



2024

REPORT ON CORPORATE
GOVERNANCE AND
APPLICATION OF KING IV
PRINCIPLES

TRUWORTHS
INTERNATIONAL



Introduction

During the 2024 reporting period, the Group continued to practise corporate governance at a high level, aimed at adding value to the business, as well as facilitating the Group’s sustainability, generating long-term shareholder value and benefitting other stakeholders.

Management has adopted sound corporate governance principles and appropriate governance structures and policies, and believes it has embedded a business-wide culture of good governance aligned with and embodied in the Group’s Business Philosophy. Accordingly, governance in the Group is a strategic imperative and compliance with codes, legislation, regulations and listings requirements is the minimum requirement.

An independent assessment of the Group’s standard of governance is provided by the annual evaluation process for the FTSE4Good Index Series, concluded by FTSE/Russell, which is based on publicly available information. After being a constituent of the index since 2016, the Group did not qualify for inclusion in the index in March 2023 as it did not reach the required market capitalisation due to a lower share price at the time of assessment and was accordingly not scored in the current period. The market capitalisation assessment is performed annually by FTSE/Russell and could result in the Group’s readmission in future. Prior to its removal from the index, the Group attained 5 out of 5 points for the corporate governance theme of the FTSE Environmental, Social and Governance (ESG) Ratings scorecard each year since 2016.

A further indicator of the level of governance regarding its financial reporting is the ranking of the Group’s 2023 Integrated Report in seventh position in the Ernst & Young (EY) 2024 Excellence in Integrated Reporting Awards. The Group’s report has been ranked in the top 10 for the past 17 consecutive years of these awards, and rated in the “Excellent” category for the last 22 years, reflecting the consistently high quality of its financial and integrated reporting and the accountable and transparent manner in which it reports to stakeholders. No other company on the JSE has achieved this recognition.

The directors confirm that during the 2024 reporting period, the Group has, in all material respects, voluntarily applied the King IV Report on Corporate Governance™ for South Africa, 2016 (King IV) principles and complied with the mandatory corporate governance provisions in the JSE Listings Requirements. A narrative of how the Group has applied the King IV principles and complied with the JSE Listings Requirements is set out in this report.

The Group supports the outcomes-based approach to corporate governance adopted by King IV. While many changes to the Group’s governance processes have been brought about, the work involved in aligning the Group’s governance structures, policies and processes with the King IV recommended practices is ongoing.

GOVERNANCE ADDING VALUE

The Group’s approach to corporate governance is to ensure it contributes to improved operational decision-making and corporate performance, thereby reducing the risk of failure. The Group’s aim, therefore, is for the relevant governance policies, structures and processes, which initially may have been brought into existence to ensure adherence with applicable regulation and codes of conduct, to add value and ensure corporate sustainability and enable the Group to take advantage of opportunities that arise.

OUR CORPORATE GOVERNANCE AIM IS ACHIEVED BY:

- Critically considering governance requirements with a view to determine how they could be implemented in a value-adding way and in a manner that aligns with the Group’s Business Philosophy
- Identifying opportunities in governance requirements for enhanced accountability, improved decision making, better risk mitigation and more comprehensive disclosure
- Conducting a thorough enquiry process before putting into place policies, reporting and monitoring mechanisms, and committee structures that are hallmarks of a sound corporate governance framework
- Periodically reviewing these elements and benchmarking the Group’s initiatives against comparable organisations and recommended best practice

Improved corporate performance arising from sound corporate governance has manifested itself in a number of ways in the Group over an extended period, including:

- diversity and independence of opinion in board decision making to ensure sound outcomes;
- improved operational decision making that takes into account the breadth of the perspectives expressed;
- maintenance of discipline and integrity in management’s reporting to the board;
- enhanced levels of accountability and transparency by management to the board;
- meaningful risk management processes and controls that are practically embedded in day-to-day operations and decision making;
- better and more comprehensive integrated reporting of both financial and non-financial aspects to stakeholders;
- high levels of assurance regarding the reporting by management to shareholders; and
- achievement of an appropriate balance in meeting the expectations of the different stakeholders of the Group.

It is the view of the board that, in a demanding operating environment, the sound governance framework has served to mitigate against the erosion of value and has, in fact, preserved and created value for the business and its stakeholders in the form of lower risk, ongoing sustainability and resilience, reasonable consistency of financial performance, sound stakeholder relationships, high levels of legislative compliance and reputational integrity.

GOVERNANCE DEVELOPMENTS IN 2024

While the board believes the Group has achieved a suitably high level of maturity in relation to governance, the relevant processes, policies and structures are continually reviewed and modified. The following enhancements were made to the Group’s governance framework during the period:

GOVERNANCE ELEMENT	GOVERNANCE DEVELOPMENT
AUDIT COMMITTEE	The Audit Committee updated its policy on the provision of non-audit services by the external auditor to embrace the principle of pre-concurrence in alignment with the amended Independent Regulatory Board of Auditors (IRBA) Code. The Chairman of the Audit Committee was appointed as a member of the Office Audit Committee. The committee adopted a process for formally assessing the skills of its members.
BOARD COMPOSITION	Daphne Motsepe and Wayne Muller were appointed as independent non-executive directors of the company with effect from 1 August 2023. Hans Hawinkels, who has served on the board since February 2018, was appointed as lead independent director with effect from 1 September 2023. Maya Makanjee retired as a non-executive director and member of the Social and Ethics Committee with effect from 9 November 2023.
BOARD COMMITTEES	Dawn Earp was appointed as a member of the Risk Committee with effect from 3 July 2023. Wayne Muller was appointed to the Remuneration and Nomination committees with effect from 1 September 2023.
BOARD RACE AND GENDER DIVERSITY POLICIES	The board continued the implementation of its race and gender diversity policies at board level towards the adoption of its medium-term targets of 30% black and 30% female representation, respectively. Following the appointments of Wayne Muller and Daphne Motsepe with effect from 1 August 2023, and the retirement of Maya Makanjee with effect from 9 November 2023, 23% (three ex 13) of board members were black and 31% (four ex 13) were female.
BUSINESS ETHICS	The Group updated and created awareness of its Business Ethics and Integrity Code.
EXTERNAL AUDITOR	The Group appointed Deloitte & Touche to replace Ernst & Young as the external auditor with effect from the 2024 financial period.
FINANCIAL MANAGEMENT	The addition of resources to the Group’s financial management teams, and the further restructuring of Office’s financial management team that reports directly to a South African-based Head of Finance, were continued.
REMUNERATION GOVERNANCE	The Group again engaged with consultants to conduct a review of the Group’s disclosures relating to its remuneration policies and practices. Management engaged with certain shareholders regarding the Group’s remuneration policies and practices.

