GOVERNANCE REPORT

THE FOSCHINI GROUP LIMITED

2024

Contents

Reporting suite

Our reporting suite aims to create impactful communication, caters to diverse stakeholder needs and provides easy access to all the available documents. We encourage readers to explore the full reporting suite for a comprehensive overview of the Group's performance and our value creation story.

Governance reporting – Reporting to all stakeholders on governance structures, processes and policies aligned with King IV[1] principles, including remuneration.

Governance report

King IV application register

Remuneration report

Integrated annual report – Reporting to financial capital providers and interested stakeholders on strategy, performance and prospects impacting enterprise value.

Integrated annual report

Sustainability reporting – Reporting to all stakeholders through data-led, stakeholder-focused material sustainability matters, offering a view of the Group's socioeconomic and environmental impact, supported by case studies.

Inspired Living report

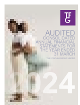
TCFD report

CDP questionnaire

Carbon footprint report

B-BBEE credentials and scorecard

Financial reporting – Primarily reporting to shareholders, the investment community and analysts on the Group's financial position and performance.

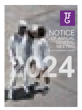


Annual financial statements

Results announcement

Results presentation and webcast

Shareholder reporting – Reporting to shareholders and investors to consider when voting at the TFG annual general meeting (AGM).



Notice of AGM

Proxy form

Reporting frameworks

Our reporting suite was compiled with due consideration to the following reporting frameworks and standards:

> Integrated Reporting <IR> Framework (2021).
> International Financial Reporting Standards (IFRS).
> King IV Report on Corporate Governance™ for South Africa, 2016 (King IV)[1].
> JSE Limited (JSE) Listings Requirements.
> Companies Act of South Africa, No. 71 of 2008, as amended.

Furthermore, these reports were prepared with reference to the following frameworks and guidance:

> JSE Sustainability Disclosure Guidance.
> United Nations (UN) Sustainable Development Goals (SDGs).
> Task Force on Climate-related Financial Disclosures (TCFD).
> Relevant CDP (previously Carbon Disclosure Project) questionnaires.

The report covers governance matters for the year ended 31 March 2024.

Navigation

This interactive report contains hyperlinks that allow you to find the information you need easily, including additional details where we reference the website or other reports.

Hyperlinks are underlined.

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About our report

We firmly believe good governance should hold tangible commercial significance rather than merely delivering procedural outcomes. It is about applying and integrating the principles of governance to deliver responsible business decisions which create value for all our stakeholders.

Michael Lewis
Chairman

This more detailed governance report, should be read with the integrated annual report, our Inspired Living report and the annual financial statements.

This report covers the governance process relating to the Group's operating environment, the risks and opportunities, and engagement with key stakeholders. It also considers the matters that could influence the Group's ability to create and sustain value.

It includes the Report of the Audit committee, remuneration report and Social and Ethics Committee report, which are tabled at the annual general meeting to be held on 5 September 2024, and our King IV application register.

The Supervisory Board subcommittees have approved their respective reports which were subsequently approved by the Board.

The Audit Committee fulfils an oversight role for the integrated annual report and annual financial statements. The committee also reviews the sustainability information disclosed in the integrated annual report and assesses its consistency with the consolidated annual financial statements and Inspired Living report. The Social and Ethics Committee has oversight of the Inspired Living report.

The report was approved by the Supervisory Board on 19 July 2024.

Forward-looking statements

This report includes forward-looking statements about the Group's results and business activities, which involve risk and uncertainty depending on future events and circumstances. Due to various factors, these statements may differ materially from actual results or activities. The Group's external auditors have not reviewed or reported on these forward-looking statements.

Feedback

We welcome your feedback on this report. Please send your comments or inquiries to our Company Secretary at Company_Secretary@tfg.co.za.

Our governance philosophy

TFG's Supervisory Board, with a majority of independent non-executive directors, is responsible for the governance of the Group as a whole. It is ultimately accountable for the strategy, direction, leadership and performance of the Group.

TFG's executive management team or Operating Board is responsible for the execution of the strategy and the day-to-day management of the operations of the Group in a responsible manner.

Ethical leadership

Our Supervisory Board is committed to the highest standards of corporate governance and supports the outcomes and principles outlined in King IV and the JSE Listings Requirements.

Ethical culture

The Group's code of good ethical conduct guides how we do business, maintains a workplace free from discrimination and guarantees fair and ethical practices for all employees. The code also guides how the Group interacts with external stakeholders and broader society.

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 anonymous tip-off line, which is promoted among employees and suppliers.

Reports are submitted to the Group forensics department for investigation.

Reports received

459	340
FY 2024	FY 2023

Feedback on material matters received via the tip-off line is reviewed by the Risk Committee to guarantee appropriate follow-up and remedial action is taken. Significant issues, including fraud, are reported to the Supervisory Board.

Good performance

The Supervisory Board engages with the Operating Board to assess the Group's performance and maintains alignment between the 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 the direction for how the relationships and exercise of power within the Group should be approached and conducted. We perform a formal Board evaluation process every two years to evaluate the performance of the Supervisory Board, its committees, its Chairperson and its individual members. Our next evaluation is scheduled for 2025.

Legitimacy

The Social and Ethics Committee assists the Supervisory Board with monitoring, reporting and discharging the Group'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.

Governance structures and delegation

Charters govern the scope and functioning of the Supervisory Board and its committees. 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. There is a clear distinction between the roles of the CEO and the Chairman, and separate individuals occupy these positions. The Chairman is considered independent. Graham Davin was appointed as the Lead Independent Director in August 2020.

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

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

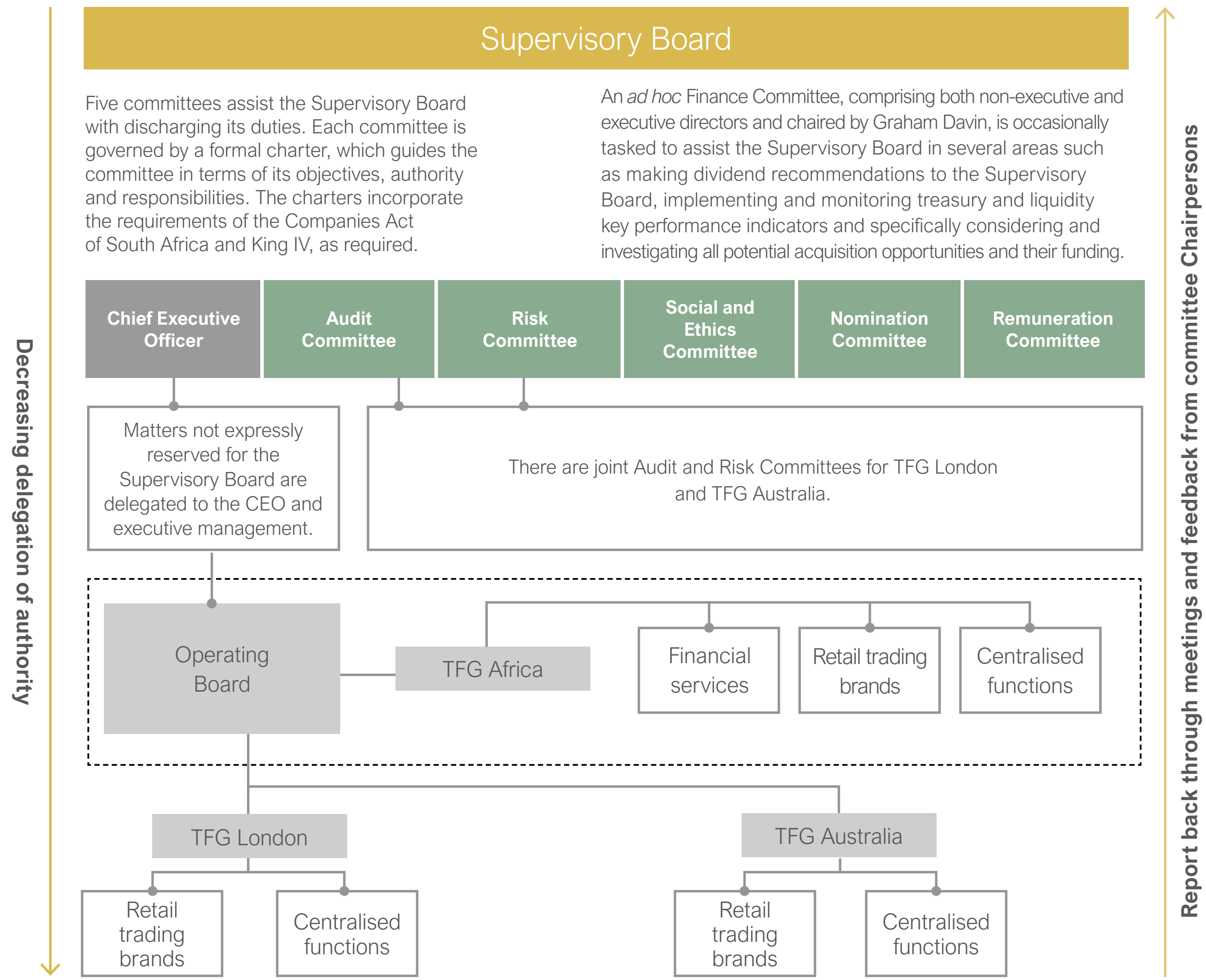
The Supervisory Board considers the allocation of roles and responsibilities and the composition of membership across committees holistically, to achieve the following:

> Effective collaboration through cross-membership between committees, coordinated timing of meetings, and avoiding the duplication or fragmented functioning as far as possible.

> Where more than one committee has the mandate to deal with a similar matter, the specific role and positioning of each committee in relation to such a matter is defined to establish a complementary and holistic view.

> There is a balanced distribution of power with respect to membership across committees so that no individual can dominate decision-making, and no undue reliance is placed on any individual.

TFG's delegation of authority framework reserves certain matters for the final consent of the Supervisory Board or committees.



Governance structures and delegation

Skills and experience

The Supervisory Board, through the Nomination Committee, regularly reviews the collective skills and experience of the directors in response to the fast changing, local and international retail environment.

The appropriate mix of skills, expertise, and experience positions the Board, as a collective, to guide and drive the Group's strategy in creating stakeholder value effectively.

A diversity in skills and experience provides robust deliberations and holistic decision-making at the Supervisory Board meetings. The glide path of the newly adopted independence policy will provide the Board the opportunity to consider additional skills and experience required for the Group's growth aspirations.

Board skills and experience
(Number of Board Members)

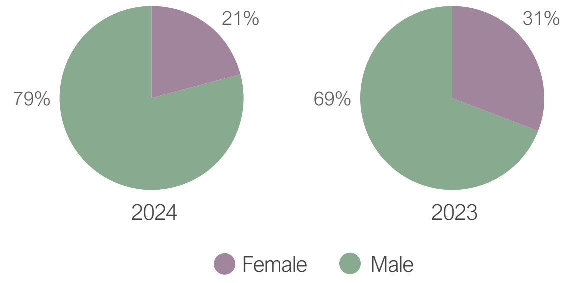
Diversity

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

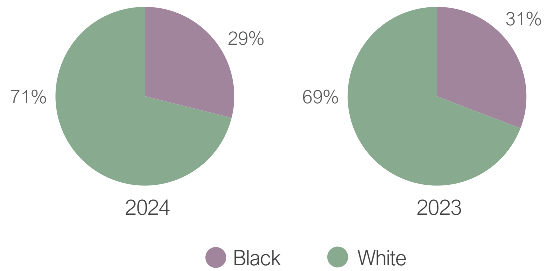
Diversity is important to provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship and management of the Group. A truly diverse Board will include and make good use of different skills, regional and industry expertise/knowledge, experience, age, 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.

Gender



Race



Governance structures and delegation

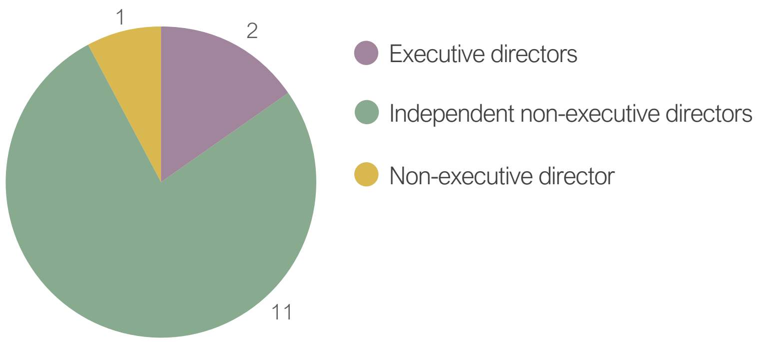
Independence

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

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 the Group. The Supervisory Board considers King IV and other indicators holistically, and on a substance-over-form basis when performing this assessment. This assessment is aided by an annual independence questionnaire completed by each non-executive director.

On this basis, 11 of the 12 non-executive directors are categorised as independent, and one, Doug Murray, is not considered independent.

Of the 11 independent non-executive directors, seven have served a term in excess of nine years. Graham Davin led a discussion by the Supervisory Board to assess the independence of Michael Lewis, Prof. Fatima Abrahams, Nomahlubi Simamane, Eddy Oblowitz, Ronnie Stein, Boitumelo Makgabo-Fiskerstrand and David Friedland (during the relevant meeting the aforementioned directors recused themselves). The Supervisory Board discussed and assessed each of the affected directors in turn with reference to their conduct and performance and with reference to the King IV indicators. Consideration was also given to the affected director's annual independence questionnaire and any conflicts of interest previously disclosed. After due consideration, the Supervisory Board concluded that the length of their association with the Group does not impair their independence.



Tenure

The Supervisory Board acknowledges investor concerns about the potential waning of independence through long tenure. Nonetheless, the Supervisory Board is satisfied that all directors consistently demonstrate independence in character and judgement. A new independence policy was introduced by the Board in 2023, progressively over a three-year glide-path. After this three-year period, a non-executive director with tenure of more than 12 years will no longer be categorised as independent.

The 12-year period was selected after considering feedback received from our shareholders and with reference to the more stringent requirements enforced in other industries. The introduction of the new policy over a three-year period will allow us to address the implications of this policy on the composition of the Supervisory Board and its various committees.

To maintain a majority of independent non-executive directors on the Supervisory Board, this policy will necessitate the appointment of additional independent non-executive directors to the Supervisory Board and the retirement of longer-serving non-executive directors over the glide-path period.

Jan Potgieter and Nkululeko Sowazi were appointed as independent non-executive directors to the Board during the course of the year. Nomahlubi Simamane will be retiring from the Supervisory Board with effect from 5 September 2024 following the conclusion of the company's AGM.

Each year, one-third of the non-executive directors are subject to retirement by rotation. The Nomination Committee recommends re-election by shareholders after due consideration has been given to attendance at meetings and respective performance.

The following non-executive directors will stand for re-election at the 2024 AGM:

> Prof. Fatima Abrahams
> Boitumelo Makgabo-Fiskerstrand
> Eddy Oblowitz
> Nkululeko Sowazi

Board tenure

5	1	8
1 – 4 years	5 – 8 years	9 years and more

Governance structures and delegation

Changes to the Supervisory Board or committees

As reported in our FY 2023 integrated annual report and as was announced on SENS on 7 July 2023, Jan Potgieter was appointed as an independent non-executive director of the Supervisory Board and member of the Audit and Risk Committees with effect from 10 July 2023. Nkululeko Sowazi was appointed as an independent non-executive director of the Supervisory Board with effect from 1 January 2024.

These appointments have strengthened the Supervisory Board from a skills and independence perspective and is the outcome of the Nomination Committee and the Supervisory Board's continuous review of Board composition, succession planning and Board renewal.

As was announced on SENS on 13 October 2023, Bongiwe Ntuli resigned as Chief Financial Officer and executive director of the company and left the Group with effect from 30 November 2023. Following the confirmation from the JSE Limited, Anthony Thunström fulfilled the role of both Chief Executive Officer and executive financial director for the period 1 December 2023 until the appointment of the new Chief Financial Officer.

As was announced on SENS on 28 March 2024, Ralph Buddle was appointed as Chief Financial Officer and executive director with effect from 1 April 2024. He was also appointed as a member of the Risk Committee with effect from 1 April 2024.

As was announced on SENS on 2 July 2024, Nomahlubi Simamane will be retiring from the Supervisory Board with effect from 5 September 2024, following the conclusion of the company's AGM. Consequently, she will also step down as a member of the Audit, Risk and Social and Ethics Committees.

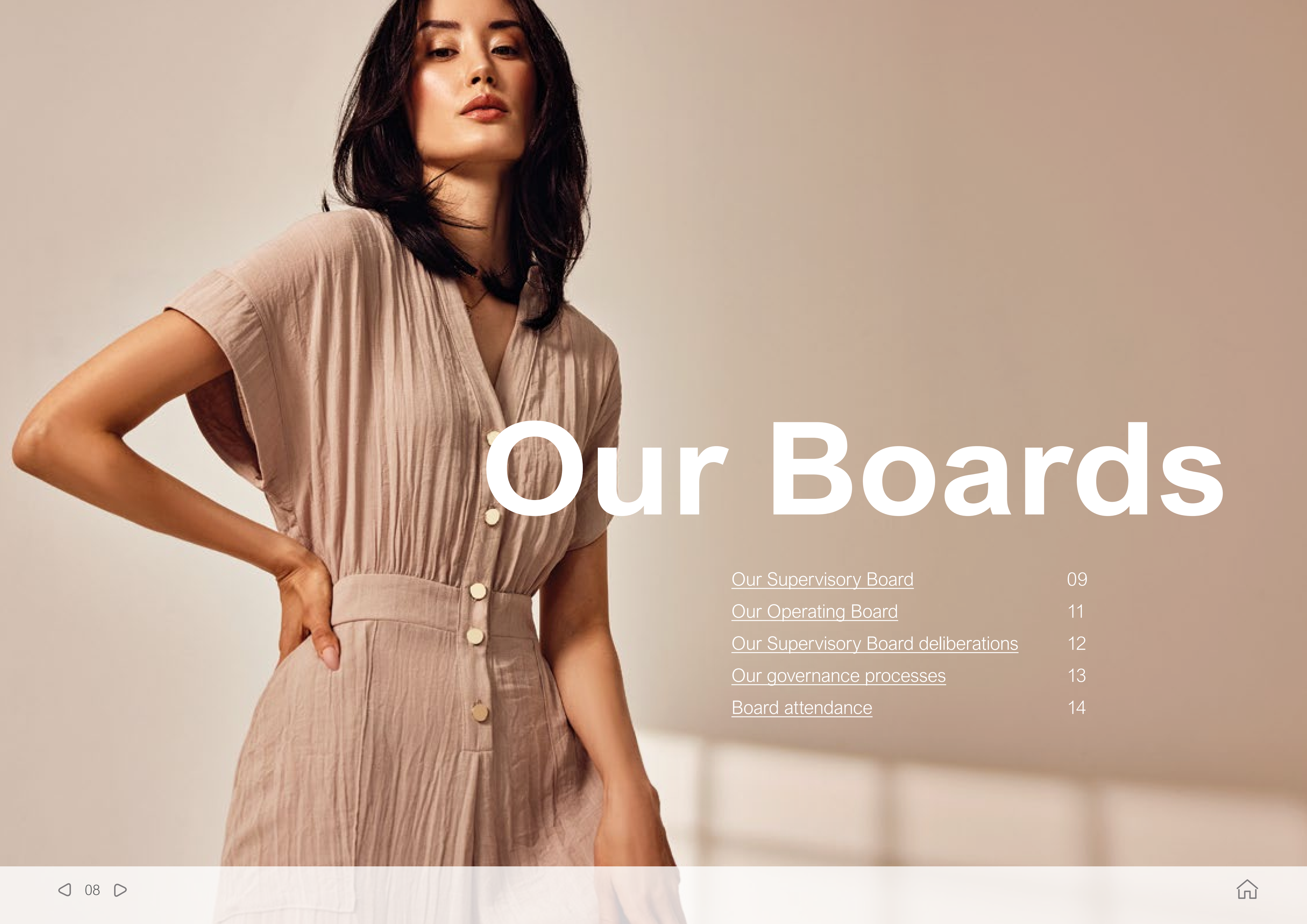
The appointments of Nkululeko Sowazi and Ralph Buddle will be tabled for shareholder approval at the first shareholders' meeting after each appointment, being the AGM on 5 September 2024.

