



**Together we do good**

# Sustainability Report

3 April 2022 - 1 April 2023

# 2023

 **mr price group limited**





# Social, Ethics, Transformation & Sustainability Committee Report



The main impact of this committee's deliberations on the group's value creation elements is reflected below:



## Role

Chair: Keith Getz (retiring on 30 August 2023)  
Members: Daisy Naidoo, Lucia Swartz (Chair from 31 August 2023), Mark Blair, Jane Canny (from 1 September 2023)

The committee is constituted as a statutory committee in respect of its duties in terms of Section 72(4) and regulation 43(1) of the Companies Act, 71 of 2008 (Companies Act) and a committee of the board in respect of additional duties assigned to it. The committee mandate is available on the group's website [www.mrpricegroup.com](http://www.mrpricegroup.com). The committee members, their qualifications and experience, the number of meetings held and attendance at meetings is detailed in the **board report**, pages 127, 128 and 138 respectively.

The committee is responsible for fulfilling the functions set out in the Companies Act and provides oversight of and reporting on organisational ethics, responsible corporate citizenship, and stakeholder relationships. It reviews and monitors sustainable business practices (including social and environmental practices, corporate citizenship and social investment), business ethics and transformation, to ensure that the business achieves its strategic imperatives responsibly and ethically. This also encompasses an overview of labour practices to ensure fairness and monitoring the group's commitment to promoting and protecting human rights.

The group understands its role as a responsible citizen and aims to build a business in support of the group's strategy to sustainably protect, create and enable environmental, social and economic value. Meaningful stakeholder engagement, together with impact assessments, guide the formulation of appropriate and relevant business responses. Mr Price Group's **sustainability approach and strategy** can be found on pages 47 - 54.

As delegated by the board, the committee oversees and guides the achievement of this strategy, which is owned and managed by the group's Environmental, Social and Governance (ESG) Centre of Excellence, supported primarily by the People Centre of Excellence (in respect of transformation and elements of social matters) and implemented across operations by the group's trading divisions. Sustainable value creation across social, environmental, economic and governance elements is integrated through the group's retail operations and performance against key defined targets is included in management's performance indicators for both short-term incentives (STIs) and long-term incentives (LTIs). Further information on the ESG scorecard applicable to the LTIs can be found in this report on page 155 and in the **remuneration report** on pages 208 - 209.





## KEY FOCUS AREAS | FY2023

- Supporting management in associate relief and wellness efforts following extensive flooding in KwaZulu-Natal in April 2022
- Overseeing and monitoring the implementation of a revised environmental policy and formulating a climate change framework (including a climate change risk analysis)
- Reviewing and approving the group's broad-based black economic empowerment (B-BBEE) strategy and targets for the financial year as well as the approach to the Studio 88 B-BBEE integration
- Reviewing and providing input into the transformation vision and strategy in support of the group's transformation targets
- Approving and recommending to Remnomco the ESG scorecard applicable to LTI awards made during the year
- Reviewing the ESG strategy and the ESG materiality matrix to ensure it supports the delivery of Pillar 6 (sustainability) of the group strategy
- Overseeing the approach for implementing the JSE Sustainability Disclosure Guidance and JSE Climate Disclosure Guidance papers issued in June 2022
- Overseeing various activities to ensure inclusion was maintained on the FTSE/JSE Responsible Investment Top 30 Index and a "low" ESG Risk Ratings per Morningstar Sustainability
- Providing guidance on the first ESG investor engagement session held in March 2023

## FUTURE FOCUS AREAS

- Finalise the development of a climate change strategy with targets to reduce the group's carbon footprint in line with local and global commitments and the requirements of the Task Force on Climate-related Financial Disclosures (TCFD)
- Establish targets to increase the use of sustainable materials in products, with a focus on cotton, recycled polyester (RPET) and manmade cellulosic fibres (viscose)
- Further invest in, develop and grow key South African suppliers
- Establish packaging targets for trading divisions to develop reusable packaging options and increase recycled content
- Progress integration of sustainability indicator measurement and reporting in acquired businesses, particularly Studio 88

### Committee statement

The committee is satisfied that it has fulfilled its responsibilities, in accordance with its mandate and the Companies Act, for the past financial year. The committee chair will be available at the AGM to answer any questions relating to the committee's statutory obligations.

## This Report

The detailed content of this committee report is organised according to the committee's areas of oversight per its mandate: social, ethics, transformation and sustainability.

The key activities in support of the social objectives are detailed under the Social heading on page 156. Ethics matters, which are also of social relevance, as well as a matter of good governance, are set out under **Ethics** (see page 172).

Specific and unique social activities relevant and material to the group's operation in an African context, being transformation, employment equity and B-BBEE, are explained under **Transformation** on page 174.

The key activities in support of environmental objectives are detailed under the **Sustainability** heading (see page 183). Activities under the economic pillar are also detailed in this section of the report. Information and performance metrics in this report are assured as follows:

- B-BBEE metrics and scorecard: verification undertaken by aBEErate Verification Agency (Pty) Ltd
- Internal audit reviewed and reported on the FY2023 performance per the **table** on pages 153 - 154 as **detailed** on pages 156 - 193.
- Statistics indicted with ^ were not subject to internal audit review.

## Sustainability Strategy

The group's sustainability strategy is derived from its sustainability purpose of "Together We Do Good". The value of partnership is at the centre of the sustainability strategy. By collaborating with key partners and stakeholders, environmental, social and economic value is created, enabled and protected for all stakeholders in a sustainable way. This guiding principle informs core sustainability focus areas and reflects the importance of achieving positive impacts through business operations under each of the pillars of environmental, social and economic.

The group's sustainability strategy, objectives and key activities are depicted in the diagram below. Noteworthy sustainability achievements during the year can be found in the **sustainability performance** measures on pages 47 - 48 and 51 - 53. Details on each of the pillars of the sustainability strategy are set out on the following pages:

### SUSTAINABILITY STRATEGY PILLARS:

Social	Economic	Environmental
<ol style="list-style-type: none"> <li>1. Quality education: <b>page 158</b></li> <li>2. Youth development: <b>pages 157 - 160</b></li> <li>3. Associate wellbeing and development: <b>pages 161 - 169</b></li> <li>4. Social value chain development: <b>pages 170 - 171</b></li> </ol>	<ol style="list-style-type: none"> <li>5. Economic value chain development: <b>pages 179 - 182</b></li> </ol>	<ol style="list-style-type: none"> <li>6. Preserving natural resources: <b>page 184</b></li> <li>7. Reducing and stabilising environmental impact: <b>pages 185 - 193</b></li> </ol>



**together we do good.**



Social

In the socio-economic context of the group’s operations and its broad stakeholder base, the social pillar informs a wide range of business activities. This pillar considers the need to ensure responsible practices and care of people within the business and its value chain, investment and response to socio-economic challenges within context, and the development of human capabilities that supports the future sustainability of the business. To achieve this, the main objectives under this pillar are:

- (i) associate wellbeing and development (implemented as part of the group’s People Centre of Excellence strategy),
- (ii) quality education (implemented by Mr Price Foundation),
- (iii) youth development (implemented by Mr Price Foundation), and
- (iv) social responsibility and development within the group’s value chain.

For social activities and the impact on the relevant SDGs, refer to the Social section on pages 156-172.

Specific and unique social activities relevant and material to the group’s operation in an African context, being transformation, employment equity and B-BBEE, are explained under the **Transformation** section (see pages 174 to 178). For ethics matters and matters of good governance, refer to the **Ethics** section on pages 172 - 173.

MR PRICE GROUP’S PRIMARY SDGs



MR PRICE FOUNDATION’S PRIMARY SDGs



Economic

The economic pillar considers material matters that may impact the future sustainability of the business. The performance, capability and capacity of the group’s value chain is a strategic enabler of sustaining the group’s value proposition and business model.

To support the continued development and competitiveness of the group’s value chain, the primary activity under the economic pillar is value chain development through investment and supporting innovation and optimisation within the supply chain of the group’s retail business activities. For **economic activities** and the impact on the relevant SDGs, refer to pages 179 - 182.

MR PRICE GROUP’S PRIMARY SDGs



Environmental

The group is aware that its business and supply chain operations use finite resources, producing waste and emissions in the development, manufacture, transportation, storage, distribution and selling of products. In response, the primary objectives of the group’s environmental imperatives are:

- (i) where possible, to decouple and/or preserve natural resources through responsible sourcing and consumption of raw materials; and
- (ii) reduce and stabilise environmental impact, directly, in the group’s own operations, and indirectly in the greater retail value chain.

The key activities in support of these objectives and the impact on the relevant SDGs, are included under the **Sustainability** section of this committee report, on pages 183-193.

MR PRICE GROUP’S PRIMARY SDGs



Sustainability Policies

The following group policies support and enable the group’s ESG activities:

- Code of conduct (applicable to associates and business partners)
- Environmental
- Responsible sourcing framework and implementation guide (for merchandise suppliers)
- Board and committee mandates
- Promotion of gender and ethnicity diversity on the board
- Transformation
- Compliance
- Transfer pricing
- Subsidiary governance
- Side Hustle Policy
- Gift Policy

Industry Engagement and Memberships

The group views its role to create value in a sustainable way as an active responsibility which requires engagement and influence – Together We Do Good. To ensure the group has the ability to contribute to sustainability and ESG issues and make a difference both locally and globally, Mr Price Group (or relevant management) is a member of or actively participates in the following industry or government bodies, forums and charitable organisations:

Membership Organisations	Country	Membership Contribution
Ethical Trading Initiative (ETI)	United Kingdom	R2.6 million paid in contributions
World Wide Fund for Nature (WWF)	South Africa	
Textile Exchange (TE)	United States of America	
Producer Responsibility Organisations (PROs) Polyco, Fibre Circle, Circular Energy, Light Cycle	South Africa	
KwaZulu-Natal Clothing & Textile Cluster (KZN CTC)	South Africa	
Retail Association	South Africa	
National Clothing Retail Federation of SA (NCRF)	South Africa	
Institute of Directors South Africa (IoDSA)	South Africa	
The Ethics Institute	South Africa	
Non-Profit Partnerships	Country	Value of Donation
Mr Price Foundation	South Africa	R23 million
Taking Care of Business (formerly the Clothing Bank)	South Africa	R38.6 million
Clothing Box	South Africa	R1.7 million
Project Rhino	South Africa	R475k
Wild Oceans	South Africa	R740k
Signatory Organisations		
Retail-Clothing, Textile, Footwear and Leather (R-CTFL) Master Plan 2030		







Sustainability Achievements Against Targets

Although Mr Price Group undertakes various sustainability activities in the conduct of its retail operations, the primary focus areas for the reporting period across all sustainability pillars and progress made, is reflected in the table on the right. For further sustainability performance highlights refer to pages 47 - 53.

KEY

**Sustainability Pillars**

Environmental

Social

Economic

**Metric Movement**

Increase from prior year (positive)

Increase from prior year (negative)

Decrease from prior year (positive)

Decrease from prior year (negative)

Same as prior year

Achieved

Not Achieved

**Top Ten Group Risks**

- South African trading environment
- Talent attraction and retention
- Competitor landscape and changing shopping behaviour
- Brand reputation
- Supply chain
- Systems and technology
- Risk adjusted approach to the group's strategy
- Transformation and diversity
- Leadership and organisational agility
- Culture and values

**Group Strategic Pillars**

Stakeholder Engagement







































People

Growth

Brand Promise

Technology and Innovation

Sustainability

Sustainability Pillar	Sustainability Objective	SDG	Page ref.	Group Strategy	Group Risk	FY2022 Achievement	FY2023 Achievement	Performance Against Target	Improvement on Prior Year	Comments *Includes all transactions without a single-use shopper bag	
	% reduction in single-use plastic shoppers	   	N/A		3 & 4	46%	55.5%			Includes all transactions without a single use shopper bag. Excludes PF; YC; Studio 88	
	% of packaging reduced		page 185			Establish baseline	42% baseline	N/A	N/A	Target set for FY2024	
	% of packaging from recycled materials		N/A				Establish baseline in FY2024	N/A	N/A	Baseline measurement to be established in FY2024	
	% of products from sustainable materials (units)		page 184	N/A		1	15.8%	17.8%			Excludes PF; YC; Studio 88
	Achieve energy benchmark of 25 watts/m²		page 189	1		27.1	26.3			Relates to stores. Excludes YC; Studio 88	
	Waste recycling (DC)		page 193	N/A		4	91.1%	92.3%			Excludes PF; YC; Studio 88
	Waste recycling (MRPG)		page 193				43.7%	43.3%			Excludes PF; YC; Studio 88
	RSA procurement (units)	   	page 180	N/A		4 & 5	78.6m	106.8m			Excludes Studio 88
	RSA procurement (cost price value)		page 180	38.2%	37.8%				Excludes Studio 88		
	Supplier performance: % of order book A-C grade		page 180	94.2%	94.9%				Excludes PF; YC; Studio 88		
	Supplier performance: OTIF %		page 180	79.3%	81.4%				Excludes PF; YC; Studio 88		
	% of factories audited	  	page 170			74.2%	82.4%			Excludes PF; YC; Studio 88	
	% of audited factories high risk		page 170			74.7%	67.0%			Excludes PF; YC; Studio 88	
	Maintain 95% factory visibility		page 170			99.7%	97.6%			Excludes PF; YC; Studio 88	
	% of JumpStart placements (Mr Price Group)		page 157		2 & 8	55.0%	65%			Excludes PF; YC; Studio 88	
	Employment opportunities (whole group)		N/A		2	23 179	31 406	N/A		No exclusions	
	Preferential procurement		page 177 - 178	N/A	3, 5 & 8	21.20	Subject to B-BBEE verification			Excludes Studio 88	
	Employment equity		page 175	 	8	51%	56%			FY2022 excludes Studio 88	

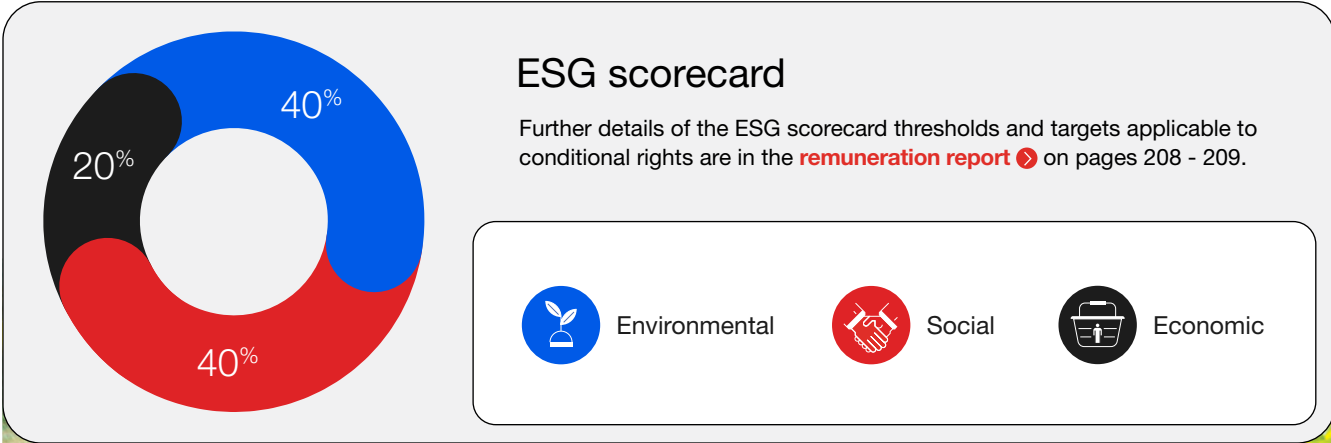


Integration of Sustainability Performance and Remuneration

The delivery of strategy is motivated and rewarded by linking performance with remuneration. Each year specific sustainability areas of focus and defined targets are set as key performance indicators (KPIs) for the ESG Centre of Excellence and for each operating division and other Centres of Excellence that implement and support sustainability activities (see table on previous page). The achievement of these KPIs is measured and formally reported internally on a quarterly basis and are an input in determining the award of senior management and executive STIs. LTIs include non-financial measures in the form of the ESG scorecard which applies to the conditional rights component of the long-term incentive plan (LTIP) implemented in 2021. The ESG scorecard comprises a 20% weighting towards the award of conditional rights to executive directors, managing directors of trading divisions and Centres of Excellence, as well as divisional directors.