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BOARD OF DIRECTORS

BOARD STRUCTURE

The board functions in terms of a written charter and the complementary roles and responsibilities of the boards of Truworths International, the JSE, A2X and NSX-listed investment holding and management company, and its South African and United Kingdom retailing subsidiaries, Truworths Ltd (Truworths) and Office Holdings Ltd (Office), are formally documented.

The Truworths International board provides direction and leadership to the Group and is ultimately accountable for the overall governance, performance, strategy and affairs of the Group.

Operational responsibility for the Group's Truworths and Office businesses has been delegated to the Truworths and Office boards, respectively, which boards are accountable for the ongoing management of these businesses.

BOARD COMPOSITION

The Group has a unitary board structure with 10 (2023: nine) non-executive directors and three (2023: three) full-time salaried executive directors at the end of the reporting period. Wayne Muller and Daphne Motsepe were appointed as additional independent non-executive directors of the company with effect from 1 August 2023.

The roles of the independent non-executive Chairman and the Chief Executive Officer (CEO) are fulfilled by separate persons and are clearly defined. This division of responsibilities ensures a balance of authority and power, with no individual director having unrestricted decision-making authority. As part of the Group's commitment to continued enhancement of its governance framework and the functioning and effectiveness of the board, Hans Hawinkels, who has served on the board since February 2018, was appointed as lead independent director with effect from 1 September 2023.

+ Biographical details of the directors appear on page 35 of the 2024 Integrated Report.

BOARD APPOINTMENTS

Directors are appointed by the board formally and transparently. The Nomination Committee, in consultation with the CEO, considers suitable candidates and nominates persons for appointment as directors to the board of Truworths International, as well as to the boards of Truworths and Office, taking into account the skills set and diversity of the current board members and business requirements.

One-third of the company's directors, both executive and non-executive, are required to retire by rotation at the annual general meeting (AGM) of shareholders. Retiring directors may offer themselves for re-election. Directors appointed during the period must have their appointments ratified at the following AGM. Details of these directors are given in the AGM Notice, which is included in the Summarised Audited Group Annual Results 2024 posted to shareholders and published on the website www.truworths.co.za/reports.

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Directors generally have no fixed term of appointment. This aligns with the Group's Business Philosophy, which determines that the Group focuses on contribution rather than age or tenure. The contract of the CEO, Michael Mark is subject to a six-month notice period by either party. The salient features of this contract are disclosed in note 29.1 of the Group Audited Annual Financial Statements 2024.

Executive directors ordinarily retire at the age of 60 unless contracts have been negotiated with the board beyond this age, which is the case for the CEO and the Joint Deputy CEO/CFO. There is no prescribed retirement age for non-executive directors.

DIRECTOR INDEPENDENCE

All non-executive directors, including the Chairman, are independent in terms of the King IV definition and the guidelines outlined in the JSE Listings Requirements.

The independence of all, but in particular long-serving, non-executive directors, was again formally assessed by the board during the reporting period, as recommended by King IV. Based on this assessment, which is based on regulatory requirements and guidelines relating to independence, the board confirms that all non-executive directors are correctly categorised in terms of the said definition and guidelines as independent.

The board notes the qualifications, experience, personal characteristics and integrity of the independent non-executive directors, together with the facts that they:

- have no contractual, consulting or family relationships with the Group;
- are not representatives of any major institutional shareholders of the company;
- are not financially dependent on the fees they earn as non-executive directors;
- are not participants in the Group's share and other incentive schemes; and
- are not involved in external charities that benefit from donations by the Group;

and other relevant considerations, ensure that their judgement in relation to Group matters is exercised independently and in an unfettered manner.

BOARD AND DIRECTOR EVALUATIONS

An annual evaluation is conducted to assess the effectiveness of the board as a unit and the individual contributions of the directors. The Chairman discusses the results of the evaluations with the directors individually and agrees on suitable developmental plans, where necessary. The results of the evaluation of the CEO are distributed to all board members and considered by them. The board evaluation assesses effectiveness regarding:

- fulfilment of the board's role and responsibilities;
- the board's composition, size and independence;
- director orientation and development;
- board leadership, teamwork and relationships with management;
- board and committee meeting productivity;
- director evaluation and compensation;
- succession planning;
- ethical leadership and culture; and
- stakeholder engagement.

The evaluation concluded that the board's overall functioning and governance were excellent, and further indicated that:

- The board executes its role at a high-performance standard, with significant strength demonstrated in its relationship with the CEO and other executive directors, the independent stature of non-executive directors, devotion of sufficient meeting time to strategic issues, conducting of discussions in an open, transparent manner, and maintaining a compliant and ethical business culture.
- The recruitment, retention and orientation of new directors is a strength and the board is pleased with excellent progress made to ensure the representation of a diversity of skills, experience, demographics and gender in its composition. Succession planning is an ongoing priority, with plans being reviewed on an ongoing basis. The board notes that there is an opportunity to focus on the education of directors with regard to corporate governance for the Group.
- Directors rate the Truworths International board as excellent compared to other boards served on as its roles and responsibilities are clearly defined, its scope of authority is communicated, and the monitoring of operational and financial performance is a significant strength.
- Board leadership, teamwork and management relations are highlighted as outstanding and allow for an open culture where frank discussion is encouraged. At both board and committee level, leadership is highly effective in how it manages and conducts its business.
- The board is overall satisfied with its size, composition and level of independence and seeks outside advice when appropriate. The proportion of non-executive to executive directors is appropriate and the board's sufficient independence from management is a noteworthy strength. The board continues to improve the organisation of the board, including committee structure.
- The frequency of board and committee meetings is sufficient and allows for the discussion of the most complex and critical issues. The agenda and content of meetings are key strengths that allow the board to excel in its productivity. Non-executive directors have the opportunity to influence the content of the agenda and are provided with quality information ahead of meetings.
- Board and committee meetings are highly productive providing the directors with high quality and quantity of information relating to the agenda. Sufficient meeting time is devoted to discussion of strategic matters. The opportunity exists for non-committee members to be more adequately informed of the deliberations of each committee.
- The current Truworths International board evaluation process effectively assesses the board, committees and directors. Establishing additional performance benchmarks into the evaluation process is an opportunity highlighted to enhance the tracking of progress to goals at board and individual director level. The necessary corporate support and resources are available and performance is effectively rewarded.
- The board ensures ethical behaviour and proper compliance standards throughout the organisation and communicates legal responsibilities in this regard effectively to board members. The Group's Business Philosophy is the cornerstone and sets the tone of ethical behaviour from the top.



