

4.1.2 ENERGY

ENERGY SAVING INITIATIVES

In FY2026, the group retrofitted 32 stores with LED lighting to improve energy efficiency, enhance lighting quality, and extend lighting lifespan. The group also works collaboratively with associates, landlords, and store operations teams to identify and implement measures to reduce overall energy consumption. This year, the group has commenced engagement with selected suppliers to assess energy management practices in the supply chain and to measure the associated carbon emissions.

The group continues to install inverter backup power at new stores and phase out generators, reducing its reliance on diesel and petrol generators.

RENEWABLE ENERGY

During FY2026, 1 502 174 kWh of renewable energy was generated across the group's head offices and DCs accounting for 21.6% of the group's total energy use (excluding stores). During the reporting period, Studio 88 commenced measuring renewable energy generation at its head office and DC.

The group's more than 3 000 stores, account for most of the direct operational energy consumption, limiting the ability to implement on-site renewable energy solutions. The group is developing a plan to integrate energy planning with emissions mitigation, ensuring that electricity demand, renewable energy opportunities, and mitigation investments are aligned with the emissions reduction trajectory of the group's Carbon Management Plan (see Climate Change on [page 33](#)).

Renewable Energy						
Site	FY2026		FY2025		FY2024	
	% 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	26.0	232 955	25.5	232 831	25.2	245 899
Hammarisdale DC	19.7	854 547	18.7	736 572	26.8	949 477
Studio 88 head office	28.5	414 672	N/A	N/A	N/A	N/A
Total	21.6	1 502 174	20.0	969 402	26.5	1 195 375

4.1.3 WATER USAGE

Water consumption at head office locations is monitored monthly to identify anomalies and potential inefficiencies. In the context of South Africa's ongoing water scarcity and water infrastructure challenges, the implementation of robust water-management practices remain a priority. In FY2026, total water consumption amounted to 25 822 kilolitres, representing an decrease of 3 601 kilolitres compared to the prior year. The Hammarisdale DC consumed 4 515 kilolitres of harvested rainwater which is 96.2% of its total annual use, thereby reducing reliance on scarce surface-based water sources. In product procurement, the group measures supplier performance of cleaner production processes and technologies aimed at reducing water consumption during manufacturing. Water consumption at store level remains minimal.

Water Usage (kilolitres)			
FY2026	FY2025	FY2024	FY2023
25 822	29 423	24 810	28 945

4.1.4 BIODIVERSITY

The group recognises the accelerating global decline in biodiversity driven by human activity, and the associated risks this poses to both business resilience and society. In response, the group continues to monitor developments under the Taskforce on Nature-related Financial Disclosures and science-based targets for nature in the fashion industry. Building internal understanding and capability is therefore essential to strengthening supply chain resilience to future nature-related risks. Through collaboration with key partners, including the WWF and the FSC, the group sources wood-based products from responsibly managed forests, supporting biodiversity conservation and reducing impacts on land and water ecosystems. In parallel, efforts to reduce plastic packaging contribute to mitigating pollution and protecting natural environments.

4.2 REDUCING AND STABILISING ENVIRONMENTAL IMPACT

4.2.1 PLASTICS

The group has made significant progress in eliminating single-use plastic shopper bags from all Red Cap stores, offering reusable or paper bags across its major stores*. In FY2026, 10.6 million fewer plastic bags were used by customers. This achievement is because of the continued customer collaboration and awareness driven by store associates at till points offering various bag options or no bag at all. In FY2026, customers opted for reusable bags, paper bags or no bags in over 85.9 million transactions, meaning 99.7% of all sales were completed without a single-use bag, an improvement of 13.4% year-on-year.

Reducing more than 85.9 million single-use plastic bags contributes to the objective of reducing environmental impact by lowering pollution, especially in vulnerable ecosystems like rivers, estuaries and oceans. In addition, all reusable bags and paper bags are locally manufactured in South Africa, supporting domestic production.

Since FY2023, over 245 million single-use plastic packets have been removed from circulation.

