

PART 6



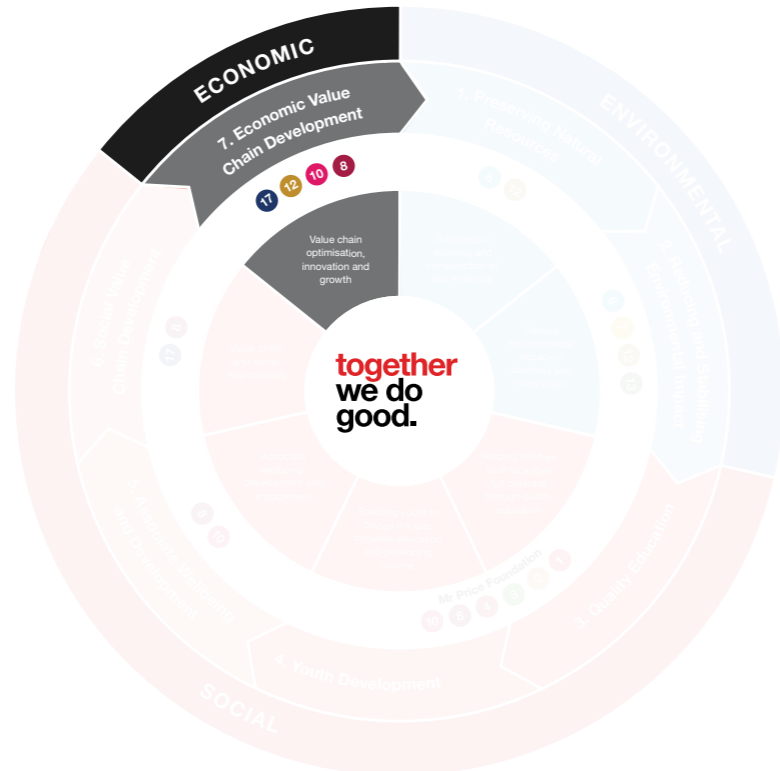
Economic

Overview

The group aims to have a sustainable value chain that is optimised and innovative. The key objective of the group's economic value chain development programme is to ensure that the business has a capable, responsive, sustainable, compliant and agile supplier capability that supports current and future supply requirements, and ultimately a sustainable business that can deliver the group's strategy and vision. The group measures supplier social compliance (see page 69) as well as environmental and commercial performance which provides a blended view of performance and assists with a targeted development programme that helps suppliers improve their own KPIs.

Economic value chain development activity is underpinned by a detailed fit for purpose and proprietary supplier grading tool that tracks a balanced scorecard of 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 supports localised production, and set an objective to procure over 100 million units from South Africa by 2030. This was achieved in FY2024 well ahead of



time. Localisation opportunities allows for developing in-season trading capabilities, enabling trading divisions to respond to customer demands and supporting job creation and industry skills in South Africa.

To support ongoing localisation, the group collaborates with industry specialists to develop SMMEs with potential to supply products, ensuring a sustainable approach. See page 78 for further detail.

KEY ECONOMIC ACHIEVEMENTS FOR FY2025:

Sustainable Indicator	SDG	FY2025 Actuals
RSA procurement (units)		127.7m products manufactured in RSA
% RSA procurement (% of cost price)		37.4% of the group's product spend is on RSA manufactured goods
Supplier performance: % of order book A to C grade		95.4% of suppliers are graded A-C
Supplier performance: OTIF %		85.8% of suppliers delivered orders both on time and in full
Supplier performance: OT %		90.1% of suppliers delivered orders on time
Supplier performance: IF %		94.6% of suppliers delivered orders in full