2025 BOARD PRIORITIES

Board priorities for the 2025 financial period will include:

- Ensuring that the board continues to provide ethical leadership so that the Group operates within a culture of integrity and compliance
- Monitoring the further implementation of management's plans to grow the Office business
- Ensuring that the Group's strategies continue to maintain momentum notwithstanding low-growth environments so that the attainment of the Group's strategic objectives remains on track
- Continuing to ensure that the Group's strategies for managing its key risks and suitably dealing with its material issues are appropriately implemented and regularly reviewed
- Ensuring that further progress is made regarding the succession of top and senior management in the Group
- Continuing to ensure that the performance of executive management against financial and other targets is regularly reviewed
- Monitoring management's progress with regard to finalising the development and coming into operation of the new distribution centre in South Africa
- Monitoring and promoting progress in relation to the Group's ESG objectives, including the adoption of ESG reporting requirements and frameworks

BOARD COMMITTEE EVALUATIONS

Board committees are formally evaluated annually to assess effectiveness and to implement enhancements. This year's evaluation reflects overall an effective level of governance; committees are functioning well and meeting the objectives of their respective charters.

NOMINATION COMMITTEE

- The Nomination Committee maintained excellent ratings for the reporting period. Significant strengths include clarity with regard to roles and responsibilities, the committee's composition, its independence from management, as well as excellent leadership and teamwork, which facilitate a frank and open culture between directors.
- All critical objectives were met with high efficiency noted in recommending and approving key appointments, creating an independent forum for resolving significant issues and successfully facilitating sensitive and confidential matters.
- The Nomination Committee has ensured that adequate succession plans are in place in relation to the CEO's position and role. Succession planning needs to remain a key focus area for the board, with consistent progress made within this period.
- Members are satisfied with the resources and corporate support provided to function effectively and will continue to review its benchmarks to further enhance the process of tracking progress on committee goals.

RISK COMMITTEE

- The Risk Committee is viewed as effective in monitoring risk management, ensuring high levels of integrity in all its processes.
- Success was achieved in assessing, mitigating and managing risks facing the Group for the period and the development of further risk management mechanisms is ongoing to ensure business continuity.
- Leadership was seen as effective, with clear roles and responsibilities, and communicated the scope of its authority well.
- Opportunities highlighted by the committee were to keep driving improvements in its size, composition and independence, strengthen its communication with other directors and to fine-tune the logistics around meetings.

REMUNERATION COMMITTEE

- The Remuneration Committee is satisfied that it has delivered excellent results in this period, exceeding expectations in executing its roles and responsibilities when compared to other similar committees on which members serve.
- Performance objectives were met with regard to the Group's reward strategies, including the review of policies, as well as the implementation thereof. High standards were achieved in maintaining high compliance and ethical standards in this regard.
- It is a committee priority to ensure it considers all stakeholders and although satisfied that high standards were maintained, the committee highlighted the importance of continued focus on enhanced benchmarks by which to gauge its performance and opportunities to improve the composition and committee structure.

AUDIT COMMITTEE

- The Audit Committee is satisfied with its effectiveness in monitoring financial management performance and related processes within the business.

- Members are highly satisfied with the leadership and conduct of the committee and with the exceptional quality of information provided in a timely manner ahead of meetings. It believes that the most relevant issues are tabled for discussion and reviewed on a regular basis.
- Performance benchmarking and expectations regarding members' responsibilities were identified as opportunities for continued focus.

SOCIAL AND ETHICS COMMITTEE

- The Social and Ethics Committee believes that it promotes ethical behaviour and high compliance standards throughout the Group and with its own members. It believes that it effectively identifies and prioritises those issues that need to be discussed and reviewed by the committee on a regular basis.
- An open culture that encourages frank discussions, good relations with other directors, while maintaining independence from management, was seen as a strength.
- The committee highlighted an opportunity to revise the current composition and structure of the committee and continue to focus on improved benchmarking and resourcing.

CHIEF FINANCIAL OFFICER EVALUATION

Based on an evaluation conducted subsequent to the end of the reporting period, the Audit Committee is satisfied that the expertise and experience of the CFO were appropriate to meet the responsibilities of the position.

COMPANY SECRETARY

The Company Secretary works to ensure that board and committee procedures and charters and relevant legislation and regulations are observed, and is responsible for preparing meeting agendas and recording minutes. The Company Secretary also provides guidance to directors on governance, compliance and fiduciary responsibilities.

Based on the outcome of a formal written assessment, the board is of the opinion that the Company Secretary possesses the requisite competence, qualifications, knowledge and experience to carry out the duties of a secretary of a public company. In line with the principles of King IV, the Company Secretary is not a director of the company and, in the view of the directors, is suitably independent of the board to be an effective steward of the Group's corporate governance programme.

FINANCE FUNCTION ASSESSMENT

Subsequent to the end of the reporting period, the Audit Committee conducted an assessment regarding the expertise, resources and experience of the Group's finance functions within both Truworths and Office.