During the reporting period the specific ESG scorecard metrics applicable to the conditional rights awarded in November 2022 (with a vesting period April 2022 – March 2025) were approved by the committee and recommended to Remnomco for adoption. These metrics align with the group’s sustainability strategic pillar and were selected to further drive and encourage operational and business behaviours to progress the group’s sustainability objectives. The ESG scorecard is comprised of ten different metrics.

The split of metrics across the sustainability pillars are as follows:



The group’s social sustainability objectives continue to focus on the broader social impacts of its operations on various stakeholders. Mr Price Group recognises it has a social responsibility to make a meaningful impact and create value through relationships with its stakeholders including associates, customers, suppliers and the communities in which it operates. The SDGs 1, 2, 3, 4, 8 and 10 together with the United Nations Guidelines for Consumer Protection (UNGCP) principles 1 to 6 continue to guide and inform its social sustainability objectives. Material issues during FY2023 included severe weather events, supply chain disruptions, and unprecedented volumes of loadshedding in South Africa. These issues impacted sourcing activities and had profound social impacts on the group’s associates and workers in the value chain.

The group upholds the Constitution of South Africa and the supporting Bill of Rights. The Bill of Rights codifies the rights of all people in South Africa and affirms the democratic values of human dignity, equality and freedom. These rights prohibit slavery, servitude and forced labour and protect and promote human dignity and children. The group’s diverse operations include stores throughout Africa and procurement from global value

chains and compliance with the Bill of Rights and other labour legislation of these various countries is important and prioritised. The group’s code of conduct is published on the website [www.mrpricegroup.com](http://www.mrpricegroup.com) and codifies the approach to various ethical issues which have a social impact. The code of conduct is applicable to all associates, suppliers and service providers to the group and compliance is a contractual obligation for associates in terms of their employment contracts, and business partners in terms of merchandise and service agreements.

The group’s commitment to uphold human rights is reflected in its code of conduct, and the group continues to work with various membership organisations like the ETI to ensure that human rights impacts and due diligence are understood, recognised and mitigated against in the course of its operations.

The primary outcomes of business activities under the social pillar can be found on pages 170 - 172. Further detail is set out on the upcoming pages under the relevant objectives. **Performance highlights** can be found on pages 47 - 48.





## KEY OUTCOMES

~R23 million donated by Mr Price



### EduRise

**R9.7 million**

invested in education

**62 401**

primary school learners benefited

**97**

schools participating

**1 829**

educators benefited



### JumpStart

**R22 million**

invested in youth development

**4 933**

unemployed youth participated in JumpStart

**3 543**

JumpStart participants employed by Mr Price Group

**312**

JumpStart participants employed by other programme partners



### HandPicked

**3**

HandPicked agripreneurs benefited

**27**

Homegrowers benefited

**1.0 ton**

of fresh produce harvested from HandPicked hubs

**6**

HandPicked community hubs established

## Mr Price Foundation

To deliver the sustainability objectives of quality education and youth development, the group focuses its corporate social investment (CSI) activities through its annual support of Mr Price Foundation, to achieve the objectives of helping the youth of South Africa unlock their full potential through quality education and youth development. In the reporting period, the group donated R23 million to Mr Price Foundation.

Mr Price Foundation was established in 2005 as a non-profit organisation (NPO), which allows it to operate and govern as an independent organisation rather than a traditional corporate charity. The primary aim is to positively influence and actively support South Africa's national development priorities of youth unemployment and access to quality education.

Mr Price Foundation's standing as an NPO enables its funding to be supplemented by donations from the group's associates, its customers, other corporate bodies and the public through donations and fundraising activities. Associates can make monthly donations via salary deduction and are encouraged to participate in events hosted by Mr Price Foundation. In the reporting period 576 associates made monthly donations and 878 associates signed up for the JumpStart Challenge (an annual fitness fundraiser) and the Mr Price Foundation Cup soccer tournament.

Mr Price Foundation in addition supported 25 other NPOs through product donations. Further details about the foundation can be found in Mr Price Foundation's integrated report at [www.mrpricefoundation.org](http://www.mrpricefoundation.org).

To make a donation to Mr Price Foundation, please visit [www.mrpricefoundation.org](http://www.mrpricefoundation.org) or scan the QR code below.



Scan the  
QR code  
to donate

## 1. Quality Education



SDGs: **1** **4**

Mr Price Foundation's approach to addressing education needs is to avert dependency and capacitate schools by upskilling educators and school management. Given that it is in the early foundational years that the basis for successful continued education is formed, and that early education deficits are costly to correct in later years, Mr Price Foundation focuses on the early years of schooling.

The foundation's EduRise programme upskills and mentors school management and educators in selected lower socio-economic

primary schools across South Africa. The programme includes schools in the Hammarsdale and Tongaat communities. These are key communities with the group's DC being in Hammarsdale and the proximity of the group's Durban head office to Tongaat.

In delivering the EduRise programme, Mr Price Foundation partners with the South African National Department of Basic Education (a function of government), as well as private education-related partners such as The Unlimited Child, WESSA, Sportstec, Creative Madness and JET Education Services.





## 2. Youth Development

SDGs: **1** **2** **3** **4** **8** **10**

The group's objective of enabling youth to bridge the gap between education and generating income through employability and entrepreneurship, is implemented by Mr Price Foundation's JumpStart and HandPicked programmes.



The JumpStart programme equips unemployed youth with sought-after retail and manufacturing skills to help unlock career potential in the retail and manufacturing value chain. JumpStart provides youth with targeted training in areas of production, pre-production, professional retail, and retail frontline training, among others.

The programmes blend industry-specific theory with life skills and work experience to ensure youth are genuinely prepared for the working world. In the reporting period 4 933 youth benefited from the JumpStart programme. During the reporting period 4 330 JumpStart participants (3543 by the group; 312 by programme partners and 475 elsewhere), which equates to over 87.7%, were successfully employed as a consequence of the programme.



Mr Price Foundation historically only developed the skills of youth for formal employment in the retail value chain. Given the lack of formal job opportunities, the HandPicked agricultural skills development programme was formed with the aim of connecting unemployed youth and communities with sustainable, entrepreneurial opportunities in agriculture.

The foundation is seeing valuable early results from this CSI programme, with youth and communities generating sustainable income through farming and the added benefits of growing more food, closer to markets, using less scarce resources.

In delivering the JumpStart and HandPicked programmes, Mr Price Foundation partners with Catalyx Foundation and Freshlife Produce.



HandPicked

LEAPS ONTO ROOFTOPS^

## CaseStudy



Mr Price Foundation's HandPicked programme, in partnership with Redefine Properties, took a leap into new territory in FY2023. On 23 November 2022, it launched HandPicked CityFarms Kenilworth Centre: the first retail urban rooftop farm in the Western Cape.

This agriskills development project is training two unemployed youth from the nearby Langa community each month, creating 24 agripreneurs a year. In the first phase of the project, 1 152 herbs and vegetables will be planted under tunnels on the Kenilworth Centre rooftop; expanding to 11 136 plants by the end of Phase 3.

Anelisa Keke, Chief Sustainability Officer at Redefine Properties, the landlord of Kenilworth Centre, said: "We believe this project will set an example of how landlords can change the way retail properties are managed and developed so that lives, communities and the environment are impacted positively."

HandPicked CityFarms Kenilworth Centre is poised to offer youth from Langa, who are often excluded from the formal

economy, an opportunity to become agricultural entrepreneurs and break away from poverty and hunger. Growers will be directly linked to agroprocessing in Langa, creating a circular economy that stimulates economic opportunities and promotes local food security.

iKhaya Le Langa, a Langa-based organisation that produces a chilli sauce called iChilli Le Langa, will utilise the offtake of crops such as chillies. Restaurants at Kenilworth Centre can also purchase fresh produce from the farm; and kiosks will be allocated to sell produce to mall customers. A portion of the crop will also be donated to local NGOs each month.

Cape Town executive mayor Geordin Hill-Lewis, who attended the official launch, said: "What a wonderful way of building a truly circular economy, and involving the most excluded and often poorest communities in our city into the agricultural value chain, turning people who are otherwise unemployed or underemployed into productive farming entrepreneurs."



3. Associate Wellbeing and Development

SDGs: 8 10

The sustainability objectives of associate wellbeing, development and engagement are achieved by the group’s People Centre of Excellence through the implementation of its People strategy aligned to the group’s vision and strategy (including the sixth strategic pillar of Sustainability). The group’s People vision is: ‘to be the most attractive retail employer in Africa’.

The elements of the group’s strong culture that are a strategic differentiator and support the achievement of the vision are:

- Values of Passion, Value and Partnership
- Hiring for attitude and training for skill
- A place where ordinary people do extraordinary things
- Creating opportunities where associates can build successful careers
- The value of “homegrown” talent, using external talent to address gaps in emerging capabilities, scarce and diverse skills
- Working with people who are passionate about the group’s business, treating each other like family

The People strategy focuses on three priorities that will make the biggest contribution to the achievement of the group’s vision, being:

- Build capacity to execute strategy (pages 161 - 163)
- Attract, develop and retain critical skills (page 165)
- A transformed organisation with an inclusive culture (page 166)

The above priorities also align to what key stakeholders consider important focus areas for a function that is positioned to support business sustainability through associate wellbeing and development.

3.1 BUILD CAPACITY TO EXECUTE STRATEGY

3.1.1 Leadership capability enabling a connected associate experience

An important and dynamic relationship exists between customer experience, associate experience and leadership. The business is obsessed with customer experience, which is largely delivered by frontline associates, as well as the experience that associates have. Associates experience the organisation through their leaders, who are the main drivers of culture. Leaders can unlock value if they have the right skills and are empowered, hence the focus on developing these skills.

3.1.2 Leadership development

LEAD is a transformational leadership programme that supports leaders in gaining better self-insight through Enneagram, connecting with purpose and values, building high performing teams, leading purposeful teams and having a positive and impactful leadership presence. In FY2023, 65 senior leaders were inducted into the LEAD programme and 48 graduated, while 13 LEAD associates were promoted. Since inception in 2018, excluding the current cohorts, 235 senior and succession delegates have attended LEAD, with 176 leaders completing the programme (75%). Leadership Essentials and Wholesale & Retail SETA (W&R SETA) leadership programmes have played an important role in supporting leaders at different points of their leadership journey. In FY2023, 578 leaders participated in various Leadership Essentials courses (aimed at first time leaders), three senior leaders are completing the prestigious International Leadership Development Programme (ILDLP), while 45 leaders are enrolled in the Retail Management Development Programme (RMDP). Both programmes are sponsored by the W&R SETA. Insights gained from these leadership programmes build competence in leaders, which contributes to creating an environment where associates can be supported on their own journey.

3.1.3 Connect framework

The framework was designed in 2020 to equip leaders with tools to effectively engage their teams, without creating bureaucracy.



- *Connect Conversation* was the first part of the framework to be deployed. This is where leaders connect individually with every team member around career aspirations, development and required support. These conversations were extended to stores, with an overall participation rate of 85%^.
- *Stay Connected* was the second part of the framework to be deployed, reinforcing the principle of “always-on” feedback and recognition, with regular check-ins between leaders and their teams. This is the glue that binds the elements of the framework together. Leaders understand the framework and the value created by focusing on what is important to associates and their development.
- The organisation is preparing to launch *Team Connect* in the beginning of the new financial year. *Team Connect* will focus teams on understanding team and individual KPIs, how they align to the group and divisional strategies, and include regular feedback aligned to the *Stay Connected* process. KPIs are generally well cascaded and communicated from the group to divisions and teams. This practice is well-established in merchant and operations areas and *Team Connect* is aimed at ensuring consistent application across divisions and all other departments.
- *Leader Connect* is the last part of the model that will be deployed later in the new financial year. This is the leadership DNA that has been designed at the back of the group’s DNA designed a few years ago. The Leader DNA communicates clear behavioural expectations to leaders and ways to positively impact the associate experience to support a thriving culture and realise the group’s bold vision.

3.1.4 Associate engagement

A group-wide engagement survey was completed in FY2023, the first engagement survey in five years. The survey was based on Gallup’s construct of employee engagement, with an additional dimension included to measure the understanding of the group’s vision and communication. The results were pleasing, with a response rate of 89% and an overall group engagement score of 77%. Of the respondents, 91% would recommend Mr Price Group as a great place to work (Net Promoter Score) because of career opportunities and supportive line manager relationships.

Focus groups were conducted to understand the results and where improvements were required. Reviewing the most favourable responses, associates are clear about what is expected of them, they have the tools to do their job and the opportunity to use their strengths, and they work with colleagues who are committed to producing quality work. These are good foundations to support a high-performing organisation. The scores of the least favourable statements were also high but it is important to continuously improve elements that were rated lower than others.

MOST FAVOURABLE STATEMENTS

- I know what is expected of me at work
- I have the necessary tools to perform my job well
- I have the opportunity to use my strengths every day
- Others are committed to doing quality work

LEAST FAVOURABLE STATEMENTS

- In the past month I have received recognition
- I have someone to confide in
- My ideas and opinions are considered
- In the past six months I have connected with someone on my progress

The focus groups helped identify key focus areas, and following consultations with various stakeholders it was decided that leadership was a priority group-wide theme. The opportunity areas were recognising associates informally, being open to suggestions and career development. Associates were also the first to acknowledge the constraints that leaders were working within as they were balancing the demands of their leadership roles. The main group action was to re-socialise the Connect Framework and make progress on the other elements of the framework as mentioned above. The engagement survey will continue to be conducted on an annual basis to guide activities to support positive associate engagements.



3.1.5 Associate wellbeing

The last three years have posed a number of challenges to associates, including COVID-19, civil unrest, flooding in KwaZulu-Natal and inflationary pressures as a result of a struggling economy. These have heightened the need for a holistic and integrated wellbeing strategy. The strategy covers all elements of wellbeing, including programmes positioned to support associate’s physical, mental, financial and social wellbeing. This is viewed as a worthwhile investment as it contributes to the group’s culture of caring, engagement and high performance. The role leaders play is important as they provide a psychologically safe environment to associates, while focusing on their own wellbeing and modelling positive behaviours to their teams.

- The group’s Employee Assistance Programme, known as AskNelson, offers financial, legal and emotional wellbeing support services to associates and their immediate family and can be accessed 24/7. These services are tracked by division, ensuring that group and divisional needs and themes are addressed. The service has been extended to Power Fashion and Yuppiefchef. Each division has wellbeing champions whose role is to ensure initiatives are relevant to associates. Utilisation of AskNelson has increased from 13%^ to 21%^, with awareness sessions facilitated as part of the wellbeing strategy.
- The flexible work policy remains in place at head office. Associates, depending on their role, can choose a place and/or time of work, within provided guidelines. The policy has been well received, as it provides levels of flexibility to associates without compromising their contribution and performance.

