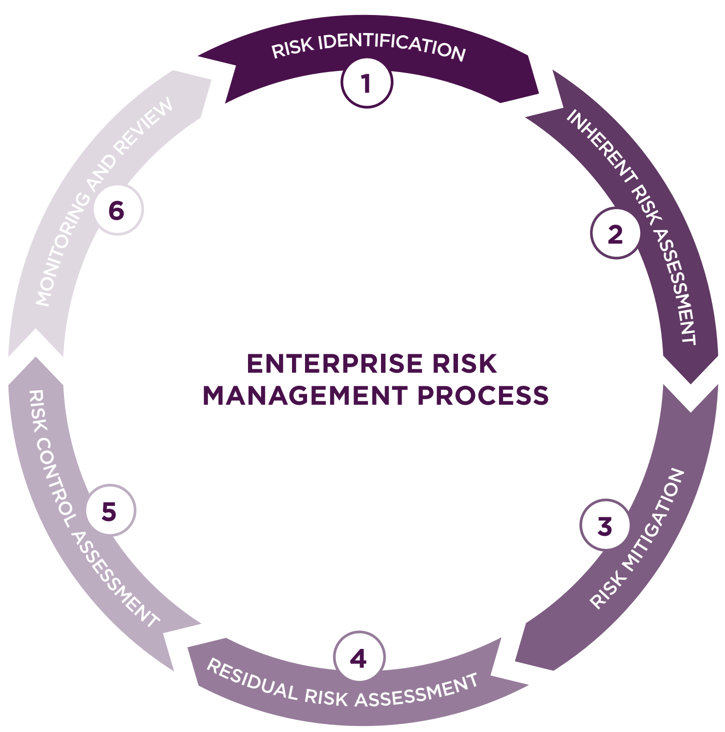
THE GROUP'S ENTERPRISE RISK MANAGEMENT FRAMEWORK

The Group seeks to mitigate and minimise risk through mechanisms such as standardised processes, regular reporting, risk transfer and diversification. Decisions are underpinned by the Group values (PRIDE[2]), maintaining good legal standing, protecting reputation and an appropriate balance of risk versus reward.*

TFG's Enterprise Risk Management (ERM) framework provides a structured, dynamic and consistent approach to risk management. It is an integrated approach and recognises that effective risk management is critical to the achievement of strategic objectives and the long-term sustainable growth of the business. Risks are reviewed throughout the year and this continuous process informs any updates to the Group's risk registers and combined assurance plan. The framework draws on internationally-accepted best practices and is in line with relevant standards. This includes ISO 31000, the COSO framework and King IV.

The Group continuously seeks to improve and enhance the risk management process, while maintaining a practical and business-minded approach. Updates on current and emerging risks and related mitigations are provided quarterly to the Executive Risk Committee for discussion. The Executive Risk Committee consists of senior executives representing various business divisions across the Group. The outcome of discussions within the Executive Risk Committee along with the required levels of assurance are discussed at the Risk Governance Committee. This committee includes the Group Chief Executive Officer and Chief Financial Officer. Significant matters and any revisions to risks are reported to the Risk Committee.

1. Risks highlighted through workshops, assurance reviews, management, third parties and other resources are documented in a centrally managed risk register.
2. Risks are assessed in terms of likelihood of occurrence and potential impact on the Group.
3. Mitigating actions are agreed and responsibilities assigned.
4. The effectiveness of the mitigating actions is evaluated and the residual risk determined.
5. An assurance plan is formulated to provide assurance that controls for our significant risks are both adequate and effective.
6. Risks are reviewed by the Risk Committee, discussing emerging risks and changes in the risk assessment.



* *Refer to page 4 for further detail on the Group's values.*

KEY RISKS AND SIGNIFICANT UNCERTAINTIES

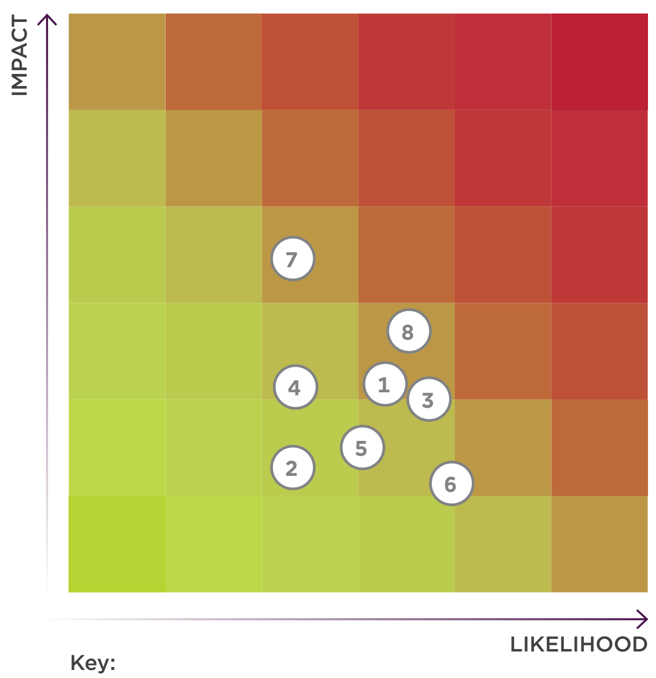
The Group annually reviews the level of risk it is willing to accept to achieve its strategic objectives, and in pursuit of creating and maintaining value for all stakeholders.

The Supervisory Board adopts a conservative approach to risk, without inhibiting or unduly restricting the Group's ability to utilise and capitalise on risk-adjusted opportunities. The Operating Board and Chief Executive Officer utilise the Executive Risk Committee and senior management to manage the respective components of risk. Each business area is responsible for identifying, assessing and managing the risks in their respective area.

Risks and opportunities are identified throughout the year through regular interaction with the business and assessed on the likelihood of occurrence and the potential impact on the Group (risk exposure). Mitigations are identified against each risk and the remaining residual risk is assessed according to defined criteria. This includes annual workshops held across business divisions to review critical strategic risks, significant trends in the operating environment and relevant interests of key stakeholders. In the current year, additional workshops have been held to identify, understand and mitigate the impacts of COVID-19.

The risks with the highest exposure for the Group are presented to the Operating Board for review. The outcome of the review is submitted to the Risk Committee and ultimately to the Supervisory Board for approval. This process is facilitated by the Group Enterprise Risk Management function.

The eight most significant risks to the Group are outlined below and unpacked in more detail on the following pages. TFG's material matters on page 32 further elaborate on the risks, opportunities and issues that could affect the Group's ability to create shared and sustainable value.



Key:

○ Residual risk

List of risks:

1. The complexity of the regulatory environment continues to increase.
2. Threat of a fire, flood or other natural disaster.
3. Lack of key resources, i.e. water and power.
4. Failure of TFG's IT environment.
5. Continuity of key suppliers and service providers.
6. Instability of local and global economies.
7. Threat of cyber attacks.
8. A stagnant economic climate negatively affects TFG's customers' purchasing power and influences their ability to settle accounts.

The complexity of the regulatory environment across all three of the Group's business segments continues to increase.

What happened in 2020

- There continues to be proposed amendments to South Africa's credit legislation. This includes, for example, debt intervention.
- Protection of personal information or data was a focus area with the implementation of General Data Protection Regulation (GDPR) in the United Kingdom and the Protection of Personal Information Act (POPI) in South Africa.
- Governments in all jurisdictions have issued regulations and guidelines to combat the spread of COVID-19.

Risk mitigation

- The Group Legal and Compliance department monitors significant risks and provides the business with updates and training as and when required.
- Regular reports, which address significant aspects across the jurisdictions the Group operates in, are provided to senior management and the Audit and Risk Committees.
- In consultation with industry associations, TFG submits comments and lobbies on proposed credit changes and COVID-19 regulations.

Changes to the Credit Act could adversely affect TFG's credit business.

Data and personal information-related legislation carries significant penalties, with reputational damage to the business also posing a significant risk.

COVID-19 regulations limited store operations and brought increased costs of working, increased costs of funding and other business and social-related impacts.

Lack of key resources i.e. water and power.

What happened in 2020

- South Africa continues to experience water shortages.
- Power outages and load shedding continued during the year.

Risk mitigation

- Alternate water supplies have been put in place at key facilities.
- Head office and other key sites, such as the Group's distribution centres and manufacturing facilities, have generators in place to ensure operations can continue during power outages.
- TFG Africa is engaging with landlords to find suitable energy and water alternatives for retail outlets.

Load shedding in South Africa is expected for the foreseeable future.

The Group's risks continue to evolve as new risks emerge and appropriate mitigating activities are introduced to reduce the overall residual risk. The following risks increased in significance during the year:

Instability in both local and global economies influences available capital, results in fluctuating exchange rates and affects consumer discretionary spend.

What happened in 2020

- South Africa was downgraded to sub-investment grade and this was compounded by the impact of the various phases of lockdown declared and intended to flatten the COVID-19 curve.
- Certain of the currencies transacted in by the Group continued to be subject to volatility during the 2020 financial year.

Risk mitigation

- TFG's funding strategy is presented to and reviewed by the Supervisory Board annually.
- This is in addition to the specific attention applied by the Finance Committee, which meets on an *ad hoc* basis to consider all funding matters of the Group.
- Treasury meetings are held monthly to review funding requirements and options.
- The strategy for purchasing forward cover is reviewed regularly to ensure it remains relevant and provides the best possible protection against currency fluctuations for committed and future orders.
- Dynamic cash flow models continue to be improved to monitor liquidity.

A downgrade limits access to and increases the cost of funding.

The hedging policy continued to protect our margins from significant losses over this period.

A fire, flood or other natural disaster, political crisis, terrorist attack or other catastrophic event could affect TFG's stores, distribution centres or head office.

What happened in 2020

- The Group concluded surveys across key facilities to ensure adequate insurance cover.
- A comprehensive risk survey was conducted of the Caledon manufacturing facility, which is key to TFG Africa's strategic initiatives.
- The year saw significant bushfires rage in Australia.
- Business continuity plans were successfully invoked across the Group to deal with the COVID-19 pandemic.

Risk mitigation

- Our business continuity plans were invoked across the Group in response to the pandemic
- A Group-wide insurance programme is in place to mitigate losses.

There were two fires during the year. The Group's insurance programme responded as intended, mitigating profit and asset loss.

Business continuity plans were successfully invoked across the Group to deal with the COVID-19 pandemic.

Failure of TFG's IT environment.

What happened in 2020

- Our continued increasing reliance on IT systems, in line with the Group's focus on digital transformation raises the significance of this risk across the Group.

Risk mitigation

- Disaster recovery plans are in place across the Group and the ability to recover is tested at all locations annually.

Weakening economies and/or a financial and/or catastrophic disaster leads to the collapse of key suppliers and service providers.

What happened in 2020

- The financial stability and continuity of key suppliers has received additional focus with the outbreak of COVID-19.

Risk mitigation

- The Group's supply chain strategy includes sourcing alternate suppliers and maintaining relationships with relevant government, industry and trade union organisations.
- This includes building sustainable relationships with local suppliers, as well as the continuous performance measurement and grading of suppliers.
- Key supplier risk processes have been enhanced with more regular and detailed reporting.

The supply chain of manufacturing suppliers were affected by the lockdown measures imposed to combat COVID-19.

Various vendors also experienced severe cash flow disruption as a result of the measures imposed.

Threat of cyber attacks.

What happened in 2020

- The threat of cyber attacks continues to increase globally and there is a worldwide focus on privacy legislation.
- The increase in remote working due to COVID-19 has further increased the threat of cyber security incidents.

Refer to TFG's material matters on page 32.

Risk mitigation

- A cutting-edge cyber security operations centre with dedicated specialists was established in 2017.
- TFG has adopted best practice, including various security measures and targeted awareness campaigns.

A stagnant economic climate negatively affects TFG's customers' purchasing power and influences their ability to settle accounts.

What happened in 2020	Risk mitigation
• During the year, South Africa experienced fuel hikes, increasing unemployment, concerns of corruption and a credit downgrade. In conjunction with the lockdown, these factors have increased the significance of this risk.	• The Group strives to increase accessibility to a broad spectrum of the market by growing its footprint in varied locations. • The Group continues to refine credit score models for collections and follow-ups to assist customers in maintaining an open-to-buy position. • Credit applications are reviewed for fraud indicators and assessed against NCA-compliant internal scorecards, credit bureau scores and employment verification where necessary. • Collection strategies are regularly reviewed with assistance of internal behavioural and credit bureau scorecards.

South African consumers have experienced a decrease in disposable income coupled with an increase in the cost of living.

COVID-19

The impact of the global COVID-19 pandemic was felt globally across all of TFG's operations. The outbreak of the pandemic and the measures implemented to prevent its spread had and may continue to impact the Group's performance and financial liquidity and continues to impact the lives of our customers and our employees.

The effects of COVID-19 remain uncertain, including the duration of the outbreak, new information that may emerge concerning the severity of the infection, the scope, duration and economic impact of actions taken to contain its spread or deal with its consequences, and the impact of each of these items on macroeconomic conditions and financial markets globally.

KEY AREAS OF FOCUS FOR THE ENSUING YEAR

The events of recent months has brought an increased risk focus within the Group, in addition to the regular processes described on page 114. The key areas of focus for the ensuing year include:

- Additional monetary and non-monetary investment in enhanced risk mitigation measures to further reduce residual risk;
- Continue to focus on enhancing our ability to effectively manage significant strategic and operational risks;
- Further refine the assurance function to optimise skills and resources across the Group;
- Continue to refine our IT governance approach in response to the increasing significance of resilience, cyber and data privacy risks; and
- Optimise technology to provide improved risk and assurance reporting to facilitate enhanced governance processes.

E Oblowitz
Chairman: Risk Committee

11 August 2020

REMUNERATION COMMITTEE REPORT

The Remuneration Committee (Remco) report comprises three sections:

SECTION A:	**A letter from the Remco chairman that summarises key considerations and highlights internal and external factors that influenced remuneration during the year**
SECTION B:	**The remuneration philosophy, policy and framework**
SECTION C:	**The application of the remuneration policy during the financial year**

THE REMCO

The Remco reviews and makes recommendations on the remuneration policy to be approved by the Supervisory Board. The Remco's responsibilities are set out in the Remco charter, which is available at www.tfglimited.co.za. The Remco considers the contributions made by key individuals on certain remuneration-related topics. These individuals are invited to attend meetings and include:

- the Chief Executive Officer (CEO);
- relevant Group executive directors;
- the Head of TFG Remuneration; and
- independent external advisors.

The relevant individuals do not participate in any discussions pertaining to their own remuneration and are not allowed to vote on remuneration matters tabled at meetings. They recuse themselves as is necessary.

REMCO MEMBERSHIP

E Oblowitz (Chairman)
Prof. F Abrahams
D Friedland
M Lewis

In line with best practice, the Remco meets four times a year. In addition, the Remco chairman meets on an *ad hoc* basis with management and independent external advisors throughout the year.