Based on a consideration of the qualifications, participation in continuing professional education and the nature, duration and relevance of the experience of key managers in the Group's finance departments, as well as a review of the staff complement, functional responsibilities and information systems of the departments, the committee is satisfied as to the appropriateness of the collective expertise and experience of the Group's finance function and the adequacy of its human and technological resources. Having regard for both the aforesaid assessments, and the comprehensive, timely and consistent nature of management's financial reporting to the committee and the Group's financial reporting to its shareholders, the committee is satisfied that the Group has established

appropriate financial reporting procedures in respect of all Group entities, and that such procedures are operating as intended so that the company has access to all information required to effectively prepare and report on the Group financial statements.

BOARD GENDER DIVERSITY POLICY

During the 2017 reporting period, the voluntary target set by the board was that at least 10% of the board of the company should comprise females in the short term and that at least 30% of the board of the company should comprise females in the medium term. At the end of the reporting period, the board included 31% (2023: 36%) female members.

BOARD RACE DIVERSITY POLICY

During the 2018 reporting period, the board formulated and adopted a race diversity policy to inform the board's composition. Salient features of this policy are that:

- the company supports the principles and aims of racial diversity at board level, believing that such diversity will enhance decision making by the board, promote the empowerment of black South Africans and strengthen the representation of the company's leadership;
- the voluntary target set by the board is that at least 10% of the board should comprise black directors in the short term and 30% in the medium term; and
- the Nomination Committee will annually review the voluntary target, measure the actual black director representation on the board against the voluntary target, and make recommendations in relation to the development and promotion of black executives within the businesses of the Group with a view to them qualifying to become potential board candidates.

At the end of the reporting period, the board comprised 23% (2023: 29%) black directors.

BOARD BROAD DIVERSITY

Based on the recommendation by the Nomination Committee, the board adopted a broad diversity policy with respect to the composition of the board during the prior reporting period. Salient features of this policy are that:

- the company supports the principles and aims of broad diversity at board level, believing that such diversity can enhance balanced decision making by the board, can strengthen the representation of the company's leadership, promote the sustainability of the company's businesses and enhance the company's ability to engage with its stakeholders;
- nominations for appointments to the company's board and its committees should be based on the merit and the ability of nominees to contribute meaningfully to board and committee deliberations. Additionally, the following factors should be taken into account to achieve the diversity of nominees: gender, race, citizenship, culture, age, field of knowledge, skills and experience;
- no specific diversity targets should be set by the board, save that the voluntary targets in respect of racial and gender diversity set by the board in prior years should be retained;
- the board's skills and experience matrix should continue to form the basis for determining the board's composition requirements, suitably underpinned by the company's commitment to the attainment of broad board diversity over a reasonable period over time.

BOARD AND COMMITTEE MEMBER ATTENDANCES

	Hilton Saven	Hans Hawinkels	Rob Dow	Dawn Earp	Maya Makanjee	Tshidi Mokgabudi	Thabo Mosololi	Daphne Motsepe	Wayne Muller	Roddy Sparks	Tony Taylor	Michael Mark	Sarah Proudfoot	Emanuel Cristaudo	99.4% overall board and committee meeting attendance 2024	96.6% overall board and committee meeting attendance 2023
Status	I	I	I	I	I	I	I	I	I	I	I	E	E	E		
Board	4/4 [#]	4/4	4/4	3/4	1/1 [^]	3/4	4/4	4/4*	4/4*	4/4	4/4	4/4	4/4	4/4	96	100
Audit Committee				3/3		3/3				3/3 [#]					100	100
Remuneration Committee	5/5	5/5 [#]	5/5						3/3 ^g		5/5				100	100
Risk Committee	4/4			4/4						4/4		4/4 [#]		4/4	100	76
Nomination Committee	5/5 [#]	5/5	5/5						3/3 ^g		5/5				100	100
Social and Ethics Committee	4/4				2/2 [^]		4/4 [#]							4/4	100	100
Annual general meeting	1/1 [#]	1/1	1/1	1/1		1/1	1/1	1/1	1/1	1/1	1/1	1/1	1/1	1/1	100	100

[#] = Chairman E = Executive I = Independent Non-Executive

[^] Retired with effect from 9 November 2023.

^{*} Appointed as director with effect from 1 August 2023.

^g Appointed as committee member with effect from 1 September 2023.

BOARD COMMITTEES

The directors have delegated specific responsibilities to committees to assist the board in meeting its oversight responsibilities. The committees, which operate in terms of written charters and whose chairmen report at each board meeting, are as follows:

OBJECTIVES AND FUNCTIONS

**TRUWORTHS
INTERNATIONAL
AUDIT COMMITTEE**

Information on the Audit Committee is included in the Audit Committee Report, which has been incorporated in the Group's Audited Annual Financial Statements as required by the Companies Act. The Audit Committee:

- Aims to ensure, across all Group entities, the maintenance of adequate accounting records and the establishment of effective financial reporting and internal control systems.
- Aims to ensure compliance of published financial reports with relevant legislation, reporting standards and good governance.
- Aims to ensure Group assets are appropriately safeguarded.
- Has oversight of fraud and information technology.
- Confirms the nomination and appointment of the external auditor, ensuring such appointment is legislatively compliant and that an AGM resolution for the reappointment is provided.
- Approves the terms of engagement and fees paid to the external auditor.
- Assesses the independence of the external auditor and its suitability for reappointment, taking into account the findings of technical reviews conducted by IRBA, the audit profession regulator.
- Defines and considers the non-audit services that may be rendered by the external auditor.
- Considers the findings arising from the annual financial statements audit.
- Monitors the functioning and approves the coverage plan of internal audit.
- Reviews risk and tax management programmes and initiatives.
- Fulfils the function of the Audit Committee to Group subsidiaries and charitable trusts.
- Reviews the expertise, resources and experience of the Group's finance function and the expertise and experience of the CFO.
- Recommends to the board the approval of the Audited Annual Financial Statements, Summarised Audited Annual Results and Interim Report.

**TRUWORTHS
INTERNATIONAL
REMUNERATION COMMITTEE**

- Ensures senior executives and non-executives are rewarded in accordance with the Group's compensation objectives, with particular attention to retention, performance and international best practice.
- Advises, recommends and reviews reward strategies and policies, including evaluation methodologies.
- Determines the remuneration packages of executive directors and non-executive directors to support the Group's strategic objectives.
- Reviews and approves compensation of executive and non-executive directors and senior executives.
- Approves awards under share and cash incentive plans.
- Ensures alignment of the compensation and incentive plans with the Group's business strategies and values.
- Reviews and approves the Group's remuneration policy and implementation report for publication.

