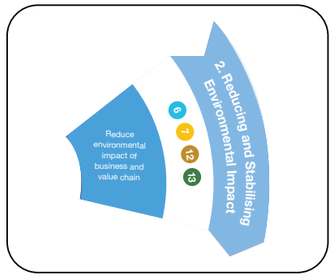
4.2 REDUCING AND STABILISING ENVIRONMENTAL IMPACT



4.2.1 PLASTICS

The group has made good progress in its ambitious effort to eliminate single-use plastic shopper bags from all stores*. Operations teams managed plastic bag procurement, and procured 16.7 million bags less than last year, a 60.6% reduction. The impact is most notable in stores and through customer collaboration. Store associates promote reusable bags, and the point-of-sale system tracks transactions for single-use plastic bags, reusable bags, and instances where customers use their own bags or none. In FY2025, customers opted for their own or reusable bags in over 68.3 million transactions, meaning **86.3%** of all sales did not include a plastic bag, an improvement of 23.6%.

This reflects the group's commitment to its Together We Do Good sustainability purpose. Reducing **over 68.3 million** single-use plastic bags mitigates environmental pollution, especially in vulnerable water sources like rivers and oceans. Additionally, all reusable bags are made in South Africa, supporting local manufacturing and promoting sustainable practices.

Since FY2023, the use of over 158 million single-use plastic packets has been avoided.

*Excluding Yuppiechef, Power Fashion and Studio 88

Mr Price Sport and Mr Price Home stores are substantively single-use plastic bag free. By the end of FY2026, Sheet Street and Mr Price Apparel will follow suit. In FY2025, Power Fashion successfully piloted reusable bags at select stores, with plans to expand offerings next year. Studio 88 will conduct a similar pilot, starting their journey to reduce single-use plastic bags.

The following alternatives are offered to customers:

Trading Division	Bag Options
MILADYS	Reusable and paper bags
mr price sport / mr price home	Only reusable bags
YUPPIECHEF / mr price cellular **	Paper bags
mr price / sheet•street	Reusable and plastic bags
POWER FASHION	Reusable and plastic bags Test conducted in FY2025; to be rolled out further
studio 88	Plastic bags Reusable bag test to be conducted in FY2026

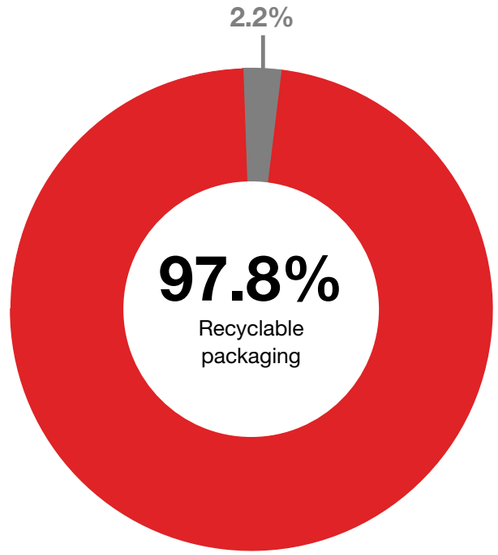
**Standalone stores

Product Packaging

The group continues to make significant strides in reducing plastic packaging. In FY2025, more than **41 million** of the group's products had reduced plastic packaging. This is an improvement of 11.3% from last year.

The group's product packaging comprises the following categories:

- Outer packaging - paper boxes and cartons in which products are transported
- Inner packaging - plastic packaging inside cartons used to protect products in the transport and distribution process
- Display packaging - packaging of products as bought by customers



RECYCLABILITY OF PACKAGING*

In FY2025, **97.8%** of all inner, display and product packaging was recyclable, reusable, or made from recycled content, with recyclable plastic accounting for **72.74%**.

As part of the South African Extended Producer Regulation (EPR), the group engages with PROs to source widely recyclable plastic materials locally, enhancing recycling capabilities. The group also advises on waste and packaging through the Circular Energy advisory board.