Flood relief - associate support

The floods in the KwaZulu-Natal region and some parts of the Eastern Cape had a severe impact on communities and property which led to a state of disaster declaration for the province. This was a difficult period for the group’s head office, store associates and their families. Several people lost their homes and loved ones, others were left without water, electricity or general access due to damaged roads. The group provided support to impacted associates and their families by:

- Providing funds to secure care packages for impacted associates and their families
- Additional support in the form of a once-off ex-gratia payment R15 000 (after tax) was made available to the group’s associates who lost their homes (partial or complete loss) or furniture in the floods
- Care packages were delivered to stores of impacted associates
- Associates were encouraged to donate non-perishable food items, clothing, blankets and books. These items were made available to families who were impacted
- The DC logistics team assisted with the packing and distribution of food packages
- Counselling and related professional support was provided through AskNelson and is still available to those who need it



3.1.6 Organisational Health Index

The role of leadership in creating a positive associate experience cannot be over-emphasised. Leaders contribute to the overall health of their teams, divisions and broader organisation. While it is easy to understand the financial health of an organisation by reviewing financial statements, it is not always easy to understand organisational health from a people perspective.

The organisational health dashboard was designed, carefully identifying measures that would be best suited to provide an early perspective on the health of the organisation, ensuring that each of these measures could be tracked at divisional and group levels. The year was used to refine these and prepare for the dashboard to be extended to divisions. This has been an important way of focusing the organisation on key metrics that contribute towards a healthy organisation. An overview of the metrics and performance for FY2023 is included below, with quarterly tracking and reporting mechanisms in place.

Measure	FY2023 Performance
Associate engagement	<div></div>
Net promoter score	<div></div>
Associate wellbeing	<div></div>
Types of stress	<div></div>
New hire turnover	<div></div>
Regrettable losses	<div></div>
Critical vacancies	<div></div>
Ethics hotline*	<div></div>
Annual leave taken	<div></div>

The overall rating indicates areas that require improvement. Each of these have detailed plans created to contribute to a thriving organisation. For further detail on **Ethics** , see pages 172 - 173.

\*Inclusive of HR grievance-related calls

3.1.7 Group organisational structures are designed to facilitate execution of group strategy

This is a new capability that is necessary due to the existing operating model no longer being fit for purpose to serve the growth ambitions of the group. Capacity is being created at group level and in divisions to ensure teams are optimally configured in line with the group’s value model, without negatively impacting the wellbeing of associates and compromising the group’s ability to achieve its goals. Once an optimal base to support this strategy cycle is established, it will cease to be a focus area although periodic maintenance may be required. The group structure was designed with the DNA in mind, supported by group operating principles.



### 3.2 ATTRACT, DEVELOP AND RETAIN CRITICAL SKILLS

The group makes an intentional distinction between critical and general skills. The process of managing general skills will focus on fair and standardised processes and practices that work and can be managed by divisional resources. Critical skills as defined by the group and a best-in-class approach will be adopted, where the group is viewed as an employer of choice by this talent. The group embarked on a journey in FY2023 to further enhance talent practices in support of the philosophy of “hiring for attitude and training for skill”. Post COVID-19, there have been significant shifts in the talent landscape, both within the organisation and in the broader industry. The needs and expectations of talented people are continuously shifting, requiring an ability to adapt as an employer in order to attract and retain top talent.

Key highlights for the reporting period were:

- **Onboarding.** Deployed a refreshed group onboarding programme that supports the culture with the aim of re-engaging and connecting associates with the group’s vision, purpose and values, including ways of working. The content was developed in-house and deployed online with 80%^ of all existing associates successfully completing the training and obtaining the minimum pass rate of 75%^ . This forms part of mandatory induction for new hires. Videos with the group’s founders helped associates connect with their vision when they started the business in 1985, including connecting with their ideals at the time, which are still very much part of how the business is run. This onboarding programme preserves the group’s story and supports the culture that is so important to the success of the group, underpinned by the values of Passion, Value and Partnership – which guide all actions leaders and associates take.
- **Talent identification and succession management.** This was an area of greater focus, in the context of the group’s organisational design. Two key talent identification processes are High Potentials (HiPo) (linked to high potential talent) and Watchlist (linked to emerging talent), combining insights from leaders and objective data derived from assessments and other performance indicators. The focus for these groups has been on delivering their development plans as well as creating engagement opportunities with executive leadership. The succession planning process was enhanced, including refining some of the assessments used and ensuring that discussions are based on objective/identifiable competencies and behaviours. The opportunities created by the new organisational design were all filled internally, pointing to strong succession. The focus in this area will continue, with the view to create more diversity among individuals on succession plans.
- **Talent attraction.** A review and update of the group’s ‘employer value proposition’ commenced in FY2023, in support of attracting and retaining top talent aligned to their shifting expectations. A sourcing model was incorporated into the talent acquisition function to focus on attracting and securing critical skills. This approach is already bearing fruit as time to fill and quality of candidate measures continue to improve.
- **Talent development.** Merchant skills are critical retail capabilities which are prioritised. The Trainee Planner Development Programme, including competencies, was updated to realign with changes in the business ways of working necessitated by the implementation of the enterprise resource planning system. In FY2023, 33 merchant trainees were promoted (79% African, 3% coloured, 9% Indian and 9% white), in line with the group’s transformation goals and 48 new trainees were inducted. A new course in the curriculum will be deployed in FY2024, which includes commercial levers to deliver the strategy. The Store Leader Development Programme was updated to include a new customer experience selling skills course. This is in line with the goal of integrating brand promise and customer obsession in front-line training programmes. All development programmes are aligned to the group’s culture, values and DNA, which is the golden thread.
- **Learnership programmes.** Learnerships support associates who did not have an opportunity to obtain a qualification and unemployed young people. The benefit of being in retail is that barriers to entry are low. Associates with a matric can take up entry level roles and through programmes like these have the opportunity to build fulfilling careers. These programmes support the reduction of youth unemployment, which is a scourge in South Africa, with 63.9%^ of 15 to 24-year-olds and 42.1%^ of 24 to 35-year-olds unemployed, according to Stats SA Q1 2022 Quarterly Labour Force Survey. In the 12-month period, 890 employed associates participated in learnership programmes, representing a 107% increase in participation. In addition, 312 unemployed learners took part in a learnership, a 152% increase on FY2022. Of 235 associates who successfully completed their learnership and were deemed competent, 56% (132) were youth (aged 18 to 35). In addition, 99% of learnership graduates are from previously disadvantaged groups and 85% of unemployed learners were African. In FY2023, 19 learners progressed into management positions following successful completion of learnerships, 18 historical delegates on RMDP progressed from store-based roles to regional roles, and five senior leaders were promoted into directorships following their successful completion of the ILDP.

Over the past 10 years, over 2 000 associates have participated in learnership studies. There are numerous stories of associates from previously disadvantaged groups that started in the business on a casual basis and progressed to management positions within the group: from packer to leadership team member.

These associates came from humble beginnings, sometimes being the first individual from their family to obtain a nationally recognised qualification. Skills programmes have far-reaching social and economic impact, often extending beyond the participating associate. The following stories illustrate some of the associates’ journeys.

## Success Stories



### Lenesh Singh

is Mr Price Group’s Head of Supply Chain Integration. He began his journey in the distribution centre as a casual worker, tasked with cleaning the warehouse and unpacking trucks. Lenny has successfully completed the NQF 5 Generic Management learnership, the Executive Leadership Development Programme, and the prestigious International Leadership Development Programme.

These skills programmes have empowered Lenny to grow his teams, to share the knowledge gained and add value to the group at scale.



### Sthabiso Chris Khumalo

began his journey as a candidate on the very first Mr Price Foundation JumpStart intake and then became junior store associate. After completing the NQF 4 Generic Management learnership qualification, he was promoted into a management role. Sthabiso now heads up one of the Top 20 Mr Price stores in South Africa, as an independent manager.

Sthabiso attributes his team’s success to development opportunities, hard work and stretch exercises that foster growth.



### Angie Mohammed

began her journey as a store casual worker. She is now an area manager for Mr Price Sport. Angie successfully completed the Retail Management Development Programme (NQF 6) and the International Leadership Development Programme (NQF 8), and holds an Advanced Diploma in Business Management. She is a firm believer in the power of education to develop her teams and to improve the living standards of South Africa’s citizens.

As such, Angie continues to invest her time, knowledge and resources in people development, and is responsible for over 30 management promotions at Mr Price Group.

### 3.3 A TRANSFORMED ORGANISATION, WITH AN INCLUSIVE CULTURE

The group’s approach to transformation, including diversity, equity and inclusion, employment equity, workforce profile and B-BBEE is under the **Transformation** section of this report on pages 174 – 176 and the code of conduct is available on the group’s website [www.mrpricegroup.com](http://www.mrpricegroup.com).

### 3.4 CODE OF CONDUCT

The group’s code of conduct is a reflection of its commitment to internal and local labour legislative requirements. This commitment is centred around supporting human rights, freedom of speech and association, as well as broader diversity, equity and inclusion. This is a commitment to the group’s associates and partners who are important to the success of the organisation. Further information on **ethics** is on pages 172 – 173.



Code of Conduct	
Key element	Key policies and actions
Associate relations	<ul style="list-style-type: none"> <li>Treating all associates fairly is at the heart of the group's values. The group is committed to a workplace free from discrimination, compliant with relevant labour laws, with open communication between managers and associates. This enables workplace grievances to be avoided or speedily resolved.</li> <li>Over the last financial year, approximately 29 associates were impacted by reorganisation and new ways of working.</li> <li>The group's default response is always to explore alternate positions for affected associates subject to appropriate skills and experience.</li> </ul>
Child labour prevention	<ul style="list-style-type: none"> <li>Child labour is unacceptable across the group's areas of operation.</li> <li>Suppliers are required to ensure there is no child labour in their businesses.</li> <li>Partners shall not recruit child labour.</li> <li>Partners shall develop or participate in and contribute to policies and programmes which provide for the transition of any child found to be performing child labour to enable him or her to attend and remain in quality education until no longer a child.</li> </ul>
Forced labour	<ul style="list-style-type: none"> <li>The group's commitment to ethical workplace practices is reinforced in the code of conduct which states that involuntary labour of any kind shall not be used, including prison labour, debt bondage or forced labour by an external authority.</li> <li>Associates are not required to lodge "deposits" or identity papers and are free to leave their employment after giving the required notice (or reasonable notice where a period has not been agreed or stipulated).</li> <li>The group expects its partners to treat their employees in the same manner.</li> <li>Lockouts are prohibited and associates and employees of partners may not be prevented from leaving any place of work under reasonable circumstances or the conclusion of the official shift.</li> </ul>
Freedom of association	<ul style="list-style-type: none"> <li>The group complies with all applicable legislation and regulation regarding associates' freedom of association and engages with associates on an ongoing basis to foster and maintain open and honest relationships that allow associates or associate representative groups to liaise directly with management on matters that affect them.</li> <li>The group expects its partners to comply with all applicable legislation and regulation regarding freedom of association in respect of their employees and to ensure that the factory workers in their supply chains are afforded the same rights.</li> </ul>
Collective bargaining	<ul style="list-style-type: none"> <li>The group subscribes to the values of the South African Constitution and labour laws. Collective bargaining is part of the labour laws and this process is respected by the business.</li> </ul>
Excessive working hours	<ul style="list-style-type: none"> <li>All overtime shall be voluntary and must be applied responsibly, taking into account the extent, frequency and hours worked by individual associates/employees of partners and the workforce as a whole. Overtime must not be used to replace regular employment.</li> <li>Associates/employees of partners shall be provided with at least one day off in every seven-day period or, where permitted by national law, two days in every 14-day period.</li> </ul>
Reduction of excessive working hours	<ul style="list-style-type: none"> <li>Overtime is managed within the confines of what is acceptable in law.</li> <li>The group's approach is to limit overtime where possible.</li> <li>This includes the Dayforce labour scheduling system which allows the group to monitor and oversee overtime.</li> <li>The wellbeing and health of associates is an important part of how the group conducts business.</li> </ul>
Company policy on labour standards	<ul style="list-style-type: none"> <li>The group is committed to and aligns itself with the principles of the International Labour Organisation (ILO) and the ETI Base Code as well as the United Nations Global Compact Principles. It operates across vast geographic locations in Africa and internationally with suppliers, and both of these may include areas where social, economic and political factors put human rights and a fair and healthy work environment at risk.</li> <li>It therefore commits to engage with its partners to resolve any issues it identifies in respect of child labour, forced labour, excessive hours, minimum wages and any other human rights violations, to ensure that as a good corporate citizen it supports the communities in which it operates.</li> </ul>
Risk assessment on labour issues	<ul style="list-style-type: none"> <li>The group conducts regular risk assessments on labour issues and has not received any issues for reporting.</li> </ul>
Action taken to address any non-compliance to labour laws	<ul style="list-style-type: none"> <li>No non-compliance to labour laws have been reported in the group. The group remains fully committed to complying with all labour laws in any country where it has a presence.</li> </ul>

Code of Conduct	
Key element	Key policies and actions
Disclosure non-compliance to labour and action taken	<ul style="list-style-type: none"> <li>No non-compliance has been noted or reported. In the event of non-compliance, the group will take immediate corrective action to remedy the non-compliance.</li> </ul>
Occupational health and safety	<ul style="list-style-type: none"> <li>Occupational health and safety remain a priority in the group and is monitored and audited. During the year, there were no material occupational health and safety issues reported.</li> <li>A designated person is appointed across group operations to ensure each site is safe and all safety protocols are implemented.</li> <li>The group's health and safety committee has representatives from different divisions and departments and meets quarterly to discuss and review safety measures.</li> </ul>
Safety compliance	<ul style="list-style-type: none"> <li>The total number of Mr Price Group employees trained on health and safety annually is 1 940<sup>^</sup>. This total number is made up as follows:  <b>Mr Price Group – 1 566</b>  <b>Power Fashion – 302<sup>^</sup></b>  <b>Yuppiechef - 72<sup>^</sup></b> </li> </ul>

## Quantitative Indicators

### FY2023 Quantitative People Related Indicators

Indicator	Type of KPI (strategic/quantitative/qualitative/ESG code)	Group Strategic Pillar	People Function	Mr Price Group (incl PF/YC/Studio 88)	MRP	PF	YC	Studio 88
Safety compliance (number of Mr Price Group staff trained on health and safety annually)	Quantitative (SHS13)	People	Employee Relations	1 940 <sup>^</sup>	1 566	302 <sup>^</sup>	72 <sup>^</sup>	0
% Temporary staff complement	Quantitative (SLS25)	People	Group HR Data	9.0%	8.8%	1.2%	1.4%	12.5%
Hours per associate spent on training and development	Quantitative (SLS26)	People	Learning & Development	19.5	26.4	12.6	12.7	0.0
Permanent staff turnover rates	Quantitative (SLS24)	People	Group HR Data	19.4%	20.0%	32%	28%	13%
Disclose non-compliance to labour and action taken (number of incidents)	Quantitative (SLS21)	People	Employee Relations	0	0	0	0	0
% of Personal development plans in place (top and senior management occupational levels)	Quantitative	People	Talent Management	70%	70%	70%	0	0

Total Learning Hours	
FY2022 – 384 918	79% increase in digital learning
FY2023 – 610 974	
(56% increase)	



Investment in Learning and Development	FY2023	FY2022	Variance
Investment in learning and development	61 562 904.5	55 766 561.4	5 796 343.1
Total annual number of hours allocated to learning	610 974.1	384 918.0	226 056.1
Average learning and development days per person	2.4	2.3	0.1
ACI individuals as a % of total participants in learning and development (excluding Studio 88)	94.4	94.4	0.0
Females as a % of total participants in learning and development	70.7	74.1	-3.4
ACI as a % of total associates trained through e-learning (excluding Studio 88)	94.6	96.4	-1.8
ACI associates as a % of associates in learnerships (excluding Studio 88)	98.5	98.1	0.4

Future focus areas

With the People strategy in place, the focus will be on implementing this. In addition to what has already been covered in this section the following projects are planned:

- Organisational design rollout as required
- Implementing Oracle Human Capital Management System
- Transformation and leadership focus, in line with group values
- Review of remuneration practices, in line with new job grading system
- Light-touch approach in the support provided to acquisitions

4. Social Value Chain Development

SDGs: 8

Social responsibility

The group recognises its role to both implement and monitor socially responsible practices in the value chain. This requires collective efforts between the group’s Sustainability Centre of Excellence, the various trading divisions and suppliers to ensure sourcing and production practices are undertaken in a considered and responsible manner.