- Meeting attendance for the committee is set out on page 92.
- Each member's qualifications and experience are set out in the profiles on pages 38 to 40.
- Details of fees paid to committee members appear in note 32 of the consolidated annual financial statements.
- The independence of the non-executive directors is noted on page 96.

SECTION A: A LETTER FROM OUR REMCO CHAIRMAN

Dear Shareholders

This report summarises TFG's philosophy, principles and approach to remuneration for the financial year ended March 2020, relevant to executive directors, non-executive directors (NEDs) and other employees.

THE YEAR IN REVIEW

COVID-19 struck in earnest in March 2020, the last month of the financial year, and resulted in complete store closures in South Africa, Australia and the United Kingdom for at least the last week of the financial year. For 11 months of the financial year under review and for 35 months of the three-year long-term incentive performance measurement period, TFG performed ahead of its budgets as well against its peers locally and internationally and achieved positive overall financial results. COVID-19 and the consequent geographical lockdowns (including the inability to trade for at least one week during March 2020), had a material negative impact on revenue during the last month of the financial year and consequently for the full year results. Had the Group been able to trade uninterrupted for the full period of March 2020, the financial performance would have resulted in at least meeting threshold short-term incentive (STI) targets and the HEPS growth would have resulted in the vesting of at least 80% of HEPS-based performance shares.

More information on TFG's performance is set out in the Chief Executive Officer's report from page 50 and in the Chief Financial Officer's report from page 70.

The Remco has carefully considered both the short and long-term impact of COVID-19 on employee wellbeing and the ability of TFG to implement remuneration policies formulated prior to the dramatically changed social and economic environment in which we all now find ourselves.

To this end, the Remco decided that it is in the best long-term interests of both employees and investors to implement short-term tactical remuneration measures which will be reviewed next year, once more certainty has been obtained, regarding the longer-term impact of the COVID-19 crisis.

In summary, the following extraordinary steps have been taken:

- No annual increases for all employees for financial year ending March 2021.
- No annual increase for NEDs for the period October 2020 to September 2021.
- A reduction in fees and salaries for directors during the first quarter of the financial year ending March 2021.
- With assistance from the South African government's temporary employer relief scheme (TERS) in April and May 2020, and substantial top-up payments by TFG, all employees were paid in full during the lockdown period and no employee was required to take any leave. Similar government and employer support initiatives were implemented in the United Kingdom and Australia to mitigate the financial impact of lockdown measures on TFG employees.
- Consideration was given to the financial impact of COVID-19 lockdown on HEPS growth for the financial year ended March 2020 and the resultant impact on short and long-term incentive targets for the performance period ended 31 March 2020.
- Delay of 2020 share awards until the third quarter of the financial year ending March 2021 to allow additional time for the social and economic impacts of COVID-19 to be better understood and to allow for thorough consideration of long-term incentive (LTI) performance targets to be set. This delay will also enable share awards to be made under new share scheme rules to be approved at the upcoming annual general meeting. These new share scheme rules incorporate several good governance enhancements as requested by shareholders. The delay in share incentive scheme awards has the further benefit of preserving cash flow as we emerge from the crisis. As and when share awards are made during the course of the year, the necessary regulatory announcements will be made.

Variable pay is linked to the Group's financial performance. After considering the financial impact of the COVID-19 lockdowns on HEPS growth for the financial year ended 31 March 2020 and after considering the financial performance for over 90% of the performance measurement period for STIs and LTIs, the Remco approved a partial vesting of the 2017 performance share award and a discretionary bonus award. The discretionary bonus award will only become payable to eligible participants at the end of calendar year 2020, subject to the relevant balance sheet liquidity targets being achieved and approved.

Read more in the implementation report on page 140.

THE OUTCOMES OF OUR 2019 ANNUAL GENERAL MEETING

At the annual general meeting held on 3 September 2019, TFG received a 50,3% non-binding advisory vote in favour of the remuneration policy and a 78,2% non-binding advisory vote in favour of the remuneration implementation report. This lack of support for the remuneration policy was primarily due to the policy regarding share vesting on termination. We engaged with shareholders extensively prior to the 2019 annual general meeting and will continue to do so as part of our continual journey towards enhancing and refining our remuneration policies and practices.

We engage at least once annually with our major investors on a one-on-one basis to discuss enhancements and/or refinements to our remuneration policy. We noted the engagement feedback received from shareholders' advisors and investors following the 2019 annual general meeting and provided individual responses to the feedback received. Several of the concerns raised by shareholders relate to key operational terms and conditions of the share appreciation rights (SAR) plan and forfeitable share plan (FSP). As mentioned in the previous integrated annual report, the company planned to undertake a comprehensive review of these share scheme plans. This review is now complete, and the company will be asking shareholders to vote at the company's annual general meeting in September 2020 on two new sets of plan rules, which address shareholder concerns and incorporate good corporate governance enhancements.

The key issues raised from shareholders' advisors and investors following the 2019 annual general meeting, and our responses to each, are set out in the table below.

SHAREHOLDER ADVISOR AND INVESTOR COMMENTS		RESPONSE FROM THE REMCO AND ACTIONS TAKEN
LTI policy Performance measures	ROCE is not reported by geographical region.	TFG Africa ROCE is regarded as a fair measure of return on capital for purposes of LTI and is reported on page 65. Disclosure of ROCE by geographic region is not required for purposes of measuring performance of this LTI metric.
	ROCE target is a range but cliff vesting is applied.	TFG is still in the relatively early stages of ROCE target setting and will continue to utilise cliff vesting until we have experienced a reasonable number of annual ROCE cycles and thereafter to consider adopting a linear approach to ROCE performance measurement. ROCE weighting, target-setting and vesting will continue to be reviewed annually to ensure it remains relevant and challenges the performance of TFG's executives.
	Cliff vesting of SARs not cogently explained.	SARs are an optional LTI instrument with value only generated if the share price on conversion is greater than the original grant price. The threshold vesting hurdle for SARs is HEPS growth of at least CPI; this ensures real growth in HEPS before any SAR vesting. The value of a SAR is therefore dependent on inherent share price performance conditions and real HEPS growth, which supports the Remco's belief that a cliff vesting of SARs is most appropriate.
	Detailed justification required regarding the LTI 100% vesting target of CPI plus 2% p.a. HEPS growth over three years.	As reported in last year's remuneration report, "*considering market conditions and South Africa's economic growth forecast, a real HEPS growth of 2% p.a. is considered performance worthy of 100% vesting.*" In hindsight, this performance target may prove extremely difficult to achieve. Considering COVID-19 and the impact on results for the financial year ended 31 March 2020 as well as for the foreseeable future, the Remco has delayed setting vesting targets until the end of calendar year 2020.

SHAREHOLDER ADVISOR AND INVESTOR COMMENTS		RESPONSE FROM THE REMCO AND ACTIONS TAKEN
LTI policy **Share award limits**	Limit the size of share awards to 0,5% per participant and not 1%.	In line with good governance and market practice, new share scheme rules provide for a limit of 1%. It should be noted that the highest share award currently held by any one individual is 0,12%.
LTI policy **Good leaver provisions**	Good leaver provisions are too generous and not aligned with current market practice regarding good governance.	The Remco acknowledges that TFG's policy regarding good leaver provisions was the primary reason for the low approval of its remuneration policy for the 2019 annual general meeting. Revised share scheme rules are aligned with good governance and current market best practice.

THE REMCO UNDERTOOK THE FOLLOWING ACTIVITIES IN THE FINANCIAL YEAR ENDED MARCH 2020:

FORWARD-LOOKING CHANGE IDENTIFIED IN THE FINANCIAL YEAR ENDED MARCH 2019 AND ACTIONED IN THE FINANCIAL YEAR ENDED MARCH 2020	OUTCOME
LTI policy – performance measure EBIT (TFG Africa) was introduced in the financial year ended March 2020 as an LTI performance criterion for future performance share awards to eligible participants at Operating Board level (excluding Chief Executive Officer and Chief Financial Officer) and below. Share scheme participants at this level have no or little involvement with international strategic decision-making and hence their performance should be aligned with a strategic measure that is within their control. Accordingly, EBIT (TFG Africa) will replace Group HEPS as the LTI performance measure. The LTI performance metrics for the Chief Executive Officer and Chief Financial Officer will remain Group HEPS and ROCE.	Share awards made in June 2019 were issued using these revised performance measures.
LTI policy – good leaver provisions The policy regarding good leaver provisions regarding accelerated vesting of inflight share awards was reviewed. New share scheme rules that are aligned with latest thinking on good leaver provisions are to be approved by shareholders at the 2020 annual general meeting.	Share awards for the financial year ending March 2021 will only be awarded after approvals of the revised share scheme rules.

CHANGES AS A RESULT OF SHAREHOLDER FEEDBACK FROM 2019 ANNUAL GENERAL MEETING	OUTCOME
LTI policy Enhanced justification in remuneration report of SAR vesting policy.	See page 135 for further detail.
LTI policy Enhanced justification in remuneration report of HEPS growth targets for LTI.	See page 135 for further detail.
Alignment with shareholders Minimum shareholding requirement (MSR) for key executives.	The Remco plans to introduce a MSR for executive directors during the financial year ending March 2021. Detailed policy will only be finalised towards the end of calendar year 2020 but the intention is that, while employed by TFG, executive directors will be required to hold a minimum value of TFG shares in their personal capacity linked to a percentage of their annual guaranteed package. TFG will engage with shareholders and shareholder advisory services regarding the detailed MSR policy towards the end of calendar year 2020.

ACTIVITIES CONDUCTED DURING FINANCIAL YEAR ENDED MARCH 2020 TO FURTHER REFINE AND IMPROVE OUR REMUNERATION POLICY	OUTCOME
Comparator group Comprehensive review and resultant enhancement of our comparator group for benchmarking purposes.	Revised comparator group as reported on page 127.
Benchmarking Comprehensive benchmarking exercise performed for executive and non-executive directors to ensure total pay mix (salary, STI and LTI) is fair and market related.	The Remco is pleased to report that no changes to the remuneration package levels nor mix were required as a result of the independent review undertaken.
External expert advisors Review of external expert advisors.	Appointment of DG Capital as primary external expert remuneration advisor while retaining PwC as specialist advisor on compliance in relation to disclosures as required by King IV and the JSE Limited Listings Requirements.

FORWARD LOOKING CHANGES	OUTCOME
STI The Remco has requested a review of the STI to confirm that financial and non-financial measures are appropriately weighted and aligned to short term performance objectives for all participants in the scheme.	DG Capital has been commissioned to perform this review to be tabled for review by the Remco in September 2020.

EXTERNAL ADVISORS

The Remco is satisfied that DG Capital and PwC provided independent advice and services to TFG.

CLOSING REMARKS OF THE CHAIRMAN

The COVID-19 crisis that unfolded globally during the first six months of 2020 proved to be a testing time for TFG. I have personally witnessed the exceptional efforts and resilient and empathetic leadership demonstrated by the TFG executive team in all three jurisdictions to ensure the financial stability and wellbeing of the staff, customers, suppliers and stakeholders of the Group. The genuine care shown to the Group's employees' wellbeing and financial and other assistance offered to distressed suppliers have been truly remarkable. I commend these and other exceptional efforts and reaffirm my pride in being associated with a team of this calibre. The Remco sought practical ways to accommodate the unique challenges arising from this pandemic, but at the time of finalising this report, the full impact of the crisis and its associated follow-on implications are not fully apparent. Accordingly, the Remco needs more time to consider, design and implement appropriate remuneration solutions that are in the best interests of TFG, its employees and its shareholders. Consistent with our adherence to good governance, the Remco endeavours to ensure that all our remuneration policies are fair and fit-for-purpose and that the associated reporting and disclosures are straightforward, comprehensive and transparent. Any changes to existing policies will be properly and timeously communicated to shareholders through appropriate channels prior to implementation.

The Remco has duly executed its responsibilities during the financial year under review in accordance with its terms of reference. The Remco is satisfied that the remuneration policy achieved its stated objectives during this period.

I thank my fellow Remco members, our external advisors and management for their valuable inputs and continued support in delivering our significant responsibilities for ensuring appropriate remuneration policies and practices, especially in terms of the recent as well as ongoing challenging times. I also extend my thanks to the various shareholders and proxies who provided us with constructive and candid feedback on our remuneration policies and practices.

Sections B and C of this report (containing the 2021 remuneration policy and 2020 implementation report respectively) will be put to two separate non-binding votes at the 2020 annual general meeting. We look forward to your positive votes in favour of our policy and the implementation thereof

E Oblowitz
Chairman: Remuneration Committee

11 August 2020

SECTION B: AN OVERVIEW OF OUR REMUNERATION POLICY

THE PRINCIPLES AND PHILOSOPHY THAT DEFINE OUR POLICY

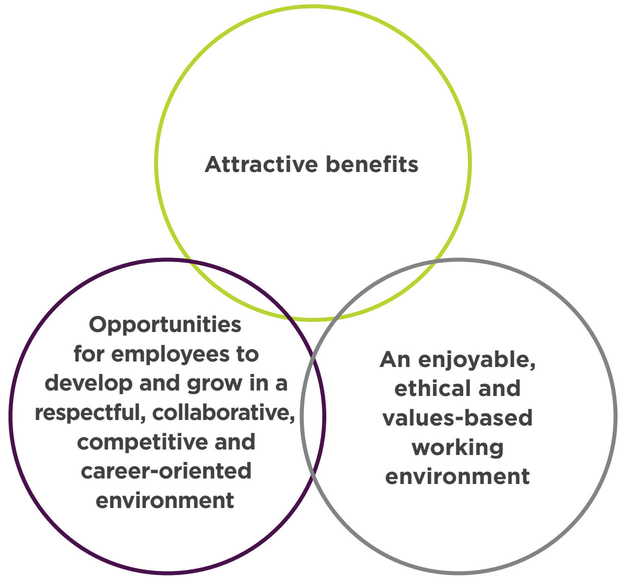
TFG's remuneration policy aims to attract, engage and retain the best talent, which is essential for executing our business strategy and achieving performance objectives. The remuneration policy aligns with TFG's approved risk and governance framework, optimising sustainable and long-term returns for shareholders.

A number of variable pay (STI and LTI) principles and philosophies that define our policy are being re-evaluated in the light of the COVID-19 crisis that unfolded during the first six months of calendar year 2020, the impact of which continues at the date of this report. As stated in section A of this report, the Remco sought ways to accommodate the unique challenges arising from this crisis, but at the time of publishing this report, the full impact of the crisis and its associated implications are not fully apparent, and the Remco needs more time to design and implement remuneration solutions that are in the best interests of TFG, its employees and its shareholders. Consequently, STI targets for the financial year ending March 2021 will only be set in the second half of the financial year and the performance measures for 2020 share awards will only be finalised towards the end of calendar year 2020. The Remco is considering setting short-term targets for 2021 STIs that align with the challenges to survive the crisis and to set up TFG for long-term sustainable growth. Also under consideration is awarding LTIs that take into account the impact of COVID-19 on the performance measurement period. The principles and philosophy that define our policy as detailed in this report were applied up to and including the end of the financial year ended 31 March 2020. Any changes to existing policies will be properly communicated to shareholders through appropriate channels before implementation.