Most plastic inner packaging consists of LDPE polybags, essential for logistics and distribution, which is currently irreplaceable. However, the group ensures that these are recyclable and continuously works towards developing recycling initiatives. An independent packaging audit in FY2025 measured packaging types and identified opportunities to further reduce plastic packaging and source sustainable alternatives.

Reuse and recycling of outer packaging is detailed in the waste and recycling section on page 37.

*Excludes e-commerce packaging

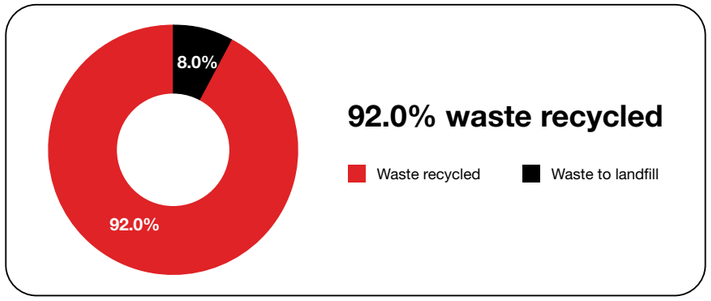
Recyclable plastic | Non-recyclable plastic

Couch manufactured using cleaner methods certified by the OEKO-TEX 100 standard

4.2.2 WASTE AND RECYCLING

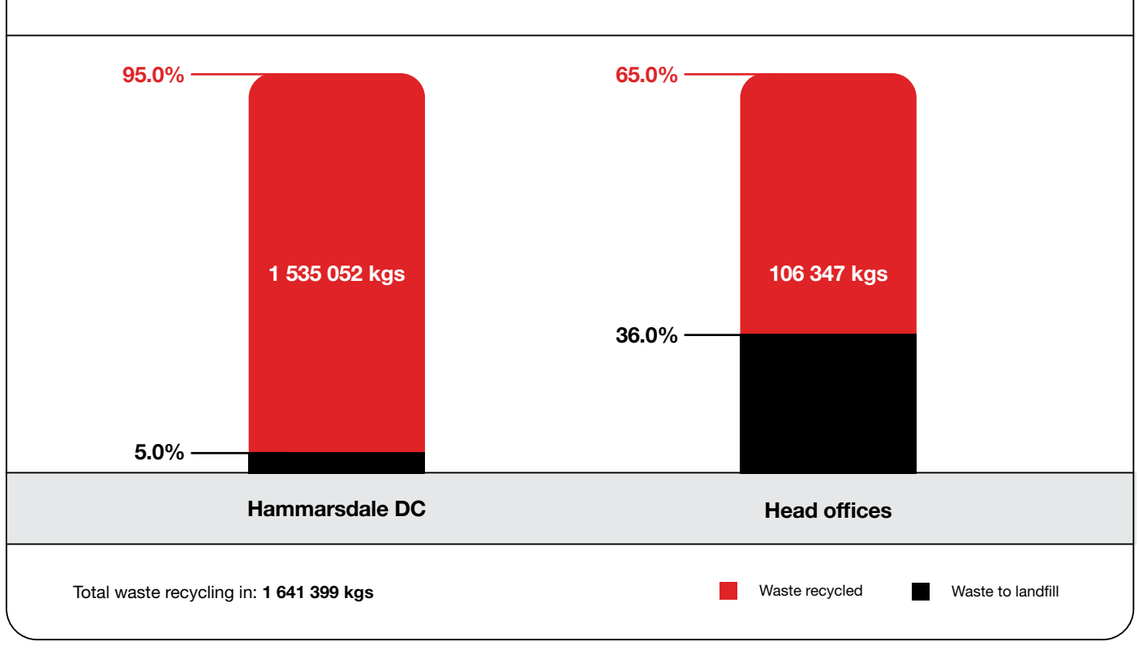
Group Recycling

The group contributed to reducing landfill waste through recycling initiatives at its head office and DCs. Pleasingly, **92.0%** of the total measured waste at these sites has been recycled.