The primary aim of the group’s activities in this area is to develop a socially responsible and compliant value chain. Through the group’s code of conduct which incorporates the ETI Base Code and a continuous improvement model to embed practices that ensure workers’ fair treatment it promotes decent work (SDG 8). The group continues to monitor and encourage suppliers to uphold social and ethical compliance in line with the code of conduct. The complexity of diverse global supply chains presents many potential risks and impacts, both in the social (human rights) as well as environmental areas, including modern slavery.

Modern slavery in the form of human rights abuses includes forced, bonded, child, and other exploitative labour circumstances which occur in global supply chains. The prevalence of this is exacerbated by migrant labour vulnerability issues, unauthorised subcontracting and poor visibility into the full nature of active supply chains. Uncovering and fighting modern slavery is challenging across all industries and the group continues to focus on supplier visibility, auditing social and ethical compliance, and monitoring corrective actions as a practice to actively pursue risk mitigation in its apparel and homeware value chain.

Practices to enable this include:

- New suppliers are required to comply with the group code of conduct, and are contractually bound to do so
- New suppliers are required to submit a valid compliance audit with a medium-low risk rating

- Existing factories are required to submit a social compliance audit (from an approved standard) on an annual basis and those with a low-risk rating are required to submit a valid audit every two years
- Audits are captured, a risk rating allocated, and corrective actions are communicated to the relevant supplier with remediation deadlines, which are only closed out once satisfactory proof of remediation is received
- Contractual recourse is enforced should suppliers fail to remediate critical non-compliances

Many of the concerns that continue to affect workers in some producing countries are systemic and are thus better addressed as part of a collective. It is for this reason that the group is an active member of the ETI to better understand areas of greater risk and industry best practice in monitoring and educating suppliers, as well as dealing with negative impacts encountered in global supply chains. Through the incorporation of the ETI base code in the group’s code of conduct and the adoption of a continuous improvement approach with suppliers, the group promotes the fair treatment of workers.

In the year under review the group’s continued efforts in value chain social compliance resulted in the following achievements and improvements:

- 97.6% visibility of manufacturing sites\*
- 82.4% of factories with valid factory audit (up from 74.2% in FY2022)
- 29.4% of all factories audited in a low-risk category (7.8% improvement from FY2022)
- High risk factories reduced by 7.7% to 67.0%
- 92.8% of factories are critical health and safety compliant

\*Excludes brand and stock buy suppliers.





### Factory visibility and compliance monitoring

In FY2023, the group achieved 97.6% visibility of manufacturing sites, amounting to a total of 1 189 manufacturing sites, with 82.4% of the sites audited.

Visibility of manufacturing sites include first and second tier suppliers that are contracted for production. Branded suppliers account for 17.12%, stock buys 2.7% and transitional suppliers 0.9% of the total transitional suppliers represent suppliers that are in the process of being onboarded but have not yet completed all compliance requirements.

The expectation of branded suppliers is that social compliance policies and standards exist, which includes practices to measure and monitor the relevant standards. Branded suppliers are required to provide the group with written social compliance assurance. Due to the nature of stock buys, visibility of manufacturing sites is not possible. This however accounts for a marginal percentage of the group's total product mix.

The objective of maintaining factory visibility is that it enables the effective monitoring of responsible practices in line with the ETI base code and the group's code of conduct. Effective auditing enables identification, prevention and mitigation of potential risks and adverse non-compliances. Negative impacts discovered through the audit process are addressed in corrective action plans and monitored through remediation until closure. The group's dedicated divisional sourcing and merchandise teams, together with the responsible sourcing working group, established in 2015, drive the implementation of responsible social practices, which include actively managing

supplier relations and compliance improvements, and ensuring that the primary responsible sourcing focus remains to lower the risk profile of the value chain. These activities have the objective of collaboratively developing a sustainable and competitive value chain. Economic value chain development is detailed on page 179 - 182 under the Sustainability section.

The principle approved organisations from which the group accepts audits are:

- Sedex Members Ethical Trade Audit (SMETA)
- Social Accountability International SA8000 Standard (SA8000)
- Amfori Business Social Compliance Initiative (BSCI)
- Worldwide Responsible Accredited Production (WRAP)
- Initiative for Compliance and Sustainability (ICS)
- ICTI Ethical Toy Program (IETP) Certification
- The Responsible Business Alliance (RBA) Validated Assessment Program (VAP)
- Responsible Jewellery Council (RJC) Code of Practices Certification
- QIMA MRPG Ethical Audit

During FY2023, an extensive exercise commenced into the systemic challenges that impact social compliance in the various countries from which the group sources. The purpose of the exercise was to understand the nuances of country risk, legislation and regulatory social compliance. The exercise included the revision of the group's Responsible Sourcing Framework, as well as adaptation of its risk rating configuration, to ensure alignment with industry best practice.

### Priority areas

The achievement of 82.4% factory audits conducted, allows for several key priority areas to be identified. These include health and fire safety, wages and labour legislation, and governance and business ethics risk categories.

#### Health and fire safety

The health and fire safety of factory workers is of primary importance which resulted in specific interventions targeted at prioritising critical health and fire safety non-compliances identified from compliance audits. This approach resulted in the group achieving health and safety compliance (no critical health and safety non-compliances) of 92.8% in FY2023.

#### Wage and labour

Continuation of the decent work and fair wages research conducted in FY2022 included a deep dive into product analysis to better understand the correlation between sourcing country legislative requirements, relevant systemic challenges, factory efficiencies, product standards and overall competitiveness. This pointed to key drivers and core competencies required to enable a balanced approach between competitiveness and social compliance. Moving forward the research insights will provide trading divisions with detailed information to consider when buying decisions are made.

### Governance and business ethics

Governance and business ethics focused on the nuances of supplier structures (companies and co-operatives) and the varied compliance requirements of these structures. The insights obtained have resulted in a developmental approach, where trading divisions will support suppliers to develop compliant governance structures in areas where improvement may be required.

The group's efforts across these priority areas and the insights obtained will be translated into social compliance corrective action requirements within the existing supplier development programme to implement appropriate training and development interventions with suppliers.

#### Grievance mechanisms

The group promotes the independently managed FairCall whistleblower facility via its website [www.mrpricegroup.com](http://www.mrpricegroup.com). This confidential service is available to anyone, including factory workers, and encourages them to report all grievances safely and anonymously. Social and ethical compliance audits comprise worker interviews, individually and in groups, which remain an integral and crucial component of the worker voice during the audit process. No reports of human rights violations, including child labour, were received via KPMG FairCall during the year. A breakdown of calls received by FairCall for the reporting period can be found on page 173.

### Ethical buying practices

Ethical buying training aims to equip buyers with the knowledge to understand the holistic impacts of purchasing practices. The group's training academy continues to prioritise the enhancement of merchants' knowledge of production, sustainable manufacturing processes and the impact of decisions during the critical path. Since inception the academy has trained a total of 874 merchants as follows:

- Buying Ethically: 608 delegates
- Introduction to Supply Chain: 257 delegates
- Supply Chain Interactive Game: 186 delegates
- Critical Path Management: 95 delegates
- Introduction to Sustainability: 494 delegates

# Ethics

Although covered under the ethics section of the committee report in accordance with its mandate, ethical behaviour is an indicator of the governance element of ESG principles. For further information on governance metrics, refer to the **board report** on pages 127 - 128.

The group's long-standing beliefs of Passion, Value and Partnership are lived out in every daily action. The beliefs are the foundation of ethical behaviour and leadership at Mr Price group and are at the centre of the group's ethical culture and DNA. These beliefs permeate all business activities from the vision, purpose and strategy at board level to everyday store activities. More information on ethical leadership is set out in the **board report** on pages 124 - 126.

The board which has ultimate responsibility for governing ethics, delegates ethics oversight to this committee, which sets the tone for an ethical culture and behaviour by approving the code of conduct and related policies. The committee assists the board by overseeing the group's conduct and approach to ethics by

ensuring that business is conducted in a manner which supports the group's intent to be a responsible corporate citizen. In turn, the implementation and management of ethics is delegated by the committee to management.

In addition, the committee has the statutory obligation to perform its duties in terms of the Companies Act and its mandate to monitor the group's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice.

The code of conduct formalises the group's stance on various ethical issues, includes and upholds the group's commitment to human rights, equal opportunity, fair treatment, forced and child labour, environment, and anti-bribery and corruption principles. The code of conduct is published on the group's website [www.mrpricegroup.com](http://www.mrpricegroup.com) and is incorporated into associate employment contracts and contractual arrangements with suppliers and other service providers. The whistleblower hotline, facilitated by FairCall and managed by KPMG, provides



a confidential and anonymous mechanism for associates and other parties to report non-compliance with the code of conduct.

The group compliance and ethics officer monitors ethical compliance and when necessary is supported by internal audit and external professional advisors. Annually, a declaration of code of conduct compliance process (including conflicts of interest matters) is undertaken across the business, from directors, associates at head office to store managers who engage with and could influence relationships with suppliers, service providers or professional advisors. The outcome is reported to the committee and the Audit and Compliance Committee (ACC) as part of its compliance oversight role. Any material ethical issues are escalated as determined by an escalation framework and investigated by the group compliance and ethics officer, and forensically investigated by external service providers if required. Following a review of associates' disclosure and management of conflicts of interest processes, identifying an electronic conflicts of interest system was a priority in FY2023. This will be implemented in FY2024. No material conflicts of interest were identified. For conflict of interest management at board level, refer to the **board report** on page 137.

Ethics-related matters are reported at the ESG Centre of Excellence board meetings, attended by senior management of trading divisions and other Centres of Excellence. This reporting includes statistics and trends regarding reported ethical issues,

results of the annual code of conduct declarations and other material ethics issues. Ethics and forensics matters reported via the FairCall hotline are investigated internally or externally as required, according to the escalation and investigation framework and these statistics are used to inform the group's organisational health index. According to the framework, non-ethics matters relating to human resources (HR) are referred to and investigated by the group's employee relations function and are reported at People Centre of Excellence board meetings. Following investigation, appropriate remedial action in respect of founded allegations is taken in terms of the group's disciplinary code. During the reporting period there were no material ethical or fraud issues which were founded, and no human rights violations were identified or reported. The committee is satisfied that matters reported during the period, including HR-related matters, were appropriately considered, reviewed, investigated (where necessary) and action taken in accordance with the relevant disciplinary codes, where complaints proved to be founded.

For the reporting period:

- 3 370 associates completed the annual code of conduct declaration (an increase of 30%)
- 352 calls were received through the FairCall whistleblower hotline with a total of 793 allegations
- 27 of non-HR allegations were valid
- 241 of HR allegations were found to be valid
- 88% of calls received relate to HR matters
- Four forensic reviews undertaken



# Transformation

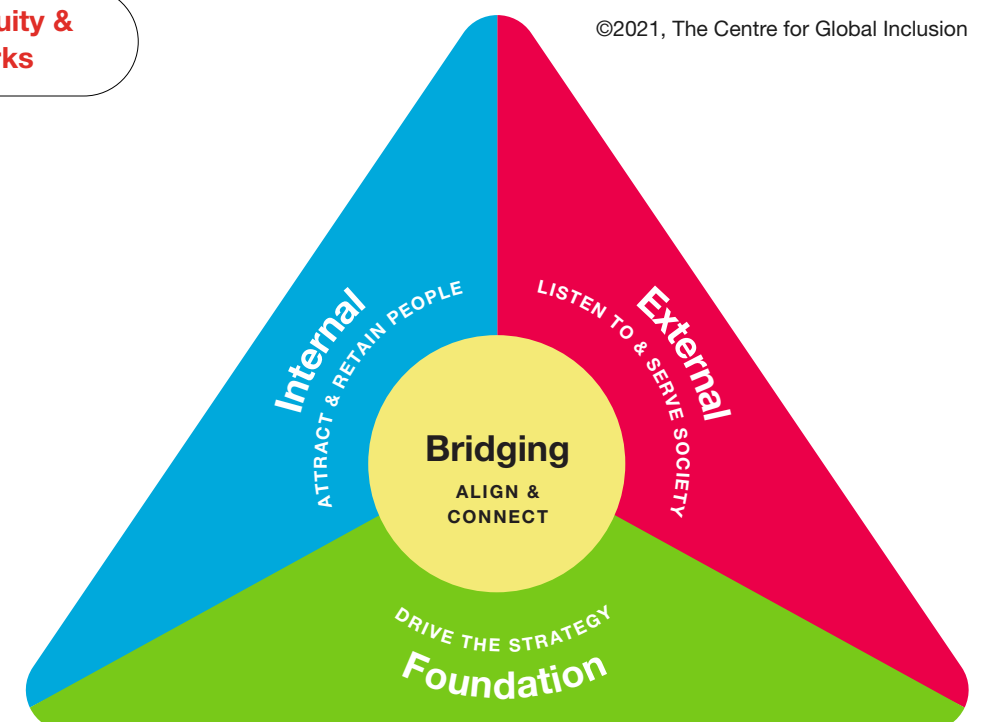
Transformation remains an area requiring greater focus in the organisation. The previous year's focus was on strengthening the foundation by developing a transformation vision and strategy and driving greater leadership accountability and structures. As a result, an executive level Transformation Committee (chaired by the CEO) has been formed to set direction and monitor progress.

The framework used by the group is a global one that covers all elements, supported by well-researched global benchmarks.

