THE FOSCHINI GROUP LIMITED
("Company")

MINUTES OF THE 83rd ANNUAL GENERAL MEETING OF SHAREHOLDERS
CONDUCTED ENTIRELY BY ELECTRONIC COMMUNICATION
ON WEDNESDAY 16 SEPTEMBER 2020 AT 12h15

PRESENT:	M LEWIS	(Chairman)
	F ABRAHAMS	
	S E ABRAHAMS	
	G H DAVIN	
	E OBLOWITZ	
	R STEIN	
	B L M MAKGABO-FISKERSTRAND	
	N V SIMAMANE	
	A D MURRAY	
	C COLEMAN	
	A E THUNSTRÖM	
	B NTULI	
	(in their capacities as members of the Board of Directors)	
APOLOGIES:	D FRIEDLAND	
	(in his capacity as a member of the Board of Directors)	
	83.87% of the total votes applicable to ordinary shares were represented either in person or by proxy.	
BY INVITATION:	D VAN ROOYEN	(Company Secretary)

1. OPENING AND WELCOME

MR LEWIS took the chair in his capacity as Chairman of the Board of Directors in terms of section 22.27 of the Company's Memorandum of Incorporation (MOI).

MR LEWIS welcomed everyone to the meeting.

The Chairman noted that a quorum was present and declared the meeting duly constituted.

He noted further that the chairpersons of all the board committees were present and that MR D FRIEDLAND had tendered his apologies.

2. NOTICE

The Chairman stated that notice of this meeting has been given in terms of the MOI and the Companies Act.

3. CONFIRMATION OF MINUTES

The Chairman stated that the minutes of the previous annual general meeting held on 3 September 2019 had been verified by the Board of Directors.

4. PROCEEDINGS – VOTING BY WAY OF A POLL

The Chairman stated that voting on all resolutions would take place by way of a poll, such poll to be conducted entirely electronically as contemplated in section 63(2) of the Companies Act and clause 22.6 of the MOI, through the electronic online facility provided by the transfer secretaries of the Company, being Computershare. He nominated a representative of the transfer secretaries to act as scrutineer.

The Chairman stated that all the resolutions to be proposed at today's annual general meeting have been seconded by MR D VAN ROOYEN, the Company Secretary.

The Chairman advised that the voting was now open on the electronic online facility and can be performed at any time during the meeting. He further advised that shareholders are able to send messages and view the webcast whilst the poll is open and any questions pursuant to the motions will be allowed to be discussed after the last resolution on the agenda has been tabled.

The Chairman further advised that a trading update was released on SENS the previous day, that any questions pursuant to the trading update should also be submitted and that these will also be discussed at the end of the meeting.

5. ORDINARY RESOLUTION 1: PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

On the proposal of the Chairman, it was resolved by a 100% majority of votes exercised that the annual financial statements of the Company and the Group for the year ended 31 March 2020 which incorporated the independent auditors' report, the directors' report, the Audit Committee's report and the Social and Ethics Committee's report be received and adopted.

6. ORDINARY RESOLUTION 2: RE-APPOINTMENT OF EXTERNAL AUDITORS

On the proposal of the Chairman, it was resolved by a 99.18% majority of votes exercised, with 0.82% against, that Deloitte & Touche be reappointed as the independent auditors of the Company and that MR M VAN WYK, being a member of Deloitte & Touche, be reappointed as the designated partner who will undertake the audit of the Company for the ensuing period terminating on the conclusion of the next annual general meeting.

7. ORDINARY RESOLUTION 3: RE-ELECTION OF MS N V SIMAMANE

On the proposal of the Chairman, MS N V SIMAMANE (an independent non-executive director retiring by rotation) was re-elected by a 90.61% majority of votes exercised, with 9.39% votes against.

8. ORDINARY RESOLUTION 4: RE-ELECTION OF MR D FRIEDLAND

On the proposal of the Chairman, MR D FRIEDLAND (an independent non-executive director retiring by rotation) was re-elected by a 99.86% majority of votes exercised, with 0.14% votes against.

9. ORDINARY RESOLUTION 5: RE-ELECTION OF MR R STEIN

On the proposal of the Chairman, MR R STEIN (an independent non-executive director retiring by rotation) was re-elected by an 83.51% majority of votes exercised, with 16.49% votes against.

10. ORDINARY RESOLUTION 6: RE-ELECTION OF MR G H DAVIN

On the proposal of the Chairman, MR G H DAVIN (an independent non-executive director retiring by rotation) was re-elected by a 99.96% majority of votes exercised, with 0.04% votes against.

11. ORDINARY RESOLUTION 7: ELECTION OF MR E OBLOWITZ AS A MEMBER OF THE AUDIT COMMITTEE

On the proposal of the Chairman, MR E OBLOWITZ (an independent non-executive director) was elected as a member of the Audit Committee by a 95.98% majority of votes exercised, with 4.02% votes against.

