

# 10 Corporate Governance Statement

## Statement of compliance with the Combined Code 2008 (the 'Code')

The Board remains committed to the achievement of high standards of corporate governance which it considers to be central to the effective management of the Group and to maintaining the confidence of investors. Considerable progress has been made during the reporting year to continue to develop appropriate and adequate corporate governance arrangements.

The following sections, together with the Directors' Remuneration Report in section 12 on pages 48 to 53 the Directors' Report in section 9 on pages 32 to 35 and the Directors' biographies in section 8 on pages 30 to 31, provide an explanation of how the principles of the Code have been applied and of areas of non-compliance during the period in which compliance with the Code was required. The Audit Committee report in section 11 forms part of this statement.

## The Board

The Board is collectively responsible for promoting the success of the Group. The Board provides leadership for the Group and concentrates its efforts on strategy, performance, governance and internal control. The system of internal control in place within the Group is designed to manage rather than eliminate risk, and can provide only reasonable, not absolute, assurance against material misstatement or risk.

As at the date of this report, the Board has nine members: the Non-executive Chairman, the Chief Executive Officer, three other Executive Directors and four Non-executive Directors. Biographies of these Directors appear in section 8 on pages 30 to 31. The area of non-compliance during the reporting year was the ratio of Non-executive Directors to Executive Directors (Code provision A.3.2). This area of non-compliance was reported in the Annual Report 2010. At the date of this report, the ratio of Non-executive to Executive Directors is in accordance with the principles of the Combined Code following the resignation of Diane Savory on 6 May 2011.

During the financial year ended 1 May 2011, SuperGroup complied with the relevant provisions set out in section 1 of the UK Combined Code on Corporate Governance (the '2008 Code') in all areas apart from code provision A.3.2. The Board intends to comply with the provisions of the new UK Corporate Governance Code (the '2010 Code') in full during the financial year ended 29 April 2012. We are adopting early the provisions relating to the annual re-election of directors and will be proposing the relevant resolutions at the Annual General Meeting in September 2011.

Keith Edelman was appointed as the Group's Senior Independent Director in March 2010. All the Non-executive Directors are considered by the Board to be independent of management and free from any relationship that could materially interfere with the exercise of their independent judgement.

The Board meets regularly to consider issues relating to the overall performance, strategy and future development of the Group. In accordance with the Combined Code, a schedule of matters reserved to it for decisions has been approved by the Board and this has been communicated widely to the Group.

The principal matters reserved for the Board are:

- setting and managing Group strategy;
- changes relating to the Group's capital structure including share issues and buy backs;
- financial reporting and controls;
- ensuring maintenance of sound internal controls and risk management;
- capital expenditure and long term commitments;
- board membership and appointment;
- remuneration policy;
- delegation of authority; and
- corporate governance and company policy.

The requirement for Board approval on these matters is understood.

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The Board receives appropriate and timely information to enable it to discharge its duties.

The division of responsibilities between Chairman and Chief Executive were set out in writing and agreed by the Board in March 2010 in accordance with provision A.2.1 of the Code.

The Non-executive Directors meet with the Chairman separately from time to time, without the Executive Directors present. During the year of reporting, the Non-executive Directors have met without the Chairman present to appraise the performance of the Chairman. This review was led by the Senior Independent Director.

All members of the Board of Directors, and the sub-committees, have sufficient resources and a budget set aside to allow access to independent advice as required. For Non-executive Directors a relevant clause is included in their letters of appointment setting out the required time commitment. These were in place throughout the year. (Reference provision A.5.2 of the Code).

All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are complied with. The appointment of the Company Secretary is a matter for the Board, as set out in the Schedule of Matters reserved for the Board.

Operational matters, trading performance and the development of proposals for the Board, where required under the schedule of matters reserved for the Board, are controlled by an Executive Committee that consists of the Chief Executive Officer, the Group Finance Director, the Brand Design Director and the Chief Executive Officer (Wholesale and International). The Executive Committee has met regularly throughout the year and has a schedule of meetings for the year ahead.

Since the year end, the membership of this committee has changed with the addition of Head of e-Commerce and the Head of European Business Development.