6.1 SUPPLIER GRADING AND PERFORMANCE

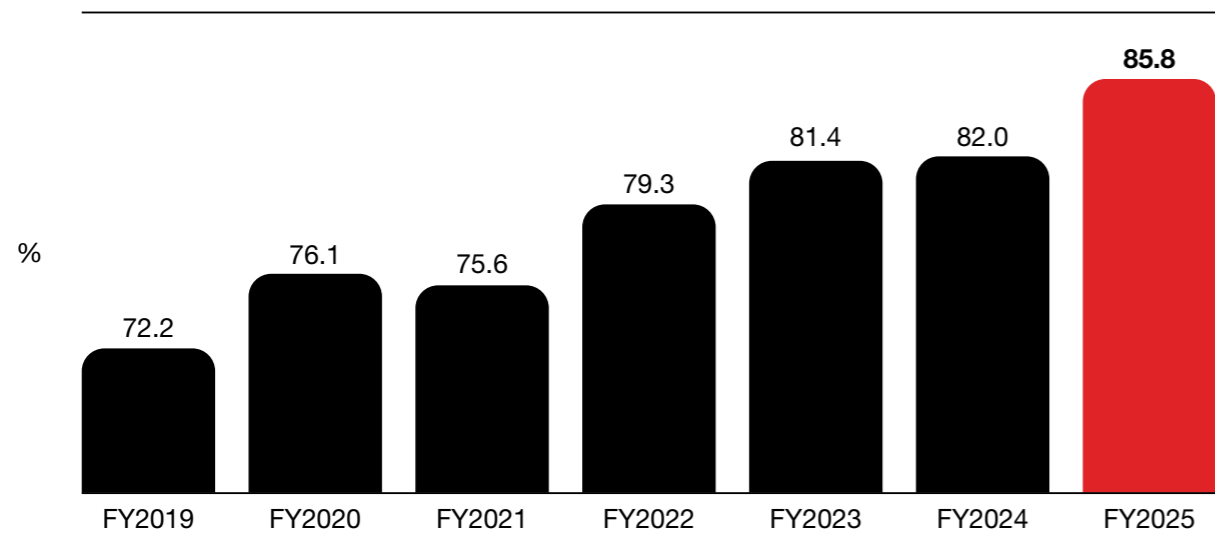
The group has a well-defined proprietary supplier grading methodology that includes various metrics to track delivery reliability (as measured by on-time and in-full delivery; OTIF), DC delivery conformance, breakages and quality (as measured in bulk inspection pass rates). When combined, these metrics are used to calculate an overall grade by supplier – from A to E. In FY2025, additional metrics were developed and integrated into the scorecard methodology with the aim to measure suppliers on a balanced scorecard that includes social and environmental performance measures, in addition to commercial measures.

Regular communication of performance data and direct coaching of suppliers have led to significant OTIF and A to C grade improvements in recent years. Suppliers benefit from increased order volumes, while trading divisions deliver full product offerings to customers as planned.

During FY2025, **95.4%** of suppliers achieved A to C grades. This represents a four-year improvement of 3.3% on an already high base.

OTIF is the most critical component of supplier grading as it ensures customers receive the products they want, when they want them. During FY2025, **85.8%** of orders were both on time and in full. This is an increase of 3.8% from FY2024 and an impressive six-year improvement of 13.6%. The group measures "on time" and "in full" separately to identify the root causes of performance issues.