The policy seeks to achieve the following principal objectives:

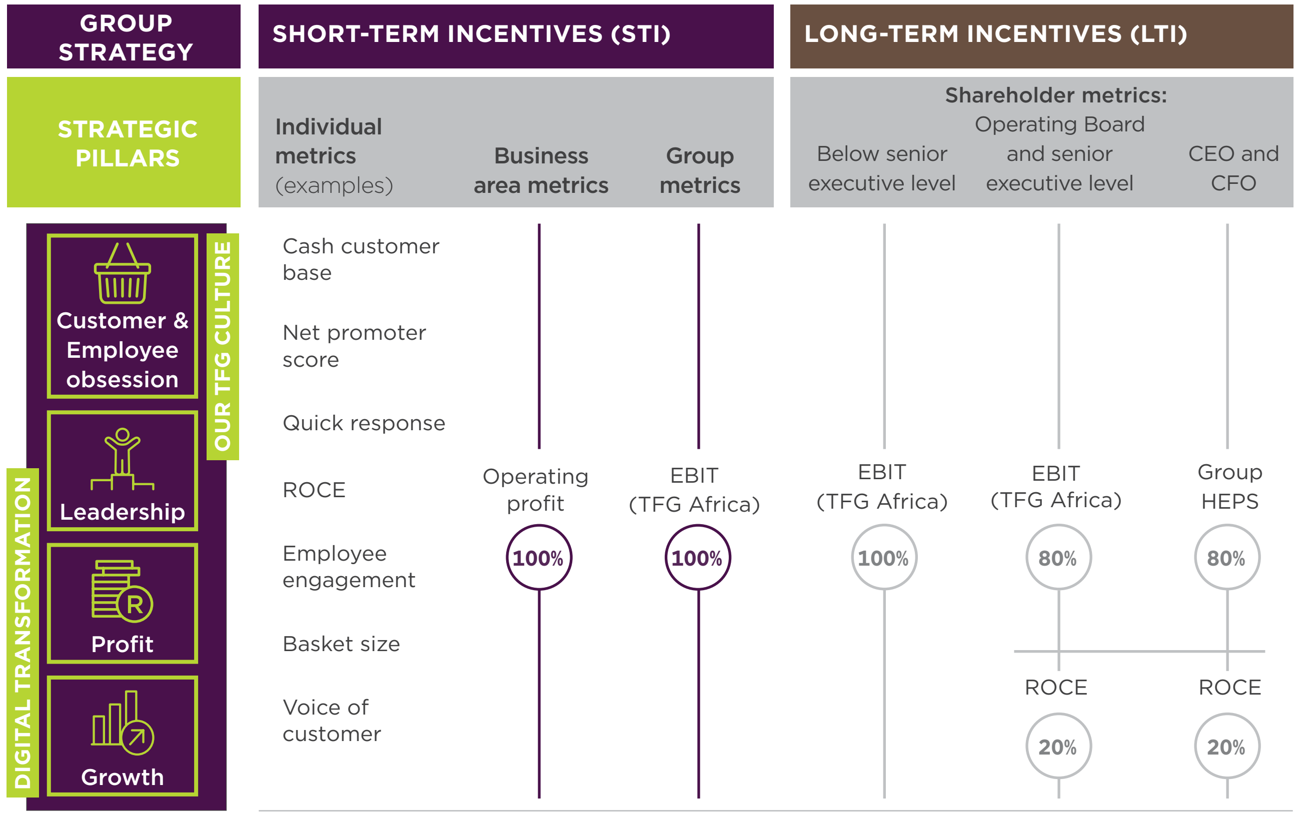
External equity: employees are rewarded in line with national and retail market benchmarks, taking all relevant and appropriate factors into account	Read more on page 129.
Internal equity: employees are remunerated fairly in relation to one another and in recognition of their individual contribution and accountability	Read more on page 129.
Performance alignment: employees are aware of the requirements for sustained short-term and long-term performance in terms of rewards	Read more on page 130.
An appropriate remuneration mix: employees are aware of the need to establish a balance between cash salary, benefits, STIs and LTIs to drive the performance and values-based behaviours	Read more on page 127.

Remuneration must be balanced with:



The remuneration policy is applicable to all employees and aims to fairly reward individual performance, behaviour and accountability. The policy is designed to achieve a fair and sustainable balance between guaranteed pay, STIs and LTIs.

Participation in STI and LTI schemes depends on an individual's organisational level within the Group.



Are we mindfully considering principles of fair and responsible remuneration?
TFG remains committed to fair and responsible remuneration and have developed consistent methodologies and measures to ensure implementation. The management of remuneration, including appointment and pay progression are governed by clearly defined policies. TFG is committed to fairly differentiating pay based on work of equal value, competitive market rates and individual performance and contribution. Processes are in place to regularly measure pay differentials and identify and correct any discriminatory practices.

TFG provides all employees with the chance to grow their earnings through training and upskilling and by leveraging opportunities to apply for internal positions. For example, an employee starting out as a sales associate could, through the assistance of TFG programmes over a period of three to five years, move into a store management role. Customer-facing employees' remuneration could further be supplemented by store- and brand-based STIs and commission.

Annual performance reviews are conducted for all employees and career plans are developed for high-performance employees who demonstrate potential. High-performance employees are offered specific training and development support to advance their careers and pay progression is aligned with their actual performance and experience.

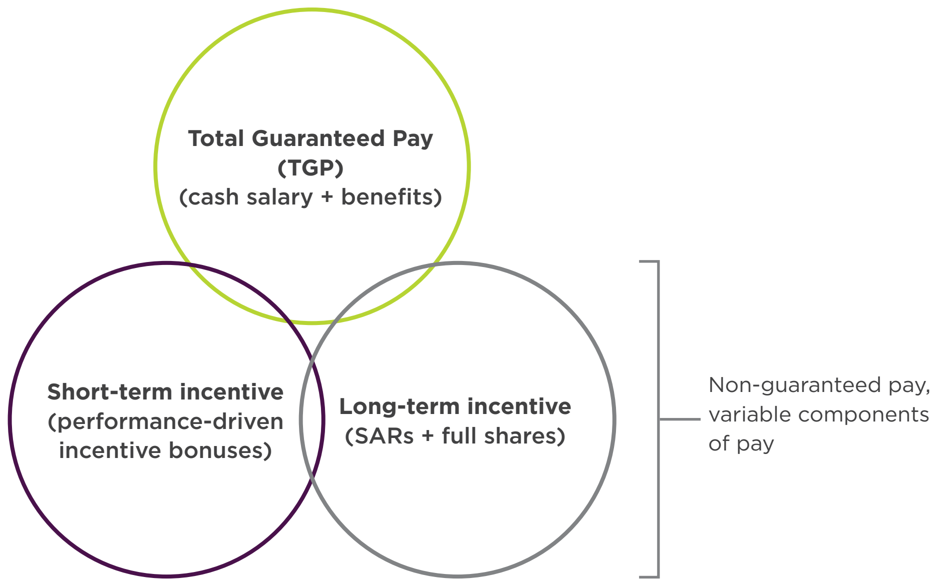
Are we actively investigating external and internal inequity and eliminating unjustified differentials in remuneration?
We undertake an annual exercise to identify internal unjustified income differentials between employees doing work of equal value. For all pay grades within TFG, outliers from the median income are reported and any unjustified income differentials are flagged and monitored for corrective action.

To monitor external equity, DG Capital conducted an independent, comprehensive remuneration benchmarking against retail and non-retail comparator groups for executives and board members. The comparator group comprises a specific retail sector group and a larger, more diversified group of non-retailers. The non-retailers were selected based on similar size (market capitalisation) and complexity (most are multi-brand and multi-national), as listed in the table below:

RETAIL SECTOR	MARKET CAP
Shoprite, Pepkor, Woolworths, Clicks, Mr Price, SPAR, Pick n Pay, Truworths, Dis-Chem, Massmart	Bid Corporation, Bidvest, MultiChoice, Tiger Brands, Aspen Pharmacare, Telkom SA, Life Healthcare, Distell, AVI, Pioneer Foods, Motus, Imperial Logistics, Super Group, Adcock Ingram, RCL Foods

DETAILS ABOUT OUR REMUNERATION MIX

The remuneration mix includes:



STI and LTI are designed relative to TGP to achieve an appropriate remuneration mix that drives performance and is aligned to TFG's business strategy and performance attained.

The remuneration mix varies by organisational level, as approved by the Remco. Variable pay (STI and LTI) is a significant component at more senior operational levels as the risk of forfeiture is higher if set performance targets are not met. Consider the following, which illustrates the remuneration mix of the Chief Executive Officer and Chief Financial Officer.

Remuneration mix based on annualised TGP (cash salary and benefits) at March 2020.

STI calculated at threshold, target and stretch using an individual performance modifier (IPM) of 3 (meets all expectations).

LTI based on allocation policy using the annualised TGP as at March 2020, industry standard option pricing formulae, industry standard probability factors and estimated achievement of performance conditions.

Total guaranteed pay (TGP)

TOTAL GUARANTEED PAY

CASH SALARY

Cash salary is intended to attract and retain key talent, with a focus on external market equity, internal equity and equal pay for work of equal value.

Pensionable and non-pensionable cash salary

A tenure-based 13th cheque for permanent employees Peromnes* Grade 6 and below

Applicable to all permanent employees

BENEFITS

Benefits influence the attraction and retention of key talent.

TFG Retirement Fund^
The company contribution is between 12% – 13,5% of pensionable salary, depending on the employee's organisational level and role. A 7,5% member contribution of pensionable salary applies. All permanent employees are eligible to participate.

Group life and disability benefits
All permanent employees participate in Group life and disability benefits, subsidised in full by TFG.

Applicable to all permanent employees

TFG medical aid scheme (where applicable)
Income-related but lower contributions are required from employees in lower salary bands. TFG provides a 50,0% subsidy for all approved dependants on the in-house medical aid. This eases the cost of living for employees.

** TFG has two grading structures in place: a Peromnes grading for employees falling in level Grade 6 and below and Paterson grading for employees falling in level D3 and above.*
^ Contributions to retirement savings are based on pensionable salary. No element of variable pay is regarded as pensionable.

External and internal equity
TFG seeks to create external and internal equity when determining TGP, taking into consideration financial performance and affordability.

External equity:

- Best practice remuneration processes that position TFG's remuneration ranges at the most appropriate levels to ensure we remain competitive with the market for each role.
- To achieve external equity, TFG relies on market information (e.g. PwC REMchannel®, DG Capital Executive Remuneration Survey and benchmarking based on TFG's selected comparator groups) and TFG's pay position strategy of 50th percentile.

Internal equity:

- Among other factors, an employee's position in the remuneration range depends on individual performance and contribution in their role.
- Best practice talent processes that ensure employees are equitably placed within the most appropriate remuneration range relative to one another are in place.

TFG considers external and internal equity when new employees enter the business or existing employees are promoted, as well as when conducting annual reviews and/or merit increases.

Remuneration increases are guided by and based on comparison with industry peers, independent market surveys such as the PwC REMchannel® and Korn Ferry Hay Group's salary surveys and national economic indicators. The Remco also considers TFG's financial performance when determining annual increase guidelines. Remuneration increases are awarded taking into consideration various factors such as guidelines, budget constraints, placement in range and individual performance.

Variable components of remuneration

Variable pay (STIs and LTIs) is linked to individual and company performance that supports sustainable growth and responsible corporate citizenship. In line with King IV, the table below sets out the positive outcomes of the performance criteria across the economic, social and environmental context in which TFG operates.

Positive outcomes per key resource	Performance criteria	
	STI	LTI
Financial capital		
Achieving the budgeted EBIT (TFG Africa) places TFG in a position to determine how effectively the Group generates profit from its operations. This serves as one of the foundations to raise capital.	EBIT (TFG Africa) Group metric	EBIT (TFG Africa) Group metric
Employees are encouraged to achieve TFG's liquidity profile and future cash requirements, with a specific focus on ROCE and cost-saving initiatives. This achieves a more profitable business and ultimately increases shareholder and broader stakeholder value.	Operating profit – divisional metric	
HEPS drives increases in the value of TFG's shares over a significant period through operational and capital investment activities.		HEPS
ROCE drives the return and responsible reinvestment of financial capital in the form of sustainable shareholder distributions and interest payments at responsible levels of risk.		ROCE
Manufactured capital		
Ensuring that the infrastructure that forms part of TFG's business is used efficiently helps the Group achieve revenue targets.	Operating profit – divisional metric	
Financial capital and manufactured capital		
Strategic metrics in the executive management's balanced scorecards encourages executives to manage the Group's liquidity profile to meet current and future cash requirements. It further encourages them to maintain profit margins and manage, grow and diversify TFG's local and international asset base.	Individual performance	
Human capital		
Investment in human capital deepens employee engagement and encourages employees to grow and succeed, while providing an environment of employee retention, support, transformation, collaboration and respect.	Individual performance	

STIs

STIs reward employees for achieving or exceeding targeted performance levels

STI overview

The Group's annual bonus scheme defines three targeted tiers of performance at divisional and Group levels, with commensurate bonus payments at each of these tiers. These tiers are defined as threshold, target and stretch.

Permanent employees from Peromnes Grade 7 (middle management) and above are eligible to participate. Scheme rules are communicated to each participating employee. Approved bonus payments and confirmation of the underlying performance measures are made shortly after the annual financial results are published.

Customer-facing employees do not participate in the Group annual bonus scheme. Their remuneration could be supplemented with store- and brand-based STIs and commission, directly linked to store and divisional KPIs.

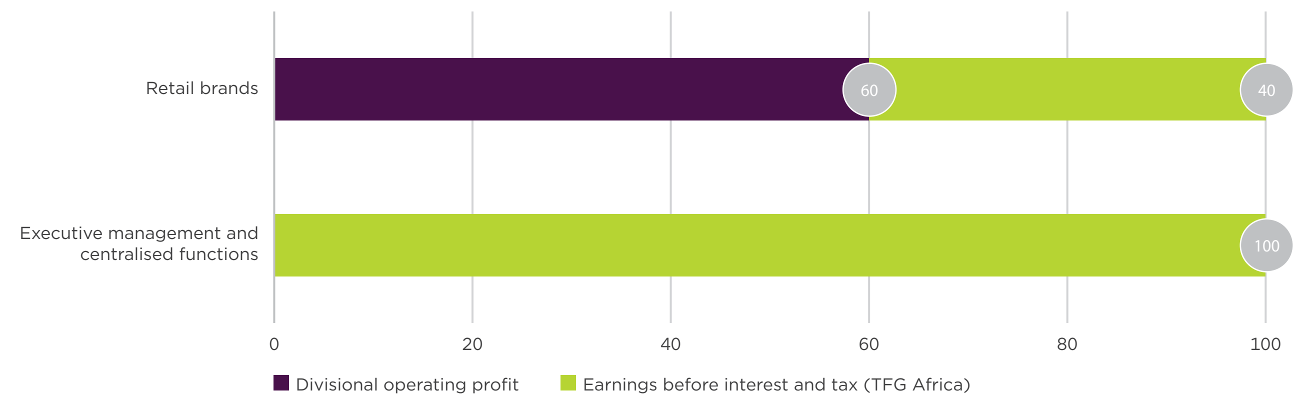
STI performance metrics

Two performance metrics are used to set targets for STI payment. These measures are divisional profit before tax and EBIT (TFG Africa).