Recycling is currently measured and reported at five sites: the group's Durban head office, Miladys head office, Power Fashion head office and DC (combined site), and Mr Price Money head office. Recycling will be extended to the Yuppiechef and Studio 88 sites in FY2026. Although the total volume of recycled waste has increased from last year, the percentage of total waste recycled at head office sites reduced by 3% while the Hammarsdale DC has increased year-on-year for four years.

Waste measurement is monitored and reported quarterly, and if recycling rates drop, audits are conducted to identify remediation interventions. In addition, an internal recycling working group discusses challenges and solutions for each site. The group will continue efforts to reduce waste to landfill.



Recycling at Stores

Store-generated waste is currently not measured by the group, as waste collection and recycling is overseen by shopping centre management. Stores are encouraged to adopt responsible waste management practices by reusing, recycling, using recyclable hangers, and sending e-dockets to customers instead of printing paper receipts. Stores not located in shopping centres collaborate with both formal and informal recyclers to collect cardboard for recycling.

Reuse Waste

To minimise packaging waste, the group's Hammarsdale DC reused more than 547 000 cardboard cartons, an increase of 39.4% from last year.

Hazardous Waste

Due to the nature of the group's activities, hazardous waste is minimal. Fluorescent tubes from the Durban head office are collected and recycled by a qualified service provider. During the reporting period 142 kg of these were collected and recycled.

Paper Reduction

Paper usage at stores continues to be reduced through the e-docket initiative. The group has emailed over 106 million dockets since 2016, significantly reducing the volume of paper receipts issued.

E-waste

E-waste generated at the Durban head office from technology hardware is sold to external buyers and associates, donated to charity, or responsibly disposed of by a specialist e-waste service provider who provides a certificate of destruction. Printer cartridges from stores are collected monthly and recycled into product material. During FY2025, 6 528 cartridges were collected from stores nationally and recycled.

4.2.3 CLIMATE CHANGE

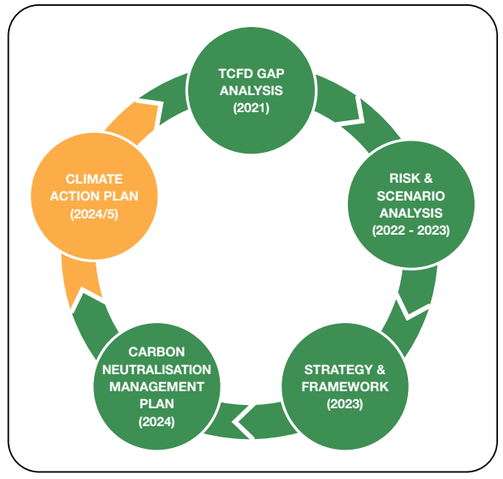
Climate change poses risks to the natural resources used in the group's products, the communities it operates in, and its supply chain infrastructure. The group recognises the importance of reducing its climate impact and adapting to climate change to ensure business resilience. In FY2025, significant climate developments in South Africa included the partial proclamation of the Climate Change Act and the Carbon Tax Discussion Paper. The next legislative phase is expected from 2026 to 2035. Currently, the group is not directly impacted by carbon tax, and retail sector carbon emissions targets are still being established by government. These developments are closely monitored, and readiness activities are well under way. As part of GHG reporting, SAGERS and Carbon Tax is annually reported and submitted to the relevant government authorities.

Climate Change Process

Since conducting the TCFD gap analysis in 2021, the group has been on a journey to progress its thinking and actions to address climate change. In 2022, the group started a process to identify its climate change risks, develop a framework and plan to guide implementation and identified suitable metrics and targets to inform an emissions baseline.

The approach followed by the group is shown in the adjacent image and includes the development of a carbon neutralisation management plan as required by ISO 14068-1:2023.

A key recommendation from the TCFD gap analysis was to develop a risk and scenario analysis, which was completed in 2023. This analysis identified the group's physical and transitional risks. Using this as a key input, a climate change framework and strategy was formulated in 2023 that included the development of a carbon emission baseline (using 2023 data) against which targets that align to the mitigation of a 1.5-degree temperature rise, were modelled. To support the framework and strategy, a draft climate change action plan has been formulated that proposes key actions needed to meet the proposed targets.