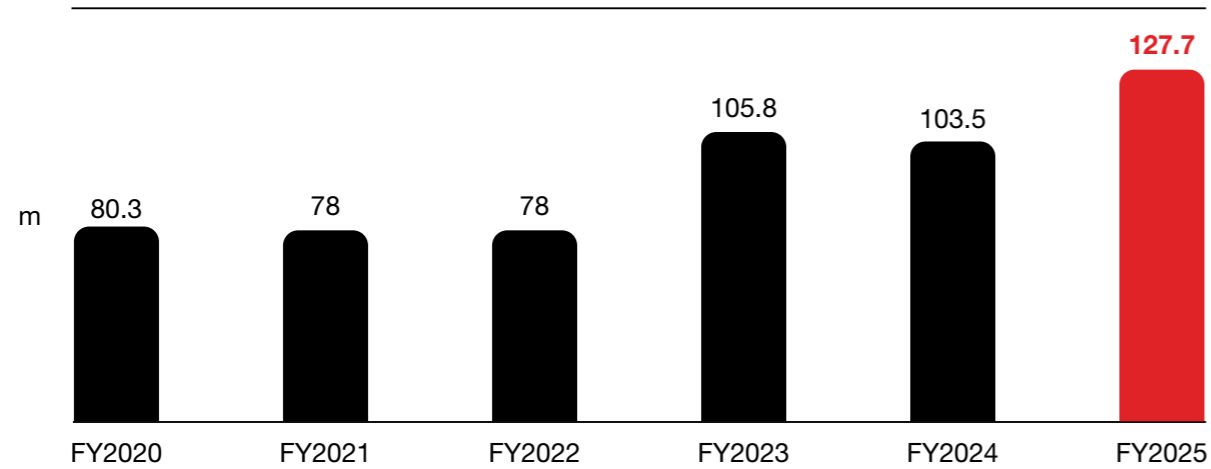
Orders on time and in full



6.2 LOCAL PROCUREMENT

In line with the objective to develop local manufacturing capability, the group is a signatory to and supports the Department of Trade Industry and Competition's Retail-Clothing Textile, Footwear and Leather Master Plan 2030 (Master Plan). As part of this commitment, the group has increased procurement from South African suppliers from 80.3 million units in FY2020 to **127.7 million** units in FY2025, representing meaningful growth of 59% over six years. This procurement, valued at R5.2 billion at cost price, represents **37.4%** of the group's total merchandise spend.

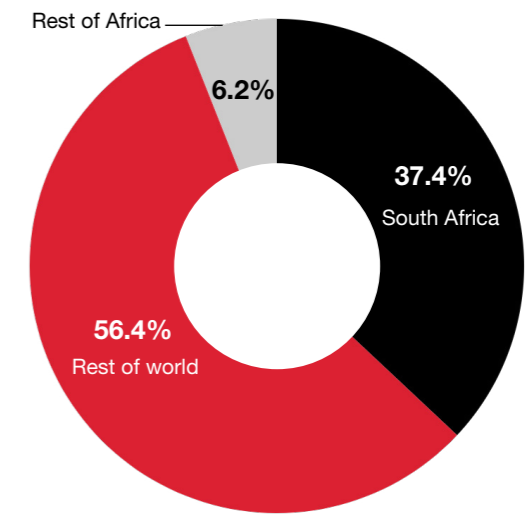
Number of units procured in South Africa



The group procured a further 17.4 million units valued at R867 million from other African sources, equating to over 6.5% of total merchandise spend. In total, 145.2 million units were sourced from Africa, contributing a remarkable R6.1 billion to the economies of the African continent. Sourcing split by spend per region is outlined in the adjacent chart.

While the group remains committed to procuring its largest contribution of products from South Africa and the region, several challenges influence commercial procurement decisions. These include accessing the required capability, quality, technology and skills that meet the needs of the business and its customers. To address these challenges, the group established the Supplier Development Cluster (SDC) in 2022. The SDC aims to identify supplier development opportunities and investments to enhance the competitive advantage of local supply through the design and rollout of a localisation roadmap. In FY2025, the group contributed over R420 000 to the cluster, which is co-funded by participating suppliers and the DTIC's Clothing, Textile, Footwear, and Leather Growth Programme (CTFLGP).

Sourcing by region (cost price value)



6.3 INDUSTRY PARTNERSHIPS

The group further supports the local industry through its funding of and participation in the KZN CTC, a not-for-profit public/private sector partnership of local manufacturers, government and retailers aimed at boosting the competitiveness of the local industry. Among its numerous activities, the KZN CTC helps the group to find new suppliers through the Business Accelerator Programme. Promising suppliers go through an intensive capacity-building workshop and then present their business plans to a variety of retailers. If selected by a retailer, the supplier receives expert coaching to unlock trading opportunities. The case study on Argento Trading, a successful Business Accelerator participant, was included in the **2023 Sustainability report**. Argento Trading continues to supply to Mr Price Sport and achieved a unit growth of 1354% between 2023 and 2025.