## Global Diversity, Equity & Inclusion Benchmarks

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- Recruitment  
Advancement  
Compensation  
Benefits & Flexibility
- Community  
Services & Products  
Marketing  
Responsible Sourcing
- Vision  
Leadership  
Structure
- Assessment  
Communications  
Learning  
Sustainability



### KEY ETHICS FOCUS AREAS | FY2023

- Ongoing ethics training and awareness of code of conduct and other related policies to all head office associates and store managers including acquired businesses
- Updated and obtained approval for the ethics escalation and investigation framework based on the revised process to investigate ethical matters
- Continued awareness and management of conflicts of interest
- Identified appropriate conflicts of interest management system as recommended by internal audit

### FUTURE ETHICS FOCUS AREAS

- Continued integration of acquired businesses with the code of conduct and other related policies
- Conduct training on anti-bribery and corruption and fraud risk management to head office associates
- Implement conflicts of interest management system and conduct training for HR and senior management



## Advantages of Using the Global Diversity, Equity & Inclusion Benchmarks

- Using benchmarks takes the guesswork out of transformation and increases the likelihood of more sustainable change taking place
- Fifteen categories, organised into four groups, cover the important elements that need to be addressed to create a world class diversity, equity and inclusion initiative
- Each category is divided into five levels, with the benchmarks at Level 5 considered best practice. Most organisations will need to address all the foundation and bridging categories
- Organisations may be more selective about which of the internal and external categories to address. Addressing all 15 categories is the most comprehensive and systemic approach
- This is a journey that needs to be well-crafted and requires courage

## Key Achievements to Date

- Transformation workshop conducted in July 2022 to identify gaps, using the global diversity, equity and inclusion model
- Transformation manager appointed, providing specialist capabilities to support the group's ambition in this area
- Transformation committee established, and chaired by the CEO
- Transformation workshop held to create the group's transformation vision, strategy and framework
- Change champions identified and engaged across divisions
- Transformation forms part of leadership KPIs (driving accountability)
- Approval of transformation vision, strategy and budget by the executive committee and board

## Employment Equity

The group has experienced growth in the number of African, coloured and Indian (ACI) associates in the top three occupational levels, namely top management, senior management and professionally qualified. This milestone is the result of an intentional focus on recruiting and promoting ACI candidates in line with the group's transformation strategy. Some contributing factors to this success are:

- Executive leadership involvement in implementing and supporting employment equity goals
- Accountability for executive leadership, including KPIs aligned with employment equity goals
- A diverse and inclusive employment equity committee
- A transformation committee chaired by the group CEO is mandated to lead the achievement of the transformation strategy, which includes employment equity goals
- Transformation champions forum formulated to be change leaders
- Ensuring that all associates are included in driving employment equity and transformation

Despite the fact that ACI actuals far exceeded the ACI targets set in the FY2022 employment equity plan, there is still an African representation gap. The ACI movement for FY2023 demonstrates a significant step forward.

ACI Achievements FY2023	ACI New Hires	ACI Promotions
Mr Price Group incl Power Fashion	99%	96%
Mr Price Group incl Power Fashion HO	98%	99%
Mr Price Group incl Power Fashion stores	99.6%	75%
Mr Price Group excl Power Fashion	99%	95%
Power Fashion	99.6%	99%
Yuppiechef	83%	41%
Studio 88	99.7%	91%

The employment equity committee, comprising top management, senior management representation and critical and core positions across the group, meets quarterly to discuss progress towards employment equity goals. The committee's purpose is to identify and recommend steps to overcome affirmative action barriers, ensure adherence to relevant legislation and support the achievement of the group's transformation journey.

The profile headcount tables below (which include Power Fashion, Yuppiechef and Studio 88) reflects progress made in FY2023 at these levels. The group's total staff complement is 82% African, 11% coloured, 4% Indian and 3% white. While the total workforce profile is closer to reflecting the demographics of the country, there is an opportunity for improvement at senior and top management levels.

### Mr Price Group (RSA operations) workforce profile headcount - March 2023

Occupational Levels	Male				Female				Foreign Nationals		Total	Total White	Total ACI	Total ACI Female
	A	C	I	W	A	C	I	W	Male	Female				
Top management	1	0	2	12	1	0	0	3	0	0	19	15	4	1
Senior management	15	4	18	54	9	6	9	67	0	3	185	124	61	24
Professionally qualified	160	22	81	124	102	36	98	159	7	8	797	298	499	236
Skilled technical	1257	139	159	87	2209	494	310	294	9	8	4966	398	4568	3 013
Semi-skilled	6502	493	81	23	11552	1585	292	58	9	29	20624	119	20505	13 429
Unskilled	100	13	0	0	49	3	3	0	16	2	186	18	168	55
<b>Total permanent</b>	<b>8035</b>	<b>671</b>	<b>341</b>	<b>300</b>	<b>13922</b>	<b>2124</b>	<b>712</b>	<b>581</b>	<b>41</b>	<b>50</b>	<b>26777</b>	<b>972</b>	<b>25805</b>	<b>16 758</b>
Temporary employees	780	109	10	10	976	173	8	10	7	2	2085	29	2056	1 157
<b>Grand total</b>	<b>8815</b>	<b>780</b>	<b>351</b>	<b>310</b>	<b>14898</b>	<b>2297</b>	<b>720</b>	<b>591</b>	<b>48</b>	<b>52</b>	<b>28862</b>	<b>1001</b>	<b>27861</b>	<b>17 915</b>
ACI as % of total	Male 36%				Female 64%				Total ACI 97%					

### Mr Price Group (RSA operations) workforce profile disabled headcount only - March 2023

Occupational Levels	Male				Female				Foreign Nationals		Total	Total White	Total ACI
	A	C	I	W	A	C	I	W	Male	Female			
Top management	0	0	0	0	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified	1	0	0	1	0	0	0	0	0	0	2	1	1
Skilled technical	1	0	1	2	2	2	0	1	0	0	9	3	6
Semi-skilled	11	0	0	0	13	3	3	0	0	0	30	0	30
Unskilled	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total permanent</b>	<b>13</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>15</b>	<b>5</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>41</b>	<b>4</b>	<b>37</b>
Temporary employees	140	26	0	0	9	0	0	0	0	0	175	0	175
<b>Grand total</b>	<b>153</b>	<b>26</b>	<b>1</b>	<b>3</b>	<b>24</b>	<b>5</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>216</b>	<b>4</b>	<b>212</b>
ACI as % of total	Male 85%				Female 15%				Total ACI 98%				



## Broad-Based Black Economic Empowerment

Broad-Based Black Economic Empowerment (B-BBEE) is a central part of the South African government's transformation strategy. B-BBEE comprises various components aimed at increasing the number of black people participating, managing, owning and controlling the country's economy and decreasing racially based income inequalities created by apartheid. The generic term "black people", as defined by the B-BBEE Act, refers to those who are African, coloured (mixed race) and Indian. Mr Price Group is committed to contributing towards the broad objective of B-BBEE.

The primary focus areas of B-BBEE legislation are ownership management control (including employment equity), skills development, enterprise and supplier development (including preferential procurement) and socio-economic development. aBEErate, a SANAS-accredited verification agency, has been appointed to undertake the FY2023 B-BBEE verification process which is expected to be completed by mid-July 2023.

For the FY2022 financial year, the group achieved 73.41 points out of 120, achieving a Level 6 rating.

### FY2022 ACTUAL AND FY2023 FORECAST B-BBEE SCORECARD

Element	Weighting	FY2022 Achieved	FY2023 Forecast
Ownership*	25 (3.20 sub-min (Net Equity Value))	14.91	15.90
Management control	19	7.44	8.25
Skills development*	20 + 5 bonus (8 sub-min)	13.90	14.38
Preferential procurement*	25 + 2 bonus (10 sub-min)	21.20	17.22
Supplier development*	10 + 1 bonus (4 sub-min)	5.00	5.20
Enterprise development*	5 + 1 bonus (2 sub-min)	6.00	5.00
Socio-economic development	5	4.96	4.00
<b>Total Points</b>	<b>109 (excluding 9 bonus points)</b>	<b>73.41</b>	<b>69.95</b>
Compliance level		Level 6 > 55	Level 7 < 70
Discounted compliance level		N/A	N/A

\*Sub-minimum elements

### Ownership

The ownership element considers the extent to which ownership interests (voting rights and economic interest) in a measured entity are held by black people, and by black women specifically, as well as the extent to which such ownership interests are unencumbered by debt (referred to as 'net value'). The group has maintained its black shareholding with black rights originating from mandated investments and associate participation in the Partners Share Scheme. For additional information, refer to the [remuneration policy](#) on pages 203 - 204. The group's international shareholder base which comprises 39.1% of issued shares, does not attract ownership points.

### Management control and skills development (including employment equity)

Management control measures the effective control of the group by black people in executive and non-executive levels and employment equity measures the effective participation of marginalised groups of people within the group's management structures.

Employment equity remains a critical aspect of the group's transformation agenda. The alignment of group and divisional targets with the national, economically active population of South Africa remains a key focus. Development opportunities at senior management level continue to be aligned to the selection of employees from designated groups. Reasonable progress continues to be made in transforming managerial ranks by placing a strong focus on diversity, equity and inclusion. For further information on transformation and employment equity, see the Transformation section of this report on pages 174 - 176.

Skills development measures the group's investment in training and development of black associates. It is an excellent way for the group to align business growth and the B-BBEE strategy, as a company that empowers its people drives the economy and supports social growth. As with the employment equity scorecard, the skills development targets are based on racial demographics of the economically active population. The group participated in unemployed learnership programmes for 189 ACI disabled youth. Of the FY2023 graduates, six people with disabilities were permanently employed by the group, four of whom were youth (under 35 years).

### Enterprise and supplier development (including preferential procurement)

The purpose of enterprise and supplier development is to promote a conducive environment for the creation of sustainable partnerships between corporate South Africa and black entrepreneurs to enable access and transformation of the value chains.

### Supplier development

Mr Price Group partners with ABSA in the administration of supplier development loans. In FY2023 the group issued loans worth R31.2 million to six black-owned suppliers from across the group. These loans are predominantly used to finance raw materials. They allow suppliers to negotiate for better cost prices and, since raw materials can be bought upfront, the loans contribute to delivery reliability and speed to market, which supports their ability to secure a share of future orders placed by trading divisions. For further details on supplier development see the [Sustainability section](#) on page 182.

### Enterprise development

The group's partnership with Taking Care of Business (TCB), formerly the Clothing Bank, is a success story of economic empowerment. The primary aim of TCB is to eradicate poverty from South African families by creating small business opportunities, primarily through retail supply chain waste. It equips participants with life skills, entrepreneurial skills and resources to run sustainable businesses. Mr Price Group directs excess clothing to this public benefit organisation (PBO) and NPO to support this initiative and empower communities. In 2020, the group also partnered with the Clothing Box. Since 2014 the group has donated 4.4 million items of clothing to this PBO and NPO. During the reporting period, 758 366 items were donated and 1 042 entrepreneurs were supported, who in turn supported approximately 2 070 family members with an average take-home income of R2 900 per month.

### Preferential procurement

Preferential procurement remains a focus for the group. The group has intentionally focused on establishing and supporting a competitive and viable base for B-BBEE suppliers through providing raw material loans and preferential payment terms to qualifying enterprises. The group's support of the local supply base is reported under the [Sustainability section](#) on pages 179 - 182.

### Socio-economic development

The group's strategic partnership with Mr Price Foundation supports South Africa's youth and the sustainability objectives of quality education and youth development. For further information on [Mr Price Foundation programmes](#), refer to pages 158 - 160.







# Sustainability

Cotton bales at the gin in Mpumalanga

## 5. Economic Value Chain Development

SDGs: **8** **10** **12**

The economic pillar of sustainability focuses on developing a value chain that is optimised and innovative. The key objective of value chain development is to ensure that the business has a capable, responsive, sustainable and agile supplier capability that supports the group's current and future supply requirements, and ultimately a sustainable business that can deliver the group's strategy and vision. To achieve this, the group measures supplier performance and assists with a targeted development programme that helps suppliers improve KPIs.

Value chain development activity is underpinned by a sophisticated supplier grading tool that tracks real-time supplier performance data. Using this data, the group supports value chain development in partnership with suppliers, government, industry clusters, internal teams and through its supplier development loan programme. The group recognises the need to localise production and develop capable in-season trading

capability, and through this supports the creation of much-needed jobs and industry skills in South Africa. The localisation objective is to procure 100 million units from South Africa by 2030 and to use this opportunity to develop in-season trading capability that supports trading divisions to be responsive to customer demands. In FY2023, the group established the Mr Price Group Cluster, with the objective to develop strategic localisation plans and provide finance and development support to participating suppliers to grow their capacity and expand their capability in line with trading divisions' in-season trading needs (see detail on page 180).

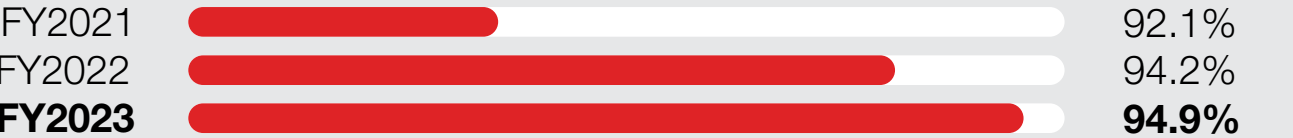
To support its localisation plans, the group actively participates in the development of small, medium and micro enterprises that show potential to supply products to the group. This is done in collaboration with industry specialists to ensure a sustainable approach is taken.

### Supplier grading and performance

The group's supplier grading methodology incorporates a variety of metrics including delivery reliability (as measured by on-time and in-full delivery (OTIF); distribution centre (DC) delivery conformance; packing accuracy; and breakages and quality (as measured in bulk inspection pass rates). When combined, these metrics are used to calculate an overall supplier grade – from A to E.

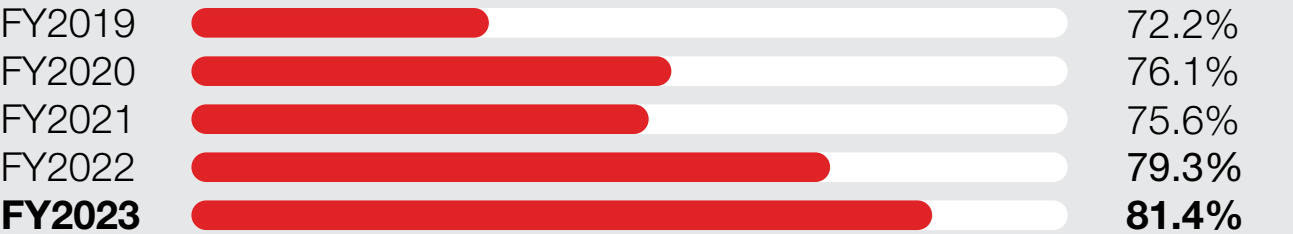
During FY2023, 94.9% of suppliers achieved A to C grades. This represents a two-year improvement of 2.8% on an already high base.

#### Percent A to C grade suppliers



OTIF is the most heavily-weighted component of supplier grading because it measures if customers are getting the product they want, when they want it. During FY2023, 81.4% of orders were both on time and in full. This is an increase of 2.1% from FY2022, and an overall five year improvement of 9.2%.

#### OTIF score for all suppliers



At present, new divisions that joined Mr Price Group in FY2022 and FY2023 are not integrated into the broader supplier grading system. These divisions have commenced work to develop systems aligned to their needs based on their differing business models and product types, which may draw on existing methodologies and approaches.

### Local procurement and job creation

In line with the strategy to develop local manufacturing capability, the group is a signatory to and therefore supports the South African Department of Trade, Industry and Competition's (DTIC) Retail-Clothing, Textile, Footwear and Leather (R-CTFL) Master Plan 2030. In FY2023, the group increased its procurement of RSA manufactured goods from 78.6 million units with a spend of R4.3 billion in FY2022 to 106.8 million units with a spend of R4.9 billion with local suppliers. This represents 37.8% of total group spend.

A change in calculation methodology required for reporting to the DTIC contributes an additional 12.9 million units, which under the previous methodology would not have been reported. These units represent items that are sold in packs. Without the changed methodology, the group still increased its RSA procurement to 93.9 million units, representing a growth of 19.4%, equating to 1 894 jobs. The group's local procurement commitment helps to sustain over 35 000 jobs in the South African supply chain. Local procurement also contributes significantly to the agility of divisions in complex trading conditions. Divisions use the speed of local supply to trade in-season on lead times of seven weeks or less. With the support of the DTIC's Clothing, Textiles Footwear and Leather Growth Programme (CTFLGP), Mr Price

Group formed the Mr Price Group Cluster with five key local suppliers in FY2023. The aim of the cluster is to support trading divisions to implement localisation strategies and to maximise the competitive benefit of local supply. As suppliers grow, they will also receive support to train new machinists through Mr Price Foundation's JumpStart programme.