The bonus pool for executive management and centralised functions is weighted 100% to EBIT (TFG Africa), while the bonus pool for retail brands is weighted 60% to divisional profit before tax and 40% to EBIT (TFG Africa). The bonus pool accrues when the various target levels are achieved by retail brands and at Group level. The bonus pool is the sum of all participants' STIs based on various target levels achieved.

This structure exists for the following reasons:

- To drive collaboration between divisions to the overall benefit of the Group; and
- To reward strong divisional performance.



After calculating the bonus pool, individual performance and the value added by an individual to the business is applied as a secondary measure to determine an individual's bonus. The purpose of considering individual performance is to support a pay-for-performance culture.

Individual performance is measured on a five-point scale and an individual's bonus can be modified between 0% and 150% as illustrated below:

Modifier applied to on-target earning potential

Rating	Description	Modifier
0	Not able to rate – new employee	100%
1	Meets minimal or no expectations	0%
2	Meets most but not all expectations	75%
3	Meets all expectations	100%
4	Meets all and exceeds some expectations	125%
5	Consistently exceeds all expectations	150%

INDIVIDUAL PERFORMANCE MEASURE (IPM)

In line with good practice, these ratings are calibrated to ensure the Group achieves a reasonable distribution curve across the participant pool and the total bonus pool before applying individual modification is not exceeded.

Performance objectives for all Operating Board members (including the Chief Executive Officer); all heads of retail brands; and all heads of functions are aligned with TFG's strategic agenda as detailed from page 56. The Chief Executive Officer's objectives are set and assessed by the Chairman of the Supervisory Board. The Chief Financial Officer's and Operating Board members' objectives are set and assessed by the Chief Executive Officer.

STI target setting

Soon after the start of a financial year

The Remco approves Group bonus targets using annual profit forecasts as a benchmark and primary measure.

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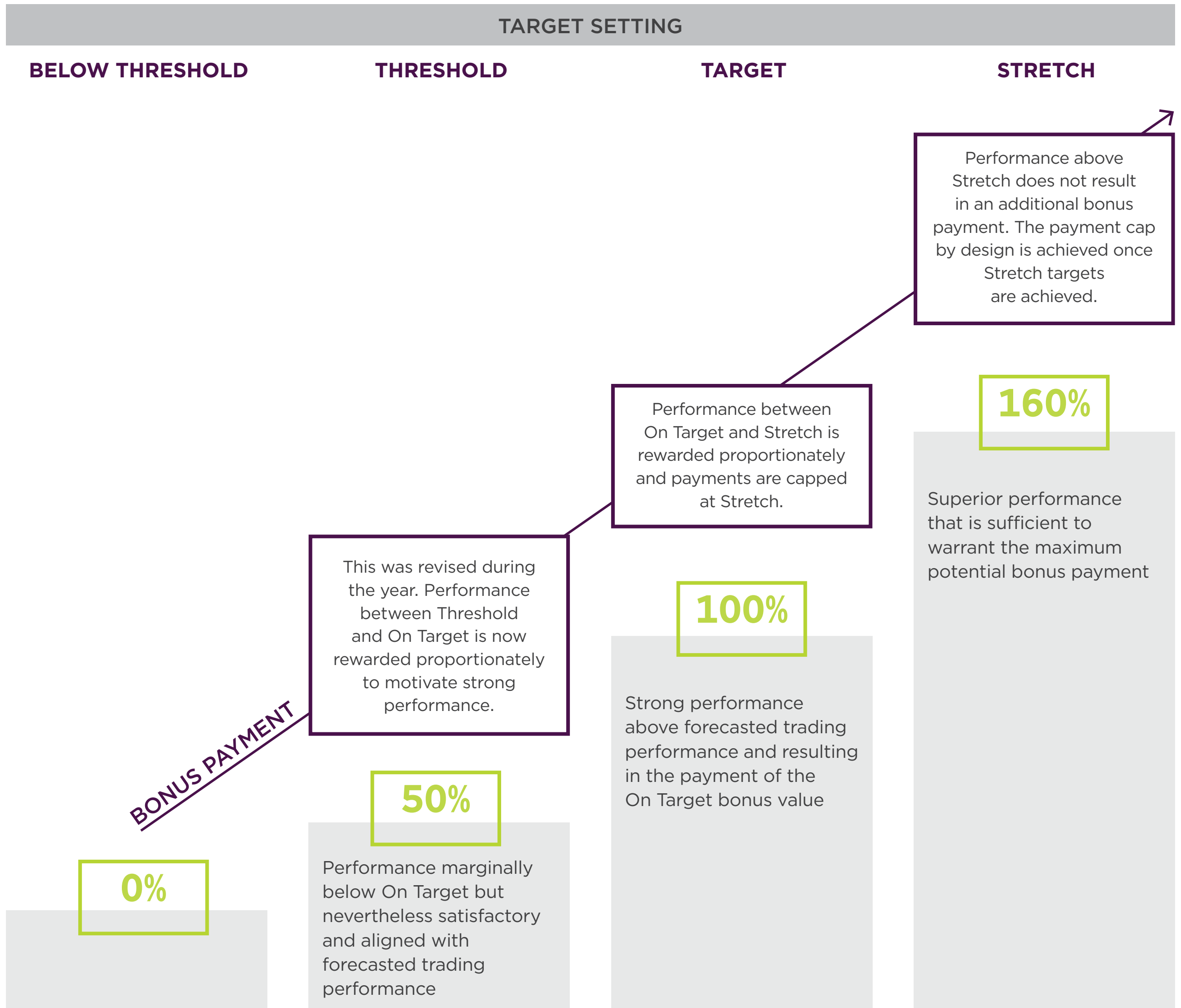
After completion of a financial year

The Remco reviews whether approved Group and divisional targets are achieved.



To effectively monitor TFG's operational performance, retail turnover and other key retail metrics are reported internally on a daily basis. This supports robust STI design principles and underpins divisional operating profit and EBIT (TFG Africa).

STI payment multiples

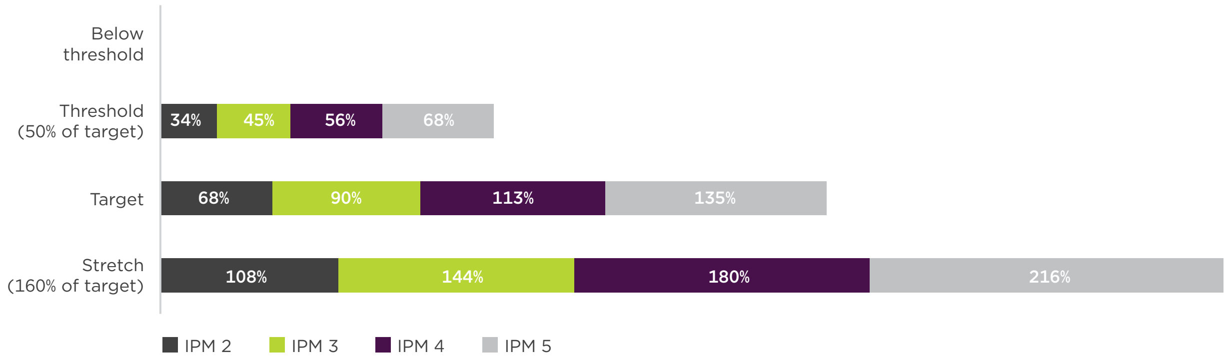
STI benchmarks are reviewed regularly to ensure bonus payments at each organisational level and performance tier are appropriate to the overall pay mix. Any changes to the payment multiples or structures require prior approval from the Remco. During the year under review, no changes were made to any payment multiples.

Before the influence of any individual factors is considered, bonus multiples are calculated as a factor of:

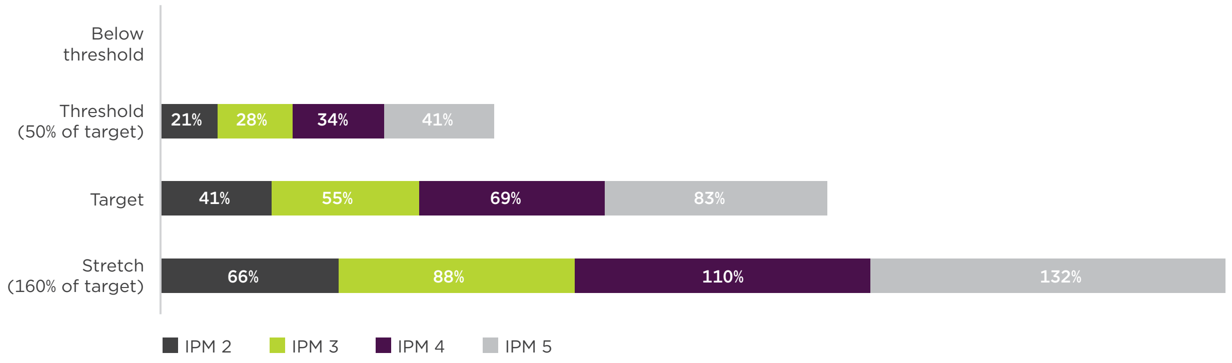
- each individual's annual TGP; and
- each organisational level.

For ease of comparison and reporting, bonus multiples are shown as a percentage of annual TGP in this report.

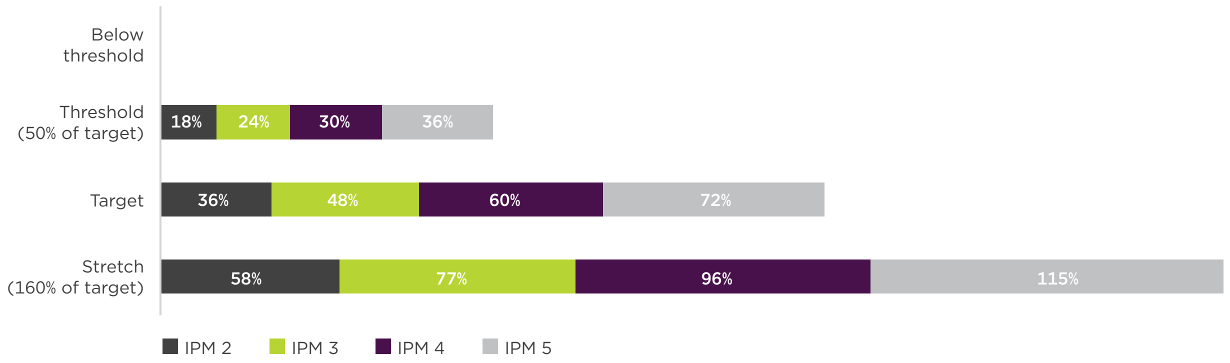
CEO – % OF TGP PER INDIVIDUAL PERFORMANCE MEASURE (IPM) ACHIEVED



CFO – % OF TGP PER INDIVIDUAL PERFORMANCE MEASURE (IPM) ACHIEVED



OPERATING BOARD – % OF TGP PER INDIVIDUAL PERFORMANCE MEASURE (IPM) ACHIEVED



LTIs

LTI schemes include SARs and forfeitable shares that align executive and key management interests with those of shareholders.

LTI allocation policy

Allocations are made annually using predefined multiples for each share incentive type based on:

- organisational level Senior Manager (Paterson D4) and above;
- annual TGP; and
- targeted pay mixes that consider market guidelines appropriate for each organisational level.

Allocations are made consistently to establish the awards as an accumulating asset for eligible employees. The objective of this is to incentivise, grow and retain these employees in TFG's service for at least three years. Each annual allocation has a three-year vesting period, with each new LTI allocation providing a further three-year incentive and retention period.

LTI allocations made to the Chief Executive Officer, Chief Financial Officer and Operating Board members are in their entirety subject to Group performance criteria. The LTI allocation split for Chief Executive Officer, Chief Financial Officer and Operating Board members is 50% SAR awards and 50% forfeitable performance share awards, while executives below Operating Board level are allocated a mix of forfeitable performance shares and forfeitable restricted shares. LTI shares vest based on the performance criteria applicable to the relevant LTI scheme. Forfeitable shares are full shares that provide an employee with shareholder rights but with restricted disposal conditions attached. Accordingly, TFG pays dividends to these eligible employees in relation to unvested shares.

As part of TFG's retention strategy for other key senior employees, annual allocations are a defined mix of performance and forfeitable shares.

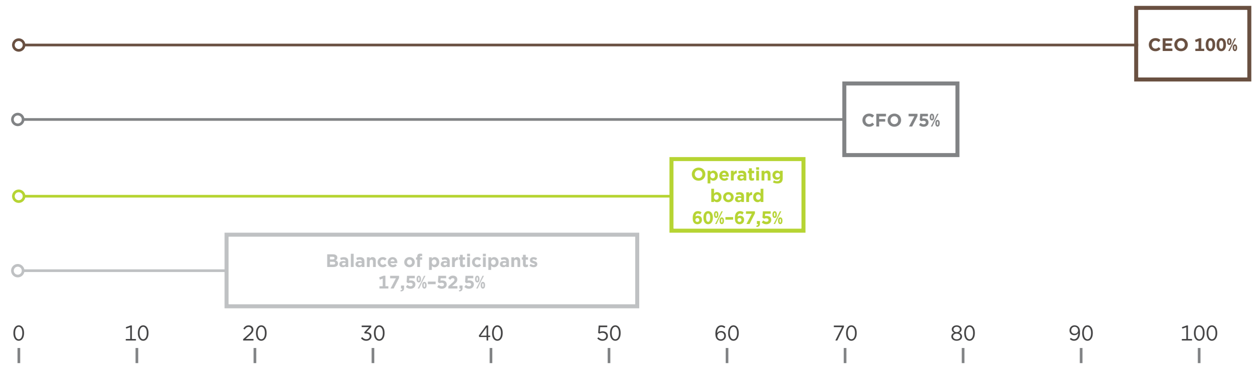
Ad hoc, once-off allocations are exceptional and typically represent upfront approved remuneration when a senior executive is first employed by TFG. All such exceptional awards are disclosed to shareholders. Once-off allocations or any other type of sign-on payments are awarded by exception to senior executives to compensate them for financial entitlements that will be forfeited as a result of leaving their previous employer in taking up employment with TFG.

New allocations are not adjusted to compensate for any existing allocations that may be financially "underwater".

Benchmarks for the expected value of share awards, performance criteria and weightings are reviewed annually. No changes are made without prior approval by the Remco and Supervisory Board.

The allocation levels per role for LTIs (as a percentage of annual TGP) are outlined below:

EXPECTED ON TARGET VALUE* OF ANNUAL SHARE ALLOCATION AS A % OF ANNUAL BASE PAY.