The intricacy of the retail sector and its value chain, as well as the complexity of climate change as a subject has necessitated the process being iterative. The group is continually learning and gaining deeper understanding of climate change in retail and adapts the plan on a continuous improvement basis. The intention is to set realistic emission reduction targets that are supported by identified operational actions that are agreed and socialised with the relevant internal stakeholders. This will ensure that climate change is actionable, not academic.

Due to the negative effects of climate change on businesses, surrounding communities and environments, the group recognises the need to approach climate actions with a Just Transition in mind and to consider impacts across the value chain. As part of its climate action plan, the group will consider the effects of a climate change on associates, supply chain partners, and communities.

Policy Statement

The group's position on climate change is aligned with its environmental policy, the key pillars of sustainability and the Together We Do Good purpose. The policy statement on climate change will be adapted in the environmental policy to align with the approach taken through the climate action plan.

Plastic shoe kimbals replaced with elastic kimbals

Risks

The group's climate change risk and scenario analysis highlighted physical and transitional risks. These are listed in the table below:

Physical Risks	
Theme	**Impact**
Raw material production	• Changes in temperature, precipitation patterns, and extreme weather events can affect the growth, quality and characteristics of certain crops and fibres such as cotton and other natural fibres
Manufacturing and logistics	• Increasing tropical storms and/or flooding will negatively impact manufacturing, logistics and warehousing
Associates and supplier partners	• Extreme weather events present a safety risk for associates and workers in the supply chain at workplaces and whilst traveling to and from work
Merchandise supply	• Seasonal climate shifts may influence customer purchasing behaviour
Transitional Risks	
Theme	**Impact**
Cross border carbon pricing	• Increase in the costs of imported and/or exported merchandise
South African suppliers and customers	• Climate change can negatively impact local production facilities and low-income consumers. Disposable income can be reduced through climate change impact (reduction in jobs, increase in food cost etc.)

These risks have been considered and are incorporated into the groups, enterprise risk management processes and in the group's response to climate change.

Standards, Targets and Key Actions

After careful consideration and guidance from specialist consultants, the group used the ISO14064-1:2018 standards to establish an estimated base year of its carbon emissions in FY2023 and modelled provisional targets that align to the mitigation of 1.5°C as per the Paris Agreement. This provided the group with a trajectory to use as a guide for the reduction of carbon emissions between 2023 and 2050.

The climate change action plan sets out an implementation guide to both reduce the group's emissions and investigate key interventions required to align with the proposed trajectory. These are summarised in the table below:

Value Chain Action Plan

Raw material	Product manufacturing	Packaging	Transportation	Own operations	Customers/End use
Key actions	**Key actions**	**Key actions**	**Key actions**	**Key actions**	**Key actions**
• Source lower impact materials • Increase use of raw materials from circular processes • Assess impact on farm workers	• Identify energy reduction and renewable energy opportunities in value chain • Conduct product carbon footprint analysis. • Assess impact on arm workers	• Reduce the impact of packaging - reduce, reuse, recycle • Packaging optimisation	• Explore viable options for less carbon intensive transportation alternatives • Transportation route efficiencies and optimisation	• Explore using biodiesel for generators. • Convert all stores to LED lights • Explore renewable energy opportunities (including wheeling)	• Wash care instructions at 30 degrees and below • Return plastic packaging for circular processes

Value Chain

Note: Implementation has started with all actions in green

Challenges and Limitations

The group's ability to achieve a net zero carbon emission target is limited by systemic factors such as energy generation using coal and fossil fuels in countries of both operation and manufacturing. In addition, electric vehicles requiring battery backups necessitate renewable energy for emission reductions to be realised.

The group has limited influence over upstream production of tier 3 and 4 suppliers and require access to data relating to supplier production processes and materials outside of its direct control. As such, scope 3 base year data currently reflects high-level assumptions and whilst aligned with the GHG protocols, it requires more in-depth analysis to accurately measure and reflect current impact and reduction opportunities.

