

TRUWORTHS INTERNATIONAL LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1944/017491/06)
PO Box 600, Cape Town, South Africa, 8000
JSE code: TRU; NSX code: TRW
ISIN: ZAE000028296
("Truworths" or "the Group" or "the company")

Group Remuneration Policy and Annual General Meeting Update

Shareholders are referred to the "No-Change Statement and Announcement of Annual General Meeting" announcement on the JSE news service, SENS, on 30 September 2019 advising that Truworths' 2019 integrated report, as well as its 2019 audited preliminary report on the audited Group annual results and notice of annual general meeting had been published on the Group's website: www.truworthsinternational.com.

Subsequent to such publication, certain shareholders have engaged with Group management requesting clarification and further information on certain aspects of the Group's remuneration policy that was incorporated in the 2019 integrated report, and in relation to which shareholders will be voting at the upcoming annual general meeting.

Such engagement has been constructive, and the shareholders have positively acknowledged the changes brought about to the Group's remuneration policies, practices and disclosures in the financial year under review, and have responded favourably to the further changes being implemented in the current year.

Accordingly, Truworths provides the following information in relation to the Group's remuneration policy:

- the existing policy relating to share usage for the purposes of the company's share incentive schemes, and the change to such policy which is to apply with immediate effect; and
- the policy according to which dividends are paid on unvested performance shares awarded in terms of the said schemes, and which policy will be subject to review during the current financial year.

Policy on share usage in incentive schemes:

Introduction

In the Group's 2019 integrated report the following was stated in the Report of the Remuneration Committee ("the Committee"), ("Committee Report"), as regards the Group's policy and practices on share usage in incentive schemes:

Remuneration policy section

The maximum aggregate allocation in terms of all the schemes is limited to 10% of the company's issued shares at June 2012 over the life of the schemes in terms of the policy, being 46 181 002 shares, but the Committee's guideline is to keep this below 7.5%.

Annual allocations are capped at 1.25% of issued shares at June 2012 in any one year and no more than 5% in any five-year period in terms of the policy, but the Committee's guidelines are to limit annual allocations to below 1% in any one year.

Implementation report section

Share instruments awarded to employees and executives, including the share scheme allocations in the 2019 financial period, constitute 17 482 000 shares, being 3.8% (2018: 4.7%) of total issued shares at June 2012 which is below the Committee's guideline aggregate allocation of 7.5% (10% in terms of the share scheme rules).

The annual allocation in the 2019 financial period is 0.35% of issued shares at June 2012 which is below the Committee guideline of 1% in any one year (1.25% in terms of the policy).

Comment

The policy that provides for the maximum aggregate allocation in terms of all the share schemes to be limited to 10% of the company's issued shares at June 2012 originated at the company's November 2012 annual general meeting, at which the company's new share scheme proposed by the board, viz the Truworths 2012 Share Plan, was approved by shareholders holding 92% of the votes exercised.

In terms of the JSE Limited Listings Requirements, the company must fix the actual number of shares available for allocation, rather than express the allocation as a percentage of the number of shares in issue from time to time.

Notwithstanding this policy, the Committee subsequently adopted more conservative guidelines in respect of the aggregate allocation in response to feedback received from shareholders, thereby further limiting the actual allocations made. At the past three financial year-ends, the aggregate allocation of share instruments has consistently been less than the limits set in the policy (10%) and the Committee's guidelines (7.5%), as shown below.

Financial year end	2017	2018	2019
Aggregate allocation	21.007m	21.859m	17.482m
June 2012 issued shares	461.81m	461.81m	461.81m
Share usage percentage	4.55%	4.73%	3.79%

At 30 June 2019, when the company had 442 876 470 shares in issue, the aggregate share scheme allocation of 17.482 million shares comprised 3.95% of the company's shares in issue at that date.

Policy change

Noting the reservations raised by shareholders and governance advisers that potential future share scheme allocations could exceed the policy limits and the Committee's guidelines, the Committee has resolved to adopt a revised policy that will henceforth limit share usage across all incentive schemes to an aggregate 23 090 501 shares, being 5% of the company's shares in issue at 30 June 2012.

Policy on paying dividends on unvested performance shares:

Introduction

In the Group's 2019 integrated report the following was stated in the Committee's Report as regards the Group's policy and practices in relation to the payment of dividends on shares held in terms of the Group's share incentive schemes:

Remuneration policy section

The following activities (amongst others) were undertaken by the Remuneration Committee during the period:

- *Approved the payment of dividends to LTI share scheme participants holding restricted and performance shares.*

Implementation report section

As reflected in the single figure remuneration table setting out the executive directors' remuneration, the amounts of qualifying dividends received by them in respect of the 2019 and the prior year, were disclosed per director, in accordance with the recommendations of the King IV Report on Corporate Governance for South Africa, 2016 ("King IV").