* *The expected value of the LTI allocations is determined using industry standard option pricing formulae and probability factors, together with established performance conditions.*

Share appreciation rights (SARs)

(Foschini 2007 share incentive scheme and SAR plan 2020 (to be approved))

Participants are entitled to shares equal in value to the growth in the share price. This relates to a defined number of rights between the grant date and the date of conversion to resultant shares. As per the below table, all shares issued under this scheme are subject to Group performance criteria, which are tested over a period of three years. The minimum period between grant and conversion is three years, and all rights expire after a maximum of six years as determined from grant date. If the prevailing share price on conversion date is less than the share price on grant date, then the SAR has no value for the participant. Notwithstanding a gain in share price, a gatekeeper performance target of at least positive real growth is required over the measurement period. If this target is not achieved, then all SARs lapse. The value of a SAR is determined by the gain in share price since grant date and is subject to performance testing, and it is for this reason that the Remco believes an "all-or-nothing" approach to vesting is most appropriate. The table below refers to awards granted up to the financial year ended March 2019. Awards with a base year of financial year ended March 2020 will be made after a new set of share scheme rules has been approved at the forthcoming annual general meeting. Target setting for these awards and vesting periods will take in account the uncertainties regarding long-term target setting because of the current COVID-19 crisis. As and when awards are made during the year, the necessary regulatory announcements will be made.

Instrument	Participants	Allocation frequency	Performance target	Measurement period	Vesting summary
Share appreciation rights (SARs)	CEO and CFO	One allocation per annum	Group HEPS growth (continuing operations) of at least geographical weighted CPI compounded annually	Three years with no retesting. Expiry period six years from grant date.	100% vesting if Group HEPS growth of at least geographical weighted CPI. 0% vesting if Group HEPS growth of less than geographical weighted CPI.
	Operating Board	One allocation per annum	EBIT (TFG Africa) growth of at least CPI compounded annually	Three years with no retesting. Expiry period six years from grant date.	100% vesting if EBIT (TFG Africa) growth of at least CPI. 0% vesting if EBIT (TFG Africa) growth of less than CPI.

Note: A geographical weighted CPI based on Africa, United Kingdom and Australia is used as a threshold vesting target for HEPS.

Forfeitable shares

(Foschini 2010 share incentive scheme and FSP 2020 (to be approved))

Two instruments form part of this scheme, namely performance shares and restricted shares. Awards are made in the form of forfeitable shares which entitle the participant to voting rights and to receive dividends from the award date. Shares vest three years from the date of award and in the case of performance shares, are subject to performance measures over a similar period. The resulting number of shares that vest is directly aligned to the achievement of the performance measures. Any shares that do not vest, lapse on the vesting date. Restricted shares do not have any performance conditions attached.

Historically, the primary performance measure for performance shares has been a target range of a real HEPS growth of between 0% and 2% per annum being attained over the three-year measurement period. This target is reviewed annually.

The table below refers to awards granted up to financial year ended March 2019. Awards with a base year of financial year ended March 2020 will be made after a new set of share scheme rules has been approved at the forthcoming annual general meeting. Target setting for these awards and vesting periods will take in account the uncertainties regarding long-term target setting because of the COVID-19 crisis. As and when awards are made during the year, the necessary regulatory announcements will be made.

Instrument	Participants	Allocation frequency	Performance criteria	Target range	Vesting profile
Performance shares (forfeitable shares)	CEO, Operating Board and executives (Paterson scale E1 and above)	One allocation per annum	**CEO and CFO** Group HEPS (continuing operations) [weighting 80%], and ROCE [weighting 20%] **Operating Board and senior executives** EBIT (TFG Africa) [weighting 80%], and ROCE [weighting 20%] **Levels below senior executives** EBIT (TFG Africa) [weighting 100%]	**Group HEPS** • Growth of geographical weighted CPI plus 2% • Growth of between geographical weighted CPI and CPI plus 2% • Growth of less than geographical weighted CPI **EBIT (TFG AFRICA)** • Growth of CPI plus 2% • Growth of between CPI and CPI plus 2% • Growth of less than CPI **ROCE** • ROCE between or greater than target range between 23% to 25% • ROCE less than 23%	• 100% vesting after three years • Linear vesting after three years • 0% vesting • 100% vesting after three years • Linear vesting after three years • 0% vesting • 100% vesting after three years • 0% vesting
Restricted shares (forfeitable shares)	Senior management above the entry level of middle management, i.e. Paterson scale D4 (excluding senior executives, CEO and Operating Board).	One allocation per annum	Issued to improve the retention of key senior talent, while utilising an instrument that aligns the interests of participants with those of shareholders.	Subject to continued employment and vests after three years.	

Note: Although a target range has been set for ROCE, a cliff vesting approach of measurement is considered appropriate as ROCE is a relatively small component of the LTI and therefore an "all-or-nothing" approach is more appropriate to motivate executives. It is expected that proportional weighting of ROCE will increase over time and at that stage, linear vesting within the ROCE target range will then be introduced.

Share scheme limits and manner of settlement

Despite higher dilution limits detailed as part of each of the current share scheme's rules, the Remco does not permit the total number of allocated shares issued across all schemes to exceed the following limits:

- 1% individual limit
- 5% Group limit

These limits have been incorporated into the new share scheme rules to be approved by shareholders at the forthcoming annual general meeting.

LTI shares are settled through on-market purchases and do not result in any dilution to shareholders. The actual usage of the dilution limits in the financial year ended March 2020 is well below these limits and is set out in section C.

Vesting on termination and retirement

Based on relevant circumstances and in line with scheme rules, the Remco must consider whether a portion of the inflight LTI may vest as a result of termination and/or retirement. Following shareholder engagement and in line with accepted practice regarding vesting of inflight LTIs on termination and/or retirement, Remco has adopted the following policy.

For all awards made up to and including 2019:

- In the case of normal retirement, death, permanent disability or retrenchment, all shares vest.
- In the case of early retirement, the Remco applies defined decision-making guidelines to determine if all or a portion of the shares will vest.
- All shares and rights are forfeited upon an employee's resignation or dismissal in terms of the scheme rules.

For all awards made after 2019

- All awards made after 2019 will be issued under new share scheme rules to be approved by shareholders at the forthcoming 2020 annual general meeting. These rules provide for time-based partial vesting for good leavers, after testing for performance, where appropriate. At the time of publishing the integrated annual report, no awards were made after 2019.

Malus and clawback

TFG subscribes to the principles of malus and clawback for STIs and LTIs. The principle of malus forms an integral part of the new share scheme rules to be approved by shareholders at the forthcoming 2020 annual general meeting.

Malus

Any variable pay may be reduced in whole or in part prior to payment or settlement thereof, after an actual risk event (trigger event) occurs which, in the judgement of the Remco, had arisen during the relevant vesting, pay-out or financial period.

In the event of early termination of employment during the vesting period of an award, the Remco will consider whether a trigger event arose between the award date and the date of termination of employment.

Clawback

The Remco may apply clawback and take steps to recover value of awards that have vested or bonuses that have been paid out (on a pre-tax basis) as a consequence of a trigger event which, in the judgement of the Remco, arose during the clawback period. The clawback period will run for three years from the vesting date of the awards or the bonus pay-out. In the event of a breach of a director's duties and/or any of TFG policies by a participant, TFG reserves the right to pursue any and all remedies available to it in terms of the clawback policy, as well as its remedies in terms of common and statutory law.

The summarised trigger events for malus and clawback include:

- Employee dishonesty, fraud or gross misconduct;
- A material misstatement of the financial results for the performance or employment period of the award, resulting in an adjustment in the audited consolidated annual financial statements of TFG (or any employer company);
- The assessment of any performance metric or condition (where applicable) in respect of an award which was based on error, or inaccurate or misleading information;
- Any information used to determine the quantum of a cash STI or LTI scheme payment, or the number of shares subject to an LTI award, was based on error, or inaccurate or misleading information; and/or
- Events or behaviour of the employee that had a significant detrimental impact on the reputation of TFG.

Decisions made by the Remco regarding the application of malus and/or clawback are final, binding and non-appealable.

Service agreements and retention strategy

Executive directors have service agreements and there are specific programmes in place with TFG to ensure that business continuity and strategic execution are supported despite the loss of key employees. This is bolstered by appropriate risk management mitigations.

Restraints and minimum service agreements

TFG has restraint of trade and minimum service agreements in place for the Chief Executive Officer, Chief Financial Officer and Operating Board members. These agreements exist for the duration of employment and contain notice periods of between six and twelve months. In the event of summary dismissal on the grounds of misconduct (for example, dishonest or fraudulent conduct), notice periods do not apply.

Ex gratia or other lump sum payments on severance or retirement

There are currently no agreements in place that provide for *ex gratia* or other lump sum payments to executives on severance or retirement. Executives who depart are not awarded "golden handshakes". There are no *ex gratia* payments made in the event of a merger or takeover.

Non-executive directors (NEDs)

NED fees are based on market benchmarks and the level of increased responsibility of regulatory oversight placed on NEDs due to TFG's international expansion. The arrangements pertaining to NEDs (South African resident and foreign) are set out below:

- NEDs are appointed for a three-year term on recommendation by the Nomination Committee.
- NEDs may be eligible for re-election depending on their annual performance evaluation.
- NEDs are paid a base fee as well as a committee fee based on the number of committees on which they serve.
- NEDs are reimbursed by TFG for all travel expenses incurred during the course and scope of their duties in accordance with TFG's approved travel policy.
- NEDs do not receive any form of variable pay.
- No NEDs have service contracts with the Group.

The proposed NED fees[1] for the period 1 October 2020 to 30 September 2021 will be listed for approval at the 2020 annual general meeting. In line with TFG's current freeze on salary increases for all staff, NED fees will remain unchanged for the period 1 October 2020 to 30 September 2021 and are as follows:

	Current NED fees	Proposed NED fees	% increase
Chairman (all inclusive)	R1 150 000	R1 150 000	0
Director (South African)	R366 500	R366 500	0
Director (Foreign)	R618 000	R618 000	0
Audit Committee chairperson	R336 000	R336 000	0
Risk Committee chairperson	R247 000	R247 000	0
Remco chairperson[2]	R146 000	R146 000	0
Social and Ethics Committee chairperson	R130 500	R130 500	0
Member/Invitee of Audit Committee	R142 000	R142 000	0
Member/Invitee of Risk Committee	R111 000	R111 000	0
Member of Remco	R89 000	R89 000	0
Member of Social and Ethics Committee	R72 000	R72 000	0
Member of Nomination Committee	R47 300	R47 300	0
Member of *ad hoc* Finance Committee[3]	R47 300	R47 300	0

[1] *All NED fees are VAT exclusive.*
[2] *In recognition of the unexpected additional time and engagement required to review and implement extraordinary remuneration policy issues and attendance upon other significant Remco matters, the Remco chairman is to be paid an additional R25 000 per quarter for the period April 2020 to March 2021.*
[3] *In recognition of the unusual frequency of Finance Committee meetings required to deal with the COVID-19 crisis and related Finance Committee matters, Finance Committee members are to be paid R23 650 each per meeting for every meeting held more than the planned two meetings per annum for the period April 2020 to March 2021.*

Shareholder engagement and voting procedures

TFG tables its remuneration policy and implementation report for two separate non-binding advisory votes by shareholders at the annual general meeting each year. We are confident shareholders will support the remuneration policy and the implementation thereof.

In the event that 25% or more of shareholders vote against either or both the remuneration policy and implementation report, the Remco will engage with TFG's shareholders (in particular, the dissenting shareholders) to examine their vote in an attempt to address their concerns. The Remco may consider various manners of engagement, including extending an invitation to dissenting shareholders in the SENS announcement of the annual general meeting results (or in a subsequent SENS announcement at a later stage) with the manner and timing of engagement; and/or communicate with dissenting shareholders via email, digital platforms, telephone calls and meetings.

Following this engagement, the Remco may use its discretionary powers to amend components of the remuneration policy and further align these to market practice and/or shareholder value creation.

At the 2019 annual general meeting, more than 25% of shareholders voted against the remuneration policy. The Remco, through various channels, engaged with dissenting shareholders and noted that the primary reason for their dissenting votes was the good leaver policy regarding inflight shares. As a result of our engagement, this policy has subsequently been comprehensively addressed and revised.

SECTION C: HOW WE IMPLEMENTED OUR REMUNERATION POLICY IN 2020, IN LINE WITH KING IV

A REVIEW OF THE KEY ITEMS IMPACTING TGP IN 2020

The Remco confirms that remuneration was implemented in line with the remuneration policy (Section B).

TOTAL GUARANTEED PAY

CASH SALARY

Salary increase: The financial year ended March 2020 increases set at 4% for executive and middle management and 6,5% (or a minimum amount of R420 per month) for other employees. For these employees the effective increase ranged from 6,5% to 8,4%. As a result of the severe economic conditions experienced towards the end of the financial year ended March 2020 together with negative growth outlook for the financial year ending March 2021, TFG did not increase salaries for any employees for financial year ending March 2021.

BENEFITS

Car allowances:
Not adjusted

Housing allowances:
Not adjusted

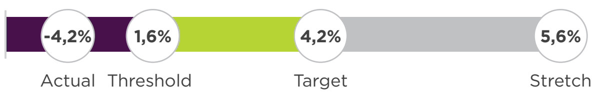
Medical aid company contributions:
Increased by 7,5% on a comparable average

Pension fund and death and disability contributions:
Depending on an employee's organisational level and role, contributions varied between 12% – 13,5% of basic pay.

THE OUTCOME OF THE STI SCHEME

Short-term incentive (STI) scheme performance outcomes

Performance measure: growth in earnings before interest and tax (TFG Africa)



Outcome: COVID-19 and the consequent lockdown had a material negative impact on revenue during the last month of the financial year and consequently for the full year results. Had the Group been able to trade for the full period of March 2020, the financial performance would have at least met threshold STI targets.

COVID-19 struck in earnest in March 2020, the last month of the financial year, and resulted in complete store closures in South Africa, Australia and the United Kingdom for at least the last week of the financial year. For 11 months of the financial year under review, TFG performed well against its peers locally and internationally and achieved positive results tracking to exceed STI targets. COVID-19 and the consequent lockdown had a material negative impact on revenue during the last month of the financial year and consequently for the full year results. The inability to trade for at least one week during March 2020 resulted in lost revenue for the Group. Had the Group been able to trade for the full period of March 2020, the financial performance would have at least met threshold STI targets. It is against this backdrop of commendable financial performance and the exceptional resilience shown by TFG executives and management, that Remco has approved a discretionary bonus pool based on an equivalent threshold bonus.

The Remco supported management's proposal not to pay this discretionary bonus for the financial year ended March 2020 until such time that there is further clarity regarding the impact of COVID-19. However, this minimum threshold bonus has been accrued in the financial year ended March 2020 and will only be considered for payment towards the end of calendar year 2020 once the executive team's response to the impact of COVID-19 crisis has been appropriately evaluated and subject to liquidity attaining acceptable levels.

If approved for payment, this bonus will be paid to all eligible employees who participate in the STI scheme. The approved threshold bonus pot to be considered for payment for the financial year ended 31 March 2020, is 39% of the bonus paid for the previous financial year ended 31 March 2019.

Shareholders will be appropriately informed as and when this minimum bonus is considered for payment.