Despite these challenges and limitations, the group is committed to act on reducing the carbon emissions in its direct control and to work through collaborative structures to influence systemic change where necessary.

4.2.4 GHG EMISSIONS

The group has developed its GHG baseline and modelled preliminary emission reduction measures against the 1.5℃ limit for 2030 and 2050 respectively, per the Paris Agreement. The group's calculated scope 3 emissions constitute 83% of total emissions. The group will identify interventions to reduce scope 3 emissions as part of the climate change action plan to be further developed in FY2026. The table below details scope 1, 2 and estimated scope 3 emissions, showing a steady overall reduction of scope 1 and 2 from FY2020 to FY2022 (scope 3 emissions were first measured in FY2023).

Scope Emissions (tCO2e)

	FY2021	FY2022	FY2023	FY2024	FY2025
Scope 1	1 905	2 350	2 932	4 044	2 809
Scope 2	92 992	82 894	89 856	88 029	81 773
Scope 3	N/A	N/A	542 292	526 435	413 448

Note:
There has been a restatement on Scope 2 and 3 as a result of changes to calculation methodologies. A restatement of the GHG inventory refers to the revision of previously reported emissions to reflect improved data quality, updated methodologies, or corrections. In this reporting period, Scope 2 emissions have been adjusted due to the alignment with an updated South African energy grid emissions factors. Ongoing enhancements in data availability, quality, and accuracy have also resulted in minor changes across other emission categories.

FY2023 Total
632 148

FY2024 Total
614 464

FY2025 Total
498 030

Variance
116 434

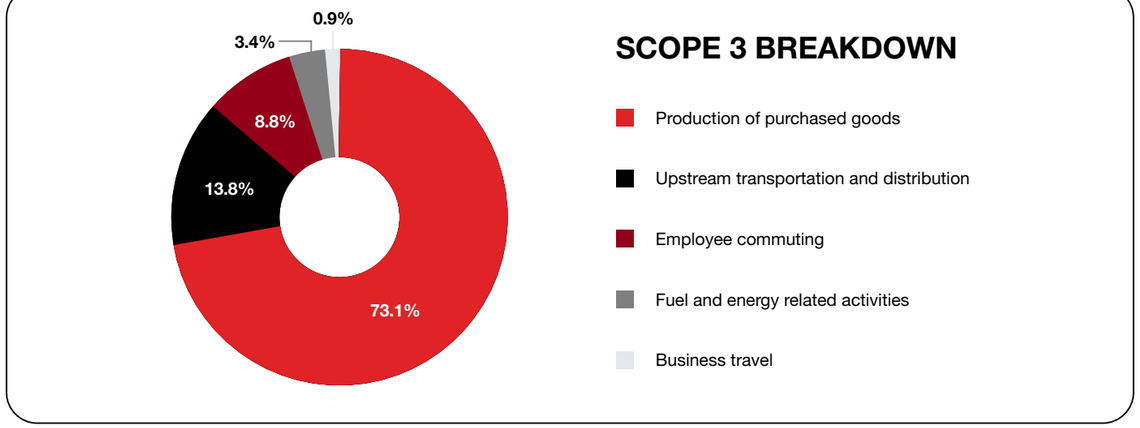
Reduction
18.95%

Scope 1 (Direct emissions): These sources of emissions include diesel generators, air conditioners (where data is available) and fuel usage. There was an expected decrease of 1 235 tCO2e in scope 1 due to reduced loadshedding which resulted in less diesel usage and overall increase in inverter backup power at stores.

Scope 2 (Energy indirect emissions): This includes all energy consumption of retail operations (stores, DC and head offices). Scope 2 emissions had a decrease of 6 526 tCO2e.

The watts/sqm were 14.87 for FY2025 at store level. The group is conducting energy audits across its high energy consuming stores to identify energy and cost savings opportunities.