Company Secretary

The Company Secretary, Darwin 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 2023 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 Listings Requirements. The Supervisory Board further believes that the office of the Company Secretary is empowered and that the position carries the necessary authority.



Our Boards

Our Supervisory Board

The Supervisory Board is ultimately accountable for the strategy, direction, leadership, governance and performance of the Group. The Supervisory Board mainly comprises non-executive directors, with the majority being independent.

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. The biographies of our Supervisory Board are provided here.

Anthony Thunström (54)

BCom (Hons Acc), CA(SA)
CEO
Member of the Risk and Social and Ethics Committees

Michael Lewis (65)

BA (Econ) (Hons)
Chairman
Chairman of the Nomination Committee
Member of the Remuneration Committee

Prof. Fatima Abrahams (61)

BEcon (Hons), MCom, DCom
Chairperson of the Social and Ethics Committee
Member of the Nomination, Remuneration and Risk Committees

Ralph Buddle (57)

CA(SA)
CFO
Member of the Risk Committee

Graham Davin (68)

BCom, BAcc, CA(SA), MBA
Lead Independent Non-Executive Director
Member of the Audit and Nomination Committees

Colin Coleman (61)

BA (Architecture)

Executive directors | Independent non-executive directors | Non-executive director

Our Supervisory Board

David Friedland (71)

BCom, CA(SA)
Member of the Audit, Remuneration and Risk Committees

Jan Potgieter (55)

BCompt (Hons), CTA, CA(SA), Management Development Programme (University of Michigan), Strategic Planning and Management in Retailing (Monash University, Australia), Advanced Management Programme (INSEAD France)
Member of the Audit and Risk Committees

Ronnie Stein (75)

BCom, CA(SA)
Chairman of the Risk Committee
Member of the Nomination Committee

Boitumelo Makgabo-Fiskerstrand (50)

BA
Member of the Audit, Risk and Social and Ethics Committees

Nomahlubi Simamane (65)

BSc (Chemistry & Biology) (Hons)
Member of the Audit, Risk and Social and Ethics Committees

Doug Murray (67)

BA, CA
Member of the Risk Committee

Eddy Oblowitz (67)

BCom, CA(SA), CPA(Isr)
Chairman of the Audit and Remuneration Committees
Member of the Risk Committee

Nkululeko Sowazi (61)

BA, MA (Planning)

- Executive directors
- Independent non-executive directors
- Non-executive director

Our Operating Board

From left to right

Senta Morley (54)
BSocSc
Chief People and Culture Officer
Joined the Group in 2002

Stuart Baird (58)
Group Director – Retail
Joined the Group in 1986

Shani Naidoo (56)
BSocSc (Hons), MA (Ind Psych), AMP (Harvard)
Group Director – Retail
Joined the Group in 2005

Jacques De Kock (54)
B. Eng, MBA
Group Director – Technology and Fulfilment
Joined the Group in 2020

Anthony Thunström (54)
BCom (Hons Acc), CA(SA)
CEO
Joined the Group in 2015

Jane Fisher (51)
BSc (Hons) Mathematics and Computing Science
Group Director – Financial Services
Joined the Group in 2013

Ralph Buddle (57)
CA(SA)
CFO
Joined the Group in 2023

By invitation:
Vusiwe Nkomo (48)
BCom (Hons), MBA, MBA
Chief Information Officer

Our Supervisory Board deliberations

The Board met seven times during the year. Attendance at the meetings was 96%. Board members who were unable to attend a meeting receive the relevant Board papers and are afforded an opportunity to provide input and feedback ahead of the respective meetings. See page 14 for directors' attendance at Board and committee meetings.

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

The Supervisory Board *inter alia*:

- Considered the operating performance of the Group and the execution of the strategy.
- Considered the impact of load shedding on the South African business and the appropriate response measures.
- Approved the secondary listing of TFG Limited's ordinary shares on A2X.
- Approved budgets and interim and year-end financial results.
- Considered financial projections.
- Approved dividends.
- Approved the appointments of Jan Potgieter and Nkululeko Sowazi as independent non-executive directors effective 10 July 2023 and 1 January 2024, respectively.
- Approved the appointment of Ralph Buddle as CFO and executive director with effect from 1 April 2024.
- Considered compliance and governance matters (including the application of King IV).
- Approved the King IV application register.
- Considered the independence of non-executive directors.
- Reviewed and updated the Board charter.
- Reviewed strategy at various levels.
- Considered report-backs from executive management on the Franchise Agreement concluded with JD Sports Fashion Plc, the development of Bash and the new Riverfields distribution centre.
- Focused on current performance.
- Considered report-backs from Supervisory Board committees.
- Discussed emerging retail trends.

The Board is governed by a charter that sets out its mandate and it is satisfied that it has fulfilled its responsibilities in accordance with its charter during FY 2024.

Riverfields DC

TFG launched the completed first phase of its new Riverfields omni-enabled distribution centre in December 2023. With a significant 75 000m^2 capacity, this cutting-edge facility will transform TFG's fulfilment costs, operating capacity and omnichannel capabilities.

Strategically positioned in Midrand, Gauteng, the Riverfields DC will vastly improve our operational capabilities. It will consolidate and provide capacity closer to market for all our fashion brands, including Jet, with quick replenishment times. It will also improve e-commerce delivery capacity and transport efficiencies through centralisation and reliance on third parties.

The Riverfields Distribution Centre is an example of TFG's commitment to driving greater innovation and efficiency, and delivering on our vision of creating remarkable omnichannel experiences for our customers.

Our governance processes

Overseeing strategy execution

The Group'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 the Group over time. Therefore, the Supervisory Board must assess any gaps in its collective experience and upskill directors accordingly to enable proper decision-making. This further aligns our approach to succession planning, director renewal, training and development, and committee composition to the Group's changing risk environment.

Risk management

The Supervisory Board is ultimately responsible for the maintenance of an effective risk management process. The Audit Committee and the Risk Committee assist the Supervisory Board in assessing the adequacy of the risk management process.

The Group's 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 achieving strategic objectives and long-term sustainable business growth. Risks are reviewed throughout the year, and this continuous process informs any updates to the Group's risk registers and combined assurance plan.

The most significant risks to the Group are unpacked in more detail here.

The Group's material matters can be found in the integrated annual report.

Director appointments

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

Director induction

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.

Access to information

In addition to Board papers, all non-executive directors are exposed to the key aspects of the Group on a regular basis and are invited to participate proactively in this process. Directors have unrestricted access to the Company Secretary, all company records, and independent professional advice at the company's expense in appropriate circumstances.

Performance evaluation

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 undertaken every two years as recommended by King IV. It includes the following steps:

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

This formal process was undertaken in FY 2023 and will be repeated in FY 2025.

The Supervisory Board is satisfied that the action plans arising from the FY 2023 process are constantly reviewed to support the achievement of appropriate actions and milestones.

During FY 2024 – as recommended by King IV – the Chairman conducted an informal one-on-one interview with each director to create an opportunity for consideration, reflection and discussion of the Supervisory Board's performance.

Dealing in shares

Directors may not trade with TFG shares during closed periods. Restrictions may also be placed on share dealings at other times if the Group is involved in corporate activity or sensitive negotiations.

Directors are required 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.

Board attendance

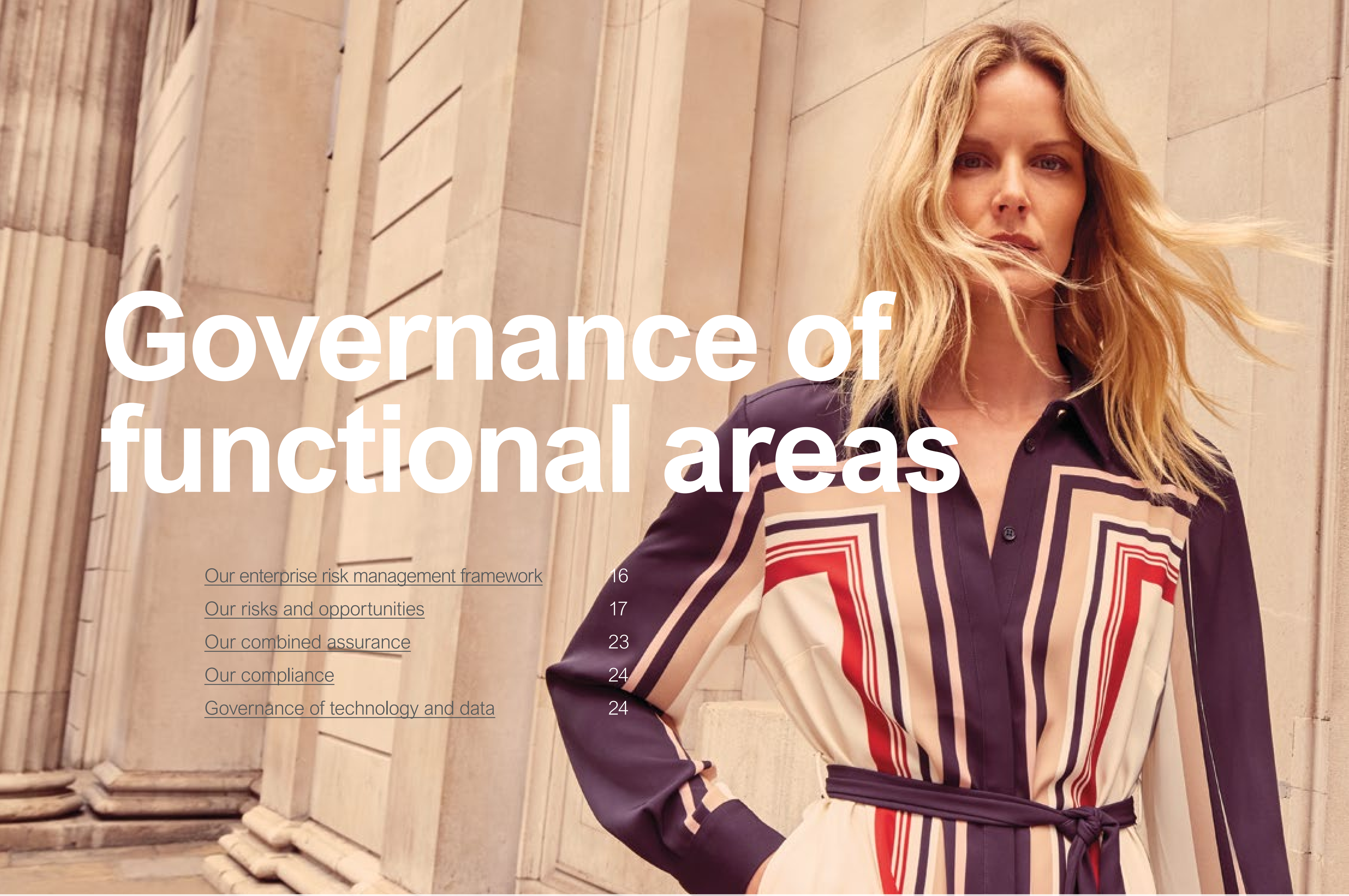
The attendance of the directors at Supervisory Board and committee meetings for the financial year was as follows:

Attendance/possible meetings	Supervisory Board	Audit Committee	Nomination Committee	Remuneration Committee	Risk Committee	Social and Ethics Committee
M Lewis	7/7	3/3#	4/4	4/4	2/4#	2/2#
A E Thunström	7/7	3/3#	4/4#	4/4#	4/4	2/2
R R Buddle (appointed 1 April 2024)	1/1	1/1#			1/1	
Prof. F Abrahams	6/7*		4/4	4/4	2/4*	2/2
C Coleman	7/7					
G H Davin	7/7	3/3	4/4			
D Friedland	5/7**	3/3		4/4	4/4	
B L M Makgabo-Fiskerstrand	7/7	3/3			4/4	2/2
E Oblowitz	7/7	3/3		4/4	4/4	
J N Potgieter (appointed 10 July 2023)	5/5	2/2			3/3	
N V Simamane	7/7	3/3			4/4	2/2
N L Sowazi (appointed 1 January 2024)	2/2					
R Stein	6/7**	3/3#	4/4		4/4	
D Murray	7/7	3/3#			4/4	
B Ntuli (resigned 30 November 2023)	5/5	2/2#			3/3	1/1#

Invitee.

* *Prof. Abrahams was absent with apology from the June 2023 meetings for the Supervisory Board and Risk Committee due to an unavoidable personal commitment. She received all the relevant Board papers and was afforded an opportunity to provide input and feedback ahead of the respective meetings.*

** *Absent with apology.*



Governance of functional areas

Our enterprise risk management framework

Enterprise risk management

The Group's enterprise risk management (ERM) framework provides a structured, dynamic and consistent approach to risk management. An integrated approach recognises that effective risk management is critical to achieving strategic objectives and the long-term sustainable growth of the business. The framework draws on internationally accepted best practice and aligns with relevant standards. This includes ISO 31000, the COSO framework and King IV.

We aim to mitigate and minimise risk through mechanisms such as standardised processes, regular reporting, risk transfer and diversification. Decisions are underpinned by the Group's values and purpose, maintaining good legal standing, protecting reputation and maintaining an appropriate balance of risk versus reward.

Risks are reviewed throughout the year, and this continuous process informs any updates to the Group's risk registers and combined assurance plan. We continuously review our ERM and risk management process to maintain best practice and a practical and business-minded approach.

The ERM process is facilitated by the Group Enterprise Risk function.

A quarterly Executive Risk and Resilience Forum receives updates on current and emerging risks and related mitigations. This forum consists of senior executives representing various business divisions across the Group. The outcome of discussions and the required levels of assurance are tabled at the Risk Governance Committee meeting for their oversight. This committee includes the Group CEO and CFO. Significant matters and any revisions to risks are reported to the Risk Committee.

Updates on current and emerging risks and related mitigations are prepared and presented at the Risk Committee meetings.

Our risks and opportunities

The Group annually reviews the level of risk it is willing to accept to achieve its strategic objectives to create and maintain value for all stakeholders. The risk appetite and tolerance are determined by considering decisions based on factors such as financial impact, legal exposure, reputational impact and our people. The process is underpinned by the Group's purpose and values, protecting reputation, appropriate balance of risk versus reward and maintaining good legal standing.

The Supervisory Board adopts a balanced approach to risk without inhibiting or unduly restricting the Group's ability to deploy and capitalise on risk-adjusted opportunities. The Operating Board and CEO utilise the Executive Risk and Resilience Forum and senior management to manage the respective risk components. 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 for each risk, and the remaining residual risk is assessed according to defined criteria. Annual workshops are held across business divisions to review critical strategic risks. Scenario workshops explore emerging matters and their potential risk to the Group, significant trends in the operating environment and relevant interests of key stakeholders.

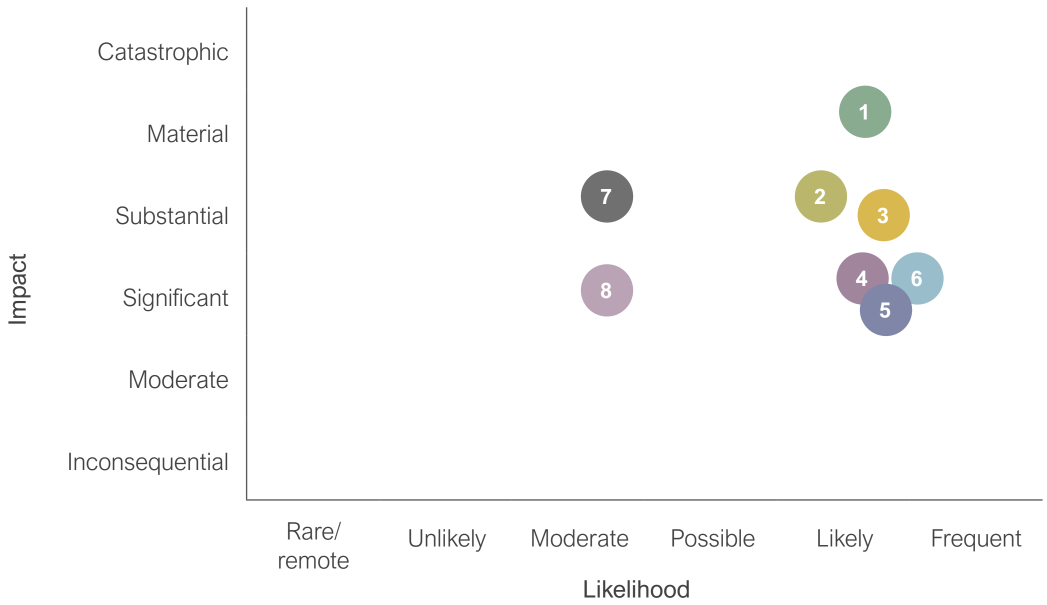
During the year, separate workshops were held to provide more insight into the supply chain risks, climate change and geopolitical impacts on South Africa. Workshops were also held with the Serious Incident Response Team to manage any crisis that may impact the Group's operation.

The risks with the highest exposure are presented to the Operating Board for review. The review outcome is submitted to the Risk Committee and ultimately to the Supervisory Board for challenge and approval.

The Group's significant risks have evolved from the prior year, influenced by global macroeconomics, a changing retail landscape and geopolitical impacts.

The risks are depicted in the heat map on the following page and are rated in respect of impact and likelihood. They are also explained in more detail in the tables that follow.

Our risks and opportunities



1. Challenging trading environment
2. Cyber and information security
3. Threat of political risks and violence, mainly in South Africa
4. Changing competitor landscape
5. Consumer disposable income under pressure
6. Inability to maintain an effective and efficient supply chain
7. Increase in regulations and complexity of environment
8. Inability to attract and retain talent

Challenging trading environment

Context

Unstable availability of electricity in South Africa has resulted in load shedding at variable levels.

Failing infrastructure in various municipalities across South Africa has disrupted consistent water supplies.

Higher energy prices in UK due to ongoing conflict in Eastern Europe.

Continued tension between Australia and China.

Risks to value creation

Increased cost of operations impacting profit.

Risk mitigations

Alternative power solutions in TFG Africa stores protecting c.75% of its turnover.

Simulation exercises to enhance business continuity plans are able to mitigate extensive power loss in South Africa and UK.

Competitive pricing strategies implemented.

Diversified business model across geographies, products and market segments.

Opportunities to create value

Proactive monitoring and desktop research to understand impacts.

Our risks and opportunities

Cyber and information security

Context

Global increase in cybercrime and ransomware attacks impact continuity of operations.

Cyber criminals becoming more sophisticated in methods to attack corporates.

Increasing ransomware attacks in large corporates.

Globally, there is increasing legislation to manage protection of customers information and data privacy.

Risks to value creation

Disruption in business operations may negatively impact the Group's reputation.

Increase in capex and operational costs.

Risk mitigations

Up-to-date data security protection tools.

Partner and engage with trusted data protection suppliers.

Cyber insurance cover in place.

Regular updates with cybercrime prevention tools.

Opportunities to create value

Implementation of controls as recommended by the National Institute Standards of Technology (NIST) and CIS Technologies which includes regular training, continuous monitoring and innovation.

Group-wide cyber preventative policies in place.

Threat of political risks and violence, mainly in South Africa

Context

Political and strike action across South Africa is becoming more prevalent.

Increased activity led to a constrained and hardening insurance market, increasing the cost of cover.

Poor socioeconomic conditions have led to increased disruption from riots, strikes and civil unrest.

The ability of the newly formed GNU to deliver on expectations and encourage investment will influence trading and socioeconomic conditions.

Risks to value creation

Stores may be unable to trade due to physical damage.