### Industry partnerships

Mr Price Group's supplier development activity is supported by numerous industry partnerships and memberships as outlined above. One specific mechanism used to identify and grow new, local suppliers is the KwaZulu-Natal Clothing & Textile Cluster's (KZN CTC) Business Accelerator. Mr Price Group is a long-standing member of the KZN CTC and supports the accelerator programme. The KZN CTC finds promising new suppliers through the Business Accelerator programme who go through an intensive capacity-building workshop. Shortlisted suppliers present to potential retail customers, including Mr Price Group divisional representatives, as part of a selection process. If selected, suppliers receive expert coaching to unlock opportunities. The case study on the following page explores the onboarding success story of Argento Trading – a Mr Price Sport supplier.



LOCALISATION AT ARGENTO TRADING^

CaseStudy



Mr Price Sport was introduced to Argento Trading, a KZN-based factory, through the Business Accelerator in FY2022. At the time, Argento supplied uniforms into the automotive sector. The Sport team was quick to partner with Argento and guide them through the technicalities of supplying into a fashion retailer in terms of design, costing, quality and social compliance. The group issued Argento with a raw material loan as part of its B-BBEE Supplier Development Programme and helped Argento access additional capital equipment and infrastructure finance through the DTIC's CTFLGP. As a result of support provided, Argento's factory doubled in size to 1 000m<sup>2</sup>, employment increased from 30 to 70 people and production capacity in units increased by 125%. A further phase of development is planned once additional CTFLGP funding is approved. This will add another 500m<sup>2</sup> to the factory, accommodating 250 employees in total. Argento is also partnering with Mr Price Foundation to train additional staff.

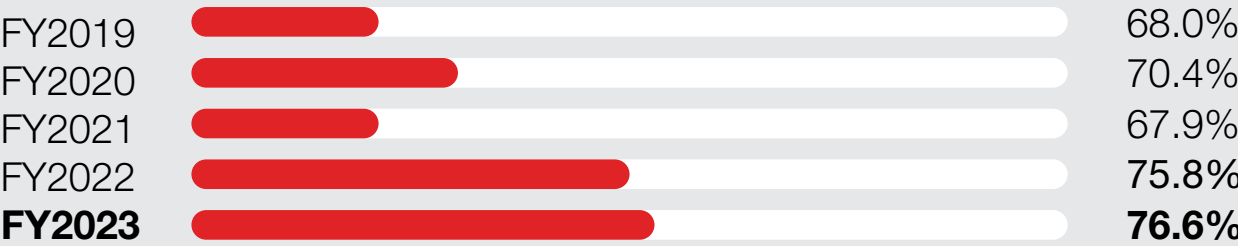
During FY2023, Mr Price Sport sourced goods valued at R1.3 million from Argento including t-shirts, golfers, fitness apparel and fleece garments that were previously manufactured outside of South Africa. Argento represents a story of empowerment as the majority of its employees, ownership and management are women. Along with creating direct employment, additional jobs have also been created at the local knit fabric manufacturer that supplies Argento. Mr Price Group is committed to supporting Argento in unlocking further employment and growth.



Supplier development

Mr Price Group has a dedicated supplier development function within the Sustainability Centre of Excellence, which along with driving localisation and industry development, provides direct advisory support and manages loan funding to suppliers.

OTIF score for South African suppliers



Regardless of the impact on supplier performance data caused by the ERP implementation in FY2023, South African supplier OTIF performance continued to improve from FY2022, indicating the impact of the programme with suppliers still committed to improve performance. Direct coaching will recommence in FY2024 and will be enhanced through the implementation of a system to automatically email monthly performance statistics to suppliers.

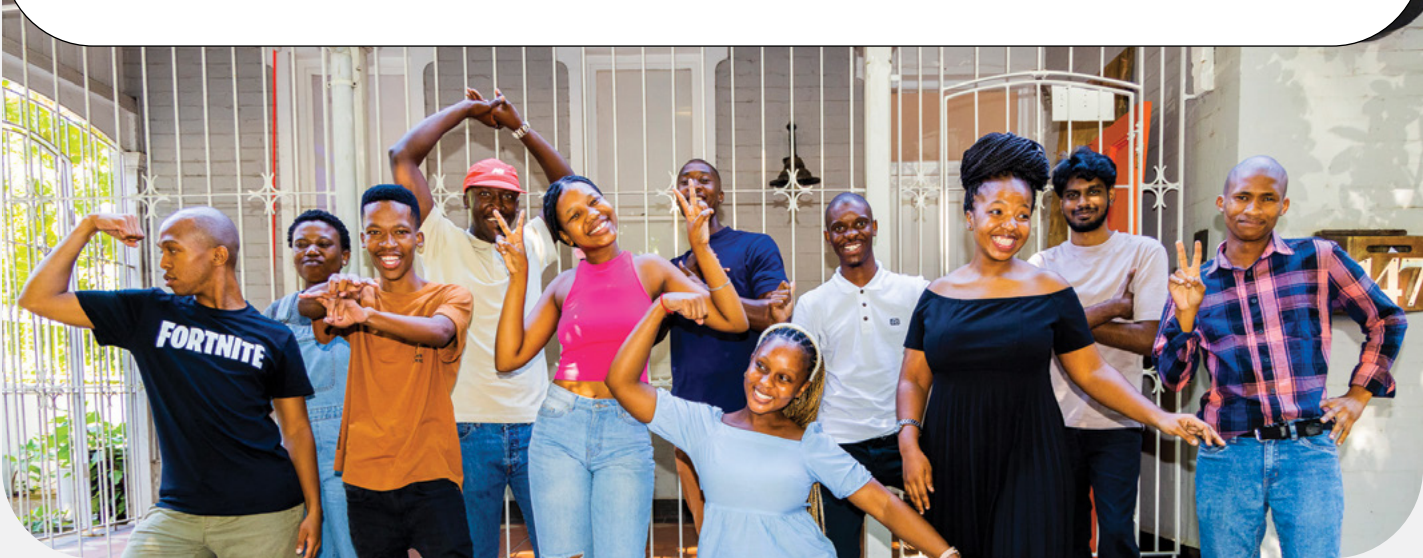
During FY2023 the group issued R31.2 million in loans to six black-owned small- and medium-sized suppliers through its B-BBEE Supplier Development Programme. Mr Price Group has partnered with ABSA to manage this programme. To date there is a zero impairment on these loans.

Along with providing much-needed liquidity, the B-BBEE supplier development loans help suppliers source raw materials at preferential rates. Loans are often provided to suppliers that would not be able to secure finance through traditional means. Since its inception in FY2021, sales going to the six loan recipients have increased by R14 million (19.5%), Employment in these firms is estimated to have increased by 9% as a result.

Supplier survey results

In addition to the supplier development function, all suppliers are supported by numerous teams within Mr Price Group trading divisions – including buyers, planners and sourcing teams. During FY2023, local and international merchandise suppliers were asked to rank their experience of dealing with these teams through a supplier survey. Based on responses from 120 suppliers representing 25.4% of the group's orderbook, the survey highlighted several group strengths.

Mr Price Group divisional representatives live up to the values of Passion, Value and Partnership. Suppliers indicated that divisional requirements were clear and that divisional representatives treated them with respect. Improvement could be made by providing suppliers with clarity in terms of divisional strategies and performance metrics. Overall, suppliers gave divisions a score of 81.4% across a variety of metrics, which reflects that the business has a healthy, mutually beneficial relationship with its suppliers true to the Partnership value.



Candidates participating in the Mr Price Foundation's FY2023 Jumpstart Professional Retail Programme



## Environmental

The retail sector impacts the environment through direct operations and its involvement in sourcing from a value chain that relies on the environment for resources and materials. Mr Price Group is committed to reducing the environmental impact of its retail operations and the manufacturing and supply chain activities of its suppliers and influencing meaningful and sustained change in customer behaviour. The group's approach to reducing and stabilising environmental impact is guided by the UNGCP 7 to 9. It is also working towards the SDGs, specifically goals 6, 7, 12 and 13.

To achieve these goals, the group commits to the long-term reduction and efficient use of energy, fuel and water in its retail operations and influencing its suppliers to do the same. In addition, the group commits to reducing waste to landfill and promoting the use of reusable and recycled materials in products and packaging. In working with suppliers, the group commits to exploring circular and more environmentally responsible production practices and processes. This extends to protecting ancient forests, biodiversity, animal welfare and natural resources used to manufacture products. The impact of the group's environmental interventions on the SDGs are on pages 51 - 52 of the integrated report.

The group's main influence resides with first and second tier suppliers, where the group commits to conducting environmental audits (commencing in FY2025) to assess and monitor the impact of manufacturing operations on pollution, carbon emissions and the use of water and other finite resources. Suppliers are required to comply with in-country legislation as specified in the group's code of conduct. Environmental partnerships with NGOs and industry bodies assist the group in mitigating environmental impacts and identifying possible operational risks and opportunities. The group works closely with the WWF on an advisory basis, the Textile Exchange on

sustainable materials and standards as well as incorporating suitable raw materials as alternate options. Packaging and paper solutions are directed and aligned with standards of the FSC and the group is a member of various South African PROs with the aim to implement sustainable packaging and product solutions.

The group recognises the need to reduce its contribution to climate change and to mitigate and adapt to the potential impact of climate change on the business and its value chain. This will require a reduction of greenhouse gas (GHG) emissions in line with global commitments such as the Paris Agreement. To support this, the group updated its environmental policy to reflect a commitment to climate change.

### Environmental objectives

The group's key objectives in terms of the environmental pillar of its sustainability strategy is preserving natural resources and reducing and stabilising environmental impact. The activities to give effect to these objectives are detailed in the pages that follow.

During the year under review, the group made progress toward developing a climate change strategy to reduce carbon emissions by conducting a risk and scenario analysis and developing a climate change framework. This will form the basis on which carbon footprint reduction plans and targets are set. In addition, the group continued to reduce energy use at stores (by a target of 2.5%<sup>^</sup> per year), and rolled out recycling activations at head office sites. A comprehensive analysis was also conducted on the availability and commercial viability of key sustainable materials (cotton, RPET and manmade cellulose fibres) to inform sustainable material targets going forward.



## 6. Preserving Natural Resources

SDGs: **6** **12**

### Sustainable materials

To influence the use of responsible environmental practices in the growing of natural fibres and in upstream and conversion processes, the group is increasing the use of sustainable materials in its products.

This year, the group sourced 40.6 million products made either from raw materials sustainably grown, materials manufactured using circular or cleaner production methods or processes that are not harmful to animals. Sustainably grown cotton was used in 27.4 million units of towels, ladies' tops and denims. A cross-divisional sustainable material working group is responsible for facilitating the implementation of targets and deliverables on key certification groups within their respective trading divisions. The group recognises that the sourcing of sustainable materials presents challenges such as availability and cost to a value retailer, and the complexity of material certification processes required to ensure integrity of integration. The breakdown of sustainable materials used is listed in the table below.

### Sustainable Materials

Certification Group	Units	% of Total Units
Energy Saving	184 381	0.1%
Anti-cruelty	1 844 581	0.8%
Cleaner Production	1 384 515	0.6%
Recycled Materials	7 270 103	3.2%
Sustainable Cotton	27 459 547	12.0%
Sustainable Forestry	2 487 966	1.1%
<b>Total</b>	<b>40 631 093</b>	<b>17.8%</b>

Categories were allocated to cluster together materials with similar sustainable practices to create themes and/or material initiative-based groupings. The prevalence of these categories across the group's divisions differs according to the product types. These categories include:

### Energy Saving

Technological advancements allow manufacturers to reduce energy usage by applying more efficient processes and the use of renewable and or cleaner energy generation systems and products. These include products which have efficiency standards and labelling such as electric lamps and bulbs from Mr Price Home and Sheet Street.

### Anti-cruelty

Products that promote responsible practices and intend to prevent or reduce cruel behaviour towards animals in the use of raw materials or production practices. Certifications may include Beauty without Cruelty in relation to products such as candles, candle accessories, and Responsible Down Standard in relation to products such as scatter cushions from Mr Price Home.

### Recycled Materials

Textiles and materials which are made from a recycled material such as recycled glass, plastic, wood and fabrics. Rather than entering landfills, these materials are repurposed into a circularity process whereby they are used as input materials to create new products. Certifications may include Global Recycle Standard (GRS) and Recycled Claim Standard (RCS) in respect of products such as bath mats, throws, and bed covers from Mr Price Home, socks and mens tops from Mr Price Sport.

### Sustainable Cotton

The group accepts two sustainable cotton standards being the Better Cotton standard and Cotton Made in Africa. South Africa Cotton, which applies the Better Cotton Standard, is

also accepted as part of an integrated value chain programme in respect of products such as towels from Mr Price Home, Mr Price Sport and Sheet Street.

### Sustainable Forestry

The world's forests and plants are a valuable resource and as such the group has a responsibility to ensure it sources wood or plant-based products from sources that promote responsible forestry practices and do not source wood or plant from ancient and/or protected forests or areas. Certifications may include Forest Stewardship Council (FSC), Programme for Endorsement of Forest Certification (PEFC). Products include bedroom and kids' furniture from Mr Price Home.

### Cleaner Production

This category includes processes where suppliers have reported improved practices that reduce the environmental impacts of raw material conversion and value-add practices in manufacturing that previously had a negative impact on the environment. These include the reduction of water usage, improvement of water effluent and the elimination of harmful chemicals used in the production of raw materials and conversion processes. Certifications may include OEKO-TEX®, ISO 14001, ZDHC certification. The mens essentials ranges of denims of the Oakridge and RT brands (Mr Price) are produced using cleaner production practices.

Looking forward and in conjunction with Textile Exchange, the group will continue to look for opportunities to increase its sustainable materials contribution to overall business units.



7. Reducing and Stabilising Environmental Impact

SDGs: 6 7 12 13

**Shopper bags**  
In FY2023 the group continued to reduce single-use plastic shopper bags in its stores. The group offers alternative shopping bags including paper and reusable bags to its customers. Customers recognise the impact of plastic by choosing not to take a bag, which helped the group remove over 35.8 million single-use plastic bags from circulation. This is a true reflection of 'Together We Do Good'.