*Excluding Power Fashion and Studio 88

Mr Price, Mr Price Sport, Mr Price Home, Miladys and Sheet Street stores no longer offer single-use plastic bags, offering a combination of reusable and paper bags instead. In FY2026, Power Fashion and Studio 88 began offering reusable bags at select stores, with plans to expand alternate options next year.

The following alternatives are offered to customers:



Trading Division	Bag Options
MILADYS	Reusable and paper bags
	Only reusable bags
YUPPIECHEF	Only paper bags
	Reusable and plastic bags

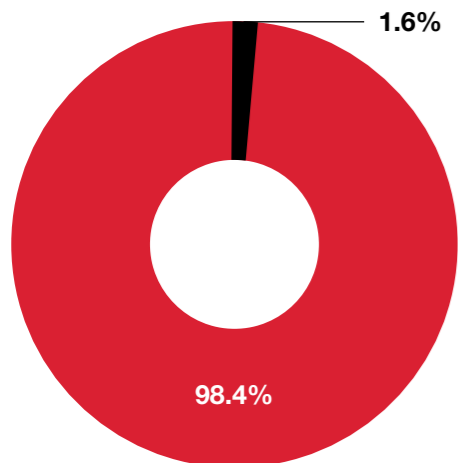
PRODUCT PACKAGING

The group continues to advance its plastic packaging reduction efforts. In FY2026, more than 78.9 million products were distributed without plastic packaging, representing a year-on-year improvement of 51.8%.

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 FY2026, 98.4% of all inner, display and product packaging was recyclable, reusable, or incorporated recycled content, with recyclable plastic (including reusable) accounting for 74.3% of total packaging.

In alignment with South Africa's Extended Producer Responsibility regulations, the group collaborates with Producer Responsibility Organisations to source widely recyclable plastic materials locally, thereby supporting and strengthening domestic recycling capabilities. The group also contributes to waste and packaging advisory initiatives through its participation on PRO advisory boards.

Most plastic inner packaging comprises LDPE polybags, which are essential for product protection, logistics, and distribution and currently have no viable alternatives at scale. The group is testing alternative material such as paper polybags to reduce plastic and promote recyclability at end-of-life outcomes.

*Excludes e-commerce packaging



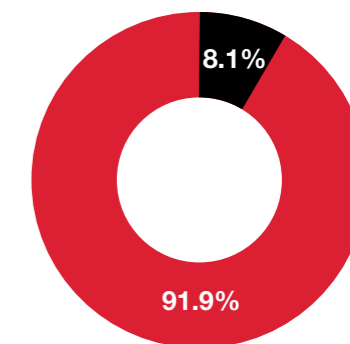
Studio 88 reusable shopper bag

4.2.2 WASTE AND RECYCLING

The group contributed to reducing landfill waste through recycling initiatives at its head office and DCs. As a result, 91.9% of the total measured waste generated at these sites was diverted from landfill and recycled.

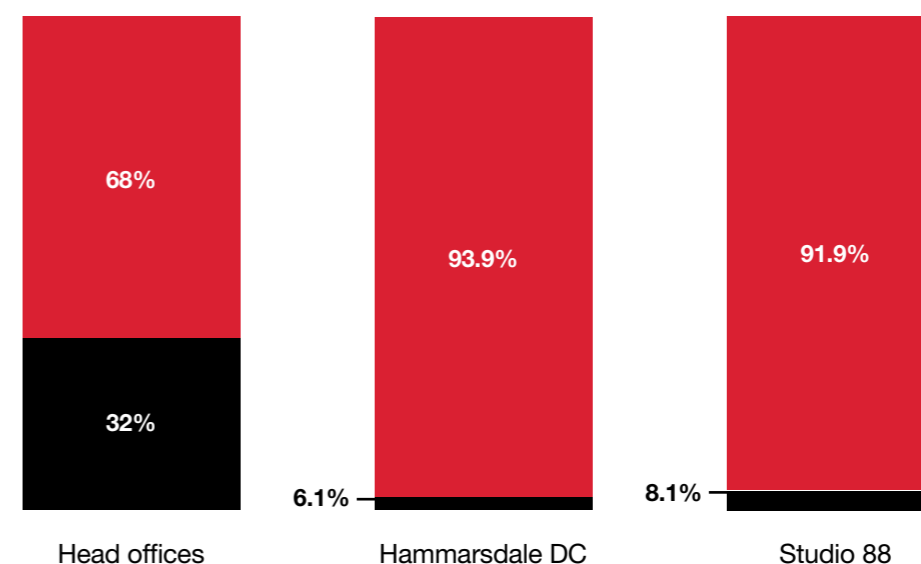
Recycling is currently measured and reported at six sites: the group's Durban head office, Miladys head office, Power Fashion head office and DC (combined site), Mr Price Money head office and Studio 88 head office and DC (combined site). On site separation is done at Yuppiefchef but not formally recorded due to low volumes of waste. The total volume of recycled waste has increased from 1.6 million kgs to over 1.8 million kgs in FY2027, the percentage of total waste recycled at head office sites increased by 4.0% while the Hammarsdale DC has increased year-on-year for four years.