COMPOSITION AND EXPERTISE

Chairman: **Roddy Sparks**
Other committee members:
Two independent non-executive directors

The board Chairman, CFO, Company Secretary, Truworths Director: Internal Audit, Legal, Governance and Risk, Head: Governance, Risk and Controls, Finance Divisional Director and external audit partner and associate director attend committee meetings by invitation. The Company Secretary acts as the committee secretary. All committee members hold recognised financial or business degrees or diplomas and are all professionally qualified chartered accountants. In view of their qualifications and vast experience, they are considered to have the financial expertise necessary to fulfil the responsibilities of an Audit Committee member.

Chairman: **Hans Hawinkels**
Other committee members:
Four independent non-executive directors
Wayne Muller was appointed to the committee with effect from 1 September 2023. The CEO attends by invitation and recuses himself when matters relating to his own remuneration are discussed or when required to do so by the Chairman. The Group's remuneration policy and implementation report are disclosed in the Remuneration Committee Report. The Truworths Divisional Manager: Remuneration acts as the committee secretary.

OBJECTIVES AND FUNCTIONS

**TRUWORTHS
INTERNATIONAL
NOMINATION COMMITTEE**

- Ensures succession plans are in place for the CEO and other key executives.
- Recommends candidates for appointment such as Chairman, CEO and senior executives.
- Considers any strategic or sensitive matters delegated to the committee by the board.
- Identifies and nominates persons for appointment as directors of the company.

**TRUWORTHS
INTERNATIONAL SOCIAL
AND ETHICS COMMITTEE**

- Monitors activities in relation to social and economic development, good corporate citizenship, the environment, health and public safety, consumer relationships, and labour and employment.
- Makes recommendations to and brings matters to the attention of the board in relation to these activities.
- Reports to shareholders at the company's AGM in relation to such activities.

**TRUWORTHS
INTERNATIONAL RISK
COMMITTEE**

- Ensures management identifies, assesses, mitigates and manages significant risks facing the Group.
- Ensures management develops risk management mechanisms that demonstrably enable dynamic risk identification, mitigation and communication, and business continuity.
- Ensures management maintains functionally effective systems of internal control, which are designed to safeguard Group assets and investments and support business sustainability.
- Monitors and assesses key risk areas and key performance indicators regularly, including reviewing and updating the Group's register and matrix of top risks.
- Ensures management maintains a comprehensive register of the Group's risks, reflecting the risk owners and the controls implemented to mitigate or transfer such risks.
- Monitors the Group's initiatives and programmes in relation to information technology governance and information security.

**OTHER COMMITTEES AND
FORUMS**

There are a number of standing committees and forums in Truworths and Office whose function is to ensure high levels of governance in relation to their specific areas of mandate. These structures are constituted by written charters and are responsible for reporting on their activities and decisions either directly or indirectly to the boards of the Group's two principal operating subsidiaries, namely Truworths and Office, and whose composition is determined by the boards of these companies.

COMPOSITION AND EXPERTISE

Chairman: **Hilton Saven**
Other committee members:
 Four independent non-executive directors
 Wayne Muller was appointed to the committee with effect from 1 September 2023.
 The CEO attends by invitation.

Chairman: **Thabo Mosololi**
Other committee members:
 One independent non-executive director
 One executive director
 Maya Makanjee retired as an independent non-executive director and member of the committee at the AGM held on 9 November 2023.
 The chairpersons/representatives of the Truworths Transformation and Sustainability committees, the Company Secretary and the Head of Legal, alternatively the Truworths Director: Internal Audit, Legal, Governance and Risk, (who acts as the committee secretary) attend meetings as invitees.

Chairman: **Michael Mark**
Other committee members:
 Three independent non-executive directors
 One executive director
 Dawn Earp was appointed as a member of the committee with effect from 3 July 2023.
 Certain divisional directors and executives attend and make presentations at committee meetings as invitees.
 The Company Secretary acts as the committee secretary.

Included in these committees and forums are:

- Truworths Sustainability Committee**
- Truworths Transformation Committee**
- Office Risk Committee**
- Office Audit Committee**
- Office Remuneration Committee**
- Truworths Tender and Capital Expenditure Committee**
- Office Tender and Capital Expenditure Committee**
- Truworths Change Control Committee**
- Office Change Control Committee**
- Truworths Compliance Committee**
- Group Accounting Forum**
- Truworths Tax Forum**
- Office Tax Forum**
- Truworths Investment Committee**
- Truworths Information Security and Privacy Steering Committee**

These committees and forums add value and integrity to the Group's operational decision making, given that they have narrowly prescribed terms of reference, are able to focus on specialist topics, and are constituted in the main by divisional directors and executives in the Group.



ACCOUNTABILITY AND COMPLIANCE

Risk management

Risk governance and management are integral elements of the Group's corporate governance framework.

These elements aim to ensure business-specific operational and strategic risks, emerging risks, as well as risks posed by the external environment are adequately and timeously identified and mitigated. The board confirms that the Group's risk management, mitigation and monitoring processes have been effective in limiting the impact of risks on the business during the period.

An enterprise-wide risk management approach, based on the King IV principles, aims to ensure that all areas of the business are aligned with the Group's risk management philosophy and strategy.

The overall risk profile of the Group has not changed materially in the period under review. The key risks facing the Group in 2024, together with mitigation strategies, are covered in the Material issues, risks and opportunities section of the 2024 Integrated Report.

Internal audit

Details of the internal audit function and systems of internal control, as well as the external audit function, are covered in the Audit Committee Report in the Group Audited Annual Financial Statements 2024, available at

www.truworthis.co.za/reports.

While the Truworthis business maintains a full internal audit team for both head office and store audits, this is a newly established and currently limited function for the Office business undertaken by the Truworthis internal audit department.

These internal audit functions report directly to the Truworthis International Audit Committee and the Office Audit Committee, respectively, on proposed upcoming and planned investigations, as well as results and findings from completed audits.