## Board committees

The Board has appointed committees to carry out certain duties, and these are detailed below. Each of these committees is chaired by a separate chairman and has written terms of reference available on the website, [www.supergroup.co.uk](http://www.supergroup.co.uk).

Minutes are prepared for each of these meetings by the Company Secretary and presented at the following respective meetings for approval. All committees have sufficient resources to undertake their duties.

<b>Audit Committee:</b>	Steven Glew (Chairman) Ken McCall Indira Thambiah
<b>Remuneration Committee:</b>	Keith Edelman (Chairman) Steven Glew Indira Thambiah
<b>Nomination Committee:</b>	Peter Bamford (Chairman) Keith Edelman Julian Dunkerton

## Performance evaluation

A Board evaluation to assess the performance of the Board, its Non-executive Directors and committees was carried out in March 2011 in accordance with the Combined Code (A.6.1). This involved the use of a questionnaire to all Directors and covered a range of issues around Board and committee processes, Board roles and responsibilities. This will be repeated annually and it is intended that every three years this process will be carried out by an independent third party. The performance of the Executive Directors during the period of reporting was monitored by the Chief Executive Officer and the Chairman.

## Share capital

Details of the issued share capital, together with details of movements in the issued share capital of the Company during the year are shown in note 16.34 which is deemed to be part of this report.

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## Remuneration Committee

A description of the work of the Remuneration Committee is made available in section 12 pages 48 to 53.

## Board and Committee attendance

The table below gives details of Directors' attendance at scheduled Board and Committee meetings during the financial year ended 1 May 2011:

	Board meeting	Audit Committee	Nomination Committee	Remuneration Committee
Maximum number	11	4	4	5
Peter Bamford	11	–	4	–
Keith Edelman	10	–	4	5
Steven Glew	11	4	–	5
Indira Thambiah	10	4	–	4
Ken McCall	11	4	–	–
Julian Dunkerton	11	–	4	–
Theo Karpathios	11	–	–	–
James Holder	10	–	–	–
Diane Savory	11	–	–	–
Chas Howes	11	–	–	–

During the year, additional Board meetings were held as required to respond to the needs of the Group.

From time to time, Committee meetings are attended by non-members by invitation from the relevant Chairman. Attendance is set out in the various Committee reports.

## Directors' conflicts of interest

The Company's Articles of Association permit the Directors to consider and, if thought fit, to authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the interests of the Group. In deciding whether to authorise a conflict or potential conflict, the non-conflicted Directors must act in a way they consider would be most likely to promote the success of the Group, and they may impose limits or conditions when giving their authorisation, or subsequently, if they think it is appropriate. Any authorisation given is recorded in the Board minutes. In accordance with the Companies Act 2006, the Board has considered and authorised any Director's reported potential conflicts to date. The Board will continue to monitor and review potential conflicts of interest on a regular basis.

## Nomination Committee

Peter Bamford is Chairman of the Nomination Committee and the other committee members are Keith Edelman and Julian Dunkerton. The Board is satisfied that the Chairman and Keith Edelman are both independent Non-executive Directors and represent the majority of the Committee (reference provision A.4.1 of the Code). The Nomination Committee is responsible for nominating candidates for appointment to the Board, having assessed the skills and experience required by the Group.

All appointments to the Board are considered, while maintaining a suitable balance of skills and experience as required by the Group from time to time, and role descriptions are drawn up accordingly (reference provision A.4.3 of the Code). The Chairman and all Non-executive Directors have declared their other significant commitments, including all other Board positions, to the Board prior to being appointed (reference provisions A.4.3 and A.4.5 of the Code). The Chairman and the Non-executive Directors are aware of their on-going obligation to disclose any changes to their other commitments as they arise. In accordance with A.4.4 of the Code, a broad indication of the time involved with other significant commitments is disclosed by the Non-executive Directors.

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Their expected time commitment to SuperGroup is included in their letters of appointment which are available for inspection at the Registered Office of SuperGroup Plc (reference provision A.4.4 of the Code).

None of the existing Executive Directors holds Non-executive directorships.