Employees are not able to come to work.

Significantly higher insurance premiums impact operating costs.

Loss of productivity in stores and local manufacturing.

Risk mitigations

A Group-wide insurance programme is in place to mitigate losses.

The Group's Serious Incident Response Team monitor any strike or unrest action and take appropriate steps to guarantee the safety of our people and limit any losses.

Opportunities to create value

Proactive solutions that are innovative and world-class.

Hybrid working model supports working from home.

Our risks and opportunities

Changing competitor landscape

Context

There is a rise in online pureplay retailers such as Shein and Temu who are gaining market share.

Consumers are looking for products at extremely competitive prices.

Aggressive discounting is deployed to attract customers, particularly in the UK.

Risks to value creation

Competitive prices may degrade gross profit margins.

A decline in active customers may impact turnover growth.

Risk mitigations

Investment in e-commerce platform – Bash increases online presence.

Balanced portfolio of brands across market segments.

A greater focus on value brands to attract customers looking for value and convenience.

Continued reduction of UK operating costs to leverage margin.

Opportunities to create value

Contribution of online sales growing.

Experienced in organically developing brands to appeal to a wide range of customers.

Increase in market share.

Consumer disposable income under pressure

Context

Interest rates remain high, particularly in the Group's trading geographies.

High inflation rates.

Higher fuel and energy costs impact customers' disposable income.

Unemployment levels in South Africa at 32,9%.[1]

Risks to value creation

Cost of servicing debt increases.

Customers prioritise purchase of essential products over non-essential apparel products.

Customers are attracted to value products.

Risk mitigations

Diversified portfolio of brands in TFG Africa across all market segments.

Acquisition and organic growth of value brands able to attract customers seeking value.

Opportunities to create value

Increased focus on growing value brands in TFG.

Maximise supplier relationships and supplier consolidation for economies of scale.

Our TFG Africa Rewards programme has 15,2 million active customers which we can provide with targeted marketing offers.

[1] *Stats SA.*

Our risks and opportunities

Inability to maintain an effective and efficient supply chain

Context	Risks to value creation	Risk mitigations	Opportunities to create value
Red Sea conflicts result in increased transport duration as shipping companies forced to use alternative routes. Ineffective port operations causing delays in South Africa. Increase in natural disasters caused by climate change threatens supply chain.	Higher shipping costs degrades gross profit margin. Lack of product newness suppresses demand. Inventory and raw material shortages and delays impact sales growth. Longer lead times and increased inventory holdings.	TFG Africa's local supply chain strategy reduces reliance on international suppliers, limiting costs and reducing lead times. The Group's supply chain strategy includes sourcing alternate suppliers and maintaining appropriate geographical spread. More frequent orders and inventory holdings maintained at mitigating levels.	More than 79% of TFG Africa's apparel manufactured in South Africa and neighbouring SADC countries resulting in continuity of supply. Quick Response methodology provides continuous supply of newness. Sourcing opportunities closer to TFG London.

Increase in regulations and complexity of environment

Context	Risks to value creation	Risk mitigations	Opportunities to create value
Changing legislation in Employment Equity targets. Increased activity of regulatory bodies. Complexity of regulations. Increased stakeholder focus on ESG and implementation of relevant frameworks and standards with additional reporting.	Increase in costs to guarantee compliance. Breaches of regulations increases potential for fines and criminal litigation. Heightened scrutiny by regulators may result in higher fines and potential for criminal litigation. Damage to reputation for non-compliance.	The Group's legal compliance department monitors significant risks and provides the business with updates and training as and when required. Regular updates on new and amended legislation are provided as well as the potential impact to the Group. TFG submits comments and lobbies on proposed changes to regulations. Active monitoring of environmental legislation.	Compliance can lead to enhanced reputation with and increased trust from stakeholders. Modern slavery commitment and ethical trading strategy engenders trust.

Our risks and opportunities

Inability to attract and retain talent

Context

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 and embedding a culture of high performance.

Global digital transformation increasing demand for technology skills and competencies.

Risks to value creation

Erosion of talent management impacts ability to execute our strategic objectives.

Unable to source and retain specialist skills for omnichannel strategic intent.

Globalisation continues to drive South African professional skills to prefer working in international markets.

High marketability for technology skills may impact growth of digital transformation.

Risk mitigations

A comprehensive and attractive employee value proposition designed to position the Group as an appealing place to work.

Succession planning for top and senior management teams.

Investment of over R100 million in our participation in YES, with more than 2 300 young people receiving work experience.

Opportunities to create value

TFG Africa is an active participant in the YES programme providing workplace opportunities to unemployed young people.

Digital training programme provides easily accessible learning opportunities.

TFG was recognised as a Top 10 Jobs Contributor at the inaugural YES South Africa ESG Awards 2023.

Establishing appropriate remuneration for high demand and supply shortages.

Our combined assurance

The Group follows a combined assurance model. The objective of our combined assurance model is to optimise and avoid duplication of assurance activities across the Group. This enables an effective control environment to maintain the integrity of information used for decision-making and reporting.

The model provides:

> Assurance that the financial control environment is effective.

> Assurance that the mitigation steps developed by management are adequate, have been implemented and are effective to reduce risk to an acceptable level.

The Audit and Risk Committees oversee the combined assurance model, related methodology and assurance outcomes. Assurance providers collectively provide assurance to the Supervisory Board.

The model follows the five lines of assurance methodology. Alignment and regular communication between assurance providers optimise areas of reliance and enhance value delivery to stakeholders. Technology is employed to increase the scope of assurance provided.

Examples of the applicable governance frameworks

> Companies Act of South Africa, JSE Listings Requirements, King IV.

> External governance frameworks and legislation.

> TFG Supervisory Board, Audit and Risk Committee charters.

> TFG risk policy and appetite.

> Internal TFG policies and procedures.

Assurance providers are increasingly engaged and meet more frequently with business.

1	**Business unit management with regular reporting to Operating Board**	Line management is responsible for managing and mitigating operational risk and performance.
2	**Centralised governance functions such as risk, IT security, legal and compliance**	Specialised and independent functions guide management in executing its duties and provide assurance through independent 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. The Head of Internal Audit reports directly to the Audit Committee.
4	**Various external, accreditation, certification and assurance providers**	Independent external assurance providers are appointed as required on an *ad hoc* basis. External auditors are appointed by shareholders on the recommendation of the Audit Committee.
5	**Supervisory Board**	The Supervisory Board has an overall oversight role and mandates that the Audit and Risk Committees act on its behalf.

Our assurance providers are increasingly independent. We look to technology solutions to expand our assurance coverage.

Our compliance

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 the committee.

Based on key laws and regulations effective at 31 March 2024, there were no material areas of non-compliance. There were also 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.

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, and adopts non-binding rules, codes and standards.

The constantly changing regulatory landscape is carefully monitored to guarantee key regulatory changes are identified by jurisdiction, impact on the business is determined, and appropriate business response plans are developed to maintain compliance.

The Foschini Group Limited (the company) complies with the Companies Act of South Africa and other relevant laws of establishment, specifically relating to its incorporation. The Supervisory Board is also satisfied that the company is operating in conformity with its memorandum of incorporation.

Whistle-blowing

The Group has a zero-tolerance approach to fraud, corruption and other forms of crime or dishonesty. Employees and suppliers are encouraged to use our anonymous whistle-blowing tip-off line, which was established in February 1998 and is outsourced to Deloitte & Touche.

Reports are submitted to the Group forensics department for investigation. Feedback on material matters received via the tip-off line are reviewed by the Risk Committee to provide appropriate follow-up and remedial action. Significant issues, including fraud, are reported to the Supervisory Board.

Losses from crime-related incidents

Commensurate with other commercial enterprises in South Africa, the Group continues to suffer from crime-related incidents in South Africa. Our specialist internal forensics department continues to make substantial progress in proactively limiting losses and assisting law enforcement agencies to bring criminals to justice.

Governance of technology and data

The Audit and Risk Committees assist the Supervisory Board in the oversight of the governance of technology and data. The Group Technology and Fulfilment director attends the Risk Committee meeting by invitation along with the Chief Information Security Officer.

The Chief Information Security Officer manages the Group's cyber security team who cover all territories where we trade. He meets regularly with each region to review emerging technology and information governance-related risks, TFG's disaster recovery plans and any significant initiatives.

The Group applies the internationally accepted Centre for Internet Security (CIS) controls framework for all the business segments. These controls are recognised as a prioritised set of actions for cyber security that form actionable best practice to mitigate the most common cyber-attacks. The Group actively tracks the progress against these controls which are then tabled at the Risk Committee meetings. Both self-assessments by management and independent reviews by externally appointed parties occur on a regular basis.

Increased use of Generative AI has heightened the risk of data loss or intrusion, as evident in the volume of phishing attacks monitored by the cyber security team. Actions have been taken to increase and enhance monitoring and prevention.

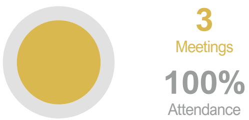
Our Board committees

Audit Committee

Eddy Oblowitz

Members

Eddy Oblowitz, Chairman
Graham Davin
David Friedland
Boitumelo Makgabo-Fiskerstrand
Jan Potgieter
Nomahlubi Simamane



Invitees: Anthony Thunström (CEO), Ralph Buddle (CFO), Head of Group Assurance, Head of Internal Audit, the Company Secretary, Deloitte & Touche (the Group's external auditors), and non-executive directors: Ronnie Stein and Doug Murray.

The Chairman of the Group has an open invitation to attend all meetings.

Mandate

Assists the Board in evaluating the integrity of our financial statements and that our internal financial controls and accounting policies are appropriate and support the Group's operations.

Responsible for the appointment and oversight of the external auditors of the Group.

Recommends the interim and annual financial statements to the Board for approval, as well as all public announcements containing financial information.

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 regarding its objectives, authority and responsibilities, both statutory and those assigned by the Supervisory Board.

A more detailed report on the roles and responsibilities is available in the Audit Committee report, which can be found in the annual financial statements.

The committee typically meets three times per year and further meetings are held as required. Furthermore, the Chairman meets with the external auditors and representatives of management separately and/or together, at pre-determined dates, usually before the holding of the various committee meetings, and on an *ad hoc* basis throughout the year. Salient aspects of internal audit reviews are discussed at each meeting.

Independently of executive management, committee members meet separately with the Head of Internal Audit and the external auditors, respectively. The Head of Internal Audit reports to the Audit Committee on all internal audit matters.

As part of the Group's governance structures, both TFG London and TFG Australia have a joint Audit and Risk Committee. Two formal committee meetings were held in the year for both TFG London and TFG Australia, respectively. In addition, *ad hoc* meetings are held as and when during the year.

The committee is satisfied that during the 2024 financial year, it has complied with all its statutory and other regulatory duties and fulfilled its responsibilities in accordance with its charter.

Nomination Committee

Michael Lewis

Members

Michael Lewis, Chairman
Prof. Fatima Abrahams
Graham Davin
Ronnie Stein

4
Meetings
100%
Attendance

Invitee: Anthony Thunström (CEO)

Mandate

Confirms the Board is properly constituted and contains an appropriate balance of skills and experience.

Responsible for identifying and nominating suitable candidates to fill Board and Board committee vacancies.

Manages the formal evaluation process of the Board and Board committees which is undertaken on a biennial basis.

Roles and responsibilities

- Reviews the Supervisory Board structure, size and composition.
- Reviews the nature, size and composition of the Supervisory Board committees.
- Succession planning.
- Reviews the balance between non-executive and executive directors.
- Monitors whether the directors have the required blend of experience, independence, skills and knowledge to support the continued success of the Group.
- Provides a formal process of performance evaluation.

Key areas of focus for the reporting period

- Reviewed the composition of all committees to maintain an appropriate mix of independence, skills and experience.
- Considered the broader diversity of the Supervisory Board and its committees.
- Reviewed the independence of non-executive directors.
- Reviewed the impact of long tenure on independence in relation to the three-year glide path for the new independence policy approved by the Supervisory Board in FY 2023.
- Reviewed the charter.
- Oversight of the Supervisory Board's evaluation process.
- Succession planning in respect of Supervisory Board members. The committee recommended the appointments of Jan Potgieter and Nkululeko Sowazi as independent non-executive directors and Ralph Buddle as CFO and executive director to the Supervisory Board for approval.

The committee is governed by a charter that sets out its mandate and key responsibilities. Reports are provided to the Supervisory Board at each board meeting. The committee fulfilled its responsibilities in accordance with its charter during FY 2024.

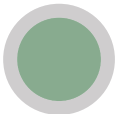
Any non-executive director with tenure of more than 12 years as at 1 September 2026 will no longer be categorised as independent.

Remuneration Committee

Eddy Oblowitz

Members

Eddy Oblowitz, Chairman
Prof. Fatima Abrahams
David Friedland
Michael Lewis



4
Meetings
100%
Attendance

Invitee: Anthony Thunström (CEO)

Mandate

Maintains fair and responsible remuneration for directors, executives and prescribed officers, taking the long-term interests of the Group and delivering shareholder value into account.

An effective remuneration policy is in place which supports the Group's short- and long-term strategies.

The disclosure of director and other executive remuneration is accurate, complete and transparent.

Structure and function of the committee

The function of the committee is to review and provide recommendations on the adoption of TFG's Group-wide remuneration policy for the financial year ahead. To inform their considerations, the committee meets with the Chief Executive Officer (CEO), the relevant Group directors, the head of TFG remuneration, and external remuneration advisors. The committee also determines the remuneration policy and packages for executive directors and senior managers.

A more detailed report on the roles and responsibilities, and the activities carried out during the year is available in the remuneration report.

The committee is governed by a charter that sets out its mandate and key responsibilities. Reports are provided to the Supervisory Board at each Board meeting. The committee fulfilled its responsibilities in accordance with its charter during FY 2024.

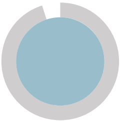
The committee Chairman regularly meets with various institutional shareholders and external advisors during the year.

Risk Committee

Ronnie Stein

Members

Ronnie Stein, Chairman
Anthony Thunström
Ralph Buddle
Prof. Fatima Abrahams
David Friedland
Boitumelo Makgabo-Fiskerstrand
Doug Murray
Eddy Oblowitz
Jan Potgieter
Nomahlubi Simamane



4
Meetings
95%
Attendance*

Invitee: Michael Lewis

Mandate

Assists the Board in implementing an effective policy and plan for risk management that will enhance TFG's ability to achieve its strategic objectives.

Monitors the ERM processes to maintain the effectiveness of risk management activities to identify the key risks and the responses to address these key risks.

* *Please refer to the Board attendance for further details.*

Roles and responsibilities

> 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 every year.
> 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 process in place to enable the Group to continue its critical business processes in the event of a disaster, *inter alia*, the destruction of a distribution centre, head office or computer facility that affects its activities.
> Appropriate insurance cover is in place and regularly reviewed, and uninsured risks are reviewed and managed.

The committee is governed by a charter that sets out its mandate and key responsibilities. Reports are provided to the Supervisory Board at each Board meeting. The committee fulfilled its responsibilities in accordance with its charter during FY 2024.

Social and Ethics Committee

Prof. Fatima Abrahams

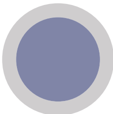
Members

Prof. Fatima Abrahams, Chairperson

Anthony Thunström

Boitumelo Makgabo-Fiskerstrand

Nomahlubi Simamane



2 Meetings

100% Attendance

Invitees: Michael Lewis and TFG executives as and when required

Mandate

Assist the Board with the oversight, monitoring and reporting of social, ethical, transformational and sustainability practices that are consistent with good corporate citizenship.

Performs the role as set out in regulation 43(5) of the Companies Act.

Committee mandate and functioning

The committee is responsible for assisting the Supervisory Board with monitoring and reporting 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 it 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, items delegated by the Supervisory Board and those of King IV.

The focus areas of the committee are:

> Social and economic development, including transformation.

> Good corporate citizenship.

> Climate change, the environment, health and public safety.

> Labour and employment.

> Consumer relationships.

> Ethics.

> Sustainability progress and initiatives.

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

Key areas of focus for the reporting period

> ESG priorities and initiatives.

> Localisation and job creation.

> People and communities.

> Environmental efficiency.

> Product stewardship and supply chain.

> Transformation and B-BBEE initiatives.

> Wage negotiations and labour law developments.

> Accountability, ethics and governance.

> Implementation of action items arising from the United Nations Global Compact principles and SDG goals.

> Compliance with consumer laws.

> A review of TFG's sustainability strategy and its implementation, including approval of TFG's Inspired Living report.

The committee fulfilled its mandate as prescribed by the companies regulations to the Companies Act of South Africa during FY 2024. There are no instances of material non-compliance to disclose.

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 Group's operational and compliance teams guaranteed that the health and safety measures relevant to TFG continued to be enforced during the current financial year. These teams also actively monitor and report on compliance with the relevant legislation; and the committee provides oversight in this regard.

Read more about our sustainability strategy, goals and projects in our Social and Ethics report and our Inspired Living report.

Our committee reports

Audit Committee report

Eddy Oblowitz

The Audit Committee is pleased to present its report for the financial year ended 31 March 2024 to the shareholders of TFG. This report complies with the Companies Act of South Africa, the JSE Listings Requirements, King IV and any other relevant requirements.

Membership as at 31 March 2024

	Appointed to committee	Meetings attended/ possible meetings
Eddy Oblowitz (Chairman)	1 October 2010	3/3
Graham Davin	1 July 2022	3/3
David Friedland	1 April 2016	3/3
Boitumelo Makgabo-Fiskerstrand	1 October 2015	3/3
Jan Potgieter*	10 July 2023	2/2
Nomahlubi Simamane	24 February 2010	3/3

* *Jan Potgieter was appointed to the Audit Committee with effect from 10 July 2023 and attended all the relevant meetings after that date.*

The CEO, the CFO, the Head of Group Assurance, the Head of Internal Audit, the Company Secretary and the partner and senior members of the external auditors' team attended committee meetings by way of standing invitations. Additional attendees included non-executive directors Doug Murray and Ronnie Stein, and relevant members of executive management, who are invited to attend all meetings on an *ad hoc* basis. The Chairman of the Group has an open invitation to attend all Audit Committee meetings.

Roles and responsibilities

Statutory duties as prescribed in the Companies Act of South Africa

General

> 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 the Group, the content or auditing of the Group's financial statements, the internal financial controls or any related matter.

External auditors

> Evaluate the appointment of the external auditors on an annual basis and establish whether such appointment is in terms of the provisions of the Companies Act of South Africa, section 3.84(g)(ii) of the Listings Requirements and any other legislation and/or regulations and interrogate the external audit annual audit plan, the related scope of work and the overall appropriateness of the key audit risks identified.

> Evaluate the independence, effectiveness and performance of the external auditor.

Audit Committee report

- Approve the audit fee and fees in respect of any non-audit services.
- Determine the nature and extent of any non-audit services the auditors may provide to the Group and pre-approve all proposed agreements for non-audit services.
- 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.
- Review the findings and recommendations of the external auditors and establish that there are no significant unresolved matters as at the date of the approval of the annual financial statements.

Financial results

- Make submissions to the Supervisory Board on any matters concerning the Group's accounting policies, financial controls, records and reporting.
- Provide an Audit Committee report as part of the integrated annual report and consolidated annual financial statements.

Duties assigned and delegated by the Supervisory Board

General

- Guarantee the respective roles and functions of external audit and internal audit are sufficiently clarified and, where relevant, coordinated.
- Assess the effectiveness of the arrangements in place for combined assurance.
- Assist the Supervisory Board in carrying out its risk management, technology and information management responsibilities.

External auditors

- Consider and respond to any questions from the Supervisory Board and shareholders regarding the resignation or dismissal of the external auditors, if necessary.
- Review and approve the annual external audit plan.
- Make sure the scope of the external audit has no limitations imposed by executive management and that there is no impairment of its independence.