In FY2024, the group secured a partnership with Cotton South Africa to develop a sustainable cotton standard aimed at integrating sustainable farming practices for all cotton producers. In FY2025, the group provided R390 000 for the technology pilot of a digitised assessment and certification platform that will enable the sustainability standard to be verified and traceable.



6.4

VALUE CHAIN SKILLS DEVELOPMENT

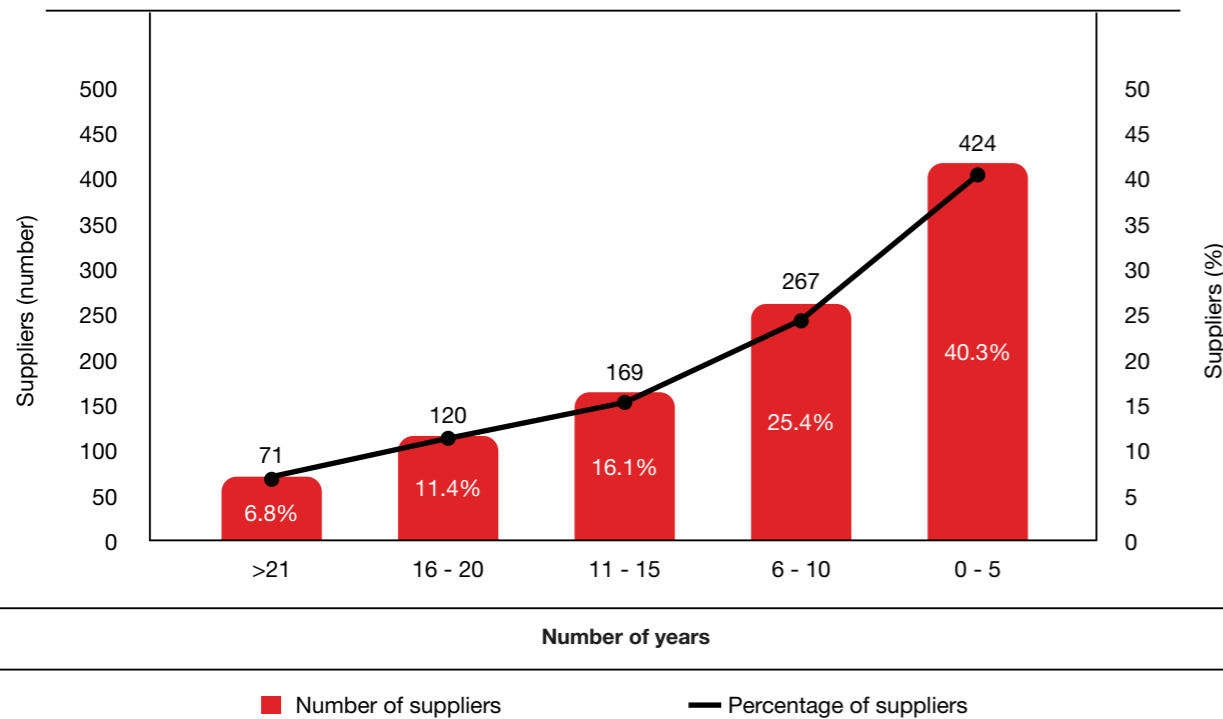
As the group continues its localisation efforts, economic growth and employment are fostered within South Africa. In FY2025, through the Accelerator Programme, a small black female-owned enterprise was identified as having potential to become as supplier to the group. An investment of R125 000 was made to develop the capability of this enterprise to become retail ready.

6.5

SUPPLIER PARTNERSHIPS

The group has 1 051 active suppliers (excluding acquired divisions). Over 34% of suppliers (360) have traded with the group for more than 10 years and 71 suppliers have had a relationship with the group for more than 20 years. The tenure of the group's supplier base is reflected in the graph below. While long-standing supplier partnerships are key, the group is constantly looking for new supplier partnerships to deliver fashion-value merchandise that surprises and delights customers and provides newness. During FY2025, the group onboarded 26 new suppliers. See page 68 for more on the supplier compliance process.