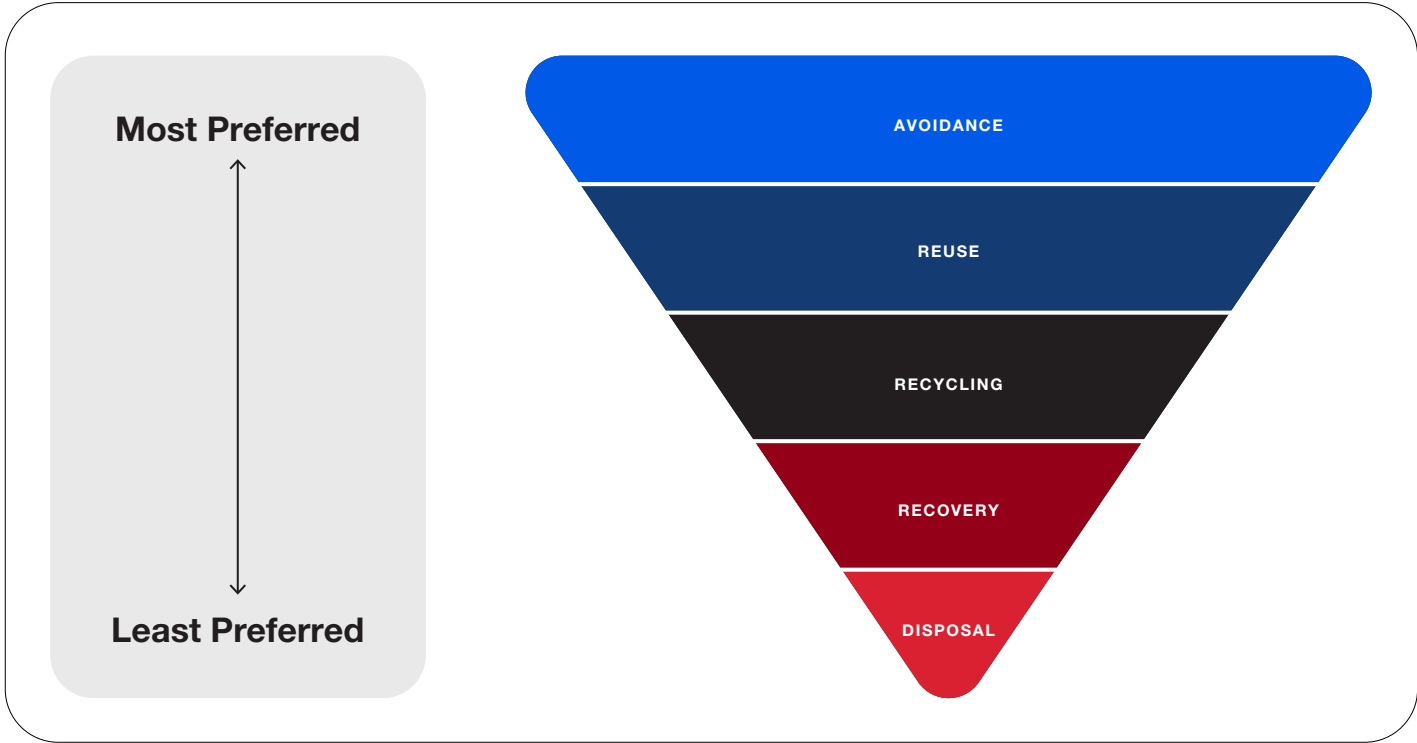
Sheet Street launched a pilot in 39^ stores to remove single-use plastic and offer reusable bags only. The pilot has shown a steady increase in purchases of reusable bags. Sheet Street will be expanding this offering to reduce single-use plastic bags at more stores next year.

Miladys stores are already plastic bag free and Mr Price Home, Yuppiechef and Mr Price Sport will follow suit in the current financial period. Mr Price Cellular has implemented the use of paper bags with a test group of stores, with the intention of a rollout to all stores by the end of the next financial year. Mr Price, Sheet Street and Power Fashion will continue offering reusable bags and paper bags as an alternative for customers as the group continues to phase out single-use plastic bags. Alternative solutions consider different customer segments and their needs to ensure that suitable solutions are offered. A key consideration is for alternative options to be cost effective and easy to use and be transported by customers who make use of public transport.

The group aims to be **plastic bag free** in FY2025.

**Product packaging**  
The group's operations also impact plastic pollution through plastic product display packaging and packaging used for the safe transportation of products. The approach taken to adapt the types of packaging used, with a key focus on problematic plastic, is to identify opportunities to either reduce, reuse and/or recycle product packaging, or use packing made from recycled content.

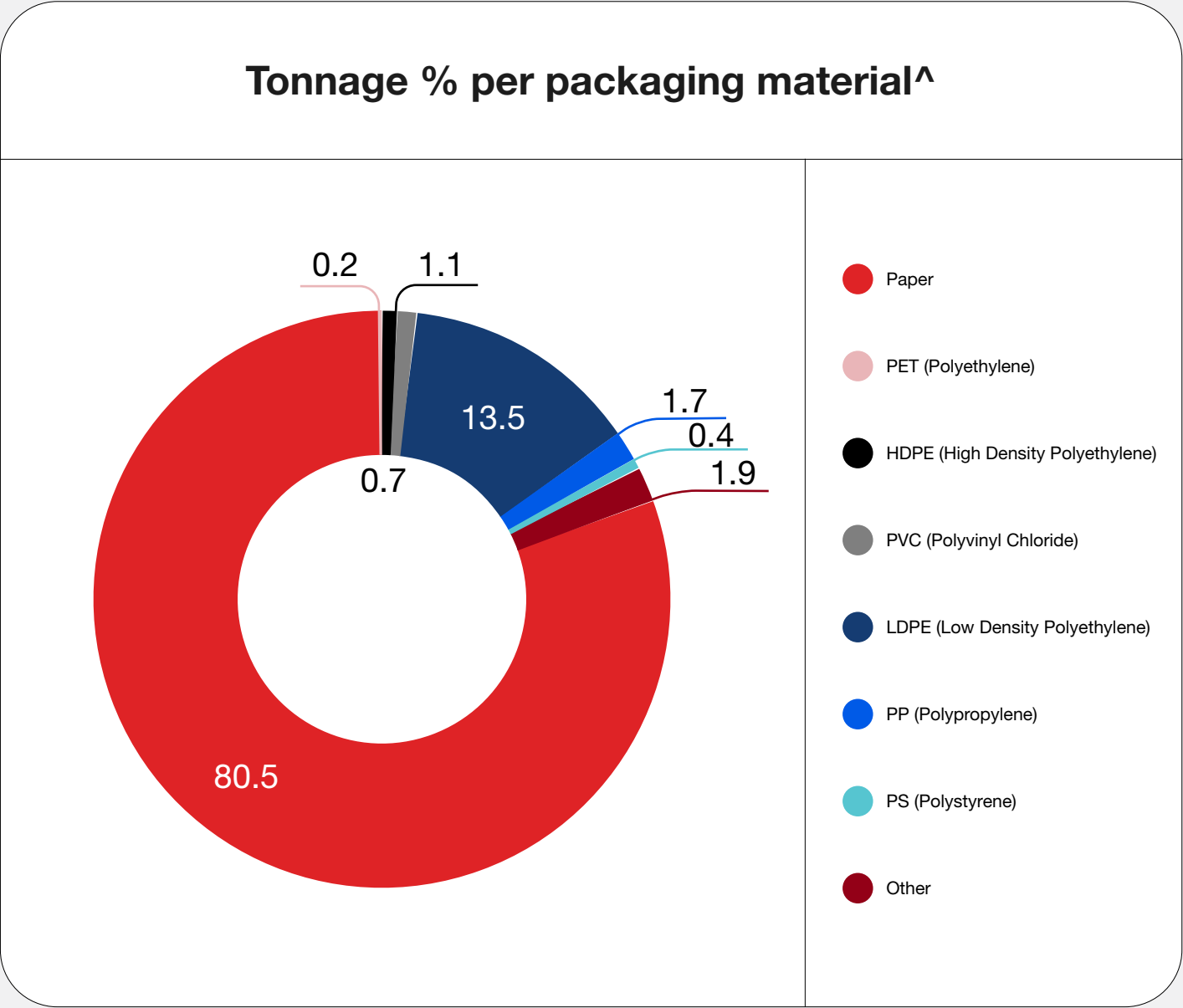
Adaptation decisions consider the life cycle impact of each type of raw material used in packaging and its potential impact on pollution. A waste hierarchy (as shown below) is used to prioritise most preferred adaptations such as the avoidance and reduction of packaging, and where this is not possible, consideration given to the reusable design or use of recycled content and the recovery and recyclability of packaging.



An example of this approach is the hangers used for in-store product display. After careful analysis and considering the life-cycle impact of alternatives such as cardboard hangers, the approach taken is to reuse all plastic hangers and to recycle broken ones back into circulation. This reduces the rate of new hanger purchases by the stores and allows for the reuse of hangers in-store. This approach also ensures that the raw materials used to make the hangers are sufficiently durable for multiple uses as well as being recyclable if damaged or broken.

Information on product packaging was captured during the year, detailing the category of outer and inner packaging, product and display packaging and swing tags (such as paper/cardboard and plastics). In FY2024, this process will continue and mature to enable adaptation towards reusable, recyclable and recycled content.

The graph\* below reflects the percentage contributions of different packaging categories across all trading divisions\*\*.



\*Data shown represents product packaging material from imports only  
\*\*Data shown excludes Yuppiechef, Power Fashion and Studio 88

Paper and cardboard are the most prevalent packaging material as they are required to prevent damages during product transportation. All boxes used to pack products at the DCs are made from recycled content and 1 687 tons of boxes were recycled at the DC during the reporting period. Low density polyethylene (LDPE) is the second highest contributor to packaging in the business with apparel divisions contributing more than homeware. LDPE is currently being collected from the group's Hammarsdale DC and sorted for use as a raw material for Mr Price Home products such as storage and laundry baskets, lighting shades and lanterns, small furniture pieces and planters, shifting from an ineffective linear model towards circularity. For further details, refer to the case study on page 188.





Mr Price Sport sample kit donation to schools in need

Packaging reduction initiatives undertaken between 2019 and 2022 led to a reduction of plastic packaging in 95 million units. This includes a 27%<sup>^</sup> reduction in polybags used to transport apparel products. The remaining polybags were changed to recyclable plastic (LDPE). The table below reflects the reduction of plastic packaging in units from various initiatives across the group.

Reduction of plastic packaging (units)				
FY2020	FY2021	FY2022	FY2023	Total
49 065 835	14 543 269	24 599 763	7 744 214	95 953 081

The group will continue to work with various industry partners to find innovative solutions to address some of the packaging challenges around developing more sustainable packaging and minimising packaging waste in its value chain.

MR PRICE HOME AND NTOMBI WEAVERS PLASTIC WASTE TO PRODUCTS PROJECT<sup>^</sup>

CaseStudy



Mr Price Home has partnered with one of its suppliers in an innovative move towards circularity, extracting waste from its value chain to produce products in store. The initiative began in July 2022, when Ntombi Weavers was searching for a consistent source of clear plastic waste, linear low-density polyethylene (LLDPE) and low-density polyethylene (LDPE), which Mr Price Home was utilising in product packaging for the safe delivery of product to store. The opportunity to collaborate on an exciting circularity journey was established. The group's DC collects, sorts and provides the group's plastic packaging waste to Ntombi Weavers monthly.

The initial tests to use the plastic packaging as product substrates proved successful and further collections have

subsequently been made. During FY2023 a contribution of approximately 7 000kg of plastic packaging from the DC has been recycled to produce various products such as storage and laundry baskets, lighting shades and lanterns, small furniture pieces and planters. These products are now available in store at Mr Price Home.

The group plans to expand this initiative to other divisions ensuring that plastic packaging and waste from the value chain is diverted from the waste stream and landfill and sustainable products are created. Mr Price Home will also be launching a range of products as part of the World Oceans Day celebration. For more on recycling, refer to page 195.

“

*They had to experiment with the process and test the converted plastic in their machines for our various products. Once they were confident that the quality of product was consistent and no different, they rolled this out into production.*

*Mr Price Home has an extensive range with Ntombi Weavers across many different products, and this is growing each season. The waste plastic from the DC only accounts for one third of the recycled plastic they need to make our products. The next step is to find additional LDPE and LLDPE plastics in our logistics/stores, in proximity for them to collect.*

*We aim to get to 100% of the plastic used in our Home Ntombi Weavers products from our own logistics waste.*

Lucy Mullins     Mr Price Home Resource Director

”



Energy and Fuel Usage

Carbon footprint

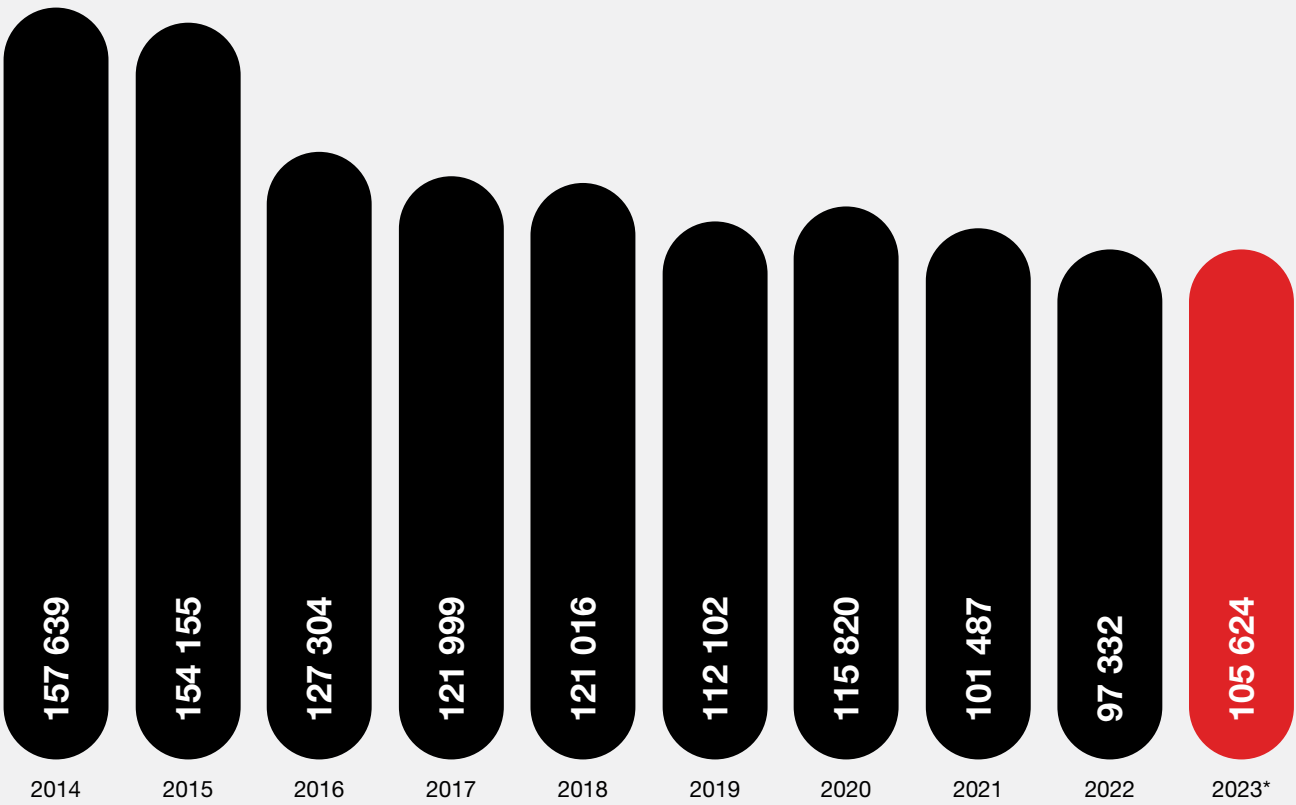
The group measures and monitors its scope 1 and 2 greenhouse gas (GHG) emissions. Scope 1, the direct emissions that occur from sources that are controlled by the group, consists of mobile diesel and petrol, stationary diesel and petrol, and stationary aircon refrigerant from the DCs, head offices, stores and a portion of associates’ travel (petrol allowances). There was an increase in scope 1 emissions due to high use of petrol and diesel to operate backup generators at most Power Fashion stores, DCs and head offices, due to high loadshedding events over which the group had no control. This required a trade off between not increasing and protecting overall commercial viability by enabling store operations to continue to trade and generate revenue up to Stage 6 loadshedding.

The group’s scope 2 emissions include all indirect GHG emissions associated with purchases of electricity at its DCs, head offices and stores. The group’s energy usage at stores decreased from 27.1 watts/m² in FY2022 to 26.3 watts/m² in FY2023. The group also recognises the decline in watts/m² as a contribution of loadshedding and has factored this in its future watts/m² targets.