During the year of reporting, the Nomination Committee had four meetings. The Nomination Committee recommended to the Board that the appointment of an additional Non-executive Director should be deferred until the Board is in a position to identify the required skills, which remains an ongoing process. The Board approved this recommendation, while recognising that it did not fully comply with the recommendations of provision A.3.2 of the Code during the period covered by the Annual Report. The Company now complies with this part of the Code, following the resignation of Diane Savory on 6 May 2011.

The principal functions of the Nomination Committee include the following:

- to review the structure, size and composition of the Board and recommend changes when appropriate;
- to consider and recommend succession planning for Executive and Non-executive Directors;
- to identify and nominate candidates for the approval of the Board to fill Board vacancies or new positions as and when they arise; and
- to evaluate the skills, experience and knowledge of Board members.

The terms of reference of the Nomination Committee are available on our website at [www.supergroup.co.uk](http://www.supergroup.co.uk).

During the financial year Ken McCall was appointed to the Board and was given a full induction in accordance with A.5.1 of the Code.

## Information and professional development

Non-executive Directors meet regularly with members of the Executive Committee and members of the Senior Management team to gain first-hand experience of the business. In addition, the Non-executive Directors make site visits to ensure that they are kept up to date with developments across the Group. To date, all Directors have received instruction on their responsibilities as a Director from the Group's legal advisors and Company's stockbrokers. In addition, the Board is provided with regular briefings on legislative developments.

## Communication with shareholders

The Company and the Group recognise the importance of communicating with shareholders. The Chief Executive Officer and the Group Finance Director have continued to develop a mutual understanding of objectives between the Group and institutional shareholders by making presentations after the preliminary and interim results and communicating regularly on developments.

The Chairman and Senior Independent Director have arranged meetings with shareholders to gain a balanced understanding of their views and concerns and discuss strategy development and corporate governance. The Chairman has ensured that the views of shareholders are communicated to the Board as a whole.

The Company's Annual General Meeting will be held on 22 September 2011, at which time shareholders will have the opportunity to ask questions. The Chairmen of the Audit, Remuneration and Nomination Committees, together with all other members of the Board of Directors, will be present to answer shareholder questions (reference provision D.2.3 of the Code).

Shareholders will have the opportunity to meet Non-executive Directors at additional times in the year. Non-executive Directors are kept informed of the views of shareholders by the Executive Directors.

The full Annual Report and Financial Statements are made available to all shareholders and potential investors. Other information about the Company and Group is made available on the website at [www.supergroup.co.uk](http://www.supergroup.co.uk).

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## The Takeover Directive

In accordance with the Disclosure and Transparency Regulations ('DTR'), 7.2.6R and the Companies Act 2006 ('CA2006'), a statement on the Takeover Directive is included within section 9 on pages 33 to 34.

## Internal control

The Board is ultimately responsible for the Group's systems of internal control and for reviewing its effectiveness annually as set out in C.2.1 of the Code. As part of the process that the Board has put in place to review the effectiveness of the internal control system, there are procedures in place to capture and evaluate weaknesses.

In accordance with the revised guidance for Directors on internal control (the 'Revised Turnbull Guidance'), the Board confirms that there is an ongoing process for identifying evaluating and managing the risks faced by the Group. This process was put in place prior to the IPO in March 2010 and was further reinforced with the appointment of KPMG in June 2010 as the Group's internal auditors. This process was in place throughout the year under review and up to the date of approval of the Annual Report and Financial Statements. These systems are there to manage rather than eliminate risk, and can provide only reasonable, and not complete assurance against material misstatement or loss.

As noted above, during the year of reporting, the Audit Committee appointed KPMG as the Group's internal auditors. KPMG have commenced a review of internal controls and put in place an internal audit plan for the year ahead. This internal audit plan has allocated responsibility for identifying and evaluating significant risks to the relevant business area, on a continuing basis and this is regularly reviewed by the Audit Committee in accordance with the Turnbull Guidance.

The report was approved by the Board of Directors on 4 August 2011 and signed on its behalf by:

### Wendy Edwards

Company Secretary

4 August 2011

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