EXTERNAL AUDITOR

The board had noted the introduction by IRBA of mandatory external auditor rotation in South Africa for financial years commencing in calendar year 2023, although this requirement has subsequently been set aside by the courts. EY and its predecessor firms had been the Group's external auditor since 1975, while PricewaterhouseCoopers (PwC) audited the entities constituting the Office segment.

In the 2022 reporting period, the Audit Committee embarked on a process with management to change the external auditor and resolved, subject to shareholder approval at the AGM held in November 2023, to appoint Deloitte & Touche (Deloitte) as the Group's external auditor for its 2024 financial year. Deloitte was approved as the external auditor at the AGM held on 9 November 2023.

The Audit Committee is satisfied with the independence, impartiality, competence, resources, service levels and objectivity of Deloitte. The high levels of financial reporting maintained by the Group over an extended period, as evidenced by awards received and the Group's robust internal control environment, indicate that the audit process and the assurance it provides remain sound.

PERSONAL SHARE DEALINGS

Directors and employees are prohibited from dealing in the company's shares during two formal closed periods, as well as during other periods declared as being prohibited periods by the board. The closed periods commence approximately two weeks before the end of the interim (December) and annual (June) financial periods and end 24 hours after the financial results are disclosed on the JSE Stock Exchange News Service (SENS). All share dealings by directors, executives, the Company Secretary, and other designated persons in possession of price-sensitive information are governed by the Group's share dealing code and require prior written clearance by the CEO or Chairman. The share dealings of company directors, the Company Secretary and directors of major subsidiaries are announced on SENS in accordance with the JSE Listings Requirements.

INFORMATION TECHNOLOGY AND CYBERSECURITY GOVERNANCE

The monitoring of information technology (IT) and cybersecurity governance remains a responsibility of a number of forums within the Group, including the Truworthis International Audit Committee, the Truworthis International Risk Committee and the Office Audit Committee, as well as the Truworthis Information Security and Privacy Steering Committee:

- The Audit Committee considers the efficacy of IT controls, policies and processes in so far as these might pose a risk to the financial reporting process and the effectiveness of financial controls; and
- The Risk Committee monitors management's initiatives to ensure that IT risks, including potential cybersecurity risks, are managed appropriately so as not to pose a threat to the continuity of the Group's operations.

LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP

Leadership

The board leads the Group effectively:

- by understanding the purpose of the Group's business, the industry in which it operates and the Group's local and international competitors, the resources and capital at its disposal, the environmental, social, governance and regulatory framework in which it operates, and the major risks faced by the Group's business segments;
- by ensuring its members have the requisite skills, experience and diversity and are appropriately exposed to different facets of the Group's operations; and
- by requiring board members to avoid or disclose conflicts of interest, act with care and diligence, and take steps to prepare suitably for and be engaged at board meetings.

Ethics

The board leads the Group and directs its activities with integrity through the tone it sets by its actions, decisions, policies and codes, the culture it instils and the example of its directors, thereby demonstrating transparency, accountability, fairness, honesty and responsiveness to stakeholders.

The Group's Values are core to its Business Philosophy and guide the way the Group conducts its business and interacts with all stakeholders. The Business Ethics and Integrity Code was updated during the reporting period and details the

Group's code of ethical and acceptable conduct, with the values supporting all aspects of this code. This code has been communicated to employees and published at www.truworthis.co.za/sustainability.

The board has endorsed the Business Ethics and Integrity Code, as well as the Group's Business Philosophy. The board has also endorsed the Group's ethical values, codes of conduct and disciplinary policies developed by management, monitoring the application and effectiveness thereof through the Social and Ethics Committee.

During the period, some incidents of non-compliance by employees with the Group's Business Ethics and Integrity Code were reported and dealt with in terms of the Group's disciplinary procedures. These resulted in formal warnings and, in serious instances, gave rise to dismissals from employment and criminal cases reported to the relevant national police service.

Corporate citizenship

The board ensures, through the monitoring undertaken by its Social and Ethics Committee, that the Group conducts its affairs in a manner that takes into account the realistic expectations of its stakeholders, and is sensitive to its social, economic and environmental impacts, and ensures that it reports on its material initiatives regarding good corporate citizenship in its Human Capital Report (included in its Integrated Report), as well as in its Environmental, Social and Sustainability Governance Report 2024.

These reports provide details on the Group's environmental and social initiatives and how these are monitored, including upholding human rights, corporate social investment, prevention of fraud, corruption and bribery, consumer protection, environmental sustainability measures, employment equity, transformation, skills development, fair labour practices, occupational health and safety, and others.

The Group's Environmental, Social and Sustainability Governance Report 2024 and the Social and Ethics Committee Report 2024 are available at www.truworthis.co.za/reports.

INNOVATION

Innovation is a core characteristic within the Group, as reflected by the fact that Truworthis' Purpose, as recorded in its Business Philosophy, talks to its innovative merchandise when stating, 'The ranges of unique aspirational, fashionable brands are an innovative and adventurous blend of colour, fabric and fashion styling'. Furthermore, 'Innovation and Passion' are at the heart of the Group's Values as embedded in the said Business Philosophy.

That this should be so reflects the demands of the fashion apparel and footwear industry, in which high levels of creativity and innovation regarding merchandise product development are required every season as consumer trends and tastes in fashion change. The Truworthis and Office merchandise design and buying teams are, of necessity, highly creative in developing innovative merchandise ranges that are enticing to its customers. Key facilitators of merchandise innovation are the ladies' and men's fashion studios, whose research and design support capabilities act as important stimulants of creative product design and development.



Innovation in the Group, however, is not limited to merchandise product development, as new ways of offering appealing customer accounts, designing enticing store layouts, and developing effective e-commerce channels are constantly evident.

Innovation is also apparent in how management creatively enhances its IT infrastructure to facilitate business operations, improve efficiencies, and add features to its inventory handling and distribution capabilities.

The Group's Project Offices operating within Truworths and Office are key hubs for stimulating innovation across all business functions, as skilled and experienced project managers guide the business to seek out new ways of conducting operations creatively and cost effectively.

Innovation in these abovementioned ways enables the Group to grow its market share, grow revenues, reduce costs and operate more efficiently, thus adding value to its stakeholder groups.