12. ORDINARY RESOLUTION 8: ELECTION OF MS B L M MAKGABO-FISKERSTRAND AS A MEMBER OF THE AUDIT COMMITTEE

On the proposal of the Chairman, MS B L M MAKGABO-FISKERSRAND (an independent non-executive director) was elected as a member of the Audit Committee by a 92.07% majority of votes exercised, with 7.93% votes against.

13. ORDINARY RESOLUTION 9: ELECTION OF MR R STEIN AS A MEMBER OF THE AUDIT COMMITTEE

On the proposal of the Chairman, MR R STEIN (an independent non-executive director) was elected as a member of the Audit Committee by a 79.26% majority of votes exercised, with 20.74% votes against.

14. ORDINARY RESOLUTION 10: ELECTION OF MS N V SIMAMANE AS A MEMBER OF THE AUDIT COMMITTEE

On the proposal of the Chairman, MS N V SIMAMANE (an independent non-executive director) was elected as a member of the Audit Committee by a 85.84% majority of votes exercised, with 14.16% votes against.

15. ORDINARY RESOLUTION 11: ELECTION OF MR D FRIEDLAND AS A MEMBER OF THE AUDIT COMMITTEE

On the proposal of the Chairman, MR D FRIEDLAND (an independent non-executive director) was elected as a member of the Audit Committee by a 99.86% majority of votes exercised, with 0.14% votes against.

16. ORDINARY RESOLUTION 12: NON-BINDING ADVISORY VOTE ON REMUNERATION POLICY

On the proposal of the Chairman, the remuneration policy as set out in the Remuneration Committee report on pages 125 to 139 of the 2020 integrated annual report, by way of a non-binding advisory vote, was endorsed by shareholders, by a 52.02% majority of votes exercised, with 47.98% votes against.

17. ORDINARY RESOLUTION 13: NON-BINDING ADVISORY VOTE ON REMUNERATION IMPLEMENTATION REPORT

On the proposal of the Chairman, the remuneration implementation report as set out in the Remuneration Committee report on pages 140 to 146 of the 2020 integrated annual report, by way of a non-binding advisory vote, was endorsed by shareholders, by a 63.88% majority of votes exercised, with 36.12% votes against.

18. ORDINARY RESOLUTION 14: ADOPTION OF THE SHARE APPRECIATION RIGHTS PLAN 2020 (SAR 2020)

On the proposal of the Chairman, subject to the passing of special resolution 1, the TFG 2020 Share Appreciation Rights Plan (SAR 2020), a copy of which has been labeled for identification purposes and tabled at the annual general meeting, was approved and adopted by shareholders, by a 83.24% majority of votes exercised, with 16.76% votes against.

19. ORDINARY RESOLUTION 15: ADOPTION OF THE FORFEITABLE SHARE PLAN 2020 (FSP 2020)

On the proposal of the Chairman, subject to the passing of special resolution 2, the TFG 2020 Forfeitable Share Plan (FSP 2020), a copy of which has been labeled for identification purposes and tabled at the annual general meeting, was approved and adopted by shareholders, by a 83.14% majority of votes exercised, with 16.86% votes against.

20. SPECIAL RESOLUTION 1: APPROVALS FOR THE IMPLEMENTATION OF THE SAR 2020

On the proposal of the Chairman, subject to the passing of ordinary resolution 14, the adoption and implementation of SAR 2020 was authorised and approved by shareholders, as a special resolution, for all purposes under the Companies Act (including, but not limited to, sections 41(1), 44(2) and 45(2) of the Companies Act), by a 90.18% majority of votes exercised, with 9.82% votes against.

21. SPECIAL RESOLUTION 2: APPROVALS FOR THE IMPLEMENTATION OF THE FSP 2020

On the proposal of the Chairman, subject to the passing of ordinary resolution 15, the adoption and implementation of FSP 2020 was authorised and approved by shareholders, as a special resolution, for all purposes under the Companies Act (including, but not limited to, sections 41(1), 44(2) and 45(2) of the Companies Act), by a 92.04% majority of votes exercised, with 7.96% votes against.

22. SPECIAL RESOLUTION 3: AMENDMENT TO THE MOI

On the proposal of the Chairman, it was resolved by a 99.97% majority of votes exercised, with 0.03% votes against, that the MOI of the Company be and is hereby amended by the insertion of new clause 24.13A immediately after existing clause 24.13 as follows:

"24.13A In addition to clause 24.13, either the Chairman or the deputy Chairman of the Board shall be entitled, with the written consent of the remaining directors on the Board, to appoint any person as a director in terms of section 66(4) (a)(i) of the Companies Act, provided that such appointment must be ratified by the shareholders by way of ordinary resolution, at the next general meeting"

23. SPECIAL RESOLUTION 4: NON-EXECUTIVE DIRECTOR REMUNERATION

On the proposal of MR THUNSTRÖM (taking the chair for this resolution), it was resolved by a 99.51% majority of votes exercised, with 0.49% votes against, that the remuneration to be paid to non-executive directors for the period 1 October 2020 to 30 September 2021 and as set out in the notice of the annual general meeting be approved.