Internal control and internal audit function

- Review the effectiveness of the Group's systems of internal control, including internal financial controls, financial reporting procedures and risk management, and maintain their operational effectiveness.
- Guarantee that written representations on internal controls are submitted to the committee annually – being representations that provide assurance on the adequacy and effectiveness of the Group's systems of internal control.
- Monitor and supervise the effective functioning and performance of the internal audit function.
- Review and approve the annual internal audit plan and any proposed amendments thereto, prior to their implementation, and the internal audit charter.
- Make sure the scope of the internal audit function has no limitations imposed by executive management and that there is no impairment of its independence.

Finance function

- Consider the appropriateness of the expertise and experience of the CFO.
- Satisfy itself with the expertise, resources and experience of the finance function and its related activities.

Financial results

- Consider any accounting treatments, significant, unusual, sensitive and complex transactions, or accounting judgements and estimates that could be contentious.
- Review executive management's assessment of going concern and make a recommendation to the Supervisory Board that the Group adopt the validity of the going concern concept.
- Consider the JSE's report on the proactive monitoring of financial statements for compliance with IFRS and/or any other relevant reports issued by the JSE to audit committees and guarantee that appropriate action is taken, if required.
- Review the integrated annual report, consolidated annual financial statements, interim reports, condensed reports and/or any other financial information prior to submission and approval by the Supervisory Board.

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 J M Bierman as the designated partner, for the year ending 31 March 2025.
- Being satisfied that both Deloitte and Mr J M Bierman are independent of the company.
- Approving the terms of engagement and fees to be paid to Deloitte & Touche.
- Confirming that appointment of Deloitte & Touche complies with the provisions of the Companies Act of South Africa, the JSE Listings Requirements and any other regulations.

Audit Committee report

- Determining the nature and extent of any non-audit services, which the external auditors provide to the company or any related company prior to the provision of such non-audit services.
- Pre-approving proposed agreements with Deloitte & Touche for the provision of any non-audit services.
- Receiving and dealing appropriately with any relevant concerns or complaints that fall within the remit of the committee's charter.
- Making submissions to the Supervisory Board on any matter concerning the Group's accounting policies, financial controls, records and financial reporting.
- Preparing this report for inclusion in the consolidated annual financial statements and the integrated annual report.
- Performing any other oversight functions as determined by the Supervisory Board.

Internal financial controls

The CEO and CFO, through delegated authority to executive management and regular report-backs, continually evaluate the controls and control environment. This evaluation includes:

- Identifying risks and determining their materiality.
- Testing the design and implementation of controls that address significant and high-risk areas impacting the financial reporting process.
- Utilising the internal audit function to test the operating effectiveness of these controls.
- Reviewing of control self-assessments performed by management.

Deficiencies in the design and operational effectiveness of internal controls which are identified during the evaluation are presented to the committee together with the relevant compensating controls, any additional procedures performed and the plans to remediate.

The committee considered the information provided in respect of the design and operational effectiveness of internal controls for the current financial year and noted the contents of the CEO and CFO final attestation. The committee is of the opinion that TFG's system of internal financial controls and financial reporting procedures are effective and form 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 the Group's ability to prepare and report on the consolidated annual financial statements effectively.

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

The Group's internal audit function provides assurance over TFG Africa, TFG London and TFG Australia operations. Internal audit continues to develop and refine its auditing approach and methodologies with new digital enablement and associated interventions.

This approach facilitates the increased automation of processes, and enhanced generation of more risk-focused assurance and related insights and reporting through the implementation of a suite of technologies to broaden assurance coverage. It supports efficiencies of the internal audit processes, enabling greater coverage while optimising costs and providing enhanced value through more focused risk-oriented insight. These technologies include the applications of data analytics, robotic process automation, artificial intelligence, and other enterprise technology tools.

The committee believes that Mr R Kusel, the Head of Internal Audit, possesses the appropriate expertise, skills and experience to meet his responsibilities and that the internal audit function was functioning effectively throughout the year under review.

Combined assurance

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

Read more about combined assurance here.

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 assessing and forming a conclusion on the adequacy of the risk management process.

The committee Chairman is also a member of the Risk Committee, and the Chairman of the Risk Committee is an invitee to this committee. This aligns the communication between the two committees. The committee fulfils an oversight role regarding financial reporting risks, internal financial controls, fraud risk, information management and technology risks as they relate to financial reporting.

The strategies adopted by the Audit Committee and the Risk Committee allows for the timely review of any internal control weakness identified by any assurance providers. In addition, continual improvements in the development of Enterprise Risk Management (ERM) methodologies further enhances the Group's overall risk management coverage and focus.

Read more about our risk management approach here.

Audit Committee report

TFG international operations

The Group's international operations, TFG London and TFG Australia, have well established combined Audit and Risk Committees.

These committees play an important role in the governance oversight of TFG London, TFG Australia and the Group. These committees typically meet twice a year.

The TFG London Audit and Risk Committee is chaired by Ronnie Stein (the Group's Risk Committee Chairman) while the TFG Australia Audit and Risk Committee is chaired by Eddy Oblowitz (the Group's Audit Committee Chairman). The Chairmen provide feedback to the Group's Audit and Risk Committees and the Supervisory Board on matters of risk and the financial results of TFG's international operations.

Internal audit compiles assurance plans responsive to the significant risks identified and appropriate assurance reviews and audits were conducted during the year to assess those risks.

The financial and business environment

Trading environment

The Group delivered solid results for the year ended 31 March 2024 despite tough trading conditions and significant headwinds. Our results reflect two distinct halves, influenced by various macroeconomic factors in all three territories that affected customers and our performance.

Retail turnover grew by 8,6%, supported by the expansion of our footprint and brand portfolio, and further growth in online retail turnover in South Africa via our Bash platform.

The strong trading performance and sustained gross profit margins, along with our continued focus on resetting the cost base, enabled growth of 9,9% in operating profit before finance costs, which pleasingly was ahead of retail turnover growth. Despite increased finance costs and a higher effective tax rate, the Group's strong H2 2024 supported HEPS growth of 0,2%.

Group inventories were 11,6% lower than the elevated position in the prior year brought about by load shedding in South Africa, and the post-COVID-19 normalisation in trading conditions in other territories.

The Group generated cash from operations of R12,5 billion for the year (FY 2023: R7,1 billion), delivered through robust trading performance and effective working capital management.

With effect from 26 April 2023, the Group acquired Street Fever, a South African independent retailer of affordable branded footwear and apparel. The integration of the 91 Street Fever stores into Sneaker Factory has allowed us to quickly scale this business to 213 stores.

Accounting matters

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

Provision for impairment in respect of Trade receivables – retail

The provision for impairment in respect of Trade receivables – retail amounts to R1,9 billion (FY 2023: R1,9 billion). Further details of the provision for impairment is set out in note 24 of the annual financial statements.

Audit Committee report

During the year, the committee received detailed presentations from the TFG Africa Group director responsible for credit on the processes and procedures undertaken in controlling the granting of credit and the optimisation of the collection of receivables. These reports detailed trends in the credit environment, recoveries, bad debt write-offs and other relevant patterns associated with the status of customer accounts. Similar presentations are made to the Supervisory Board at regular intervals.

Executive management and the Audit Committee, have reviewed the assessments and related calculations that the provision for impairment is based on.

The committee is satisfied that the level of the provision carried is appropriate responsive to the determining assumptions in South Africa.

The external auditors have considered this a key audit matter (KAM) for the purposes of their audit. More details on their assessment is provided in their audit opinion of the annual financial statements.

Inventory

The value of inventory at year-end amounts to R11,6 billion (FY 2023: R13,1 billion).

The valuation method of certain inventories within TFG Africa changed from the retail inventory method (RIM) to weighted average cost (WAC). The change from RIM to WAC was implemented to maintain a more consistent inventory valuation method across the Group, and to drive improved margin management. The Group inventory is measured at the lower of cost and net realisable value.

Inventory provisions are made for slow-moving, obsolete and damaged items and have been assessed for obsolescence using an appropriate inventory provision model.

The change in accounting policy has not resulted in a change in the cost or net realisable value of inventory as the retail inventory method approximates the weighted average cost of inventory.

The CEO provides regular reports to the Audit Committee in respect of inventory management. The report includes comments made by each brand head on:

> Their inventory holdings, inventory turn statistics and write-down information.
> The adequacy or otherwise of the overall quantum of their inventory holdings per business unit.

The CFO also provides the Audit Committee with regular updates on the level of inventory provisioning.

In addition, the external auditors provided a detailed year-end report on their work undertaken to satisfy themselves that the Group's inventory is fairly stated.

After considered debate and review of the external and internal auditors' reports, together with detailed operational inputs from senior executives and brand heads, the Audit Committee is satisfied that the value of inventory reflected on the statement of financial position at 31 March 2024 is fairly stated.

Goodwill and intangible impairment assessment

The goodwill and intangible assets value amounts to R10,3 billion (FY 2023: R9,8 billion) and makes up 37,5% (FY 2023: 36,8%) of the total non-current assets of the Group.

Due to the challenging macroeconomic conditions, including high levels of inflation and increasing interest rates, management, the external auditors, and the Audit Committee continued to apply stress-testing valuation scenarios to critically assess the carrying values of intangibles in TFG Africa, TFG London and TFG Australia, respectively. Notwithstanding the macroeconomic headwinds experienced during FY 2024, all three trading territories delivered sufficient levels of profitability and cash flow generation.

The committee specifically considered the recoverable amount of the Group's goodwill and intangible assets using the value-in-use technique. The assumptions and estimates used were supported by comprehensive calculations, analyses, forecasts and assumptions as prepared by management. Management also received inputs from independent external consultants to corroborate several of the most critical assumptions and estimates used in the value-in-use calculations.

Reports from the external auditors on their work carried out was done independently of management's calculations. The external auditors supported that no impairments are required regarding the Group's goodwill and intangible assets.

Following the review of the carrying values of the intangibles, it was concluded that the relevant operations had adequate headroom to sustain the current carrying values of intangibles.

The external auditors have considered this a KAM for their audit. More details on their assessment is provided in their audit opinion of the annual financial statements.

External auditors

The Group's external auditors are Deloitte & Touche, and the designated partner for FY 2024 is Mr J H W de Kock.

Deloitte & Touche is afforded unrestricted access to the Group's records and management and were free to present any issues arising from their annual audit to the committee. In addition, the designated partner has unrestrained opportunity to raise any matters of concern directly with the committee Chairman, where necessary.

Audit Committee report

The committee gave due consideration to the independence of the external auditors and is satisfied that Deloitte & Touche remained independent of the Group and executive and senior management throughout their audit. Therefore, they are able to express an independent opinion on the Group's consolidated annual financial statements. The committee specifically considered Deloitte & Touche's tenure (seven years) and the nature and extent of non-audit services rendered. Non-audit services amounting to R6,3 million were provided during the current year (FY 2023: R3,4 million).

The committee has nominated, for approval at the AGM, Deloitte & Touche as the external auditor and Mr J M Bierman as designated audit partner for the 2025 financial year. Mr J M Bierman has been nominated as a result of the IRBA Code of Professional Conduct and the Companies Act rotation policy requirements for audit partners.

The committee made this nomination having satisfied itself (by obtaining and reviewing the information specified in Paragraph 3.84(g) of the JSE Listings Requirements) of the suitability of the appointment and reappointment of the individual auditor and the audit firm, respectively.

Financial statements

The committee reviewed the annual 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 Group is a going concern for the ensuing year.

Integrated annual report

The committee fulfils an oversight role with respect to the contents of the integrated annual report. The committee considered the need for assurance on the sustainability information in this report and concluded that obtaining any independent assurance would not be required at this stage.

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

Expertise of CFO and finance function

The committee considers the appropriateness of the expertise and experience of the CFO and finance function on an annual basis. The committee believes that the CFO, Ralph Buddle, possesses the appropriate expertise and experience to meet his responsibilities in that position.

In addition, the committee is satisfied that the expertise, resources and experience of the current senior incumbents of the finance function are appropriate based on the nature, complexities and size of the Group's operations.

It is noted that the JSE granted a dispensation to the Group for Anthony Thunström to act in the dual role as Chief Executive Officer and executive financial director for the period 1 December 2023 to 31 March 2024, being the period from the resignation of TFG's previous CFO (Bongiwe Ntuli) until the appointment of TFG's new CFO (Ralph Buddle).

Election of committee members

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

- Eddy Oblowitz (Chairman)
- Graham Davin
- David Friedland
- Boitumelo Makgabo-Fiskerstrand
- Jan Potgieter

Approval

The committee recommended the approval of the consolidated annual financial statements and the integrated annual report for the year ended 31 March 2024 to the Supervisory Board on 19 July 2024.

The Supervisory Board subsequently approved the consolidated annual financial statements and the integrated annual report for the year ended 31 March 2024, which will be tabled and open for discussion at the forthcoming AGM.

Appreciation

I acknowledge and thank my fellow committee members and attendees, the CEO, CFO and executives, management and the Deloitte & Touche engagement team for their continuing efforts, assistance, guidance and support rendered to me and to this committee during the year under review.

Eddy Oblowitz
Chairman: Audit Committee
19 July 2024

Social and Ethics Committee report

Sustainability at TFG is driven from the top. Fundamentally, ESG is regarded as an integral part of how we do business rather than a compliance imperative. We aim to remain responsible for and responsive to environmental and social imperatives. Our sustainability objectives are driving increased integration in sustainability priorities across the Group as we mature our understanding of where we are best able to make a positive impact.

Prof. Fatima Abrahams
Chairperson

Our sustainability progress

We continued our efforts according to the three sustainability objectives that support our BOLTS strategy, which are summarised in the following pages. More detail on our initiatives is provided in our Inspired Living report.

2030 commitments

TFG Africa has defined five community commitments for 2030 that speak to our investment in skills, suppliers, enterprises, communities and the environment.

FutureForce
Investing in scarce skills for modern retail and to solve SA's toughest challenges

100
bursaries and data scientists fellowships

E/Scalator
Taking small enterprises and suppliers to the next level

R250 million
into small business, suppliers and projects

FirstStart
First job, endless possibilities

15 000
new jobs and workplace opportunities

ExtraThread
Surplus merchandise for a good cause

R100 million
of clothing and fabric to those that need it most

RippleEffect
Bringing clean water closer to communities that need it

Clean water to
100 000
South Africans

TFG London has committed to targets to reduce absolute scope 1 and 2 emissions (market-based) by 95% by 2030, increase their annual sourcing of renewable electricity to 100% by 2030 and to reduce their absolute scope 3 GHG emissions from purchased goods and services and upstream transportation and distribution with 30% by 2030.

TFG Australia is making good progress in their continued efforts to map their value chain and combat modern slavery in the retail sector.

Social and Ethics Committee report

Fashion that connects people and their passion

Local sourcing

We have steadily increased our own manufactured units, from 11,8 million units in FY 2020 to 17,6 million units in the past financial year, with an ambition to produce 31 million units by FY 2029. The units produced in our TFG-owned factories are evidence of our dedication to local design and manufacture, while supporting the local textile industry and creating jobs.

Local manufacturing capabilities and contribution will be further expanded as we expand our menswear capacity. This not only provides additional jobs but also fulfils a commercial need to provide flexibility and responsiveness and increase our Quick Response business model.

Modern Slavery

TFG London announced a partnership with the International Transport Workers' Federation (ITF) in a first-of-a-kind agreement, committing to enhanced human rights due diligence in our transport and logistics supply chain.

TFG London consulted with the Homeworkers Worldwide (HWW) Toolkit to develop a longstanding homeworking policy, which recognises the role of homeworkers and encourages suppliers to disclose homeworking, without repercussion. TFG London remains committed to enhance their gender responsive approach to human rights due diligence, by refining the supply chain mapping.

TFG Australia has worked with an independent third-party auditor to collect information from their suppliers to map tier 1 and tier 2 factories which can be monitored through a tailored dashboard.

As of the reporting date of their modern slavery report, over 80% of the suppliers have had at least one unannounced inspection in the past three years. TFG Australia is midway through rolling out training to tier 1 suppliers and factories.

Fashion that restores our relationship with nature

Our environment

This year, we achieved our sourcing of sustainable cotton targets.

	Achieved	FY 2024 targets
TFG Africa	29,3%	20,0%
TFG London	81,7%	65,0%
TFG Australia	50,7%	30,0%

TFG London has committed to becoming a zero-waste business. They have various initiatives to achieve this target which, together with their emphasis on the use of preferred materials, product packaging and renewable energy, will support their target.

Among TFG Australia's responsible sourcing principles are two focused on the environment, namely environmental awareness and protection, and responsible raw material sourcing. They have developed and are currently implementing a traceability action plan for cotton to obtain proof (such as certification of origin) and a process for sustainably sourced materials such as recycled polyester and viscose to be used in the garments they manufacture, as well as the transactional evidence to support this being used in their finished goods.

Fashion that shares the benefit of enterprise

The Group's achievement of a B-BBEE Level 2 reflects our commitment to meaningful transformation at every level of the business.

Transformation

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, guarantees that an appropriate transformation strategy exists that aligns with the Broad-Based Black Economic Empowerment Act, No. 53 of 2003 and the associated codes of good practice.

As TFG Africa is the most significant segment in the Group, much of the committee's focus has been on oversight of the Group's activities on the transformation of the Group – a key imperative in South Africa's society. B-BBEE measures a business's commitment to redressing historical economic inequalities by promoting economic transformation and enhancing the economic participation of Black people in the South African economy.

Leadership and management control

There have been improvements in the overall representation of Black people in senior and middle management positions due to set diversity initiatives, succession planning and talent management processes.

As part of the Group's diversity awareness campaigns, the representation of employees that have declared disabilities exceeds the 2% target set within the B-BBEE Codes of Good Practice.

Social and Ethics Committee report

Skills and development

Our employees

Employee development is a priority to develop a pipeline of talent for our expanding operations in the retail sector. It is a key driver to capacitate and upskill our employees for the growth aspirations of the Group and the fast-moving, ever-changing retail environment.

Employees have access to a wide range of learning interventions from our digital TFGLearn platform to merchant and leadership academies.

The TFG Africa Leadership Academy accelerates the development of high-potential employees through the leadership pipeline at key transitions in their careers. The Academy offers leadership programmes for executives, senior leaders, junior leaders and developing leaders and preference is given to those from disadvantaged groups. This year, 210 employees graduated from the Academy. In our Merchant Academy, which offers buying and planning systems and process training, there were 3 138 training interventions to upskill our merchants.

Our society

The unemployment rate in South Africa remains staggeringly high, with youth unemployment standing at over 45%[1] in the first quarter of 2024. TFG Africa has responded by increasing our efforts to contribute to economic growth, youth employment and skills development.

We do this primarily through continued investment in local production, manufacturing capabilities and store build out. This creates work exposure opportunities for unemployed youth, interns and graduates. With our support, they are gaining critical skills and sought-after qualifications through bursaries, internships, apprenticeships and learnerships. In this financial year alone, we created 2 381 jobs and workplace opportunities in South Africa.

[1] *Stats SA.*

Enterprise and supplier development

Our enterprise and supplier development initiatives support several exempt microenterprises (EMEs) and qualifying small enterprises (QSEs) to grow into fully independent suppliers. We also provide specific support in various forms to existing empowered suppliers. Close to R75 million of support was made available to Black-owned businesses in FY 2024.

The Group spent more than R1,1 billion with Black-owned EMEs and QSEs (small businesses) in the current year – an increase of more than 20% on the prior year.

Socioeconomic development

Individual TFG brands all partner with NPOs and make donations to various community initiatives and projects. At a Group level, TFG also supports various NPOs, disaster relief agencies, and launched the new RippleEffect project which aims to provide fresh drinking water to 100 000 South Africans by 2030. More than R20 million was recognised in the form of donations over the year.