Waste generation and recycling performance are monitored and reported on a quarterly basis. Where recycling rates decline, targeted waste audits are undertaken to identify gaps and implement corrective actions. The group remains committed to the ongoing reduction of waste sent to landfill.



■ Waste recycled ■ Waste to landfill

Waste recycling per location type



Total waste recycled: 1 857 516kgs

■ Waste recycled ■ Waste to landfill

RECYCLING AT STORES

Waste generated at store level is not measured by the group, as waste management and recycling services are managed by shopping centre landlords. Stores are encouraged to implement responsible waste management practices, including the reuse and recycling of materials, the use of recyclable hangers, and the promotion of electronic receipts in place of printed paper dockets. Stores not located in shopping centres collaborate with both formal and informal recyclers to collect cardboard for recycling.

REUSE WASTE

The Hammarsdale DC reused more than 632 000 cardboard cartons, resulting in an 82.9% carton reuse rate and contributing to reduced packaging waste.

HAZARDOUS WASTE

Due to the nature of the group's operations, the generation of hazardous waste is minimal. Fluorescent tubes from the Durban head office are collected and recycled by an accredited service provider. During the reporting period, 175kg of fluorescent tubes were collected and responsibly recycled contributing 0.01% of total waste.

PAPER REDUCTION

Paper usage at store level continues to decline through ongoing e-docket initiative. Since 2016, the group has issued more than 121 million electronic dockets, significantly reducing the volume of paper receipts generated across its store network.

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 FY2026, 3 361 cartridges were collected from stores nationally and recycled.

4.2.3 CLIMATE CHANGE

Climate change presents risks to the natural resources used in the group's products, the communities in which it operates, and the resilience of its supply chain infrastructure. The group recognises the importance of mitigating its climate impacts and adapting to climate change as a key component of maintaining operational resilience and long-term sustainability. The group continues to monitor, significant climate developments in South Africa, and participates in platforms such as Business Unity South Africa (BUSA) subcommittees and stakeholder engagement on amendments to the greenhouse gas (GHG) reporting regulations. These developments are monitored on an ongoing basis, with readiness activities progressing accordingly. As part of the group's GHG reporting obligations, South African Greenhouse Gas Emissions Reporting System (SAGERS) and carbon tax submissions are compiled and reported annually to the relevant government authorities.

CLIMATE CHANGE PROCESS

The group completed its assessment of climate-related risks, developed a framework and implementation plan to guide response actions, and identified appropriate metrics and targets to inform the establishment of an emissions' baseline. In addition, the group has developed its carbon neutrality management plan as required by ISO 14068-1:2023, and the climate change action plan.

Given the complexity of the retail sector and its value chain, and the evolving nature of climate-related risks and impacts, the group has adopted an iterative approach to its assessment and implementation processes.

The group is progressively strengthening its understanding of climate-related risks and opportunities within the retail sector and applies a continuous improvement approach to refining its climate strategy. Emissions' reduction targets are intended to be realistic and decision-useful, supported by clearly defined operational actions that are integrated into business planning and agreed across relevant internal stakeholders. This approach ensures that climate-related considerations are embedded in strategic and operational decision making and are implemented in practice.