24. SPECIAL RESOLUTION 5: FINANCIAL ASSISTANCE TO RELATED OR INTERRELATED COMPANY OR CORPORATION

On the proposal of the Chairman, it was resolved by a 94.33% majority of votes exercised, with 5.67% votes against, that the Company may provide direct or indirect financial assistance to a related or interrelated company or corporation provided that such financial assistance may only be provided within two years from the date of adoption of this special resolution and subject further to sections 44 and 45 of the Companies Act.

Special resolution number 5 and the reason and effect of special resolution number 5, as set out in the notice convening the meeting were taken as read.

25. ORDINARY RESOLUTION 16: GENERAL AUTHORITY

On the proposal of the Chairman, it was resolved by a 99.91% majority of votes exercised, with 0.09% votes against, that any director of the company or the Company Secretary of the company is authorised to carry out and to do all such things and matters as may be or are necessary in connection with the subject matter of the ordinary resolutions 1 to 16 and special resolutions 1 to 5 proposed at the company's annual general meeting, including, without limitation, being authorised to make, amend and sign all and any such necessary documents, letters, applications, announcements and affidavits as may be required for purposes of and in connection with any such resolution and including (without limitation) such Companies and Intellectual Property Commission (CIPC) forms as are required in connection with the resolutions above; and to pay the filing fees (if any) in respect of the MOI of the company to CIPC.

26. TRANSACT ANY OTHER BUSINESS

The Chairman noted that no notice had been received of any other business that may be transacted at the annual general meeting.

The Chairman allowed questions pursuant to the resolutions tabled at the annual general meeting to be discussed before closing the voting.

MR D VAN ROOYEN (the Company Secretary) noted the following questions from Mehluli Ncube, which had been received via the electronic online facility:

i. Question on the remuneration policy and implementation – although a few concerns that have been raised in the past have now been considered, areas of concern surround the payment of dividends on unvested shares to executive directors. This practice is frowned upon as payments are inadequately disclosed and the payments have not been earned as there should not be any entitlement until shares have vested. Dividends on performance shares undermine the effort to link pay to performance.

ii. Question on remuneration policy implementation – given the challenges of the COVID pandemic, how will the Remco adjust the stretch targets to ensure that executives are not penalized by the environment, but at the same time not setting very low hurdles?

iii. Question on special resolution 5 – given the recent capital raise, how much is anticipated to be allocated to interrelated companies, particularly acquisition targets?

The Chairman referred the first two questions to MR E OBLOWITZ (the Chairman of the Remuneration Committee) and the last question to MR A THUNSTRÖM (the CEO) and they responded as follows:

i. The Remuneration Committee will explore this point further and it's something that's already on our agenda for discussion and implementation. We do have a principle of aligning shareholder interests to those of TFG staff that benefit from our share schemes.

ii. This question is relevant to most corporates given the pandemic. We have already started to engage with shareholders on this matter and will continue to do so in order to get their input and guidance on how best to approach this in the most pragmatic way. It's very difficult to plan ahead in terms of target setting, but again, this is already on our agenda for discussion and implementation.

iii. This was addressed in our year-end results presentation. There were 3 key objectives to the capital raise – firstly, to insulate our balance sheet against the COVID-related uncertainty that lay ahead of us and to reduce our net debt to EBITDA ratio to between 1-1.5x, which is the appropriate risk appetite given the current uncertainty in the market; secondly, to provide sufficient capital to invest behind the group's key organic growth levers which have become even more important (e.g. e-commerce and local supply chain / quick response); and lastly, to position ourselves to be able to act swiftly and decisively if we did find any suitable acquisition opportunities. Although none were identified at the time, it allowed us to subsequently have the confidence to pursue the Jet acquisition.

The Chairman also allowed questions pursuant to the trading update and any other questions to be discussed.