Other matters

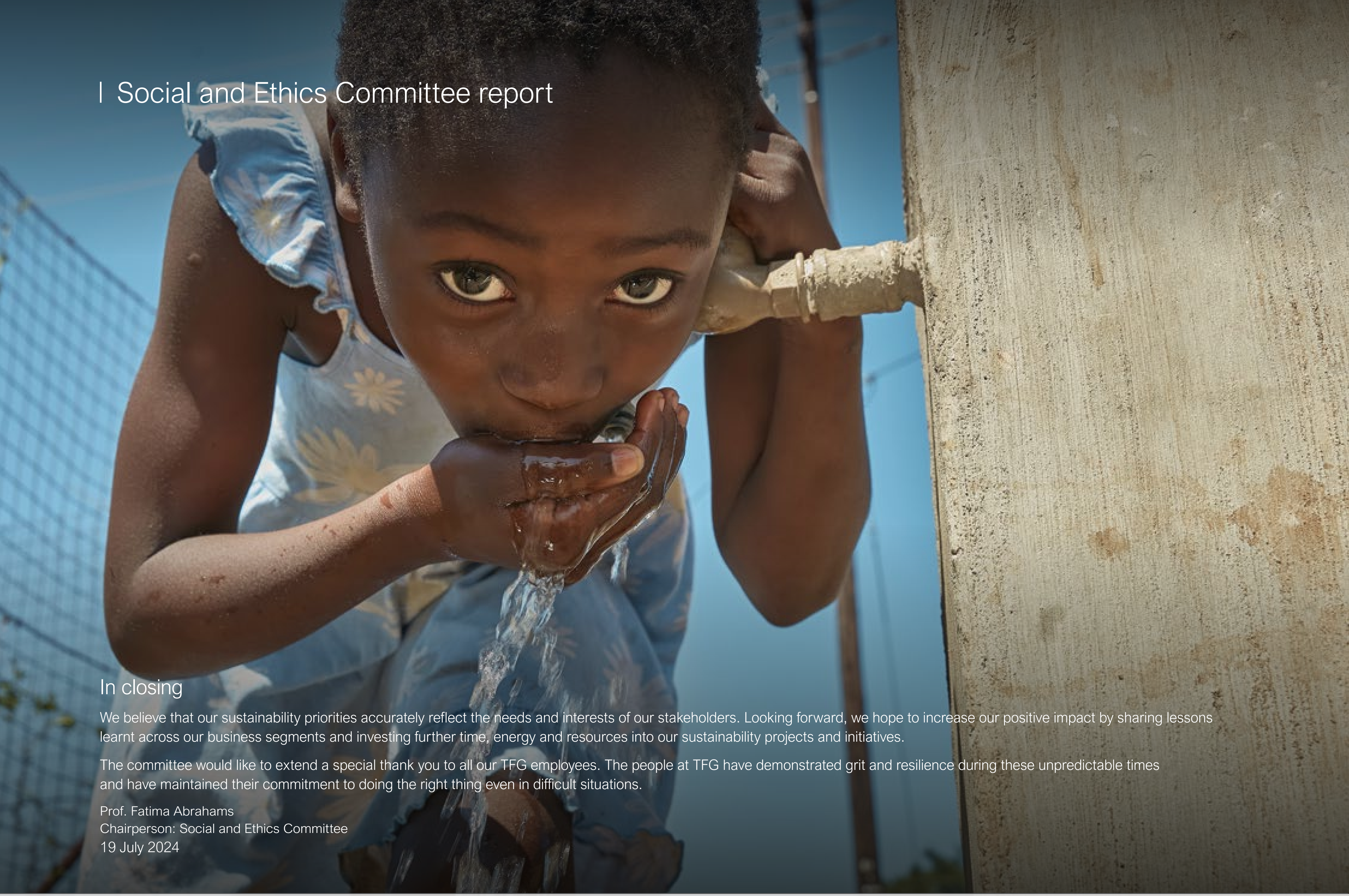
There are no other matters the committee would like to bring to the attention of shareholders. The committee is satisfied with the efforts and activities undertaken by TFG in each of the areas falling within the committee's mandate.

YES programme

At TFG, we believe in the potential of the youth to drive innovation and shape the future of our business. We partnered with the Youth Employment Services (YES) programme and government to create opportunities and work experience for unemployed youth.

Since 2021, we have invested over R100 million in our participation in YES, with more than 2 300 young people receiving work experience with us. This contributed to our 2030 community investment commitment of creating 15 000 new jobs and workplace opportunities. A high proportion of YES candidates are appointed into permanent positions at TFG.

TFG's absorption of young individuals into permanent roles is driven by a deliberate and carefully crafted approach to talent acquisition, mentorship, and skills development, focusing on "educating to employ". This "educate to employ" strategy directs investment into skills development and training to develop a pipeline of young talent specifically for TFG Africa.



Social and Ethics Committee report

In closing

We believe that our sustainability priorities accurately reflect the needs and interests of our stakeholders. Looking forward, we hope to increase our positive impact by sharing lessons learnt across our business segments and investing further time, energy and resources into our sustainability projects and initiatives.

The committee would like to extend a special thank you to all our TFG employees. The people at TFG have demonstrated grit and resilience during these unpredictable times and have maintained their commitment to doing the right thing even in difficult situations.

Prof. Fatima Abrahams
Chairperson: Social and Ethics Committee
19 July 2024

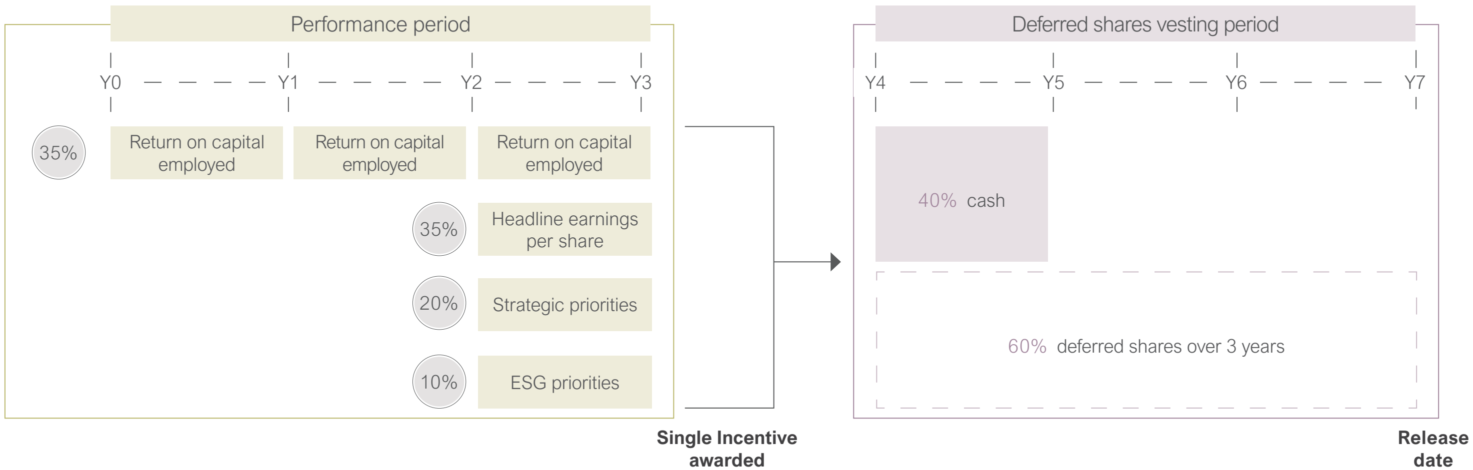
Snapshot of our FY 2025 remuneration policy

Our Single Incentive Plan:

> Aligned to BOLTS strategy.
> Targets for Strategic and ESG measures are aligned to achievement of long-term intent.
> Weighting of measures recalibrated – ROCE increased.
> Contribution of measures:
  — Financial 70%.
  — Strategic and ESG measures 30%.
> Reshaped vesting periods and shareholding requirements to align with long-term interests of shareholders.

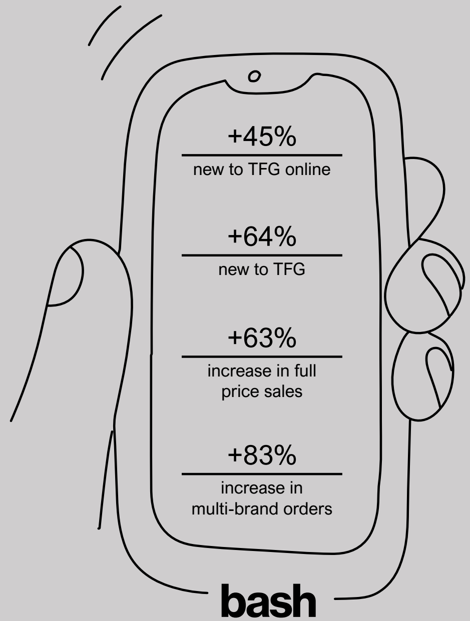
Other key elements:

> Malus and clawback provisions remain.
> Five-year minimum shareholding requirements (MSR) now:
  — CEO at 300% (2024: 200%).
  — CFO at 200% (2024: 100%).



Shareholder feedback	Committee response
Vesting periods of deferred incentive should be more aligned with shareholder value	Four-year vesting of deferred incentive.
ROCE is a key measure over a longer-term basis	Measured on a three-year trailing period. Contribution increased from 30% to 35%.
HEPS and ROCE targets should be stretching	Threshold will not be below WACC. Challenging stretch targets set with appropriate increments between threshold, target and stretch.
Strategic measures should reward for long-term delivery	Strategic and ESG targets are based on a three-year continuum. Deferred shares vesting period increased.

TFG Africa own manufactured units (million)



Snapshot of our FY 2024 remuneration outcomes

Guaranteed pay

- > Stores and distribution centres: +6%.
- > Executive pay: +5%.
- > Non-executive directors: +5%.

Single Incentive plan

Vesting at 52,28%

Strategic and ESG measures

People and transformation:

- > Jobs created exceed target.

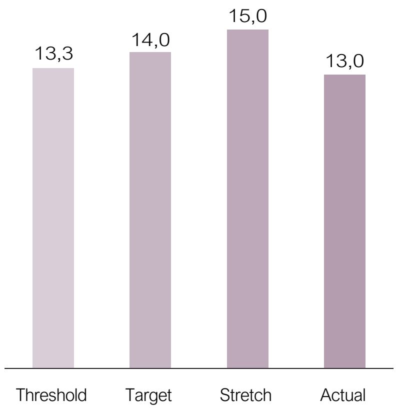
ESG procurement:

- > Over achieved local sourcing and sustainable cotton targets.

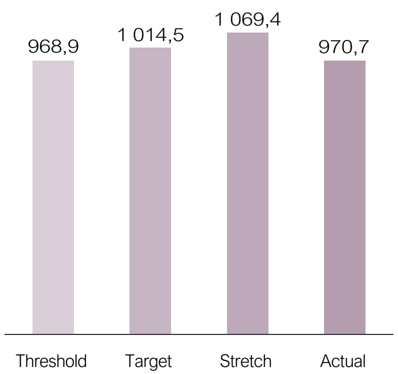
Customer:

- > Enhancement to Bash and delivery of Riverfields with no disruptions to customer.

ROCE (%) – 0% vesting



HEPS (cps) – 50,7% vesting



Single-figure remuneration – CEO

	Guaranteed pay R'000	Annual incentive R'000	Deferred incentive R'000	Dividends R'000	Total remuneration R'000
FY 2024	15 750	7 822	11 734	839	36 145
FY 2023	15 000	14 501	31 445	2 934	63 880

For comparative purposes only Anthony Thunström's remuneration is shown

CEO MSR holding:

Actual	Required
352 900	335 900

Key Group metrics

Positive operating leverage achieved

Revenue

+8,9%

EBIT

+9,9%

Sustained margins

Gross profit margin

47,9%

Operating margin

10,6%

Balance sheet de-leveraged

Net debt

R4,9 billion

Capex (% of turnover)

3,6%

Inventory

R11,6 billion

Net debt/EBITDA

0,76x

Remuneration report

Structure of the report

This report comprises three parts:

Part 1	A letter from the Remuneration Committee Chairman that summarises key policy changes for 2025, an overview of the remuneration outcomes for 2024 and the committee's approach towards remuneration governance.
Part 2	Our remuneration policy outlining the main factors shaping our remuneration philosophy, the remuneration policy for FY 2025, our approach to executive remuneration and to wider workforce pay.
Part 3	The implementation report for FY 2024.

Part 1: A letter from the Remuneration Committee Chairman

As part of our continuing shareholder engagement process, we have listened to our shareholders and responded to them by making fundamental changes to our variable pay model so remuneration can be closer aligned to our strategic priorities, financial performance and ESG imperatives. An annual incentive, together with a longer-term deferred incentive, balances the need to incentivise employees to deliver on short-term priorities and a longer-term incentive which has greater shareholder alignment.

Eddy Oblowitz
Chairman

Remuneration report

On behalf of the Board, and the Remuneration Committee, I am pleased to present the FY 2024 remuneration report for the Group. This report provides our stakeholders with an overview of our Group's overall remuneration philosophy, highlights key underlying remuneration principles, and outlines how these principles have been implemented during FY 2024.

Operating across multiple jurisdictions and relevant dynamic trends has a profound impact on how we approach remuneration in the Group, aligned to varying stakeholder expectations.

Remuneration aligned to financial, strategic and ESG priorities

Balancing the varying needs of our stakeholders continues to be at the essence of our purpose. In particular, our remuneration policy is designed with the interests of all stakeholders in mind. It includes attempting to balance financial performance and progress made with the strategic priorities and an ESG component.

Financial performance

The Group has produced strong financial results in the face of challenging headwinds in South Africa, London and Australia. South Africa continues to be plagued, among other detractors, with ageing infrastructure, the challenges associated with increasing cost-of-living, and the geopolitical impacts evident across all geographies. Specific callouts for our Bash online platform's stellar growth, the positive operating leverage, effective working capital management and the cash flow generation. This is a testament to the concerted efforts by management in effectively managing costs and margin yield.

Additionally, the strengthening of the balance sheet is evidenced by the following positive year-on-year movements in these key metrics:

- Capex % of turnover has decreased from 5,8% to 3,6%.
- Inventory reduced from R13,1 billion to R11,6 billion.
- Net debt reduced from R7,1 billion to R4,9 billion.
- Leverage ratio (Net debt/EBITDA) improvement from 1,21x to 0,76x.

Despite ROCE of 13,0% (incl goodwill), being below the remuneration threshold set, it is noteworthy that EBIT has increased by 9,9% year-on-year while capital employed has only increased by 2,3%, showing a strong year-on-year ROCE performance.

Strategic priorities

We continue to make meaningful progress in implementing our strategic priorities, thereby building the Group sustainably in the long term.

Omnichannel

In its full first year of operation, Bash, our online retail site, has significantly exceeded our expectations. This success is largely attributed to our customers' overwhelmingly positive response and our Bash team's dedicated efforts. Our extensive network of physical stores plays a crucial role in this achievement by enabling in-store fulfilment through the Bash app while in-store. This integrated omnichannel approach has driven Bash toward forecasted profitability ahead of our initially estimated timeline.

Quick Response Manufacturing

Our local sourcing from and vertical integration of our owned factories has been and will continue to be a strategic differentiating priority as we further cement and build on the efficiencies they create. More than 70% of our products is sourced locally, which has a significant impact regarding decreasing lead times by over a third. This results in a significant release of working capital lock-up and improved sales margins relative to imports.

ESG priorities

As a responsible corporate citizen and the largest apparel and homeware retailer in South Africa, we continue to contribute to increasing employment and related opportunities especially for the people of South Africa. We have exceeded our targets by creating more than 1 300 jobs through organic and inorganic growth.

We are proud to support several initiatives that further underscore our ongoing commitment to community development:

- **Local hiring programmes and job protection:** We prioritise hiring locally to create job opportunities within the communities we serve and protecting the jobs of the most vulnerable by proactively finding suitable alternatives where possible.
- **Training and development:** We offer comprehensive training programmes to equip our employees with the skills they need to succeed and grow within the company. We also provide internship programmes that help young people gain valuable work experience.
- **Employee well-being:** Our focus on employee well-being includes offering competitive benefits, a supportive work environment and opportunities for career advancement. A 24-hour helpline is also available to our team members and their families across our African operations.
- **Community engagement:** We actively participate in community projects and support local charities to strengthen our ties with the communities around our stores and factories.

We will continue to include components of job creation and community development in the performance measures of our variable pay schemes, reinforcing our commitment to making a positive impact on society.

Remuneration report

Our remuneration journey

We value our shareholders' constructive feedback on how we structure our remuneration framework and policies. At the 2023 annual general meeting, 28,83% of shareholders voted in favour of the Remuneration policy and 56.67% voted in favour of the Implementation report. Post the AGM, shareholders were requested to advise the Group of their reasons for their dissenting votes on the remuneration policy and implementation report. These were also discussed at our quarterly engagement meetings with top shareholders.

The summary below illustrates the journey we have taken to incorporate the feedback raised by shareholders into our remuneration policy.

	FY 2021	FY 2022	FY 2023	FY 2024	Applied for FY 2025 policy
ROCE weighting is considered to be too low	ROCE weighting 20%	ROCE weighting 25%		ROCE weighting 30%	ROCE weighting 35%
ROCE measurement period considered to be too short					ROCE measured on a 3-year trailing basis
Closer alignment of management and shareholders	MSR introduced – CEO 200%				MSR multiple increased – CEO 300%
Single Incentive scheme should be subject to a longer vesting period					Deferred share vesting period increased to 4 years

Remuneration report

In summary, the key changes to the remuneration policy for FY 2025 are:

Matters raised by shareholders	Action taken by the committee
Return on capital employed (ROCE) should be seen as a key measure and measured on a longer-term basis.	> ROCE weighting contribution has been increased from 30% to 35%. > ROCE performance measurement period is extended from a one-year period to a three-year trailing period.
There needs to be greater alignment with shareholder earnings to guarantee that executives have a vested interest in building shareholder value.	> The vesting period of the deferred incentive portion of the Single Incentive Policy (SIP) is extended by one year. All awards vest three years from the date of award and four years from initiation date. > The combined impact of the above measures significantly extends the lifespan of the SIP to a seven-year measurement period to support an effective lock-in or retention mechanism for executives. > The minimum shareholding requirement (MSR) percentages for executive directors and Operating Board members have increased and are interlinked with the deferred incentive.

Key focus areas for the year ahead

The remuneration policy contains a detailed overview of the policy to be implemented during FY 2025. Further information is also provided on how we continue to strengthen the link between remuneration and our overall Group strategy.

We anticipate that our evolutionary journey towards fair and transparent pay complemented by enhanced disclosures and our efforts to align the SIP with shareholder expectations should result in greater shareholder support with a commensurate required majority vote in favour of the remuneration policy.

External advisors

During the year under review, PwC and DG Capital continued to serve as our external remuneration advisors. The committee is satisfied that PwC and DG Capital provided objective and independent advice and services to the committee at all times.

In closing

The committee is satisfied it has fulfilled its responsibilities in accordance with its mandate for the 2024 financial year.

The committee continues to make sure the Group's remuneration principles and policy support its strategic objectives and drive appropriate executive performance to achieve sustainable short- and long-term growth. Where the committee has identified areas of improvement, it remains committed to align the performance measures and outcomes accordingly. That commitment guarantees that our remuneration policy remains sustainable, fair and responsible while aligning with our stakeholders' interests. We continue to engage regularly and transparently with our valued shareholders about their remuneration concerns and strive to align our remuneration practices with stakeholder value creation, across the Group.

The Group is committed to doing the right thing. We will continue to support our ESG initiatives, such as transformation and local manufacturing, and investing in our strategic initiatives to create a basis for future sustainability for our people and the environment.

I express my appreciation to my committee members, my Board colleagues, and our external advisors for their counsel and support. Thank you to management for their assiduous efforts in advancing the strategy of the Group and their individual and collective cooperation and assistance rendered to me and the committee.