Given the far-reaching impacts of climate change on economic activities, communities, and the natural environment, the group recognises the need to implement climate actions that support a Just Transition and address value chain impacts. The climate action plan therefore considers the implications of climate change for associates, supply chain partners, and local 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.

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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Increasing tropical storms and/or flooding will negatively impact manufacturing, logistics and warehousing
Associates and suppliers	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Seasonal climate shifts may influence customer purchasing behaviour
Transitional Risks	
Theme	Impact
Cross border carbon pricing	<ul style="list-style-type: none"> Increase in the costs of imported and/or exported merchandise
South African suppliers and customers	<ul style="list-style-type: none"> 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

The group applied the ISO 14064-1:2018 standard in FY2023 to define emissions base year and to model provisional emissions-reduction targets aligned with a 1.5°C pathway under the Paris Agreement. This process established an indicative trajectory to guide emissions-reduction efforts to 2050.

The climate change action plan provides an implementation framework to support the reduction of the group's emissions and to identify and assess key interventions required to deliver on this trajectory.

Value Chain Action Plan					
Raw material	Product manufacturing	Packaging	Transportation	Own operations	Customer/End use
Key actions <ul style="list-style-type: none"> Source lower impact materials Increase use of raw materials from circular processes Assess impact on farm workers 	Key actions <ul style="list-style-type: none"> Conduct product carbon footprint analysis Identify energy reduction and renewable energy opportunities in value chain Assess impact on farm workers 	Key actions <ul style="list-style-type: none"> Reduce the impact of packaging - reduce, reuse, recycle Packaging optimisation 	Key actions <ul style="list-style-type: none"> Explore viable options for less carbon intensive transportation alternatives Transportation route efficiencies and optimisation 	Key actions <ul style="list-style-type: none"> Convert all stores to LED lights Explore renewable energy opportunities (including wheeling) Explore using biodiesel for generators 	Key actions <ul style="list-style-type: none"> Wash care instructions at 30°C 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 requires 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 aligned with the GHG protocols. This year, the group collected primary data from selected suppliers to accurately measure and reflect their impact and reduction efforts. The group aims to extend the collection and reporting of environmental data from suppliers and to collaborate in exploring reduction opportunities.

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.

In addition, the group monitors and incentivises suppliers, through its balanced supplier scorecard, to promote products with sustainable material attributes and cleaner production practices. The sourcing of these products supports the reduction of GHG emissions across the value chain.

4.2.4 GHG EMISSIONS

The group's carbon footprint was calculated in accordance with the revised Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard. In FY2026, Scope 1 and Scope 2 emissions were calculated using operational data from South African business activities, excluding Studio 88. The carbon footprint calculation was additionally subject to independent third-party review.

The group has established its GHG emissions baseline and modelled preliminary emissions-reduction pathways aligned with limiting global warming to 1.5°C by 2030 and 2050, in accordance with the Paris Agreement. Calculated Scope 3 emissions account for approximately 86.2% of the group's total emissions, highlighting the importance of value-chain engagement. The group will continue to identify and prioritise Scope 3 mitigation interventions as part of a climate change action plan. The table below presents Scope 1, Scope 2, and estimated Scope 3 emissions.

Scope Emissions (tCO ₂ e) and Percentage Contribution										
	FY2026		FY2025		FY2024		FY2023		FY2022	
Scope 1	2 567	0.3%	2 809	0.5%	4 044	0.6%	2 932	0.5%	2 350	N/A
Scope 2*	111 568	13.4%	100 197	19.4%	101 033	16.0%	102 692	15.9%	82 894	N/A
Scope 3	714 561	86.2%	413 448	80.1%	526 435	83.4%	542 284	83.7%	N/A	N/A
Total emissions	828 696		516 454		631 512		647 908			

*Note: The group historically used the emission factors published in the Eskom annual reports for calculating and reporting Scope 2 emissions under the location-based approach. In 2025, the group migrated to using the National Grid emission factor as published by the Department of Forestry, Fisheries and the Environment (DFFE) to guide the carbon footprint calculation. For consistency, however, we have decided to revert to and continue using the Eskom reported value until an official national grid emission factor is published. We will consider the option to report market-based Scope 2 emissions reporting when opportunities to expand our Scope 2 activities to include the use of market instruments and renewable electricity procurement mechanisms have reached the necessary level of maturity in the future.