The group was significantly affected by loadshedding at its stores. By half year it had already lost an estimated 80 000^ hours of trading. The group had installed backup power to 78%^ of stores by end March and plans to have 100% backup at all stores by end June 2023. Lighting retro fit and upgrading of lighting is continuously performed to drive energy efficiency and complement backup power generation for longer lighting. Monitoring energy efficiency at head offices is ongoing and alternative lighting is regularly explored.

In FY2023, the group’s carbon footprint was at 105 624 tons CO<sub>2</sub>e, an increase from 97 332 tons CO<sub>2</sub>e in FY2022. This increase is due to the inclusion of the scope 2 emissions of Power Fashion which is not in the base and accounts for the increase in emissions from FY2022. In FY2024, the group will set scope 1 and 2 GHG reduction targets and commence with scope 3 baseline setting.

Mr Price Group carbon footprint scope 1 and 2



\*FY2023 including Power Fashion, Yuppiechef

Renewable energy

The group generated 955 062 kWh from solar photovoltaic (PV) systems. From FY2021 the group has generated 3.9 million kWh from renewable energy. The DC also rolled out its phase 4 solar PV installation which resulted in 70.0% roof coverage by March 2023.

	FY2023		FY2022		FY2021	
Site	% of building's energy derived from solar	kWh	% of building's energy derived from solar	kWh	% of building's energy derived from solar	kWh
Mr Price Group head office	17.78	203 904	21.34	264 018	22.93	283 252
Hammarsdale DC	20.40	751 158	27.00	1 152 498	29.51	1 262 749
Total	19.78	955 062*	25.73	1 416 516	28.03	1 546 001

\*The decrease from FY2022 was due to three of the four transformers switching off, resulting in phase two and three going offline from December to February

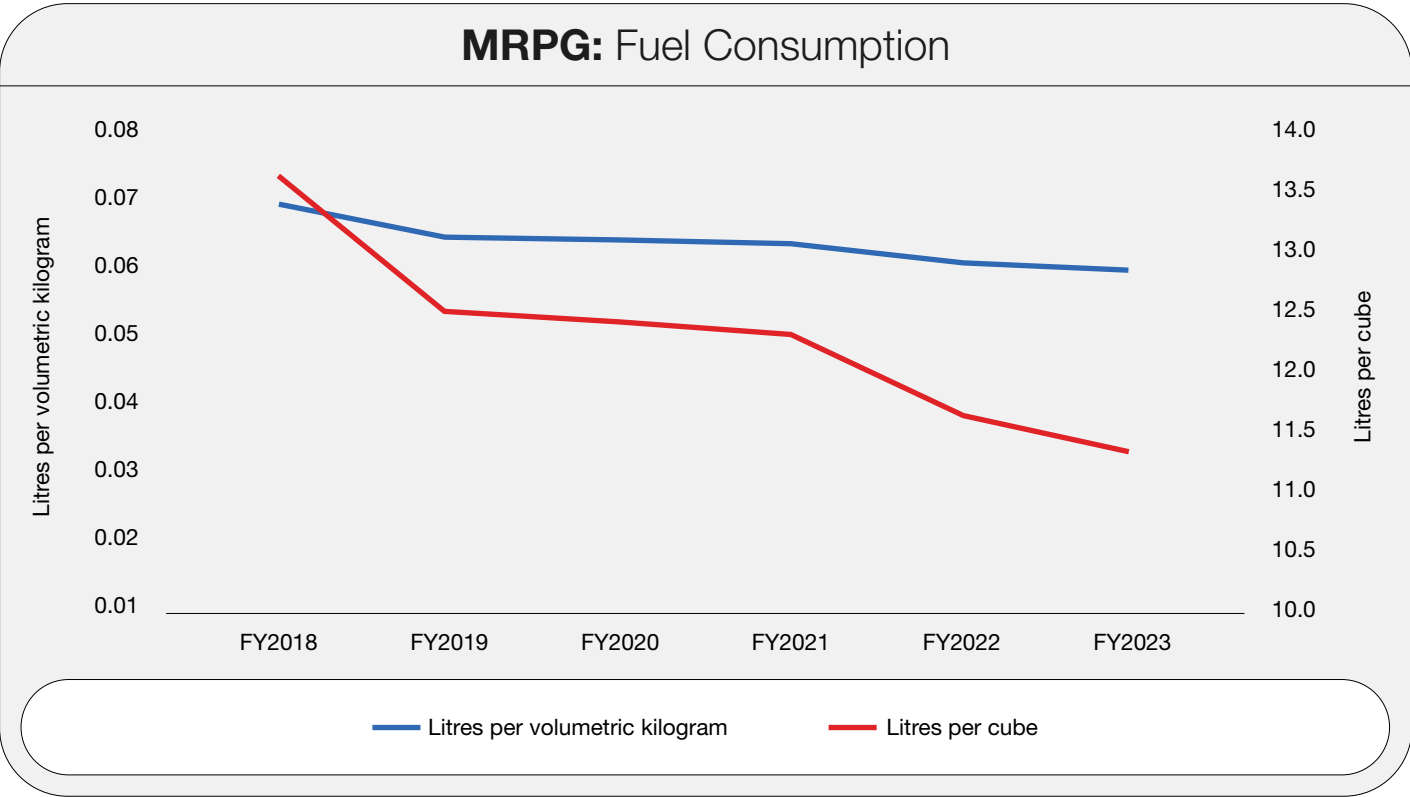




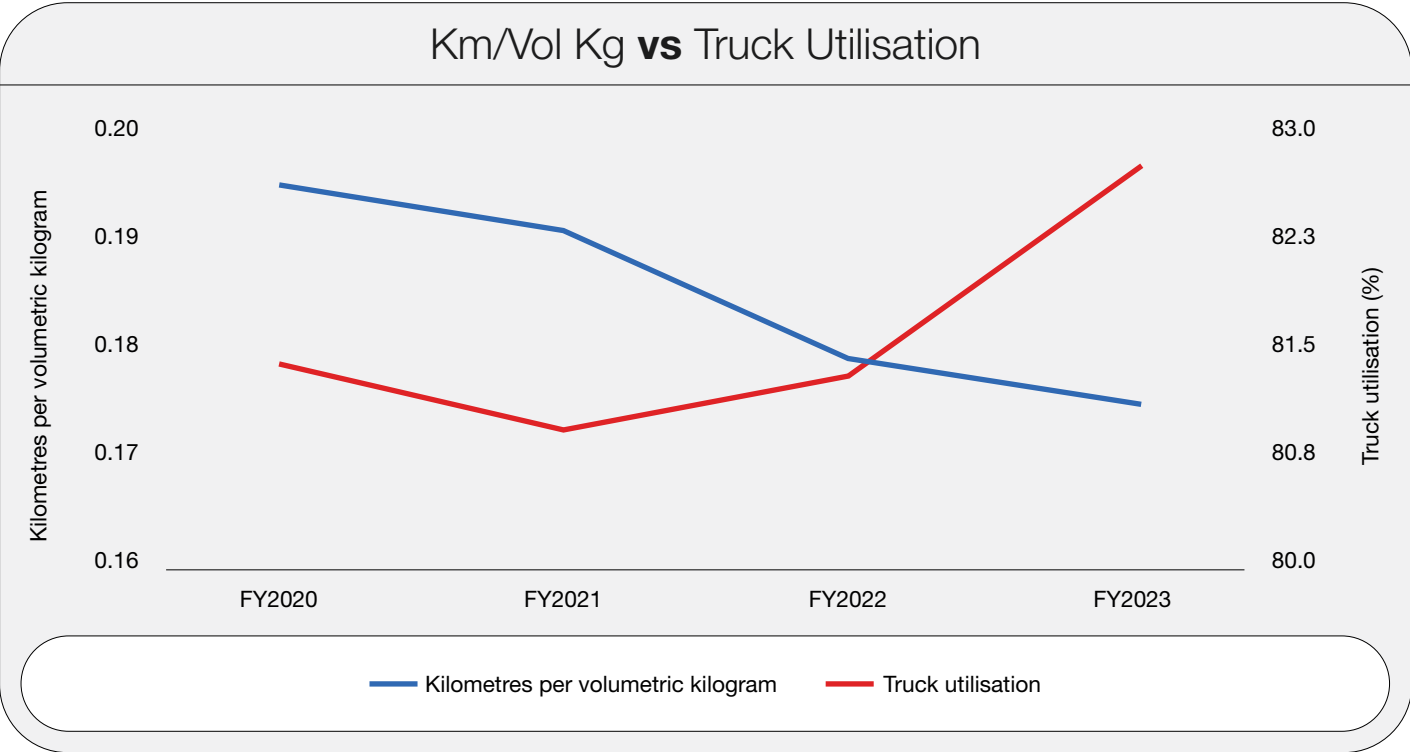
Transport and fuel usage

The group's logistics partner has maintained their commitment to improving fuel efficiencies through various initiatives and projects.

As a result, and as in previous years, the group has seen continued improvement in fuel consumption, which has been measured by monitoring litres consumed per volumetric kilogram and cube, and kilometres travelled per volumetric kilogram.



There has also been an improvement in linehaul truck utilisation in FY2022 which has contributed to improved kilometres per volumetric kilogram.



Transport efficiency improvements have accelerated year on year since FY2019.

There has also been an improvement in linehaul truck utilisation in FY2023, from 81.4% to 82.8% which has contributed to improve (ie decreased) kilometres per volumetric kilogram as shown in the second graph on the previous page.

The rate of improvement has however flattened somewhat, as optimum usage is reached. There has still been an improvement in FY2023:

Fuel usage	FY2023	FY2022	FY2021	FY2020	FY2019
Litres per volumetric kilogram	0.057	0.058	0.062	0.062	0.063
Kilometres per volumetric kilogram	0.176	0.177	0.192	0.196	0.199

Continued sustainability projects and initiatives driven and implemented by the group's logistics partner to improve their carbon footprint include:

- The use of larger vehicles in the operation has been maintained to reduce the volume of vehicles used and overall kilometres travelled.
- Lower kilometres have had a direct reduction in maintaining a lower fuel usage and carbon footprint.
- Further tests have been carried out on vehicles with alternate fuels:
  - o Gas powered vehicles have not been successfully tested due to limited supply and constraint of access to gas specific areas.
  - o Hybrid vehicles have not been introduced on a scale large enough to consider for introduction into operations.
  - o Fully electric vehicles:
    - Medium commercial vehicles have been successfully tested on urban deliveries where there is no need for charging to be done after departure. However there is a very limited range on the current battery capacity.
    - Outlying deliveries are currently not possible due to limited range from fully charged and lack of infrastructure to charge vehicles en route.
    - Discussions are underway to test newer models that are in the process of being homologated for South Africa in FY2024 that will have larger battery capacity and longer kilometre range.
- Driver performance and efficiencies have been maintained with a key focus on performance management and training.

Paper usage reduction

The initiative of reducing paper usage through e-dockets in-store has made significant improvement since 2017. Currently 21% of all transactions in stores are e-dockets, which is due to stores encouraging customers to receive their receipts by email instead of printed dockets. In FY2023, the group used 2 418km less paper, an increased saving of 585km from the previous year.

E-Waste initiatives

The group returned and recycled 10 379 printer cartridges from stores nationally, equivalent to 5 704kg of cartridges diverted away from landfill to create products with recycled content. At head office and stores, the group will continue to explore opportunities for its E-Waste, including tracking and reporting of end-of-life hardware technology.





Water usage

Water consumption continues to be monitored and measured at head office. Investigations conducted in FY2022 on the increased consumption at the Mr Price Money building found a discrepancy on allocation due to meter errors. As a result, new water meters have been installed at Mr Price Money to improve monitoring of water consumption. Excluding the recently acquired Power Fashion and Yuppiechef businesses, water consumption decreased by 1 445 kilolitres when compared to FY2022. Power Fashion and Yuppiechef contributed a combined 3 545 kilolitres resulting in a net increase of 2 099 kilolitres of water used in FY2023.

Rainwater harvesting continues to be the main source of water at the DC. Water consumption in FY2023 was 9 038 kilolitres (all mainly sourced from rainwater), an efficiency improvement of 67 kilolitres from the previous year.

WATER CONSUMPTION IN KILOLITRES			
FY2023	FY2022	FY2021	FY2020
28 945 (25 412*)	26 858	19 618	22 192

\* Excluding Power Fashion and Yuppiechef

Waste recycling

Initiatives undertaken this year to improve recycling at various head office buildings resulted in an increase in recycling kilograms of 16% to 81 508kg, which equates to an additional 11 091kg of waste recycled. The recycling rate remained at 43.3% at head office, due to an increase in kilograms of general waste including organic waste.

From April 2023, organic waste will be converted into compost which will be donated to an industrial composting facility and continued reduction of single-use packaging items will contribute to further reduce waste to landfill.

In FY2023, recycling was expanded to other divisions such as Power Fashion and Mr Price Money. Power Fashion achieved 95% recycling rate in the first three months of implementation. The DC recycling rate remains at a high 92.3%.

Recycling in kgs	FY2023	FY2022	FY2021
Head office	81 508	70 417	64 892
Hammarisdale DC	1 692 705	1 506 627	1 235 844
Total	1 774 213	1 577 044	1 300 735

together we do good.







# Administration and Contact Details



	Address	Phone	Fax	Websites
Corporate Mr Price Apparel	Upper level, North Concourse, 65 Masabalala	031 310 8000 031 310 8638	031 304 3725 031 304 3358	mrpricegroup.com mrp.com mrp.com/ng
Mr Price Home Mr Price Sport Sheet Street Mr Price Foundation	Yengwa Avenue, Durban, 4001 Private Bag X04, Snell Parade, Durban, 4074	031 310 8809 031 310 8545 031 310 8300 031 310 8242	031 328 4138 031 306 9347 031 310 8317 031 328 4609	mrphome.com mrpricesport.com sheetstreet.co.za mrpricefoundation.org
Miladys	30 Station Drive, Durban, 4001 PO Box 3562, Durban, 4000	031 313 5500	031 313 5620	miladys.co.za
Yuppiechef	2 Tifosa Park, 5 Bell Crescent, Westlake Business Park, Westlake, 7945	021 702 4969		yuppiechef.com
Power Fashion	350 Umhlangane Road, Riverhorse Valley, Redhill, 4071	031 570 8400		powerfashion.co.za
Studio 88	Aeroton Business Park, 30 O'Connor Place, Aeroton, Johannesburg, 2190	011 474 2245		studio-88.co.za
Mr Price Money Mr Price Mobile	380 Dr Pixley KaSeme Street, Durban, 4001 PO Box 4996, Durban, 4000	031 367 3311 0800 000 430	031 306 0164	mrpmoney.co.za mrpmobile.com
KPMG Faircall	BNT 371, PO Box 14671 Sinoville, 0129	0800 00 6465		www.thornhill.co.za/kpmgfair-callreport/questionnaire/main/
Customer Care		0800 212 535		
Account Services		0861 066 639		

## Company Secretary and Registered Office

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Address: PO Box 912, Durban, 4000.  
Tel: 031 310 8000

## Domicile and Country of Incorporation

Republic of South Africa

## Sponsor

Investec Bank Limited

## Investor Relations

### Matthew Warriner

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## Registration Number

1933/004418/06

## Independent Auditors

F2023 Ernst & Young Inc  
F2024 Deloitte and Touche

## Transfer Secretaries

### Computershare Investor Services (Pty) Ltd,

Address: Rosebank Towers, 15 Biermann Avenue,  
Rosebank, 2196

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Tel: 011 370 5000