Eddy Oblowitz
Chairman: Remuneration Committee
19 July 2024

Part 2: Our remuneration policy

Guiding principles

Our remuneration policy is built on the following guiding principles:

Equitable and fair

We consider external and internal factors when setting pay. Parity gaps between gender and race are included in discussions for both fixed and variable pay.

Linked to our strategy and stakeholders

Performance measures included financial, strategic and ESG measures with appropriate weighting. Read more about the alignment of our pay to the experience of all our stakeholders on page 52.

Rewarding the right behaviour to deliver long-term growth for our shareholders

We carefully select and calibrate performance conditions to reflect long-term growth. Several additional measures are in place to guarantee long-term alignment of interests. Read more about how we set and calibrate targets at senior levels on page 52.

Predictable and proportionate

Our pay mix is geared towards "pay at risk". Variable pay at senior levels is linked to performance and appropriately capped. Read more about how we set pay at senior levels alongside.

Simple and transparent

The remuneration policy is designed to incentivise employees to achieve clearly defined financial, operational and strategic objectives and communicate objectives and outcomes to our stakeholders in a clear and transparent manner.

Fair pay for all employees

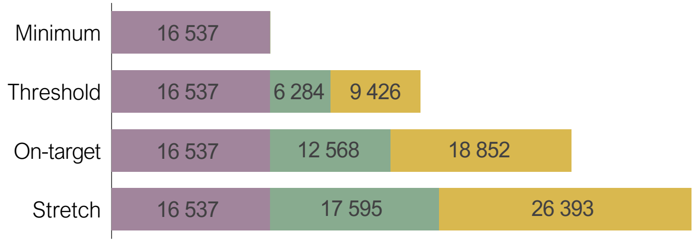
As part of its review of executive remuneration arrangements, the committee takes account of the pay policies in-place across the wider business. This includes considering the structure of remuneration offerings at each level of the business to maintain a strong rationale for how packages evolve across the different levels of the organisation.

Overview of our remuneration offering

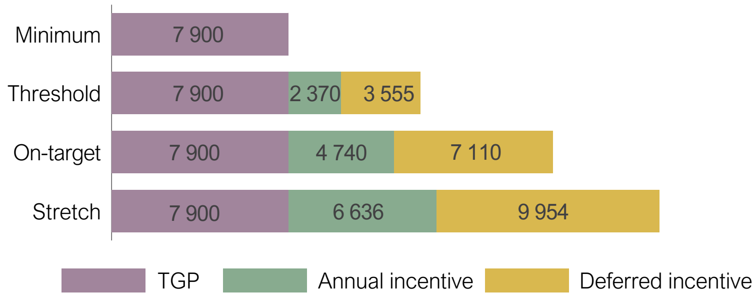
The remuneration offering consists of total guaranteed pay (TGP) and variable pay in the form of a Single Incentive Plan (SIP). The SIP is not guaranteed and includes an annual (or short-term) incentive and a deferred (or long-term) incentive component. The composition of the pay mix depends on the employee's job level, with senior-level employees having a greater variable component to their remuneration.

The FY 2025 potential pay mix for the CEO and CFO is illustrated below.

CEO pay mix (R'000)



CFO pay mix (R'000)



Minimum: TGP only, no SIP.

Threshold: TGP, 50% achievement of SIP.

On-target: TGP, 100% achievement of SIP.

Stretch: TGP, 140% achievement of SIP.

Our elements of remuneration

Remuneration element		Eligibility
Total guaranteed pay	**Cash salary** 13th cheque (Lower management and below). **Benefits** > TFG Retirement Fund. > Group life and disability benefits. > TFG medical aid scheme.	All permanent employees.
Variable pay	Annual incentive.	Middle management and above.
	Deferred incentive.	Executives, senior executives and executive directors.
Wealth at risk	Minimum shareholding requirement.	Prescribed officers, executive committee members and executive directors.

Our approach to fixed pay

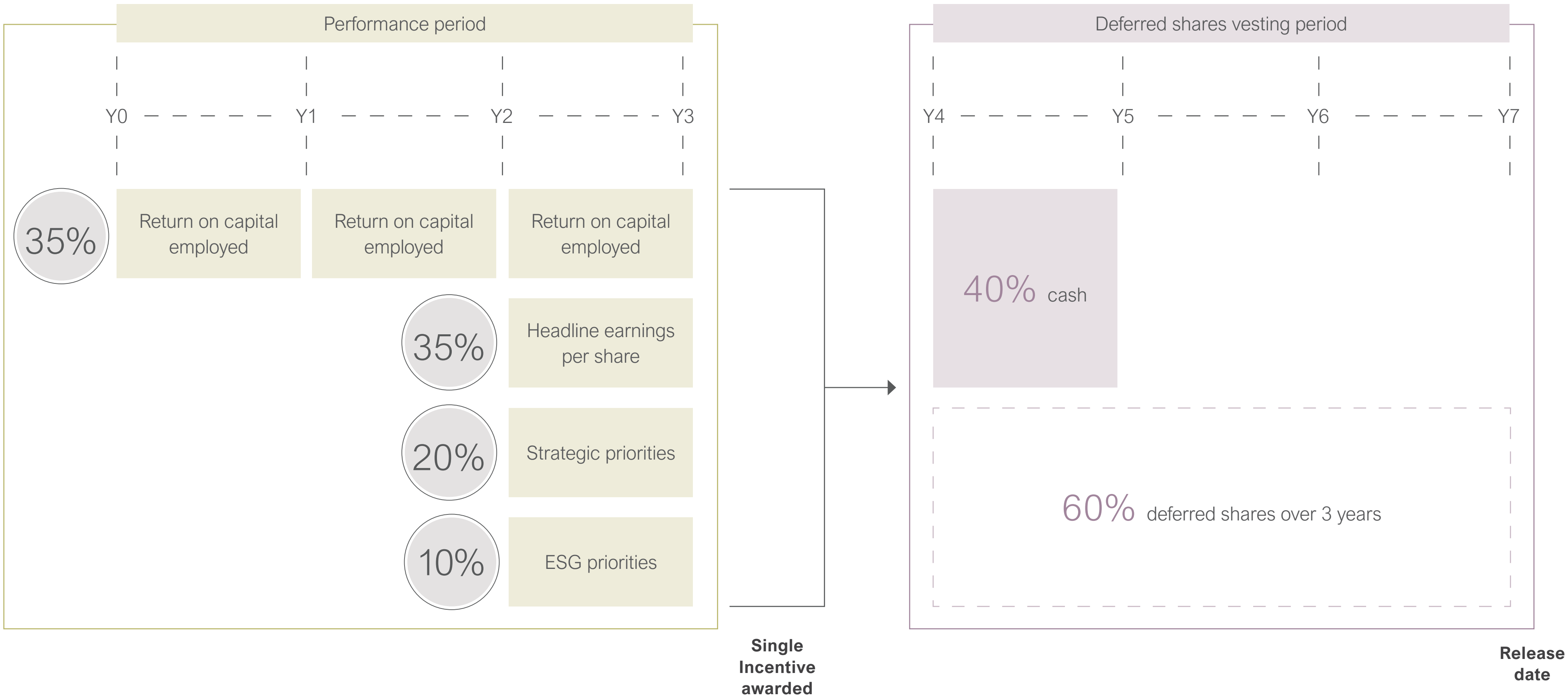
Total guaranteed pay (TGP)

	Base pay		Benefits
Purpose and link to strategy	The cash salary component 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. The Group also considers trading conditions and affordability, and base pay forms part of the social component in our ESG approach, particularly when considering our most vulnerable employees.		The focus is on the attraction and retention of key talent, and to increase our total employee value proposition.
Participation	All permanent employees.		All permanent employees.
Operation	Cash salary.	Pensionable and non-pensionable cash salary.	TFG Retirement Fund: Company contribution of 12%. Member contribution flexible from 3% to 18%.
	Tenure-based 13th cheque.	Tenure-based 13th cheque for permanent employees from Peromnes Grade 10 and below.	Group life and disability benefits: Subsidised in full by TFG.
			TFG medical aid scheme (in-house): 50% subsidy for Peromnes Grade 10 and below.

Our approach to variable pay

Illustration of the SIP

The graphic below illustrates an example of the operations of the SIP.



Our Single Incentive Plan policy for FY 2025

Several policy changes apply from FY 2025: The weighting assigned to ROCE is increased to 35% with a commensurate decrease in HEPS from 40% to 35%. The overall weighting assigned to financial performance measures is retained at 70%. The performance measurement period for ROCE is extended to a three-year trailing period. The vesting period of the deferred incentive is extended by one year. The combined impact of the above measures significantly extends the life span of the SIP from a three-year period to a seven-year period. The MSR percentages have been increased and interlinks with the deferred incentive.

Purpose and link to strategy	The SIP serves to motivate employees in line with the Group's values, and drive the key performance metrics to create increasing value for all stakeholders. The objective of the plan is to encourage transparency of outcomes, increased retention, and a share ownership culture by providing enhanced mechanisms to increase employee shareholding levels to achieve increased alignment with shareholder interests.	
Participation	**Annual incentive:** Permanent employees from Peromnes Grade 7 (middle management) and above.	**Deferred incentive:** Executives, senior executives and executive directors only (unless the committee determines otherwise).
Operation	A single scorecard is used to determine an annual incentive (cash bonus paid at the end of the year) and a deferred incentive (settled in shares).	
Combined incentive determination	Single Incentive = (TGP x on-target %) x Business Modifier % x Personal Modifier %.	
On-target percentage	The on-target percentages, in line with seniority, are set for the combined Single Incentive.	

	Measure	Weighting	Measurement period
Business modifier	**Financial objectives: 70%**		
	HEPS	35%	One year
	Group ROCE	35%	Three years (on a trailing basis)
	Strategic and ESG objectives: 30%		
	ESG Priorities	10%	One year
	Strategic objectives	20%	One year (linked to long-term strategy)

Personal modifier	The Single Incentive can be modified between 75% and 125% of the calculated award based on criticality and individual performance criteria.

	Annual incentive	Deferred incentive
Annual and deferred incentive components	40% of the total incentive for participants who participate in both components. 100% for participants who only participate in the annual incentive.	60% of total incentive for participants who participate in both components.
Settlement and vesting period	Settled in cash at the end of the performance period, based on financial statements. Executives can elect to have the annual incentive deferred in shares and committed towards their MSR.	Settled in forfeitable shares at the end of the performance period. Shares vest three years after the end of the performance period (from allocation date).

Linking remuneration to our strategy

Our remuneration policy is designed to deliver balanced outcomes for our stakeholders, driving long-term sustainable performance for the benefit of all groups. In overseeing remuneration outcomes, the committee makes sure that performance is assessed holistically and the committee considers the impact on broader stakeholder groups when making decisions on remuneration.

The Supervisory Board guides and approves the overall strategy for TFG and approves the budget presented by management which is used as a basis for the targets the committee sets for the SIP. These targets set are based on robust deliberations by the committee with input from management and independent advisors.

The table below outlines the performance measurement period and targets for the FY 2025 SIP awards:

Measure	Rationale	Link to Group strategy	Weighting	Targets
Financial performance (three years – on a trailing basis)				
Group ROCE*	Effective use of capital results in sustainable profits and growth	L | Leverage	35%	Threshold: 13,0 Target: 13,5 Stretch: 14,5
Financial performance (measured over one year)				
HEPS**	Underlying profit is a key measure of shareholder value and future earnings potential	B | Build out O | Optimise	35%	Threshold: 970,7c Target: 1 029,0c Stretch: 1 107,0c
Strategic priorities (measured over one year building on strategic implementation)				
Customers	Building our omnichannel strategy to reach more customers	T | Transform	5%	To be retrospectively disclosed due to commercial sensitivity
Localisation of manufacturing	Local sourcing and manufacturing to support a Quick Response strategy linked to higher sales margin and lower lead times	O | Optimise	5%	
Omnichannel	Improve the profitability of Bash enabled by in-store generated sales (assisted selling on Bash)	T | Transform	10%	
ESG priorities (measured over one year continuum)				
ESG: People and transformation	Job creation, to enable an empowered, representative workforce	S | Sustain	5%	B-BBEE scorecard and creation of workplace opportunities
ESG: Procurement	Sustainable sourcing of cotton		2,5%	50% sustainably sourced cotton by FY 2026
ESG: Procurement	Traceability of supply		2,5%	40% tier 2 traceability by FY 2027
Total			100%	

* *ROCE to be normalised for any corporate actions approved by the Supervisory Board (enabling long-term growth and sustainability), not able to be factored in at time of the publication of this report.*

** *The HEPS target in the table above is used for remuneration purposes only and does not constitute an earnings forecast.*

FY 2025 Financial target setting

As part of its target setting process for FY 2025, the committee deliberated extensively on the targets set as depicted in the table on the previous page. These deliberations considered various relevant factors, the salient ones as follows:

> The budget and strategy as set and approved by the Supervisory Board.

> The expected trading conditions for the year ahead in all TFG operating territories as influenced by macroeconomic, socioeconomic, political, industry and competitive considerations.

> At each target level, balancing pay outcomes with the respective performance required to deliver appropriately acceptable financial returns, to attain alignment with our fundamental remuneration philosophy of "pay for performance".

> Feedback received as part of Remco's regular engagements with key shareholders which included advice for Remco to consider setting stretch targets to be significantly challenging yet attainable, together with sufficient increments between threshold and target, and between target and stretch, respectively, to ensure that any payment at stretch levels is reserved for exceptional financial outcomes only.

The HEPS target represents a 6% year-on-year growth, and the stretch target represents a CPI + 9% year-on-year growth.

Group ROCE, which has been increased by the committee in its weighting to 35% in the Single Incentive revised design, has been set to require a CPI + 6,5% year-on-year growth in EBIT for the target, and a CPI + 14% year-on-year growth in EBIT for the stretch, assuming that Capital Employed remains static.

These targets are considered by the committee to be sufficiently challenging.

Linking pay to long-term value creation

Fixed versus performance-linked remuneration

We aim to pay our executive directors at the upper quartile, taking the relative complexity of the business, the diverse nature, and multi-jurisdictional nature of the business into account.

Remuneration increases are guided by comparison with industry peers, independent market surveys, national economic indicators, and TFG's trading performance. A significant proportion of executive directors' remuneration is performance-linked, long-term and at risk due to withholding and recovery provisions for a period during which the committee can modify vesting outcomes or recover sums paid. Our high levels of MSR will require executive directors to remain invested in the company over the long-term.

The following incentive percentages and vesting levels will be used for FY 2025 – they are unchanged from FY 2024:

	Business multiplier			
	Below threshold (0%)	**Threshold performance (50%)**	**Target performance (100%)**	**Stretch performance (140%)**
CEO	**0%**	**95%**	**190%**	**266%**
CFO	**0%**	**75%**	**150%**	**210%**

Our approach to pay and wealth at risk

Wealth at risk

Minimum shareholding requirements

Executive directors are expected to build and maintain an interest in the Group's shares. Accumulation subject to a maximum period of five years from the introduction of the MSR policy (1 June 2021) or the appointment of the executive, whichever is the later.

The following targets, expressed as a percentage of TGP apply:

	FY 2024	**FY 2025**
CEO	200%	**300%**
CFO	100%	**200%**
Executive committee members and prescribed officers	75%	**100%**

Forfeiture and lapse of incentives

Termination of employment

In addition to subjecting all incentives to performance conditions, incentives remain at risk if employment is terminated before the payment or vesting date:

> Annual incentive: Forfeited in full regardless of the reason for termination of employment.

> Deferred incentive: Forfeited (if employment is terminated before the date on which the annual incentive is paid, or the forfeitable shares are awarded).

Deferred incentive: Termination after the award date of the forfeitable shares will be treated in accordance with the Forfeitable Share Plan (FSP) 2020:

> Resignation or dismissal: unvested forfeitable shares will be forfeited.

> Death, retirement, voluntary retirement, retrenchment, disability or s197 transfer: awards will vest early and pro-rated to take the number of completed months served during the vesting period into account.

Malus and clawback

Any variable pay (relating to present and past variable remuneration awards) may be reduced in whole or in part by the application of the malus and clawback principles, following a trigger event which, in the judgement of the committee, had arisen during the relevant vesting, pay-out or financial period. Decisions made by the committee regarding the application of malus and/or clawback are final and binding.

The trigger events for the application of malus and clawback include, but are not limited to:

> 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) regarding an award that was based on error, or inaccurate or misleading information.
> Any information used to determine the quantum of any incentive, or the number of shares subject to an LTI/deferred award was based on error or inaccurate or misleading information.
> Events or behaviour of the employee that had a significant detrimental impact on the reputation of TFG.

Reduction or recoupment of incentives

Several measures are in place, allowing the committee to lapse, reduce unvested or recoup any past incentive payments. Shareholding requirements are in place to reinforce the importance of sustainable long-term performance and alignment.

Additional considerations

Use of discretion

Flexibility, discretion and judgement are crucial for successfully designing and implementing the remuneration policy. There are fundamental difference between these concepts:

> Our policy is flexible so the committee can make decisions on an annual basis depending on prevailing conditions in the external and internal environment.
> The committee is routinely asked to apply its judgement (for example, assessing the satisfaction of an annual bonus objective based on progress against an aspect of strategy).
> Discretion, in an upwards or downwards direction, may be needed to produce outcomes of implementation of the remuneration policy that is fair to all stakeholders taking the overall performance and position of the Group into account.

The committee has not exercised any discretion in FY 2024.

Restraints and minimum service agreements

The Group has restraint of trade and minimum service agreements in place for key executives. These agreements exist for the duration of employment and contain notice periods of between six and 12 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 lump sum payments

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”. No *ex gratia* payments are made in the event of a merger or takeover or for any special projects undertaken.

Non-executive directors (NEDs) remuneration policy

NED fees are based on market benchmarks and the level of increased responsibility of regulatory oversight placed on NEDs given the Group’s international expansion.

The arrangements pertaining to NEDs (South African resident and foreign) are outlined below:

> Paid a base fee and a committee fee based on the number of committees on which they serve.
> Reimbursed for all travel expenses incurred during the course and scope of their duties in accordance with the Group’s approved travel policy.
> Do not receive any form of variable pay.
> Do not have service contracts with the Group.
> Appointed for a three-year term on recommendation by the Nomination Committee.
> May be eligible for re-election depending on their annual performance evaluation.

The proposed NED fees (VAT inclusive) that will be tabled for approval by the shareholders at the AGM on 5 September 2024.

Category	FY 2024 Actual Rand excl. VAT	**FY 2025 Proposed Rand excl. VAT**	% increase
Chairman (all inclusive)	1 653 750	**1 736 438**	5%
Director (South African)	474 075	**497 779**	5%
Director (Foreign)	715 412	**751 183**	5%
Audit Committee Chairman	388 962	**408 410**	5%
Remuneration Committee Chairman	352 800	**370 440**	5%
Risk Committee Chairman	286 650	**300 983**	5%
Social and Ethics Committee Chairperson	151 070	**158 623**	5%
Member/Invitee of Audit Committee	164 383	**172 602**	5%
Member of Nomination Committee	54 755	**57 493**	5%
Member of Remuneration Committee	103 029	**108 181**	5%
Member/Invitee of Risk Committee	128 497	**134 922**	5%
Member of Social and Ethics Committee	83 349	**87 516**	5%
Member of *ad hoc* Finance Committee	54 755	**57 493**	5%

If 25% or more of the shareholders do not endorse our remuneration policy and implementation report at the 2024 annual general meeting, the Board will invite dissenting shareholders to engage with the committee on their concerns.

Part 3: Implementation report

The implementation report relates to the executive remuneration outcomes for FY 2024 and aligns with the principles as contained in the prior period's remuneration policy.

Total guaranteed pay outcomes

As noted in the FY 2023 remuneration policy, executive pay increased on average by 5% (FY 2023: 5%) with store and distribution centre salaries increasing on average by 6% (FY 2023: 6%).

Outcome of the Single Incentive Plan for FY 2024

The assessment of the financial targets (70% weighting) and strategic targets (30% weighting) that were set at the start of the financial year are disclosed below.