The board promotes and enables innovation in a number of ways, including as follows:

- ensuring that strategic projects carried out by management emphasise innovation and creativity in areas such as the development of merchandise ranges, the design of information systems, the adoption and use of artificial intelligence (AI) and automation, the strategies used to enhance the customer account offering, the design of stores and the expansion of e-commerce;
- linking management's short and long-term rewards and incentives to its performance regarding delivery of measurable outcomes that encompass innovation in relation to such strategic projects;
- receiving presentations by management at board meetings on strategic projects and other business initiatives and critically assessing the extent of innovation evident in the progress and the benefits of such projects and initiatives;
- delegating the responsibility for monitoring progress on strategic and other projects to the CEO who, at project report-back days held quarterly, stimulates innovation and creativity by challenging management to consider new concepts, designs, systems and processes when proposing solutions to business issues; and
- communicating and emphasising to management the importance of practically applying the Group's Business Philosophy in everyday operations, at the heart of which lies innovation.

WHISTLE-BLOWING

King IV requires companies to apply mechanisms to combat theft, fraud and other unethical practices. The Group has ethics hotlines in both Truworths and Office and these are managed in partnership with an external service provider. The Group furthermore has a communication channel 'CEO Talk' whereby staff members can write to the CEO on any issues that may concern them. This can also be done anonymously.

Truworths

Employees are eligible for an award of up to R5 000 for reporting unethical behaviour to the hotline that leads to the perpetrator's prosecution and/or dismissal of the perpetrator. In 2024, six awards were made (2023: seven). A total of 121 reports were received in 2024 (2023: 132).

Office

No awards are paid for reporting unethical behaviour. A total of three reports were received in 2024 (2023: two).

COMPLIANCE GOVERNANCE

The board has determined that compliance with laws is the minimum standard of conduct, is made aware of applicable laws and regulations and voluntary codes by the Company Secretary, and monitors compliance/adherence through the Audit Committee, which receives reports from the internal audit department following its annual legislative compliance audit.

The board is made aware of applicable legislation and codes through the legislation updates and presentations made at each board meeting by the Company Secretary, and through material on relevant topics that is distributed to directors from time to time. Through presentations made by management at meetings of the committees of the board, the directors are further exposed to the impact of key legislation on the Group's business.

Compliance risk is a key area of focus for the Group's risk management programme, and business unit heads actively consider regulatory compliance when compiling and annually reviewing the risk registers for their business units.

The board has tasked the boards of its principal operating subsidiaries, Truworths Ltd and Office Holdings Ltd, with the design and implementation of an effective compliance framework, key elements of which include the appointment and work of the Group's Compliance Officer, the establishment, activities and reporting of the Compliance Committee, the establishment of project teams to ensure compliance with material new legislation, and the work of the Company Secretary in making management aware of relevant legislation.

The board confirms to the best of its knowledge and belief that, based on a written assessment conducted by Group management in preparation for the submission of the Truworths International annual Compliance Checklist to the Companies and Intellectual Property Commission (CIPC), pursuant to the CIPC's compliance monitoring and enforcement mandate in terms of the Companies Act (No. 71 of 2008, as amended), the company is in compliance with the provisions of the said Act and is operating in conformity with its memorandum of incorporation (MOI). The Group had no instances of material non-compliance with legislation during the reporting period. No material fines or penalties (including environmental breaches) were incurred, nor were there any instances of prosecution of Group companies or their directors/officers for failure to comply with any applicable legislation or regulation.

TAX GOVERNANCE AND COMPLIANCE

The Group has clearly defined responsibility and accountability for its tax affairs. The Truworths International Audit Committee is ultimately responsible for monitoring tax compliance and tax risk management. The board, assisted by the Audit Committee, assumes responsibility for the Group's tax strategy.

A team of tax professionals with appropriate technical qualifications and experience forms part of the finance department reporting to the Chief Financial Officer of the Group. This tax team is responsible for the overall Group tax technical guidance and support, overseeing tax risk management (including maintaining the tax control framework), tax compliance, as well as tax reporting.

The tax team reports on all material tax matters in the Group to the Truworths and Office tax forums. The forums, which meet quarterly, are chaired by the Company Secretary who, based on his expertise, participates actively in the Group's tax affairs and serves as a member of the Truworths Compliance Committee. The Chairman of the forums provides feedback to the Audit Committee and board at quarterly meetings.

As tax legislation is increasingly complex, appropriate processes are in place to ensure that financial functions remain up to date with changes in tax legislation and the implementation thereof. Where appropriate, external professional advisers are consulted to ensure that the Group remains abreast of relevant changes in tax legislation, as well as tax reporting, disclosure and best practice.

Tax planning and risk appetite

Decisions, business structures and transactions are based on sound commercial principles, have commercial substance and are aligned with the law of the jurisdictions in which our activities are based. Tax matters arise as the result of implementing the business strategy and do not drive the business strategy. The level of risk the Group is prepared to assume in relation to tax will therefore always be consistent with the Group's overall objective of achieving certainty and long-term sustainability in its commercial affairs.

Relationship with tax authorities

The Group is committed to maintaining open and constructive relationships with tax authorities to protect and manage the tax principles and strategies around its business activities to ensure certainty and long-term sustainability. Given the geographic scope and the extent and nature of operations, the Group has frequent interactions with tax authorities. Our approach is to engage with tax authorities in a transparent and proactive manner without compromising on the technical legal principles that are consistent with our values.

Tax reporting

The Group follows risk management procedures that identify, assess and manage tax risks and account for them appropriately. Internal controls have been implemented to provide assurance over the compliance processes, and their effectiveness is monitored through periodic internal and external audit reviews. The finance department reports to the Audit Committee on how tax risks are managed, monitored, mitigated and accounted for.





The Group makes full disclosure when filing tax returns and supports the increase in stakeholder pressure for transparency and the sharing of third-party information. We ensure that we comply with applicable laws in countries of operation in relation to the submission of returns and third-party information.

We comply with the three-tiered transfer pricing reporting requirement introduced by the G20 and the Organisation for Economic Co-operation and Development (OECD) in its joint initiative to address base erosion and profit shifting. The Group also complies with the automatic exchange of information requirements in respect of the Foreign Account Tax Compliance Act and the OECD's Common Reporting Standard.