Duration of supplier partnerships



6.6

SUPPLIER DEVELOPMENT

The group adopts a supportive role regarding suppliers and has a dedicated supplier development function within the ESG Centre of Excellence. Along with driving localisation and managing industry partnerships, the trading divisions provide direct performance improvement coaching to suppliers with key development requirements. Performance of development suppliers is monitored through measurement of OTIF delivery and grading, as explained on pages 74 and 75.

In FY2025, as part of the group's supplier development programme, qualifying black-owned small- and medium-sized suppliers were provided with financial loans to the value of R32.9 million. In addition, a R6.48 million loan was provided to enable the procurement of sustainably grown South African cotton from small scale farmers for the group's towelling programme. The group has implemented development loan programmes for the past 13 years and has partnered with Absa to manage this programme since FY2021.

6.7

SUPPLIER ENGAGEMENT

The group strives to continuously improve its relationship with suppliers. Each year, a supplier engagement survey is conducted to assess progress. In this reporting period, suppliers awarded the group a score of 84.3% across a variety of metrics, which is consistent with the prior year score.

Based on responses from 108 suppliers representing 63% of the group's order book, the survey highlighted several key partnership strengths. The group's representatives treat suppliers with respect and live up to the group's values of Passion, Value and Partnership. Key areas of improvement are clarity of performance metrics and divisional strategies.



Reusable shopper bags

6.8 CASE STUDY: SUPPLIER DEVELOPMENT CLUSTER

To support growth of local production, the group established and leads the Mr Price Supplier Development Cluster (SDC), a standalone not-for-profit, private-public-partnership co-funded by the DTIC's CTFLGP.

The SDC aims to develop the manufacturing capability of local suppliers and in doing so, grow local procurement and create jobs whilst boosting the speed and agility of the group to provide customers with the wanted fashion product at a price they can afford. The SDC is made up of three group retail divisions, namely Mr Price Apparel, Mr Price Sport, and Miladys, as well as five strategic suppliers, and is governed by an independent board and cluster manager, who oversee the governance and delivery of programmatic content.

SDC Initiatives

1. Localisation roadmaps

Three localisation roadmaps developed for demand-led interventions

2. Divisional sourcing capabilities

Speed to market model development & formation

3. Supplier productivity improvement

Productivity benchmarking & improvement

4. Technical skills upgrading

Development & placement of scarce CTFL related skills

5. Technology demonstration

Industry 4.0 exploration & deployment

The SDC activity is organised around five initiatives, namely:

1. Localisation roadmap development:

The SDC's first initiative was an extensive localisation demand mapping exercise, which identified specific product commodities for localisation potential.

2. Divisional sourcing capabilities:

This initiative aims to support the participating retail divisions in the development of a built-for-purpose speed to market model and local capability of products in demand, to leverage the benefit of local supply.

3. Supplier productivity and sustainability development:

The SDC has a productivity improvement programme for the participating suppliers. The ultimate aim is to improve cost competitiveness in line with the needs of the retail divisions, whilst simultaneously unlocking improved profitability for the supplier. Interventions include the development of sustainable practices and processes of participating suppliers.

4. Technical skills upgrading:

In line with supplier needs, the SDC, in partnership with Mr Price Foundation, has established a technical skills upgrading programme through which scarce and specific technical skills are developed (e.g. machinist, work study engineering, maintenance, garment technology, and patternmaking). Mr Price Foundation's involvement is focused on upskilling young people with skills that the industry requires. This is a unique example of collaboration and partnership across both the social and economic elements of the group's sustainability strategy that delivers both youth development and economic value chain development.

5. Technology demonstration:

To ensure strategic suppliers are and remain globally competitive, the SDC provides a platform for the test and demonstration of key technological innovation by participating suppliers. In FY2025, participating suppliers upgraded their technology capabilities with an investment of R3 million which resulted in an improved performance from FY2024 to FY2025 and as a result received additional growth of 617 000 units or 14%.