		Performance targets for FY 2024			Achieved		
Measure	**Weighting**	**Threshold**	**Target**	**Stretch**	**Actual outcome**	**Resultant score**	**Weighted outcome**
Group HEPS	**40,0%**	**968,9c**	**1 040,5c**	**1 069,4c**	**970,7c**	**50,7%**	**20,3%**
Group ROCE	**30,0%**	**13,3%**	**14,0%**	**15,0%**	**13,0%**	**0%**	**0%**
People and transformation	**7,5%**	**50%**	**100%**	**140%**	**100%**	**100%**	**7,5%**
ESG procurement	**10,0%**	**50%**	**100%**	**140%**	**120%**	**120%**	**12,0%**
Customer	**12,5%**	**50%**	**100%**	**140%**	**100%**	**100%**	**12,5%**
Total score							**52,3%**

Further details regarding the strategic and ESG outcomes are provided in the table below:

Metric	Weighting	Outcome	Targets	Comment
Strategic objectives:				
ESG: People and transformation	7,5%	7,5%	> Create jobs via acquisition and organic growth in stores and factories.	> Target was to create 1 300 jobs which was achieved. Additionally, 451 jobs out of an impacted 526 jobs were preserved relating to store closures.
ESG: Procurement	10,0%	12,0%	> Increase in local sourcing and supplier development. > Sustainable sourcing of cotton.	> 70,6% of apparel, at cost, was manufactured and sourced locally based on a stretch target of 68%. > 29,3% of cotton is sustainably sourced via Better Cotton based on a target of 20%.
Customer	12,5%	12,5%	> Successful implementation of the new Riverfields distribution centre to support an omnichannel strategy. > Further Bash-specific development supporting omnichannel sales.	> New Riverfields DC successfully implemented without any disruptions to the technology systems and fulfilment obligations. > Successfully rolled out a pilot of in-store generated sales via a bespoke in-store app supporting the omnichannel strategy. This is a fundamental lever to unlock the expedited profitability of Bash.

Chief Executive Officer Single Incentive Plan for FY 2024

The final outcomes of the Chief Executive Officer's Incentive are calculated as follows:

Director	TGP	On-target %	Business modifier	Personal modifier*	Total incentive (A x B x C x D) Cash (40%)	Deferred (60%)
	A	B	C	D		
A E Thunström	R15,75 million	190%	52,28%	125%	R7,8 million	R11,7 million

* The personal modifier of the CEO as per the Single Incentive Plan has been considered by the Chairman of the TFG Limited Board and approved by the committee based on the following key factors:

> Significant improvement in the profit and balance sheet evidenced by a 9,9% improvement in EBIT year-on-year with only a 2,3% increase in capital employed.

> All key balance sheet metrics performing significantly better than the prior year (Capex reduced from 5,8% of revenue to 3,6%, inventory down from R13,1 billion to R11,6 billion, net debt reduced from R7,1 billion to R4,9 billion and leverage ratio (Net debt/EBITDA) improved from 1,21x to 0,76x).

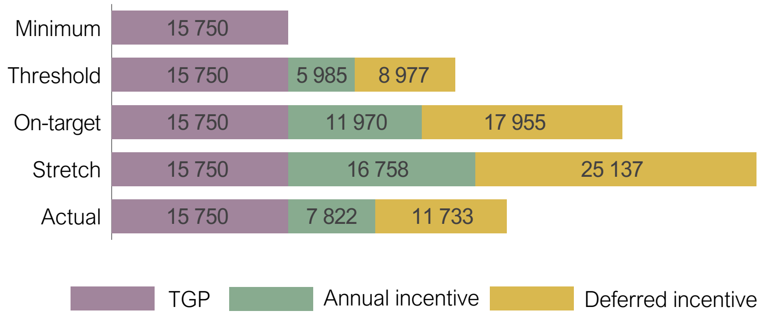
> Record revenue, gross profit and EBIT in TFG Africa and TFG London and record revenue in TFG Australia.

> These results have been achieved on the back of a volatile trading environment and subdued customer spending on discretionary retail.

> In addition to the strong financial performance of the business, key strategic initiatives have been successfully delivered, including a significant improvement towards attaining profitability of Bash, which is expected to be achieved at least a year before what was committed, growth in e-commerce market share, the investment in local manufacturing paying dividends with improved sales margins relative to importing (circa 13,3% better) and significantly shorter lead times (circa 3,3x shorter than importing).

The chart below shows the FY 2024 actual remuneration outcomes against potential remuneration opportunity, and the split between fixed and performance-based remuneration.

Actual vs potential pay mix (R'000)



Minimum: TGP only, no SIP.
Threshold: TGP, 50% achievement of SIP.
On-target: TGP, 100% achievement of SIP.
Stretch: TGP, 140% achievement of SIP.

Remuneration report

Single-figure remuneration

Executive directors	FY 2024 Salary R'000	Benefits[1] R'000	Guaranteed pay R'000	Annual incentive (STI) R'000	Deferred incentive[2] (LTI) R'000	Dividends R'000	Other remuneration R'000	Total remuneration R'000
A E Thunström	**15 222,7**	**527,3**	**15 750,0**	**7 822,4**	**11 733,6**	**839,1**	**–**	**36 145,1**
B Ntuli[3]	**5 303,6**	**296,4**	**5 600,0**	**–**	**–**	**347,8**	**–**	**5 947,8**

[1] Benefits include retirement fund contributions.

[2] Deferred incentive comprises the following:

[a] Shares awarded in terms of the FY 2024 Single Incentive to vest equally in June 2026 and June 2027 based on a 30-day VWAP of R106,00.

[3] Ms B Ntuli resigned as executive director effective 30 November 2023 and therefore her pro-rated remuneration is included up until this date. No further payments in relation to the holding of office of Executive Director were made post this date including any termination related payments.

Executive directors	FY 2023 Salary R'000	Benefits[1] R'000	Guaranteed pay R'000	Annual incentive (STI) R'000	Deferred incentive[2] (LTI) R'000	Dividends R'000	Other remuneration R'000	Total remuneration R'000
A E Thunström	14 128	872	15 000	14 501	31 445	2 934	–	63 880
B Ntuli	7 451	549	8 000	6 106	14 790	601	–	29 497

[1] Benefits include retirement fund contributions.

[2] Deferred incentive comprises the following:

[a] Shares awarded in terms of the FY 2023 Single Incentive (R14 607k) to vest equally in June 2025 and June 2026 based on a 30-day VWAP of R94,02 and;

[b] Performance shares allocated in 2020 (R16 838k) which have now met the prescribed performance conditions required for vesting.

MSR compliance status

	Required to hold by FY 2026* '000	Actual holding as at FY 2024 '000
A E Thunström	**335,9**	352,9

* *Based on the increase in the MSR multiple for the CEO from 200% to 300% the number of shares required to be held by 2026 has increased from 223 939 shares to 335 909 shares.*

Directors' interests in shares

	Non-executive							Executive		
	M Lewis '000	E Oblowitz '000	D Friedland '000	N V Simamane '000	R Stein '000	A D Murray '000	Total non-executive '000	A E Thunström '000	Total executive '000	Total non-executive plus executive '000
Direct beneficial		3,0		2,3	184,2	647,0	836,5	352,9	352,9	1 189,4
Indirect beneficial	1 818,8		30,0		80,0	327,5	2 256,3			2 256,3
Total	**1 818,8**	**3,0**	**30,0**	**2,3**	**264,2**	**974,5**	**3 092,8**	**352,9**	**352,9**	**3 445,7**

		Financial year			Unvested share awards as at 31 March 2024				
	Date of award	Awarded	Earliest vesting	Balance at 31 March 2023 '000	Awarded	Sold/ transferred	Balance at 31 March 2024 '000	Dividends received R'000	Indicative value of unvested shares* R'000
A E Thunström									
FSP	19 Nov 20	2021	2024	189,2		189,2	–	–	–
FSR	19 Nov 20	2021	2024	350,0		350,0	–	–	–
	01 Jun 21	2022	2025	33,2			33,2	79,6	3 519,2
	30 Jun 22	2023	2025	56,9			56,9	136,5	6 031,4
	30 Jun 22	2023	2026	56,9			56,9	136,5	6 031,4
	30 Jun 23	2024	2026	–	77,7		77,7	186,4	8 236,2
	30 Jun 23	2024	2027	–	77,7		77,7	186,4	8 236,2
Matching shares	30 Jun 21	2022	2025	13,5			13,5	32,5	1 431,0
Deferred shares	30 Jun 21	2022	2025	33,8			33,8	81,2	3 582,8
				733,5	155,4	539,2	349,7	839,1	37 068,2

Changes to directors' interests after year-end

Acceptance of FSRs in June 2024	FSRs accepted**	Indicative value*
A E Thunström	127 538	R13 519 028

* *Indicative value based on 30-day VWAP and expected vesting percentages.*

** *he restricted forfeitable shares (FSRs) accepted is a result of the deferred incentive portion of the Single Incentive which will vest equally in June 2026 and June 2027.*

On 14 June 2024, SZL Investment Limited Partnership, which is ultimately owned by family trusts of which M Lewis and his family are beneficiaries, sold 363 766 shares pursuant to a portfolio rebalancing of the trust interests of a sibling of the director.

On 19, 20 and 21 June 2024, The Krisalex Trust, in which A D Murray is a trustee and discretionary beneficiary, sold 200 000 shares pursuant to a portfolio rebalancing.

On 27 June 2024, A E Thunström sold a portion (47 331 shares) and retained a portion (56 241 shares) of vested shares previously granted (with time based restricted conditions) on 1 July 2021 and 6 July 2022 in terms of and subject to the rules of the company's 2020 Forfeitable Share Plan in order to settle the resultant tax obligation.

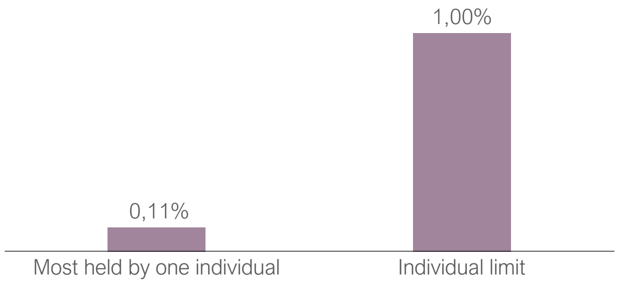
Remuneration report

Current allocation versus policy limits

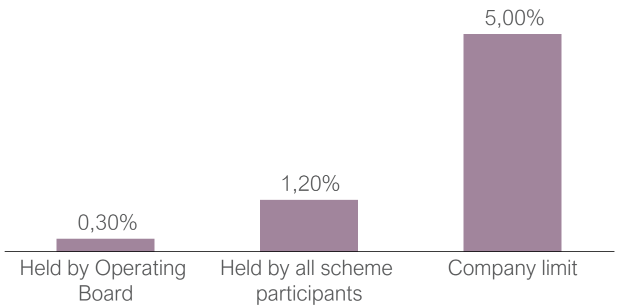
As at 31 March 2024, issued share capital comprised 324 927 430 shares. In terms of the FSP policy, the maximum aggregate number of shares that may be awarded to participants collectively in terms of the LTIs may not exceed 16 246 371 shares (5% of issued share capital) and the maximum number of shares that may be awarded to any one participant is 3 249 274 shares (1% of issued share capital). As all share awards have historically been settled via the market purchase of shares, there is no impact on the dilution of any shares in issue.

In terms of in-flight awards that are still to be settled on an overall (3 884 625 shares) and individual (349 638 shares) basis, potential share awards held by scheme participants are well within the defined limits. The CEO is the highest individual holder of share awards and is therefore compared against the individual limit.

Issued shares for individuals (%)



Issued shares for groups (%)



Non-executive directors' fees

NED fees are reviewed annually, and approved changes are effective 1 October of each year. The proposed NED fees (VAT exclusive) per role as from 1 October 2024 to 30 September 2025 are detailed in the Remuneration Policy on page 54 of this report.

Below are the actual NED fees (VAT exclusive) for the financial year ended March 2024 based on current committee memberships:

Non-executive directors	Actual FY 2024	Actual FY 2023
M Lewis	**R1 614 376**	R1 537 500
E Oblowitz	**R1 365 780**	R1 300 742
Prof. F Abrahams	**R889 728**	R847 359
R Stein	**R1 009 988**	R961 891
D Friedland	**R849 272**	R808 830
N V Simamane	**R830 060**	R790 533
B L M Makgabo-Fiskerstrand	**R830 060**	R790 533
G H Davin	**R965 752**	R919 763
A D Murray	**R2 198 906**	R2 094 196
C Coleman	**R751 830**	R716 029
J N Potgieter	**R744 216**	–
N L Sowazi	**R118 519**	–

Directors' biographies

Directors' biographies

Executive directors

Anthony Thunström (54)

CEO

BCom (Hons Acc), CA(SA)

Anthony, our CEO, joined the Group in 2015 as CFO and assumed the position of CEO 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

Ralph Buddle (57)

CFO

CA(SA)

Ralph joined the Group as Head of Finance & Advisory from September 2023, and was appointed CFO, effective 1 April 2024.

He is an experienced senior finance executive with extensive retail experience. Ralph previously served as the interim CFO of Oceana Group Limited, and as Director of Strategy & Business Development at Woolworths Holdings Limited.

Appointed to the Supervisory Board: 2024

Independent non-executive directors

Michael Lewis (65)

Chairman

BA (Econ) (Hons)

Michael has more than 35 years' experience in the investment management and retail sectors. He is the chairman of Strandbags Holdings Proprietary Limited (Australia), which includes the Antler travel products group, and Oceana Investment Corporation Limited (UK). He is also a director of UTB Partners 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

Graham Davin (68)

Lead Independent Non-executive Director

BCom, BAcc, CA(SA), MBA

Graham is a chartered accountant and a career banker with extensive international financial and broad business experience. Graham is currently the Deputy Chairman of United Trust Bank, a specialist UK credit provider and the Chairman of Optalitix, a London-based SaaS business supporting the insurance and finance sectors. 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 listing Investec on the JSE and 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 was CEO for 17 years.

Appointed to the Supervisory Board: 2015

Prof. Fatima Abrahams (61)

BEcon (Hons), MCom, DCom

Also a director of South African listed companies: Lewis Group Limited

Fatima is an Emeritus Professor, continues to teach on a post-graduate level 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, CSI and transformation. She was also instrumental in establishing TSIBA Education, a non-profit private Higher Education Institution and served as the Chairperson for many years. 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 extensive and sound business experience over the years.

Appointed to the Supervisory Board: 2003

Directors' biographies

Colin Coleman (61)

BA (Architecture)

Colin serves on the boards of several companies. He was CEO, Sub-Saharan Africa, of Goldman Sachs up until his retirement at the end of 2019 and before that head of its South African business, which he joined in 2000, 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 is Co-Chairman and Founder of the Youth Employment Service (YES) and has also served as a business leader on the boards of Business Leadership South Africa, the National Business Initiative and the Steering Committee of the CEO Initiative.

In 2024, he served as an Adjunct Associate Professor of Business at the Columbia Business School and previously, in 2020, he served as a senior fellow and lecturer at Yale University's Jackson Institute for Global Affairs. He is currently a Distinguished Fellow at INSEAD Business School, hosted by their Africa Initiative.

Appointed to the Supervisory Board: 2020

David Friedland (71)

BCom, CA(SA)

Also a director of South African listed companies: Pick n Pay Stores Limited

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, Investec plc and Pick n Pay Stores Limited. David retired from the boards of Investec Limited and Investec plc in August 2022, having served the maximum term of nine years in terms of the Banks Act.

Appointed to the Supervisory Board: 2013

Boitumelo Makgabo-Fiskerstrand (50)

BA

Boitumelo 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, Boitumelo 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. She is currently reading for her LLM in International Business Law.

Appointed to the Supervisory Board: 2012

Eddy Oblowitz (67)

BCom, CA(SA), CPA(Isr)

Also a director of a South African listed and public companies: Fortress Real Estate Investments Limited, 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

Nomahlubi Simamane (65)

BSc Honours Degree (Chemistry & Biology), University of Botswana & Swaziland, 1981

Spiritual Guidance Mentor Training Certificate, Atlantic University, Virginia Beach, USA, 2023

MA in Transpersonal Psychology: Applied Spirituality, Atlantic University, Virginia Beach, USA, 2024

Also a director of South African listed and public companies: enX Group, 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 CEO 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 businesswoman, 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

Directors' biographies

Nkululeko Sowazi (61)

BA, MA(Planning)

Also a director of South African listed companies: Sappi Limited, Grindrod Limited and MTN Group

Nkululeko has over 30 years senior executive and investment management experience and has served on numerous boards of both listed and unlisted companies. He is the Executive Chairman and co-founder of Tiso Investment Holdings, a diversified Pan African investment holding company with business interests in South Africa and Ghana. He was Chairman of Kagiso Tiso Holdings (KTH) until June 2020 and currently serves as a non-executive director on the boards of Sappi Limited, Grindrod Limited and MTN Group Limited and chairs the Investment Committee of the Sanlam Private Equity business, a division of Sanlam Alternative Investments. Nkululeko also serves on a number of not-for-profit organisations and holds a Masters degree from the University of California, Los Angeles (UCLA).

Appointed to the Supervisory Board: 2024

Ronnie Stein (75)

BCom, CA(SA)

Ronnie was previously the Group's CFO. 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

Jan Potgieter (55)

BCompt (Hons), CTA, CA(SA), Management Development Programme (University of Michigan), Strategic Planning and Management in Retailing (Monash University, Australia), Advanced Management Programme (INSEAD France)

Also a director of South African listed companies: Italtile Limited, Fortress Real Estate Investments Limited and Motus Holdings Limited.

Jan is a Chartered Accountant (SA) and has extensive senior-level experience in the manufacturing, retail and supply chain sectors, having most recently served as Chief Executive Officer of Italtile Limited and formerly CEO of Massdiscounters (a division of Massmart). He also served as a business manager at Clover SA and spent eight years in senior financial roles at SABMiller. Jan currently serves as a non-executive director on the boards of Italtile Limited, Fortress Real Estate Investments Limited and Motus Holdings Limited. He is also Chairman of Janette Media Consulting.

Appointed to the Supervisory Board: 2023

Non-executive director

Doug Murray (67)

BA, CA

Also a director of a South African listed company: Equites Property Fund Limited

Doug was previously our CEO. He retired from this position in September 2018 after serving 33 years with the Group, 11 of those as CEO. He has a wealth of knowledge and experience in the international retail sector in general and TFG in particular, where he held several senior executive roles in the Group before he was appointed as CEO. 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

King IV application register

King IV application register

This register demonstrates how we are applying specific governance structure, processes and practices to achieve the 16 King IV principles, and, as a result, the desired governance outcomes.

Principle 1 — The Governing Body should lead ethically and effectively.

The Supervisory Board of Directors (the Board) of The Foschini Group Limited (TFG, company or Group) is the governing body and is committed to the corporate governance principles as outlined in the King IV Report on Corporate Governance™ for South Africa, 2016 (King IV). The Board acknowledges its accountability for the strategy, direction, leadership, governance and performance of TFG. Transparency, openness and accountability remain the key principles on which all its business activities are conducted.

TFG has adopted a code of good ethical conduct which applies to all directors and the organisation as a whole to enable TFG to maintain the highest level of integrity and ethical conduct. The directors come from diverse backgrounds in commerce and industry and as such their collective experience enables them to provide sound, independent and objective decision-making. The Board charter outlines the policies and practices of the Board on matters such as directors' dealings in securities of the company and declarations of conflicts of interest. The Board considers any conflicts of interest tabled and acts on untenable conflicts.

The Board is committed to driving the strategy based on an ethical foundation to support a sustainable business. The Board acts in the best interests of the company, taking its stakeholders, the environment and society as a whole into account. The Board also considers risks and oversees and monitors the implementation and execution of strategy by management. This establishes accountability for the company's performance. The Board exercises control through the governance framework of the company which includes detailed reporting to the Board and its committees.