THE OUTCOMES OF THE LTI SCHEME

As reported in section A, 2020 share awards have been delayed until the third quarter of the financial year ending March 2021 to allow additional time for the social and economic impacts of COVID-19 to be further evaluated and to facilitate thorough consideration for the setting of LTI performance targets. This delay will also enable share awards to be made under new share scheme rules to be approved at the forthcoming annual general meeting. These new share scheme rules incorporate several good governance enhancements as requested by shareholders. The performance conditions, targets and weightings of the 2020 share awards are likely to be revised to those applied to the 2019 share awards to reflect the actions required following the impacts of the COVID-19 crisis. The delay in share incentive scheme awards has the further benefit of preserving cash flow. As and when awards are made during the course of the year, the necessary regulatory announcements will be made.

LTI performance outcomes

As reported alongside, COVID-19 struck in earnest in March 2020, the last month of the financial year, and resulted in complete store closures in South Africa, Australia and the United Kingdom for at least the last week of the financial year. For 35 months of the three-year long-term incentive performance measurement period, TFG performed well against its budgets, peers locally and internationally, and achieved positive and pleasing results. COVID-19 and the consequent lockdowns (including the inability to trade for at least one week during March 2020) had a material negative impact on revenue during the last month of the financial year and consequently for the full year results. Had the Group been able to trade for the full period of March 2020, the HEPS growth would have resulted in the vesting of at least 80% of HEPS-based performance shares. Based upon this financial performance the Remco has determined whether LTI targets have been met.

The SARs and FSP awards granted in 2017 have performance conditions that ended on 31 March 2020. The table below details the company performance and resulting vesting outcome.

SARs

Required: HEPS growth p.a. of geographical weighted CPI* measured over three years.

Target HEPS financial year ended March 2020	Actual HEPS financial year ended March 2020	Vesting at target and beyond	Actual SAR vesting**
1 210,4 cents	1 174,4 cents	100%	100%

* *Actual CPI at 31 March 2020 for South Africa, United Kingdom and Australia weighted by the geographical turnover.*
** *Vesting % calculated on cumulative growth over three year performance period after adjusting for the impact of lost revenue in the last week of March 2020 as explained above.*

FSP

Required: HEPS growth p.a. of geographical weighted CPI* plus 2% (for all share scheme participants) and three-year average ROCE target range of 23% to 25% (20% weighting for selected share scheme participants***)

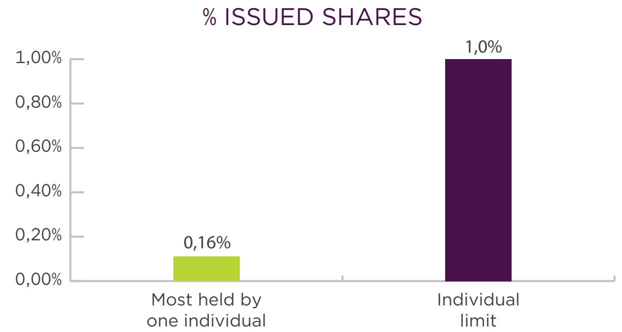
	Weighting***	Threshold performance (0% vesting)	Target performance (100% vesting)	Actual performance	Vesting %**
HEPS	80% or 100%	1 210,4 cents	1 282,9 cents	1 174,4 cents	80%
ROCE	20% or 0%	<23%	23% – 25%	23,3%^	100%

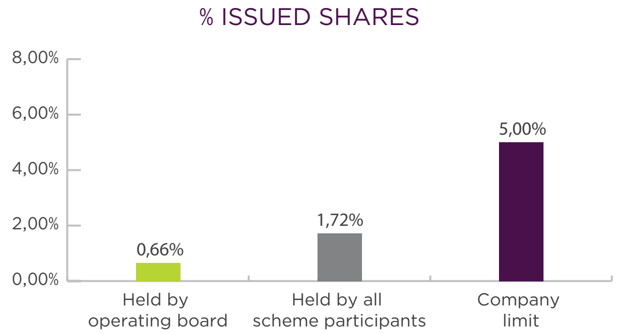
* *Actual CPI at 31 March 2020 for South Africa, United Kingdom and Australia weighted by the geographical turnover.*
** *Vesting % calculated on cumulative growth and average ROCE over three-year performance period. HEPS growth performance adjusted for the impact of lost revenue in the last week of March 2020 as explained above.*
*** *Share awards to selected participants (Board members) are weighted 80% HEPS and 20% ROCE, all other share scheme participants are weighted 100% HEPS.*
^ *Average TFG Africa ROCE calculated over a three-year performance period.*

Current allocation versus policy limits

As at 31 March 2020, issued share capital was 236 756 814 shares. In terms of the Remco's policy, the maximum aggregate number of shares that may be awarded to participants collectively in terms of the LTIs may not exceed 11 837 841 shares (equating to 5% of issued shares) and the maximum number of shares that may be awarded to any one participant is 2 367 568 shares (equating to 1% of issued shares). As all share awards have historically been settled via the purchase of on-market shares, there is no impact on dilution.

In terms of inflight awards that are still to be settled, on both an overall (4 014 269 shares) and individual (384 816 shares) basis, potential share awards held by scheme participants are well within the defined limits. The Chief Executive Officer is the highest individual holder of share awards and is therefore compared against the individual limit.





Outstanding share instruments awarded to employees and executives at 31 March 2020 are as follows:

SARs	1 180 343
Forfeitable shares	2 833 926
Total	4 014 269

EXECUTIVE DIRECTORS' REMUNERATION

The Supervisory Board determined that the CEO and CFO are TFG's prescribed officers for the financial year ended March 2020. A E Thunström and B Ntuli serve as executive directors on the Supervisory Board and exercise general executive control.

2020

Executive Directors	Salary R'000	Benefits[1] R'000	Guaranteed Pay R'000	STI[2] R'000	LTI[3] R'000	Dividends[4] R'000	Other Remuneration[5] R'000	Total remuneration R'000
A E Thunström	**7 865,6**	**1 635,4**	**9 501,0**	**–**	**1 224,4**	**833,9**	**–**	**11 559,3**
B Ntuli[5]	**5 346,0**	**1 154,5**	**6 500,5**	**–**	**–**	**303,4**	**7 375,0**	**14 178,9**

1 Benefits include travel allowance, housing allowance, pension fund and medical aid subsidy.

2 No STI was paid for the financial year ended March 2020. A minimum threshold bonus pool has been accrued in the financial year ended March 2020 but will only be considered for payment towards the end of calendar year 2020 once the Chief Executive Officer and Chief Financial Officer responses to the impacts of COVID-19 are further evaluated and subject to liquidity being attained at acceptable levels. Shareholders will be appropriately informed as and when this minimum bonus is considered for payment

3 LTI includes 100% of SARs, 100% of ROCE-based forfeitable shares – performance and 80% of HEPS-based forfeitable shares – performance due to vest in June 2020, based on financial year ended March 2018 to financial year ended March 2020 performance, valued at financial year-end VWAP of R 67,17 at 31 March 2020. ROCE target was achieved for the period and 80% of HEPS target was achieved. 100% of SARs were linked to HEPS performance. 80% of forfeitable shares - performance were linked to HEPS performance and 20% of forfeitable shares – performance were linked to ROCE performance

4 Dividends include total dividends received from all unvested forfeitable share allocations during the financial year ended March 2020.

5 Ms Ntuli joined TFG in January 2019 as Chief Financial Officer. In September 2019, Ms Ntuli received a payment of R7 375 000 as consideration for accepting a service agreement and restraint of trade contract.

2019

Executive Directors	Salary R'000	Benefits[1] R'000	Guaranteed Pay[2] R'000	STI[3] R'000	LTI[4] R'000	LTI vested on retirement[5] R'000	Dividends[6] R'000	Other remuneration[7,8 & 9] R'000	Total remuneration R'000
A E Thunström	6 268,2	1 356,8	7 625,0	13 381,6	1 617,2	–	559,9	8 400,0	31 583,7
B Ntuli	1 162,2	251,6	1 413,8	–	–		–	4 000,0	5 413,8
A D Murray	4 700,3	916,8	5 617,1	8 843,1	23 083,6	28 512,0	1 088,2	–	67 144,0

1 Benefits include travel allowance, housing allowance, pension fund and medical aid subsidy.

2 Mr Thunström was appointed CEO in September 2018; on appointment his annualised TGP was increased from R6 500k (for five months of the year) to R8,500k (for seven months of the year).

3 STI includes a performance bonus included in financial year ended March 2019 remuneration to be paid in the financial year ended March 2020 but accrued in the financial year ended March 2019.

4 LTI includes 100% of SARs and 32% forfeitable shares – performance due to vest in June 2019, based on financial year ended March 2017 to financial year ended March 2019 performance, valued at year-end VWAP of R 161,54 at 29 March 2019. LTI also includes 100% of the forfeitable shares – restricted due to vest in June 2019 valued at year-end VWAP of R 161,54. Mr Murray met the criteria for vesting of his special award as set out in the financial year ended March 2016 remuneration report, namely the appointment of the CEO and the smooth transition from A D Murray to A E Thunström.

5 A D Murray retired on 30 September 2018. In line with TFG's good leaver provisions, 100% of his performance shares issued more than 12 months prior to retirement vested, and 100% of his SARs issued more than 12 months prior to retirement became available for conversion (to be converted or exercised within 12 months of retirement date). The below share instruments vested on retirement:
119 000 SARs awarded 2 June 2016
54 900 forfeitable shares – performance awarded 2 June 2016
132 800 SARs awarded 2 June 2017
61 300 forfeitable shares – performance awarded June 2017
These share instruments are valued at VWAP of R173,54 on 29 September 2019

6 Dividends include total dividends received from all unvested forfeitable share allocations during the financial year ended March 2019.

7 Mr Thunström was appointed CEO in September 2018. As a result of his appointment as CEO, the Remco decided to pay Mr Thunström, in line with other executives, a restraint of trade payment of R8,4 million.

8 Ms Ntuli received a once-off sign-on bonus of R4 million during the financial year ended March 2019 to compensate her for financial entitlements she forfeited as a result of leaving her previous employer. The local talent pool of CFOs with the expertise and credentials of Ms Ntuli is limited. Given that TFG initiated the engagement with Ms Ntuli and that Ms Ntuli would forfeit a short-term and long-term incentive due in 2019 from her previous employer, the Remco decided that the award of a once-off sign-on bonus would be necessary and appropriate in these circumstances. The sign-on bonus is repayable if Ms Ntuli leaves TFG within 12 months of joining.

9 Other remuneration has been restated to ensure consistent classifications and disclosures between the current and prior years, to rectify a disclosure omission for 2019 and to comply with best practice in terms of King IV.

DIRECTORS' INTERESTS

As at 31 March 2020, the directors had the following interest in the company's issued shares:

	Non-executive						Total non-executive	Executive		Total executive	Total non-executive plus executive
	M Lewis '000	E Oblowitz '000	D Friedland '000	N V Simamane '000	R Stein '000	A D Murray '000		A E Thunström '000	B Ntuli '000		
Direct beneficial		2,2		1,6	161,6	568,2	733,6	3,1		3,1	736,7
Indirect beneficial			20,4		70,1	722,5	813,0				813,0
Indirect non-beneficial	1 591,7						1 591,7				1 591,7
Total	1 591,7	2,2	20,4	1,6	231,7	1 290,7	3 138,3	3,1		3,1	3 141,4

As at March 2020, directors had accepted and/or exercised the following SARs and forfeitable shares:

	Unvested share awards as at 31 March 2020								Unvested share awards as at 31 March 2020							
	Date of award	Financial year of award	Financial year of earliest delivery	Financial year of latest delivery	Status of award	Strike price per instrument	Number of instruments awarded '000	Number of instruments vested in year '000	Number of instruments lapsed in year '000	Closing number of unvested and/or unexercised instruments '000	Number of instruments exercised or settled in year '000	Share price at which instruments were exercised or settled cents	Result in number of shares issued '000	Value of shares on exercise or settlement R'000	Dividends received in year R'000	Indicative value of unvested and/or unexercised instruments R'000
A E Thunström																
SARs*	08-Jun 15	2016	2019	2022	Available for conversion	148,2	31,2	31,2	–	31,2						–
*	02-Jun 16	2017	2020	2023	Available for conversion	142,7	37,8	37,8	–	37,8						–
*	02-Jun 17	2018	2021	2024	Unvested	138,3	47,0	47,0	–	47,0						–
**	02-Jun 18	2019	2022	2025	Unvested	183,9	77,0	–	–	77,0						653,3
**	03-Jun 19	2020	2023	2026	Unvested	174,3	85,6	–	–	85,6						962,2
FSP****	02-Jun 16	2017	2020		Vested		17,4	5,6	11,8	–		175,4		982,4		–
	02-Jun 17	2018	2021		Unvested		21,7	–	–	21,7					170,3	1 224,4
	01-Jun 18	2019	2022		Unvested		35,6	–	–	35,6					279,1	1 552,1
	03-Jun 19	2020	2023		Unvested		49,0	–	–	49,0					384,5	2 138,5
B Ntuli																
SARs*		2020	2023	2026	Unvested	174,3	43,9	–		43,9						493,4
FSP****	03-Jun 19	2020	2023		Unvested		25,1	–	–	25,1					197,3	1 097,4
FSR***	03-Jun 19	2020	2023		Unvested		13,5	–	–	13,5					106,1	907,7

* *SARs vested and not yet converted, or SARS vesting during the 2021 financial year valued at YE VWAP of R67,17.*
** *Unvested SARs valued using the YE VWAP of R67,17 applying a fair value calculation that uses the Binomial pricing method and expected vesting percentages.*
*** *Unvested FSR valued using the YE VWAP of R67,17.*
***** *Unvested FSP valued using the YE VWAP of R67,17 and applying expected vesting percentages.*

CHANGES TO DIRECTORS' INTERESTS AFTER YEAR END

The following changes in directors' interests occurred after year end:

- On 26 June 2020, A E Thunström sold a portion and retained a portion of vested shares previously granted (with performance based restricted conditions) on 2 June 2017 in terms of and subject to the rules of the company's 2010 Share Incentive Scheme (refer SENS announcement published on 2 July 2020).
- On 23 July 2020, A D Murray sold shares to enable him and his associate to follow their rights in terms of the company's rights offer (refer SENS announcement published on 27 July 2020).
- On 7 August 2020, various directors acquired shares off-market in terms of the company's rights offer (refer SENS announcement published on 11 August 2020).