MR D VAN ROOYEN (the Company Secretary) noted the following questions from Yanga Nozibele, which had been received via the electronic online facility:

i. Would the board agree that the real action in the apparel market is in "value lines"? It seems that TFG has addressed the discount / value area by opening Exact stores, yet Exact competes directly with Jet, so why purchase Jet? Was the purchase of Jet a strategic decision to remove competition? Is the intention to close Exact or Jet, or to roll them up into one? Many of these stores are in the same centres, so why acquire an overlapping retailer?

ii. The acquisition of Jet sits in the company of Mr Price, Pep, Ackermans, etc. In the industry, there is a big question mark over the ability of these retailers to source their product from factories that are compliant with Bargaining Council conditions and/or rely on imports that might come with sourcing issues. How is TFG going to be able to compete in this area of the market? What share of supplies comes from group-owned factories? Especially in the case of Jet?

iii. Does reliance on own factories limit the ability to source better price / more creative product elsewhere? Is there a potential that the group (especially Jet) starts to become a production (own factory) driven company?

iv. What acquisitions have been made (if any) and how were they funded? This is specifically with regard to factories.

v. How many jobs have been created in the past 24 months, where and how?

vi. Is there unionization in the workforce?

vii. Do your suppliers belong to a Bargaining Council?

The Chairman referred the questions to MR A THUNSTRÖM (the CEO) and he responded as follows:

i. Exact operates in the mid- to lower LSM segment of the market and isn't a true value retailer. There are also substantial differences in pricing between Exact and Jet and we don't see Jet as a competitor to Exact as they operate in different segments of the market. We tried to position / establish ourselves in the value segment of the market – which is even more important now, as consumers shop down to value in the current economic environment – and the Jet acquisition allows us to do just that. Jet is a very strong brand with brand equity in South Africa and remains very relevant going forward.

ii. There have been concerns around sourcing in value retail, but from a TFG perspective, we work with the unions, the dti and government to ensure we only deal with compliant suppliers in South Africa. We also have stringent audit procedures in place for offshore suppliers to the Group. We will ensure that these same stringent requirements are applied to the Jet business. The vast majority of Jet's supply base is from within South Africa (>50%). Jet doesn't currently source from TFG-owned factories but there is an opportunity to do so going forward.

iii. We have shared the strategic rationale around our own factories in our recent results presentations. We achieve a better final gross margin on products we produce internally due to the shorter lead times (c.42 days vs. 140-180 days in respect of longer lead time product) and as a result we are able to respond in-season and therefore take on less fashion risk. We are able to manufacture at very competitive prices relative to imported product (especially in respect of our summer product).

iv. We acquired the Prestige manufacturing business 7 years ago. This was funded from normal working capital and we continue to invest in our manufacturing facilities, along with government and dti support. In the last few years we have also opened a Greenfields site in Caledon, just outside of Cape Town and this was also funded from normal working capital.

v. We have a very high turnover of staff in retail (and this is typical across the industry), but at a Head Office and factory level we would have created in excess of 1,000 jobs.

vi. Unionization in the workforce is relative low, which is typical for the clothing retail sector.

vii. Yes, our suppliers belong to Bargaining Councils.

The Chairman closed the voting, the results of the poll were displayed and the Chairman declared that all the ordinary and special resolutions had been passed with the requisite majority.

27. STATEMENT BY THE CHAIRMAN

Following the 50.3% vote in favour of the remuneration policy at the 2019 AGM, TFG continued to engage with shareholders as part of our continual journey towards enhancing and refining our remuneration policies and practices. Our responses to and the actions taken in respect of the key shareholder concerns raised were also disclosed in the remuneration report included in the integrated annual report.

Several of the concerns raised by shareholders related to key operational terms and conditions of the share appreciation rights plan and forfeitable share plan. The company performed a comprehensive review of these share scheme plans, which included taking extensive external expert advice and culminated in the two new sets of plan rules tabled at today's annual general meeting for approval by shareholders. These new plan rules address a number of shareholder concerns and incorporate good corporate governance enhancements.

While we are pleased that the new plan rules have been adopted and approved by shareholders at today's meeting, we are disappointed with the 52.02% non-binding advisory vote in favour of the remuneration policy and the 63.88% non-binding advisory vote in favour of implementation of the remuneration policy.

TFG has established good communication channels with shareholders' advisory services and shareholders and will continue with its ongoing constructive engagement process as we constantly strive to improve and refine our remuneration policies and practices in line with dynamic shareholder expectations, good governance principles, international and local remuneration trends as well as a policy and practices that attracts, rewards and retains the best talent to generate long term sustainable wealth for shareholders.

Shareholders are invited to advise the Group of their reasons for their dissenting votes on the remuneration policy and implementation report by sending correspondence by email to the Group Company Secretary, Darwin van Rooyen (company_secretary@tfg.co.za), by 16 October 2020.

We welcome further engagement on these issues and, based on the feedback received, will schedule individual meetings with the relevant shareholders.

28. CLOSING

In closing the Chairman noted that all agenda items had been dealt with and declared the meeting closed at 13h00.

APPROVED AND SIGNED THIS 3rd DAY OF NOVEMBER 2020

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CHAIRMAN