Comment

The company presented such single figure remuneration in respect of its directors for the first time in its 2019 Committee Report, following the extensive review undertaken during the financial year on the spectrum of the Group's reward policies and practices in consultation with both external remuneration advisers and certain shareholders.

The Committee has since 2013 considered, at each bi-annual dividend declaration date, the appropriateness of the company paying dividends to share scheme participants holding restricted and performance shares.

Since March 2017, following advice received from external remuneration advisers, and in the absence of guidance expected to have been provided through a King IV practice note, the Committee adopted and implemented a restrictive policy whereby dividends payable on unvested performance shares would not be paid on shares forfeited as a result of corporate performance targets not having been met.

Pursuant to the implementation of this policy, the number of performance shares to be forfeited is determined shortly after the conclusion of the assessment of performance against targets, over the three financial-year performance measurement period after the date of the share award. Accordingly, with immediate effect after such assessment, share scheme participants no longer qualify for dividends on such forfeited shares over the vesting period, which period ranges from three to six years after the date of the share award. The company was advised at the time that this policy was amongst the prevailing practices acceptable to the market. The company further notes that confirmation of the market acceptability of this practice was obtained in the 2019 financial year during the aforesaid review of its reward policies and practices.

Furthermore the company notes that the practice of paying dividends on unvested performance shares prior to performance being assessed against corporate performance targets is not unreasonable, given that participants can be both advantaged or disadvantaged thereby, depending on whether the assessment would qualify them for either a reduced or an additional, number of vested shares. This practice too ensures fiscal certainty regarding the dividends received by participants.

The company advises that only a portion of the dividends received by executive directors in the 2019 financial year in fact relates to unvested performance shares, as reflected in the table below. The other portion of these dividends accrued on restricted shares held pursuant to the Group's 1998 or 2012 share schemes.

DIVIDENDS RECEIVED FOR THE 2019 FINANCIAL YEAR (R)				
	ON VESTED RESTRICTED SHARES HELD ITO THE 1998 SCHEME	ON UNVESTED RESTRICTED SHARES HELD ITO THE 2012 SCHEME	ON UNVESTED PERFORMANCE SHARES HELD ITO THE 2012 SCHEME	TOTAL DIVIDENDS RECEIVED
Michael Mark	5 059 200	-	1 248 809	6 308 009
David Pfaff	-	82 128	567 582	649 710
Doug Dare	-	75 883	407 628	483 511

Policy review

The company has noted that market practice in relation to the payment of dividends on unvested performance shares is evolving, and accordingly the Committee has undertaken to review the company's policy in this regard during the current financial year.

Conclusion

Truworths trusts that the above additional disclosures and commitments are useful to shareholders and will enable them to vote in an informed manner in relation to the resolution to approve the Group's 2019 remuneration policy, which resolution is to be considered under agenda item 8.1 at the annual general meeting.

Annual General Meeting

Shareholders are reminded that the said annual general meeting is scheduled to be held in the auditorium at the company's registered office, being No.1 Mostert Street, Cape Town, South Africa on Thursday, 7 November 2019 at 09h30, to transact the business set out in the notice of the meeting, which notice is contained in the Group's 2019 audited preliminary report on the audited Group annual results and published on the Group's website: www.truworthsinternational.com.

Shareholders are encouraged to participate in the voting on all resolutions, and are advised to make the necessary arrangements to attend or be represented at the annual general meeting and, where required, to furnish voting instructions to their CSDP or broker in good time. The record date for the purposes of participating and voting at the annual general meeting is 17:00 on Friday 1 November 2019.

Shareholders are reminded that in order for forms of proxy (which are contained in the Group's 2019 audited preliminary report on the audited Group annual results and published on the Group's website: www.truworthsinternational.com) to be valid for the purposes of the meeting, such forms are requested to be lodged at the offices of Truworths' transfer secretaries, Computershare Investor Services (Pty) Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa (or mailed to be received by them at PO Box, 61051, Marshalltown, 2107, South Africa) by no later than 48 hours before the appointed time of the meeting. Forms of proxy may on the day of the meeting however be submitted, to the chairman of the meeting, up to the scheduled time for holding the meeting.

By order of the board
Chris Durham
Company Secretary

Cape Town
30 October 2019

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