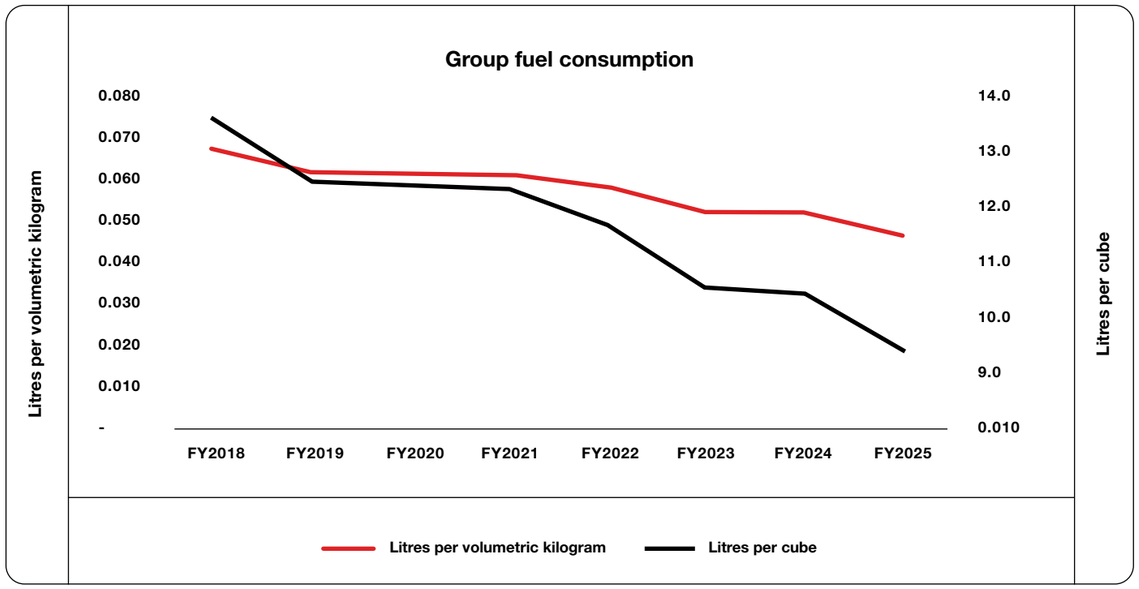
Scope 3 (Other indirect emissions): Represent the predominant portion of the group's GHG inventory, contributing 83.0% to the total emissions, equivalent to 413 448 tCO2e in FY2025. The group has calculated the following Scope 3 categories and its emissions contribution.



Mr Price Home reusable shopper bags

4.2.5 LOGISTICS AND SUPPLY CHAIN

The group's logistics partner has maintained its commitment to improving fuel efficiencies through various initiatives and projects, with continued improvement in fuel consumption reduction. Efficiencies have increased in the current reporting period, as compared to the stagnant trend in prior years. Fuel consumption measured by litres per volumetric kilogram has reduced to 0.047 in FY2025, a reduction of 9.7%, while fuel consumption measured in million litres has reduced by 1.8 million litres from FY2018 to FY2025. There has been improved linehaul truck utilisation in FY2025, from 81.8% in FY2024 to 83.6% in FY2025, which reduces kilometres per volumetric kilogram.



The initiatives being employed by the group's logistics partner to improve their sustainability which contributes to the reduction of the group's scope 3 carbon footprint include the following:

- Continued replacement of the older vehicles in the distribution fleet with new vehicles that have a larger volumetric payload capacity and are more fuel efficient. Both factors contribute to the overall reduction in carbon footprint for the business as a vehicle moves more freight, utilising a more efficient motor
- Replacing some of the linehaul fleet with new units with technology that makes them more fuel efficient contributing to the reduction of emissions
- Movement towards paperless deliveries, using paperless solutions in their back-office support functions where possible, and considering internal automation of administration processes to further reduce paper consumption
- Installation of a solar solution in multiple depots to increase the use of renewable energy
- The Durban depot has been awarded a 4 Green Star rating by the Green Building Council of South Africa, making it the second site in their network to attain this accreditation
- Testing additional electric truck models available in the market