At the date of signature of this report, the directors had the following interest in the company's issued shares:

	Non-executive						Total non-executive	Executive		Total executive	Total non-executive plus executive
	M Lewis '000	**E Oblowitz '000**	**D Friedland '000**	**N V Simamane '000**	**R Stein '000**	**A D Murray '000**		**A E Thunström '000**	**B Ntuli '000**		
Direct beneficial		3,0		2,3	184,1	647,0	836,4	52,0		52,0	888,4
Indirect beneficial			28,6		80,0	822,5	931,1				931,1
Indirect non-beneficial	1 818,8						1 818,8				1 818,8
	1 818,8	3,0	28,6	2,3	264,1	1 469,5	3 586,3	52,0		52,0	3 638,3

As mentioned in the previous year's integrated annual report and earlier in this report, the company has reviewed some of the key legal and operational terms and conditions of the SAR plan and FSP and will be asking shareholders to vote on new sets of plan rules, which incorporate good corporate governance enhancements, at the company's annual general meeting in September 2020. The company would typically make its annual grant of share awards in June of each year; however, for the financial year ending March 2021, as a result of COVID-19 and the approval of new rules, the company will not be making any share awards until after the forthcoming annual general meeting, and at such a time when the company is not in a closed period. The Remco feels that it would be prudent to allow additional time for the social and economic impacts to be more meaningfully evaluated prior to making any awards. As and when awards are made during the year, the necessary regulatory announcements will be made.

NON-EXECUTIVE DIRECTORS

NED fees are reviewed annually and approved changes are effective 1 October. The proposed NED fees (VAT exclusive) per role as from October 2020 are detailed in section B on page 139 of this report.

Below are the actual NED fees (VAT exclusive) for the financial year ended March 2020 based on current committee membership:

Non-Executive Directors	Fees paid in respect of 2020	Fees paid in respect of 2019
M Lewis	**R1 074 900**	R976 900
E Oblowitz	**R923 900**	R830 750
S E Abrahams	**R885 050**	R790 750
Prof. F Abrahams	**R710 250**	R655 750
R Stein	**R695 550**	R613 500
D Friedland	**R690 000**	R629 250
N V Simamane	**R673 250**	R613 250
B L M Makgabo-Fiskerstrand	**R673 250**	R613 250
G H Davin	**R609 000**	R586 250
A D Murray	**R951 400**	
C Coleman	**R166 325**	
Total	**R8 052 875**	R6 309 650

APPENDICES

This report is a concise communication, complemented by further reporting elements and information.

APPENDIX 1: DEFINITIONS

Capex	Capital expenditure
Companies Act of South Africa	Companies Act of South Africa, No. 71 of 2008, as amended
Concession arrangement	In addition to their own stand-alone stores, TFG London has concession arrangements with key department store partners from whom they occupy an agreed floor space area (referred to as "mat") dedicated to their product
Current ratio	Current assets divided by current liabilities
Debt to equity ratio	Net borrowings expressed as a percentage of total equity
Dividend cover	Basic earnings per share divided by dividend declared
Doubtful debt provision as a % of debtors' book	Provision for doubtful debts expressed as a percentage of gross receivables
EBIT	Earnings, excluding acquisition costs, before finance costs and tax
EBITA	Earnings, excluding acquisition costs, before finance costs, tax and amortisation
EBITDA	Earnings, excluding acquisition costs, before finance costs, tax, depreciation and amortisation
EBITDA finance charge cover	EBITDA divided by finance costs
EBITDA margin	EBITDA expressed as a percentage of retail turnover
Finance charge cover	Operating profit before finance costs divided by finance costs
Free cash flow (FCF)	Earnings, excluding acquisition costs, before finance costs and tax plus depreciation and amortisation net of changes in net working capital and capital expenditure
Gross square metre	The total leased store area including stock rooms
Headline earnings	Net income attributable to ordinary shareholders adjusted for the effect, after tax, of exceptional items
Headline earnings – adjusted	Headline earnings adjusted for the impact of acquisition costs incurred
Headline earnings per ordinary share	Headline earnings divided by the weighted average number of shares in issue for the year
Market capitalisation	The market price per share at year end multiplied by the number of ordinary shares in issue at year end
Net bad debt as a % of debtors' book	VAT-exclusive bad debts, net of recoveries and including provision movement as percentage of gross receivables
Net bad debt write-off	VAT-inclusive bad debts, net of recoveries and excluding movement in provision
Net bad debt write-off as a % of credit transactions	Net bad debt write-off expressed as a percentage of credit transactions
Net bad debt write-off as a % of debtors' book	Net bad debt write-off expressed as a percentage of gross receivables
Net borrowings	Interest-bearing debt, lease liabilities and non-controlling interest loans reduced by preference share investment (where relevant) and cash
Non-recourse debt	Debt where lenders cannot seek compensation from TFG parent companies, their sponsors or guarantors, and is typically debt raised by our international companies
Omnichannel	Describes the integrated multi-channel retailing (e-commerce, online sales, mobile app sales)
Operating margin	Operating profit before finance costs expressed as a percentage of retail turnover
Operating profit	Profit earned from normal business operations
Outlets	TFG London trades through a combination of stand-alone stores and concession arrangements resulting in their presence being referred to as outlets rather than the traditional stores
Overdue values as a % to debtors' book	Overdue portion of debtors at statement month-end as a percentage of gross receivables
Recourse debt	Amounts owed by TFG companies in Africa (excluding our international subsidiaries) where the lenders have the ability to claim for damages from the borrower's parent, sponsor or guarantor
Recourse debt to equity ratio	Recourse debt reduced by preference share investment (where relevant) and cash, expressed as a percentage of total equity
Return on capital employed (ROCE)	Earnings, excluding acquisition costs, before finance costs and tax (EBIT)/ average capital employed
Same store	Stores that traded out of the same trading area for the full current and previous financial years
Tangible net asset value per ordinary share	Total net asset value, after non-controlling interest, excluding goodwill and intangible assets, divided by the net number of ordinary shares in issue at year end
Total shareholder return (TSR)	The return for a shareholder through the appreciation in TFG's share price plus dividends paid over a specified period
Trading expenses	Costs incurred in the normal course of business including, among others, depreciation, amortisation, employee costs, occupancy costs, net bad debt and other operating costs
VWAP	Volume weighted average price
Weighted CPI	CPI of the major geographical areas that TFG trades in (South Africa, the United Kingdom and Australia), weighted by their respective geographical turnover contribution percentage

APPENDIX 2: 10-YEAR STATISTICS

Years ended	2020	2019[3]	2018[4]	2017	2016	2015	2014	2013	2012	2011
Profitability										
Retail turnover (Rm)	**35 323,3**	34 101,4	28 519,5	23 548,7	21 107,5	16 085,9	14 159,0	12 896,4	11 630,5	9 936,5
Operating profit before finance charges – continuing operations (Rm)[1]	**4 684,7**	4 882,6	4 126,5	3 811,2	3 596,1	2 807,1	2 536,9	2 407,3	2 232,6	1 845,1
Profit before tax – continuing operations (Rm)	**3 349,3**	3 578,1	3 350,5	3 203,8	3 021,2	2 286,6	2 375,1	2 298,9	2 156,4	1 775,5
Profit attributable to equity holders of The Foschini Group Limited (Rm)	**2 443,8**	2 640,1	2 406,9	2 351,4	2 155,6	1 858,0	1 859,6	1 792,0	1 582,1	1 301,8
Adjusted headline earnings (Rm)[2]	**2 717,4**	2 745,1	2 528,2	2 332,8	2 185,2	1 881,9	1 872,3	1 796,6	1 584,2	1 305,6
Statement of financial position										
Non-current assets (Rm)	**21 403,4**	20 087,5	11 192,7	7 628,5	8 448,9	6 925,3	2 120,5	1 883,1	1 623,8	1 353,1
Current assets (Rm)	**20 755,3**	17 553,6	16 598,9	14 407,5	13 646,2	11 608,1	9 351,2	8 425,9	7 281,2	6 156,0
Assets of disposal group (Rm)	**–**	–	–	–	–	–	5 631,5	4 985,4	3 912,9	3 164,3
Total assets (Rm)	**42 158,7**	37 641,1	27 791,6	22 036,0	22 095,1	18 533,4	17 103,2	15 294,4	12 817,9	10 673,4
Total shareholders' interest (Rm)	**15 942,6**	14 049,1	13 121,5	10 515,3	9 896,7	8 130,9	7 228,6	7 043,8	6 293,1	5 462,9
Non-controlling interest (Rm)	**–**	–	4,5	4,2	4,0	2,7	861,3	705,5	571,1	485,6
Non-current liabilities (Rm)	**12 447,1**	12 877,3	6 278,7	5 350,4	5 973,8	4 491,4	2 016,0	1 392,4	1 048,4	1 251,7
Current liabilities (Rm)	**13 769,0**	10 714,7	8 386,9	6 166,1	6 220,6	5 908,4	3 296,1	2 750,3	2 284,8	1 417,3
Liabilities of disposal group (Rm)	**–**	–	–	–	–	–	3 701,2	3 402,4	2 620,5	2 055,9
Total equity and liabilities (Rm)	**42 158,7**	37 641,1	27 791,6	22 036,0	22 095,1	18 533,4	17 103,2	15 294,4	12 817,9	10 673,4
Cash flow statement										
Cash flows from operating activities – continuing operations (Rm)	**3 954,1**	3 987,3	856,5	1 014,2	461,5	(61,7)	128,2	485,2	(77,9)	190,8
Cash flows from investing activities – continuing operations (Rm)	**(1 100,9)**	(868,4)	(3 796,4)	(870,9)	(1 030,5)	(1 779,6)	(537,5)	(557,0)	(377,2)	(353,9)
Cash flows from financing activities – continuing operations (Rm)	**(1 101,5)**	(3 293,8)	3 401,0	(46,7)	585,1	2 328,5	339,5	121,4	666,9	179,4
Net increase (decrease) in cash (Rm)	**1 751,7**	(174,9)	461,1	96,6	16,1	487,2	(69,8)	49,6	211,8	16,3
Cash at the beginning of the year (Rm)	**1 111,0**	1 206,1	878,5	888,8	800,4	301,3	593,4	504,7[5]	338,5	284,0
Cash at the end of the year – discontinued operations (Rm)	**–**	–	–	–	–	–	(222,4)	39,0	160,5	38,2
Cash held in non-controlling interest (Rm)	**–**	(6,4)	–	–	–	–	–	–	–	–
Effect of exchange rate fluctuations on cash held (Rm)	**106,4**	86,2	(133,5)	(106,9)	72,3	11,9	0,1	0,1	0,1	–
Cash at the end of the year – continuing operations (Rm)	**2 969,1**	1 111,0	1 206,1	878,5	888,8	800,4	301,3	593,4	710,9	338,5
Performance measures/ratios										
Turnover growth (%)	**3,6**	19,6	21,4	11,6	31,2	13,6	9,8	10,9	17,0	15,5
Same store turnover growth (TFG Africa) (%)[6]	**1,5**	5,6	2,2	2,8	5,7	5,5	4,2	5,8	10,6	10,8
Same store turnover growth (TFG Australia) (%)[6]	**2,8**	7,8	–	–	–	–	–	–	–	–
Operating margin – continuing operations (%)	**13,3**	14,3	14,5	16,2	17,0	17,5	17,9	18,7	19,2	18,6
Debt to equity ratio – continuing operations (%)	**106,4**	117,8	62,0	65,3	73,5	76,8	36,8	22,3	20,7	20,1
Total liabilities to shareholders' interest (times)	**1,6**	1,7	1,1	1,1	1,2	1,3	1,2	1,1	0,9	0,9
Total liabilities to shareholders' interest – continuing operations (times)	**1,6**	1,7	1,1	1,1	1,2	1,3	0,7	0,6	0,5	0,5
Net retail borrowings (Rm)	**16 958,3**	16 550,2	8 144,5	6 870,7	7 276,9	6 242,2	2 659,1	1 567,4	726,1	237,6
Current ratio – continuing operations (times)	**1,5**	1,6	2,0	2,3	2,2	2,0	2,8	3,1	3,2	4,3
Headline earnings per ordinary share (HEPS) – continuing operations[2] (cents)	**1 174,4**	1 187,9	1 124,1	1 099,2	1 055,8	897,9	818,7	780,6	653,9	537,3
Change in HEPS from continuing operations (%)	**(1,1)**	5,7	3,4	4,1	17,6	9,7	4,9	19,4	21,7	21,9
Distribution declared per ordinary share (DPS) (cents)	**335,0**	780,0	745,0	720,0	691,0	588,0	536,0	506,0	455,0	350,0
Dividend yield (%)	**5,0**	4,8	3,3	4,7	4,9	3,3	5,0	4,4	3,3	3,6
Tangible net asset value per ordinary share (cents)	**2 677,6**	2 360,1	2 358,1	2 728,7	2 063,5	1 701,0	3 396,3	3 205,0	2 918,9	2 598,3
Price to earnings ratio at year end (multiple)	**6,41**	14,28	20,91	13,94	13,58	19,9	11,9	13,2	16,0	13,4

Notes

2013 and prior years were restated where appropriate to reflect the RCS Group as a discontinued operation.

1 *Operating profit before finance charges excludes the impact of acquisition costs.*

2 *Adjusted headline earnings is calculated to remove the impact of the acquisition costs.*

3 *Financial year ended March 2019 restated as a result of the change in the IFRS 16 accounting policy.*

4 *Financial year ended March 2018 restated as a result of the change in the IFRS 15 accounting policy.*

5 *Restated, as insurance cells are no longer consolidated and their cash flow is now included in working capital as part of the insurance receivables.*

6 *TFG London's footprint consists mostly of concessions. As concessions by nature change floor space on a continuous basis, the Group do not report on same store turnover growth for this business segment.*

Years ended	2020	2019[1]	2018[2]	2017	2016	2015	2014	2013	2012	2011
Share statistics										
Number of ordinary shares in issue (millions)	**236,8**	236,8	236,8	219,5	215,4	211,0	222,0	228,5	240,5	240,5
Number of ordinary shares on which HEPS is calculated (millions)	**231,4**	231,1	224,9	212,2	207,0	204,3	206,0	209,3	205,2	206,5
Net number of ordinary shares on which net asset value per share is calculated (millions)	**231,7**	231,3	231,3	214,0	209,3	205,4	204,3	210,1	206,4	205,3
Number of shares traded during the year (millions)	**370,1**	315,9	391,8	378,8	285,9	283,8	387,7	275,2	259,1	261,6
Volume traded/number of shares in issue (%)	**156,3**	133,4	165,5	172,6	132,8	134,5	174,6	120,4	107,7	108,8
Closing share price (cents)	**6 767**	16 300	22 375	15 449	14 144	18 057	10 715	11 280	12 368	8 465
Market capitalisation (Rm)	**16 021,3**	38 591,4	52 974,3	33 912,9	30 459,2	38 101,2	23 787,8	25 774,6	29 744,8	20 480,8
Outlet information										
Number of outlets – TFG	**4 083**	4 085	4 034	3 328	3 125	2 724	2 111	1 979	1 857	1 727
Number of outlets – TFG Africa	**2 577**	2 631	2 652	2 589	2 462	2 280	2 111	1 979	1 857	1 727
Number of outlets – TFG London	**972**	971	935	739	663	444	–	–	–	–
Number of outlets – TFG Australia	**534**	483	447	–	–	–	–	–	–	–
Floor area (gross square metres) (TFG Africa)[3]	**811 971**	809 505	794 232	767 347	735 367	690 190	646 665	609 411	579 365	537 951
Floor area (gross square metres) (TFG Australia)[3]	**79 861**	70 798	57 165	–	–	–	–	–	–	–

Notes
2013 and prior years were restated where appropriate to reflect the RCS Group as a discontinued operation.
1 *Financial year ended March 2019 restated as a result of the change in the IFRS 16 accounting policy.*
2 *Financial year ended March 2018 restated as a result of the change in the IFRS 15 accounting policy.*
3 *TFG London's footprint consists mostly of concessions. As concessions by nature change floor space on a continuous basis, the Group do not report on floor space for this business segment.*

APPENDIX 3: SHAREHOLDINGS OF THE FOSCHINI GROUP LIMITED

ANALYSIS OF SHAREHOLDINGS

Compiled by JP Morgan Cazenove utilising the company's transfer secretaries' records as at 27 March 2020.