ANTI-BRIBERY AND CORRUPTION

The boards of Truworhs and Office have adopted and have oversight of the anti-bribery and corruption policy that is applicable to and has been communicated to all employees. The policy deals, *inter alia*, with bribery, embezzlement, fraud, extortion, abuse of power, conflicts of interest and abuse of confidential information. The policy is supported by various avenues to report issues, including line management, the whistle-blowing hotlines and the online facility whereby incidents can be reported anonymously directly to the CEO. Furthermore, a fraud response action plan has been adopted by the board to guide management on the actions to be taken when incidents of fraud have been alleged or detected.

The Group does not make political contributions or donations to political parties. No reports of corruption or bribery involving the Group were received during the period, nor were any fines or penalties imposed on the Group by government authorities concerning corruption or bribery.

During a prior reporting period, the Truworhs business updated its codes of conduct for local and foreign suppliers to further underscore that the Group has a zero-tolerance policy towards bribery and corruption and that involvement in such practices constitutes grounds for termination of contractual relationships with such suppliers. During the reporting period, the Group updated its Business Ethics and Integrity Code and communicated this to employees.

COMPETITIVE CONDUCT

The Group operates in a highly competitive industry with relatively low-entry barriers. Consumers have, in recent years, witnessed the entry of a number of international apparel retailers into South Africa, both traditional retailers and online-only retailers, as well as increased competition from operators in the informal and semi-formal sectors. As the Group strives to be the retailer of choice in its market segment, it is highly protective of confidential information, intellectual property, methodologies and supplier networks.

Interaction with other retailers is, therefore, generally restricted to forums in which co-operation at an industry level is necessary for making representations to government or for the sharing of information and ideas about issues facing the industry at large. Such forums typically have a public profile, are open to membership by any retailer and transparently conduct their activities in the form of non-profit organisations governed by written constitutions.

The Group is a founding member of the National Clothing Retail Federation of South Africa (NCRF). The constitution of this body specifically provides that the principle of competition shall not be compromised through its activities. Consequently, no sharing of information or co-operation in any form that could lessen the ability of retailers to compete with one another is permitted.

The board is satisfied that the Group has not entered into any arrangements with competitors that unlawfully restrict competition or could be said to constitute collusion and is confident that it has not entered into any arrangements that could be prohibited by the Competition Act of South Africa. All South African business acquisitions undertaken by the Group have been approved by the Competition Commission in South Africa. The Group has no fines or prosecutions for anti-competitive practices or non-compliance with the Act, nor has the Group been the subject of any enquiries or investigations by the competition authorities during the period.

2023 AGM VOTING RESULTS

At the AGM of the company's shareholders held on 9 November 2023, all the ordinary and special resolutions, as set out in the notice of the AGM, were approved by the requisite majority of shareholders, except for the non-binding resolutions (requiring a 75% vote in favour in terms of the JSE's Listings Requirements and King IV) to approve the Group's remuneration policy and implementation report, which resolutions attained 71% (2022 AGM: 70%) and 67% (2022 AGM: 70%) votes in favour, respectively (refer to the Remuneration Committee Report 2024 (incorporated in the Group's 2024 Integrated Report)). The required special resolutions were not required to be lodged with the CIPC.

The shares in issue eligible to vote at the AGM were 371 202 990 (2022 AGM: 368 606 629) (voteable shares). This number was calculated as the total number of the company's shares in issue, less repurchased shares and share scheme shares as defined in the JSE Listings Requirements.

The number of shares represented at the AGM, either by shareholders personally present or through letters of representation and by proxy, was 299 072 005 (2022 AGM: 299 720 165), representing 81% (2022 AGM: 81%) of the voteable shares.

The votes cast in favour of the resolutions that were passed ranged from 64% to 100% (2022 AGM: 60% to 100%), as reflected in the announcement published on SENS on the date following the AGM.

STAKEHOLDER RELATIONSHIPS

The board recognises that perceptions of its key stakeholders can impact on the Group's reputation and encourages management to engage meaningfully with stakeholders to uphold the Group's reputation.

The board has tasked management with the responsibility of engaging with the Group's key stakeholders, being customers, shareholders and employees, as well as suppliers, lenders, landlords, regulators and community organisations, of devising suitable forums and communication channels for such interaction and of responding appropriately following such engagements, in the interests of the Group.

The board aims to ensure that the interests of the Group's different stakeholders are suitably considered and appropriately balanced to ensure the Group's relevance and sustainability.

The board ensures all shareholders are treated fairly through the simultaneous public dissemination of price-sensitive information, its transparent financial reporting and announcements, its dividend policy and its encouragement of shareholder involvement at meetings. The board holds firm that all shareholders must be treated equally and with respect, irrespective of the size of their shareholding.

The board and management work to ensure that communication with the Group's stakeholders is frequent, substantive, transparent and credible, recognising that such communication leads to trust and mutual respect and helps to ensure the sustainability of the Group.

The board encourages management to resolve disputes with customers, suppliers, employees and regulators in an effective and reasonable manner and in appropriate forums, including alternative dispute resolution mechanisms, having due regard for contractual and legislative obligations and the best interests of the Group.

Details on stakeholder engagement are provided in the Managing Stakeholder Relationships report on page 17 in the Group's 2024 Integrated Report, available at www.truworhs.co.za/reports.

REMUNERATION GOVERNANCE

Information relating to remuneration governance is provided in the Remuneration Committee Report 2024 (incorporated in the 2024 Integrated Report), as well as in the Truworhs and Office Human Capital reports (incorporated in the 2024 Integrated Report), which are available at www.truworhs.co.za/reports.

2025 GOVERNANCE PRIORITIES

Governance priorities for the 2025 financial period will include:

- The ongoing development of governance and risk management within the Office business
- Further developing sustainability and ESG reporting capabilities within the Group
- Further progressing the top and senior management and non-executive director succession plans, requirements and frameworks

The board will continue to follow an approach of continuous incremental improvements regarding governance practices and structures, to ensure the reasonable expectations of stakeholders regarding the Group's corporate governance standards are met.



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