Principle 2 — The Governing Body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

The Board determines and sets the tone for TFG's values, including principles of ethical business practice, human rights considerations and the requirements of being a responsible corporate citizen. Through the Social and Ethics Committee, the Board approves the TFG code of good ethical conduct based on responsibility, honesty, fairness and respect.

Management takes responsibility for implementing and executing the code of good ethical conduct. The Board, with the assistance of the Social and Ethics Committee, exercises ongoing oversight of the management of ethics, monitors TFG's activities regarding ethics and secures its integration in the operations of the company.

The code of good ethical conduct guides interactions with all stakeholders of the Group, including employees, and addresses the key ethical risks of the company. The ethics programme, including the whistle-blowing mechanisms and the dedicated effort to create awareness, detect and resolve ethical violations and provide training on anti-corruption behaviours, all contribute to a strong ethical foundation.

The code of good ethical conduct is included on the TFGLearn and Insite portals/intranet and referenced in supplier and employee contracts. A high-level overview for governing and managing ethics is also disclosed in the governance report.

The Board, assisted by its committees, is committed to maintaining an ethical culture on transformation within the Group, taking race and gender diversity, fair, responsible and transparent remuneration, and the continued development and training of its employees into account. It also recognises the transformative role that TFG can play to benefit all stakeholders in the development of the communities where it operates.

Feedback on material matters from the respective business units and the tip-off line is reviewed by the Risk Committee to guarantee that appropriate follow-up and remedial action is taken. Significant issues, including fraud, are reported to the Board.

King IV application register

Principle 3

The Governing Body should ensure that the organisation is and is seen to be a responsible corporate citizen.

It is imperative for the Group to be a values-driven organisation, to deliver on the South African transformation agenda and to fulfil its legal and moral obligations as a good corporate citizen. In accordance with its oversight role, the Board approves the strategy and priorities of the business with a particular focus on ESG and sustainability. The Social and Ethics Committee monitors the implementation plan. Through a stakeholder engagement programme, TFG is committed to understanding and being responsive to the interests and expectations of all stakeholders.

The Board, with the support of the Social and Ethics Committee, oversees and monitors how the operations and activities of the company affect its status as a responsible corporate citizen. This is measured against performance targets that support the TFG strategic imperatives.

TFG's IAR, supplemented by the Inspired Living report, details the Group's progress against its priorities and sustainability framework, within the context of material sustainability challenges, governance, ethics, human rights, addressing climate change and promoting effective utilisation of energy, water and other environmental resources to maintain an effective contribution to sustain the environment for the future.

Oversight and monitoring of TFG's approach to conducting its operations in a responsible manner are performed in the workplace, economy, society and the environment. Management will determine appropriate measures in these areas, subject to compliance with any overarching Group strategies and policies.

Principle 4

The Governing Body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

The Board embraces the responsibilities imposed by King IV and acknowledges that it is ultimately accountable for the company's strategy, direction, leadership, governance and performance.

The Board, with the support of its committees, oversees and monitors management's implementation and execution of the policies and priorities. It also makes sure the company accounts for its performance by reporting and disclosure, among others. The Audit and Risk Committees assist the governance of risks and monitor the effects of the identified risks and mitigating controls. More details regarding the company's performance against its strategic objectives are reported in the IAR.

Principle 5

The Governing Body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short, medium and long-term prospects.

The Board, through the Audit Committee, is responsible for making sure the necessary controls are in place to verify and safeguard the integrity of the annual reports and any other disclosures.

Reporting frameworks are approved by the Audit Committee, which oversees the integrated reporting process and reviews the annual financial statements (AFS). The IAR is signed off by the full Board, the AFS by the Audit Committee and the Inspired Living report by the Social and Ethics Committee prior to release.

TFG publishes the annual reports, including the AFS, IAR and sustainability reports and any other information relevant to stakeholders on the company's website and through other media as is appropriate.

King IV application register

Principle 6

The Governing Body should serve as the focal point and custodian of corporate governance in the organisation.

The Board serves as the focal point and custodian of corporate governance in the Group. The Board has a formal charter which it reviews annually. The charter outlines its governance responsibilities and membership requirements. The Board and any director or committee may obtain independent, external professional advice at the company's expense regarding matters within the scope of their duties. The directors may request documentation from and set up meetings with management as and when required.

An appropriate governance framework and the necessary policies and processes are in place to guarantee all entities in the Group adhere to essential Group requirements and minimum governance standards. As a direct or indirect shareholder, the company exercises its rights and is involved in the decision-making of its subsidiaries on material matters. TFG's governance framework and corporate governance practices are disclosed in the IAR.

Principle 7

The Governing Body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

The capacity of each director is categorised as defined in the JSE Listings Requirements, King IV and in terms of other factors as outlined in the Board charter. The Board comprises a majority of independent non-executive directors. A rigorous review of the independence and performance of independent non-executive directors serving more than nine years is undertaken annually by the Board, with the support of the Nomination Committee.

All non-executive directors are required to complete an annual independence questionnaire to establish whether they meet the objective independence criteria in King IV. In terms of the company's MOI, one-third of non-executive directors must retire at every annual general meeting (AGM) and are eligible for re-election.

The Group has appointed an independent non-executive member as Lead Independent Director. The Lead Independent Director performs specific duties primarily to strengthen the Chairman of the Board of Directors. These duties include *inter alia* overseeing the evaluation of the Chairman, being a sounding board for the Chairman, being an avenue of communication for the other directors on any issues relating to the Chairman, and chairing discussions and decision-making where the Chairman has a conflict of interest.

To maintain its effectiveness, the Board, with the support of the Nomination Committee gives due consideration to the knowledge, skills and resources required, and its size, diversity and demographics when considering appointments or re-election of directors. The processes are transparent and are formalised in the Nomination Committee charter. The Chairman of the Nomination Committee provides regular reports and feedback to the Board. The process for appointment and election of directors is in the company's MOI and the director appointment policy.

There is a clear distinction between the roles of CEO and the Chairman and these positions are occupied by separate individuals.

A brief biography for each director standing for election or re-election at the AGM accompanies the notice of AGM. Newly appointed directors are inducted into TFG's business, Board matters and their duties and governance responsibilities as directors under the guidance of the Company Secretary, in accordance with each director's specific needs. An induction file and programme as well as ongoing training and access to the business are provided.

King IV application register

Principle 8

The Governing Body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.

Board committees have been established to assist the Board in discharging its responsibilities. The committees are the Audit Committee, the Nomination Committee, the Remuneration Committee, the Social and Ethics Committee and the Risk Committee. The committees are appropriately constituted, with each committee having at least three members appointed by the Board, with the exception of the Audit Committee whose members are nominated by the Board and elected by shareholders. The Nomination Committee reviews the composition of each committee, taking factors such as diversity and skills into account.

External advisors and members of management attend committee meetings by invitation. Terms of reference are established and approved for each committee and are reviewed regularly.

The 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 in 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 for complementary rather than competing approaches.
- There is a balanced distribution of power in respect of membership across committees so that no individual can dominate decision-making, and no undue reliance is placed on any individual.

A delegation by the Board of its responsibilities to a committee will not by or of itself constitute a discharge of the Board's accountability. The Board applies its collective mind to the information, opinions, reports and statements presented by the Chairperson of each committee.

Audit Committee

The Board has an Audit Committee comprising independent non-executive directors only and its independence and effectiveness is reviewed on an annual basis. The Audit Committee is a statutory committee of TFG and fulfils its statutory duties in terms of section 94(7) of the Companies Act.

Shareholders elect the members of the Audit Committee on an annual basis at the AGM.

The members of the committee, as a whole, have the necessary financial literacy, skills and experience to execute their duties effectively. The responsibilities of the Audit Committee and significant matters dealt with during the year are disclosed on page 32.

Remuneration Committee

The Remuneration Committee is responsible for oversight of remuneration. All members of the committee, including the Chairman, are independent, non-executive directors.

Principle 8 (continued)

The Governing Body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.

Social and Ethics Committee

The Social and Ethics Committee is responsible for overseeing and reporting on social, ethical, transformational and sustainability practices that are consistent with good corporate citizenship and assisting the Group in discharging its business responsibilities thereto. It is also responsible for executing the statutory duties outlined in the Companies Act. The majority of the members of the Social and Ethics Committee, including the Chairperson, are independent non-executive directors.

Nomination Committee

The Board has delegated oversight of the following to the Nomination Committee, among others:

> the process for nominating, electing and appointing members of the Board,
> succession planning of directors, and
> evaluation of the performance of the Board and its committees.

All members of the Nomination Committee are independent non-executive directors.

Risk Committee

The Risk Committee is responsible for overseeing risk governance and comprises both executive and non-executive members with the majority being independent non-executive members of the Board.

Ad hoc Finance Committee

An *ad hoc* Finance Committee, comprising both non-executive and executive directors and chaired by an independent non-executive director, assists the Board in several areas, including making dividend recommendations to the Board, implementing and monitoring treasury and liquidity key performance indicators and specifically considering and investigating all potential acquisition opportunities and their funding.

Principle 9

The Governing Body should ensure that the evaluation of its own performance and that of its committees, its Chairperson and its individual members, support continued improvement in its performance and effectiveness.

The Board, with the assistance of the Nomination Committee, is responsible for evaluating its own performance and that of its own committees, its Chairman and the individual directors. A formal process is followed at least every two years. The Board schedules an opportunity for consideration, reflection and discussion of its performance in its yearly work plan, every alternate year. The Lead Independent Director is responsible for *inter alia* overseeing the evaluation of the Chairman.

Principle 10

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

The role and function of the CEO is specified in the Board charter and the Board evaluates the performance of the CEO against agreed performance measures and targets. The Nomination Committee is responsible for establishing a succession plan for the position of CEO.

The Board regularly reviews and approves the delegation of authority framework in terms of which matters are delegated to the CEO. The CEO is the highest executive decision-making authority of the Group. The Board delegates authority and accountability to the CEO for successful implementation of the Group strategy and the overall management and performance of the Group, consistent with the primary aim of enhancing long-term shareholder value.

The CEO is not a member of the Remuneration, Audit or Nomination Committee, but attends these meetings by invitation to contribute pertinent insights and information.

The Board guarantees that key management functions are led by competent and appropriately authorised individuals and that they are adequately resourced.

The Group Company Secretary has been duly appointed by the Board in accordance with the Companies Act.

The Group Company Secretary is accountable to the Board and all directors have access to his professional corporate governance advice and services. He has unfettered access to the Supervisory Board, but also 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 Board on company secretarial matters.

The Group Company Secretary's duties include but are not limited to those listed in section 88 of the Companies Act.

Every two years, as part of the Board evaluation process, the directors assess whether the Group Company Secretary has fulfilled the required obligations and duties. The assessment questionnaire allows directors to evaluate the Company Secretary and to raise any concerns they may have.

Following the assessment in the 2023 financial year, the Board believes that the Group Company Secretary is an objective, suitably qualified, competent and experienced individual who can 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, King IV and the JSE Listings Requirements. The Board further believes that the office of the Company Secretary is empowered and that the position carries the necessary authority.

King IV application register

Principle 11

The Governing Body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.

The Board is directly responsible for the governance of risk and approves the TFG risk policy that gives effect to its set direction on risk. The Board has delegated risk management oversight jointly to the Risk Committee and the Audit Committee. The Risk Committee reviews significant risks and their related mitigations and reports back to the Board at each meeting. The Audit Committee focuses predominantly on financial risks and reviews the effectiveness of the risk process. 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.

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 achieving 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 practice and aligns with relevant standards.

We continuously review our ERM and risk management process to consider best practice while maintaining a practical and business-minded approach. Updates on current and emerging risks and related mitigations are prepared and presented at the Executive Risk and Resilience Forum who meet quarterly. This forum consists of senior executives representing various business divisions across the Group. The outcome of discussions, along with the required levels of assurance, are tabled at the Risk Governance Committee for their oversight. This committee includes the Group CEO and CFO. Significant matters and any revisions to risks are reported to the Risk Committee.

The Supervisory Board adopts a balanced approach to risk, without inhibiting or unduly restricting the Group's ability to deploy and capitalise on risk-adjusted opportunities. The Operating Board and Chief Executive Officer utilise the Executive Risk and Resilience Forum and senior management to manage the respective risk components. 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 operating environment trends and relevant interests of key stakeholders.

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.

Principle 12

The Governing Body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.

The Board is ultimately accountable for the governance of information and technology. The Board, through the Audit and Risk Committees, oversees and monitors the governance of information technology (IT) in the Group. An IT charter is in place to articulate and affect the Group's employment of technology and information. The IT strategy aligns with TFG's business needs and sustainability objectives.

The Audit and Risk Committees monitor technology and information governance initiatives to safeguard the continuity of the Group's operations.

Developments in technology are monitored closely by TFG's IT department through close relationships with service providers and attendance at the relevant conferences and trade shows. These are discussed in detail by the Operating Board.

King IV application register

Principle 13

The Governing Body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.

The Board delegates responsibility for the implementation and execution of effective compliance management to management. The Board retains ultimate responsibility for compliance with applicable laws, adopted non-binding rules, codes, and standards. There is a compliance policy in place that requires all Group companies and their directors and employees to comply with all applicable laws. Legal compliance systems and processes are in place and are continuously improved to mitigate risk of non-compliance with the laws in the various jurisdictions where TFG operates. It also guarantees appropriate responses to changes and developments in the regulatory environment.

The Board receives regular reports on compliance matters, and to the extent that legal and regulatory matters impact the AFS, such reports are presented to the Audit Committee. Specific areas of law have been identified as key Group legal compliance risk areas, and risk mitigation and control steps have been identified for each area.

Principle 14

The Governing Body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

The Board assumes responsibility for the governance of remuneration and sets the direction for remuneration across the Group. The Group's remuneration policy guarantees the Group's executives and managers are fairly rewarded for their individual and joint contributions to the company's performance and that the company remunerates fairly, responsibly and transparently at all levels. This enables the company to achieve its strategic objectives and secure positive outcomes in the short, medium and long term. The remuneration policy and the implementation report are reported on in detail on pages 44 to 59.

The Remuneration Committee is tasked by the Board to independently approve and oversee the implementation of the remuneration policy.

The remuneration policy aims to enable the attraction and retention of skilled resources and is designed 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.

> Internal equity: employees are remunerated fairly in relation to one another and in recognition of their individual contribution and accountability.

> Performance alignment: employees are aware of the requirements for sustained performance in terms of rewards.

> An appropriate remuneration mix: employees are aware of the need to establish a balance between cash salary, benefits, annual incentives and deferred LTIs to drive the performance and values-based behaviours.

The Remuneration Committee engages one-on-one with the Group's major investors to discuss enhancements and/or refinements to the Group's remuneration policy, at least once a year. The Remuneration Committee considers shareholders' contributions thoroughly and incorporates them into the policy where these enhancements align with the Group's strategy. TFG discloses the remuneration of each director individually in the AFS.

In line with the recommended practices in King IV, both the remuneration policy and the implementation report will be tabled for separate non-binding advisory votes by the shareholders at the AGM on 5 September 2024.

The remuneration policy provides for the measures that TFG commits to take if either the remuneration policy, the implementation report, or both, are voted against by 25% or more of the votes exercised at the AGM.

Further information is disclosed in the remuneration report.

Principle 15

The Governing Body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.

The Board is responsible for the integrity of the IAR, AFS and other external reports issued by the organisation. The Board, with the support of the Audit Committee and Risk Committee, satisfies itself that the combined assurance model is effective and sufficiently robust for the Board to be able to place reliance on the combined assurance underlying the statements that the Board makes concerning the integrity of the Group's external reports.

The Board has approved the charters for both the Audit and Risk Committees, which gives effect to assurance over internal controls. The Group maintains a system of internal financial control that is designed to provide assurances on the maintenance of proper accounting records and the reliability of financial information used within the business and for publication. The system contains self-monitoring mechanisms and actions are taken to correct deficiencies as they are identified.

A combined assurance model has been implemented which aligns and optimises assurance and guarantees that significant risks are adequately addressed. 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 Board.

An internal audit charter is in place and outlines the responsibilities of the internal audit function. The Audit Committee is responsible for overseeing that assurance services are executed in line with the charter.

The Audit Committee considers the resource capacity and skills of the internal audit division on an ongoing basis and makes sure that there is an effective risk-based internal audit department within TFG that is well staffed and has the technical skills to carry out its functions.

The Head of Internal Audit reports functionally to the Audit Committee Chairman and is seen to be objective and independent. Senior executive management openly supports the work of internal audit. The internal audit function does not assume responsibility for any operational line functions. It is important that internal audit is an independent department within TFG, thereby establishing the veracity of its reports.

In terms of the Audit Committee charter, the Audit Committee is responsible for the appointment and performance assessment of the Head of Internal Audit. The Head of Internal Audit has direct and unencumbered access to the Chairman of the Audit Committee. This is supported by explicit statements in the internal audit charter. The Head of Internal Audit has a standing invitation to attend meetings of the TFG Operating Board and/or of the divisional management teams, but is not a member of these committees to protect independence.

Internal audit follows a risk-based approach to develop its annual internal audit plan and the plan is presented to the Audit Committee for approval. The internal audit plan takes into account TFG's strategy and considers the organisational risk profile. The Audit Committee will also propose and/or approve changes to the internal audit plan.

Principle 16

In the execution of its governance role and responsibilities, the Governing Body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.

TFG is committed to a stakeholder-inclusive approach based on the principle of shared value, thereby identifying, prioritising and addressing all stakeholder issues appropriately.

The Board has approved a formal policy for stakeholder engagement whereby the Board, through the Social and Ethics Committee, considers issues around stakeholder engagement and management. Through regular reporting by management to the Social and Ethics Committee and the Chairperson of that committee to the Board, the Board is equipped with the necessary information to take the legitimate interests and expectations of stakeholders into account in all decision-making.

It is a business imperative that the Group understands and is responsive to the needs and interests of key stakeholders which includes: customers, employees, unions, shareholders, suppliers, governments, regulators, the communities in which TFG operates and the environment.

Interaction with stakeholders takes place during the normal course of business at multiple levels across the Group. The role of investor relations, the custodian of the stakeholder engagement approach, and associated processes and standards, establishes a coordinated and consistent approach across the Group. The Investor Relations department acts as an enabler to the organisation to systematically embed and continuously improve stakeholder management. Timeous communication on material developments of the business is conducted via the SENS platform, guaranteeing proactive information and communication. The Board also engages with shareholders at the results presentations, the AGM and on an *ad hoc* basis as and when required.

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.

Company information and shareholders' calendar

Company information

The Foschini Group Limited
Registration number 1937/009504/06
JSE and A2X codes: TFG – TFGP
ISIN: ZAE000148466 – ZAE000148516

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South Africa

Sponsor
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Deloitte & Touche

Attorneys
Baker & McKenzie Inc.

Principal banker
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Transfer secretaries
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Website
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Shareholders' calendar

Financial year-end	31 March 2024
Integrated annual report publication date	19 July 2024
Annual general meeting (86th)	5 September 2024
Interim profit announcement (FY 2025)	8 November 2024

Queries regarding the report can be directed to D van Rooyen (Company Secretary) – email company_secretary@tfg.co.za.

@home
IMAGINE MORE

@homelivingspace
IMAGINE MORE

AMERICANSWISS
FINE JEWELLERS SINCE 1896

ARCHIVE

bash

CONNOR

CORICRAFT

Dial-a-Bed

EXACT

FABIANI

FOSCHINI

GALAXY✶CO

G-STAR RAW

hi

HOBBS
LONDON

Jet

JetHome

Johnny

MARKHAM

Phase Eight

RELAY JEANS

RFO
RENEGADE FASHION OUTLET

ROCKWEAR

SNEAKER FACTORY

sportscene

STERNS
1896

The bedstore

FIX

TAROCASH

TOTALSPORTS

VOLPES

WHISTLES

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