Spread analysis	Number of holders	% of total shareholders	Number of shares held	% of shares in issue
1 – 1 000 shares	7 856	67,5	2 772 520	1,2
1 001 – 10 000 shares	2 767	23,8	7 910 516	3,4
10 001 – 100 000 shares	752	6,5	24 451 003	10,3
100 001 – 1 000 000 shares	211	1,8	59 948 475	25,3
1 000 001 shares and over	45	0,4	141 674 300	59,8
	11 631	100,0	236 756 814	100,0

DISTRIBUTION OF SHAREHOLDINGS

Category	Number of shares held	% of shares in issue
Unit trusts/Mutual	81 213 476	34,3
Pension funds	71 225 929	30,1
Sovereign wealth	18 076 341	7,6
Private investor	14 186 317	6,0
Insurance companies	12 718 648	5,3
Trading position	10 168 373	4,3
Exchange-Traded Fund	7 008 940	3,0
Employees	4 014 269	1,7
Corporate holding	3 056 816	1,3
Hedge fund	2 353 090	1,0
Custodians	2 108 197	0,9
Other	10 626 418	4,5
	236 756 814	100,0

BENEFICIAL SHAREHOLDINGS GREATER THAN 5%

Beneficial interests – direct and indirect, as per share register and information supplied by nominee companies as at 27 March 2020.

	Holding	% of shares in issue
Government Employees Pension Fund (PIC)	38 290 650	16,2

FUND MANAGERS' HOLDINGS GREATER THAN 5%

According to disclosures made, the following fund managers administered client portfolios which included more than 5% of the company's issued shares.

	Holding	% of shares in issue
PIC	31 284 409	13,2
Old Mutual Limited	15 876 130	6,7
Ninety One Limited	14 982 004	6,3
	62 142 543	26,2

SHAREHOLDING SPREAD

Category	Number of holders	% of total shareholders	Number of shares held	% of shares in issue
Public	11 235	96,6	189 885 805	80,2
Government Employees Pension Fund (PIC)	9	0,1	38 290 650	16,2
Directors (company and major subsidiary)	12	0,1	3 485 491	1,5
Trust	1	–	1 180 343	0,5
Subsidiary	1	–	1 080 599	0,4
Employees	373	3,2	2 833 926	1,2
Total	11 631	100,0	236 756 814	100,0

GEOGRAPHICAL SPLIT OF INVESTMENT MANAGERS AND COMPANY RELATED HOLDINGS

Region	Total shareholding	% of shares in issue
South Africa	146 067 698	61,7
United States of America and Canada	44 677 478	18,9
United Kingdom	17 169 193	7,2
Rest of Europe	12 565 579	5,3
Rest of world*	16 276 866	6,9
Total	236 756 814	100,0

GEOGRAPHICAL SPLIT OF BENEFICIAL SHAREHOLDERS

Region	Total shareholding	% of shares in issue
South Africa	136 599 146	57,7
United States of America and Canada	41 336 296	17,4
United Kingdom	10 131 805	4,3
Rest of Europe	28 075 152	11,9
Rest of world*	20 614 415	8,7
Total	236 756 814	100,0

* *Represents all shareholdings except those in the above regions.*

APPENDIX 4: SHARE PERFORMANCE AND EXCHANGE RATE INFORMATION

EXCHANGE RATE INFORMATION	2020	2019
Closing USD conversion rate	**17,85**	14,49
Average USD conversion rate	**14,78**	13,76
Closing GBP conversion rate	**22,17**	18,87
Average GBP conversion rate	**18,80**	17,99
Closing AUD conversion rate	**10,98**	10,28
Average AUD conversion rate	**10,08**	10,00

SHARE PERFORMANCE	2020	2019
Market price per share (cents)		
– year end	**6 767**	16 300
– highest	**19 769**	22 900
– lowest	**5 600**	15 367
– average	**15 730**	17 594
Number of beneficial shareholdings	**11 631**	13 750
Price to earnings ratio at year end	**6,41**	14,28
Dividend yield	**5,0**	4,8
Number of shares traded during the year (millions)	**370,1**	315,9
Volume traded/number of shares in issue (%)	**156,3**	133,4
Market capitalisation (Rm)	**16 021,3**	38 591,4

APPENDIX 5: VALUE-ADDED STATEMENT

	2020 Rm	2020 %	2019 Rm	2019 %
Retail turnover	**35 323,3**		34 101,4	
Paid to suppliers for goods and services	**(24 066,9)**		(22 542,9)	
Value added	**11 256,4**	**100,0**	11 558,5	100,0
Applied as follows:				
Employees				
Remuneration to employees	**6 311,6**	**56,1**	6 181,0	53,5
Providers of capital				
To lenders as finance charges	**749,1**	**6,7**	749,9	6,5
To shareholders as dividends	**1 839,3**	**16,3**	1 756,1	15,2
Taxation				
Taxation	**923,4**	**8,2**	1 145,1	9,9
Reinvested				
Reinvested in the Group to finance future expansion and growth	**1 433,0**	**12,7**	1 726,4	14,9
Employment of value added	**11 256,4**	**100,0**	11 558,5	100,0

APPENDIX 6: OUR BRANDS*

@HOME

@home is a premium homeware and furniture omnichannel retailer with a distinct, sophisticated style. They aim to deliver exceptional guest experience through their people and products, both in-store and online.

Business segment
TFG Africa

Income category
Upper market

Target audience
Men and women aged 25 years plus

Number of outlets
2020: 85 (2019: 89)

@HOMELIVINGSPACE

@homelivingspace is a premium homeware and furniture omnichannel retailer with a distinct, sophisticated style. They aim to deliver exceptional guest experience through their people and products, both in-store and online.

Business segment
TFG Africa

Income category
Upper market

Target audience
Men and women aged 25 years plus

Number of outlets
2020: 35 (2019: 37)

AMERICAN SWISS

Fine Jewellers since 1896, creating jewellery that celebrates life's precious moments, with quality at the heart of everything we do.

Business segment
TFG Africa

Income category
Mid- to upper market

Target audience
Men and women of all age groups

Number of outlets
2020: 240 (TFG Africa)
2019: 242 (TFG Africa)
2019: 5 (TFG Australia)

* *Number of outlets for smaller TFG Africa brands not shown separately = 23 (2019: 20)*
Number of outlets for TFG London in shared locations not shown separately = 5

ARCHIVE

Archive services a sneaker-conscious consumer and offers a selection of international brands, with a wide range of best level, limited editions and exclusives.

Business segment
TFG Africa

Income category
Mid- to upper market

Target audience
Men and women aged 24 to 31

Number of outlets
2020: 27 (2019: 39)

COLETTE

Colette has become the essential destination for accessories and is renowned for jewellery and statement bags that embrace the pace of fast fashion.

Business segment
TFG Africa

Income category
Mid-market

Target audience
Women aged 18+

Number of outlets
2020: 8 (2019: 8)

CONNOR

Connor is one of the fastest growing on-trend menswear brands.

Business segment
TFG Australia

Income category
Value market

Target audience
Men aged 25 to 34

Number of outlets
2020: 169 (2019: 157)

DONNA

Donna offers a range of plus-size apparel, footwear, lingerie and accessories, with a versatile end use to be able to dress up or down. All garments are developed to deliver a polished, smarter execution and engineered with curve expertise for fuller figured women.

Business segment
TFG Africa

Income category
Mid-market

Target audience
Women of all age groups

Number of outlets
2020: 75 (2019: 92)

DUESOUTH ESCAPES

Duesouth Escapes provides accessible quality luggage, leather and contemporary lifestyle accessories for the Commuter, Weekender and Long-haul Traveller.

Business segment
TFG Africa

Income category
Upper market

Target audience
Men and women aged 28 to 55

Number of outlets
2020: 12 (2019: 12)

EXACT

Exact offers great value everyday essentials and is renowned for its trend-appropriate range of quality, well-priced contemporary fashion for the whole family.

Business segment
TFG Africa

Income category
Value market

Target audience
Men, women, children and babies

Number of outlets
2020: 307 (2019: 304)

FABIANI

Fabiani is a luxury apparel brand that delivers on exceptional personalised customer experience by offering curated product collections, as well as a world-class store and online environment.

Business segment
TFG Africa

Income category
Upper market

Target audience
Men aged 25 to 40

Number of outlets
2020: 34 (2019: 34)

THE FIX

Fast fashion at incredible value, The FIX is the destination for see-now, buy-now, wear-now fashion. Aligned to international fashion trends as they happen, fashion-forward customers look here to get their latest fashion fix.

Business segment
TFG Africa

Income category
Value market

Target audience
Women aged 18 to 25

Number of outlets
2020: 184 (2019: 178)

FOSCHINI

Foschini offers good value smart, casual, denim, leisurewear, accessories, lingerie, footwear, cosmetics, fine jewellery and kidswear, and is renowned for its fashionable and contemporary clothing in a modern environment.

Business segment
TFG Africa

Income category
Mid-market

Target audience
Women aged 18 to 40 and children

Number of outlets
2020: 302 (2019: 314)

G-STAR RAW

G-Star RAW offers authentic denimwear and is renowned for its fusion of high-level craftsmanship with street-level edge.

Business segment
TFG Africa

Income category
Upper market

Target audience
Men and women aged 20 to 35

Number of outlets
2020: 16 (2019: 12)

HI

hi is uniquely positioned within retail spaces, to offer inspiration of style and self-expression through tech. They offer a range of connected lifestyle products and are renowned for their must-have mobile technology hardware and related accessories. This includes smartphones, laptops, tablets, TVs, gaming, audio, fitness and smart home accessories, as well as prepaid data and airtime.

Business segment
TFG Africa

Income category
Value to upper market

Target audience
Men and women of all age groups

Number of outlets
2020: 12 (2019: 11)

HOBBS

Hobbs is an emerging global affordable luxury brand with a track record of addressing the wardrobe needs of busy, modern women with a focus on luxurious fabrics and quality craftsmanship.

Business segment
TFG London

Income category
Upper market

Target audience
Women

Number of outlets
2020: 249 (2019: 231)

JOHNNY BIGG

Johnny Bigg is an on-trend big and tall menswear brand.

Business segment
TFG Australia

Income category
Mid-market

Target audience
Men aged 25 to 34

Number of outlets
2020: 70 (2019: 55)

RELAY JEANS

Relay Jeans is a South African men's only specialty denim lifestyle brand. The brand is renowned for it's youthful, on-trend product and specialist denim store experience.

Business segment
TFG Africa

Income category
Mid-market

Target audience
Men aged 18 to 30

Number of outlets
2020: 41 (2019: 22)

MARKHAM

Markham offers on-trend smart and casual wear, including footwear, accessories and fragrances and is renowned for its youthful, current, vibrant store experience.

Business segment
TFG Africa

Income category
Mid-market

Target audience
Men aged 18 to 35

Number of outlets
2020: 336 (2019: 339)

RFO

RFO aims to offer the best value fashion for the whole family. They offer a range of footwear and apparel.

Business segment
TFG Africa

Income category
Value market

Target audience
Men, women and children

Number of outlets
2020: 9 (2019: –)

PHASE EIGHT

Phase Eight offers stylish and contemporary daywear, bridal wear, occasion wear, evening wear, holiday wear and accessories and is renowned for its high-quality fabric used for an impeccable cut and fit.

Business segment
TFG London

Income category
Upper market

Target audience
Women aged 35 to 55

Number of outlets
2020: 552 (2019: 571)

ROCKWEAR

Rockwear is a differentiated on-trend women's athleisurewear brand.

Business segment
TFG Australia

Income category
Value market

Target audience
Women aged 25 to 34

Number of outlets
2020: 50 (2019: 42)

SNEAKER FACTORY

Sneaker Factory is a value branded sneaker destination constantly offering incredible deals to customers.

Business segment
TFG Africa

Income category
Value market

Target audience
Whole family

Number of outlets
2020: 11 (2019: –)

STERNS

Since 1896, Sterns has provided customers with gifting solutions to celebrate important milestones in their lives.

Business segment
TFG Africa

Income category
Mid-market

Target audience
Men and women of all age groups

Number of outlets
2020: 192 (2019: 189)

SODA BLOC

SODA Bloc offers denim, tees, dresses, skirts, shorts, gadgets and stationery, shoes and accessories to kit out tweens and is renowned for its coolest fashion fits for their generation.

Business segment
TFG Africa

Income category
Mid-market

Target audience
Boys and girls aged 2 to 14

Number of outlets
2020: 24 (2019: 30)

TAROCASH

Tarocash is a leading on-trend menswear apparel brand.

Business segment
TFG Australia

Income category
Mid-market

Target audience
Men aged 25 to 34

Number of outlets
2020: 118 (2019: 118)

SPORTSCENE

Sportscene offers sports-inspired streetwear that is trend-relevant. This includes footwear, apparel and accessories.

Business segment
TFG Africa

Income category
Mid- to upper market

Target audience
Men and women aged 18 to 25

Number of outlets
2020: 287 (2019: 265)

TOTALSPORTS

Totalsports offers athletes and sports enthusiasts a broad range of apparel, footwear and equipment from leading sports brands.

Business segment
TFG Africa

Income category
Mid- to upper market

Target audience
Men and women of all age groups

Number of outlets
2020: 317 (2019: 319)

WHISTLES

Whistles offers contemporary fashion and is a shopping destination for the busy, dynamic woman, renowned for timeless pieces with an intelligent sense of design.

Business segment
TFG London

Income category
Upper market

Target audience
Women aged 30+

Number of outlets
2020: 166 (2019: 169)

yd.

yd. is a leading fashionable younger menswear brand.

Business segment
TFG Australia

Income category
Mid-market

Target audience
Men aged 18 to 24

Number of outlets
2020: 127 (2019: 106)

COMPANY INFORMATION

THE FOSCHINI GROUP LIMITED
Registration number 1937/009504/06
JSE codes: TFG – TFGP
ISIN: ZAE000148466 – ZAE000148516

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SHAREHOLDERS' CALENDAR

Financial year end	31 March 2020
Integrated report publication date	14 August 2020
Annual general meeting (83rd)	16 September 2020
Interim profit announcement (2021)	5 November 2020

QUERIES REGARDING THIS REPORT CAN BE ADDRESSED TO:
D van Rooyen (Company Secretary)
Email: company_secretary@tfg.co.za

GREYMATTERFINCH # 14388

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