Key Scope 1 and 2 reduction actions

A significant transition from diesel-powered backup generation to inverter systems has contributed to a reduction in Scope 1 emissions in FY2026. Scope 2 emissions increased due to the net addition of 101 stores (excluding Studio 88) during the reporting period. Older stores using less efficient lighting technologies continue to contribute to a higher carbon footprint and are targeted for revamps. In parallel, the group is developing an integrated energy plan and a Scope 2 emissions decarbonisation strategy. The group will also establish baselines to enable targets for internal KPI measurement and reporting.

Scope 3

Production of goods and services in the supply chain

Data collated on the production of goods and services enabled the group to update its Scope 3 accounting methodology from a spend-based approach to a material-based approach for its category 1 calculations. A material-based approach provides a more accurate estimate of Scope 3 Category 1 emissions because it is based on the actual quantities and types of garments, fabrics, and materials purchased (e.g. cotton, polyester, wood), rather than the amount spent on them. It allows the group to reduce emissions by sourcing lower-carbon materials and products, whereas a spend-based approach can be distorted by price fluctuations, exchange rates, and inflation. In using this approach, carbon emissions reflect as higher than reported in previous reporting periods. In FY2026, the group partnered with an external service provider to conduct a pilot LCA on selected apparel and homeware products. The assessment evaluated the environmental impacts of these products, including climate change-related emissions, in accordance with ISO 14040 and ISO 14044 standards. The initiative aims to support improved understanding of Scope 3 emissions related to the production of goods across the value chain and will inform future efforts to enhance product sustainability and value-chain transparency. This work will be extended to other products in FY2027. Please see the LCA case study on [page 23](#).

Energy efficiency

The group has commenced the assessment of energy consumption and efficiency at selected supplier facilities. This initiative supports the group's Scope 3 emissions reduction efforts by establishing supplier-level energy baselines, improving visibility of upstream energy use, and identifying opportunities for efficiency improvements. These actions are intended to contribute to future Scope 3 emission reduction efforts while also enabling potential cost and energy savings for suppliers.

Scope 1 and % contribution (Direct emissions): These emission sources include diesel generators, air-conditioning systems (where data is available), and fuel consumption. In FY2026, a reduction of 242.1 tCO₂e in Scope 1 emissions was achieved.

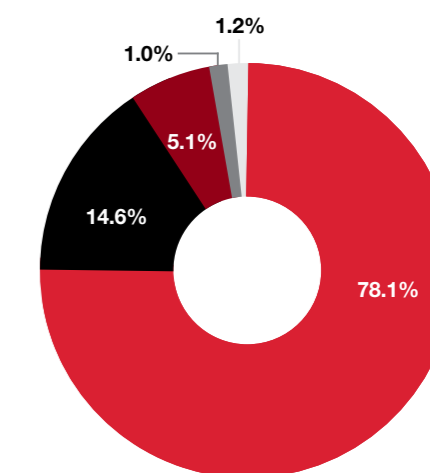
Scope 2 (Energy indirect emissions): This category includes all energy consumption across retail operations, including stores, distribution centres, and head offices. During the reporting period, Scope 2 emissions increased by 11 371 tCO₂e.

The watts/sqm were 14.2 for FY2026 at store level. The group monitors and reports energy performance on a quarterly basis.

Scope 3 (Other indirect emissions): These emissions represent the largest component of the group's greenhouse gas (GHG) inventory, accounting for 86.2% of total emissions, equivalent to 714 561 tCO₂e in FY2026. The group has quantified emissions across the following Scope 3 categories, reflecting their respective contributions to overall emissions.



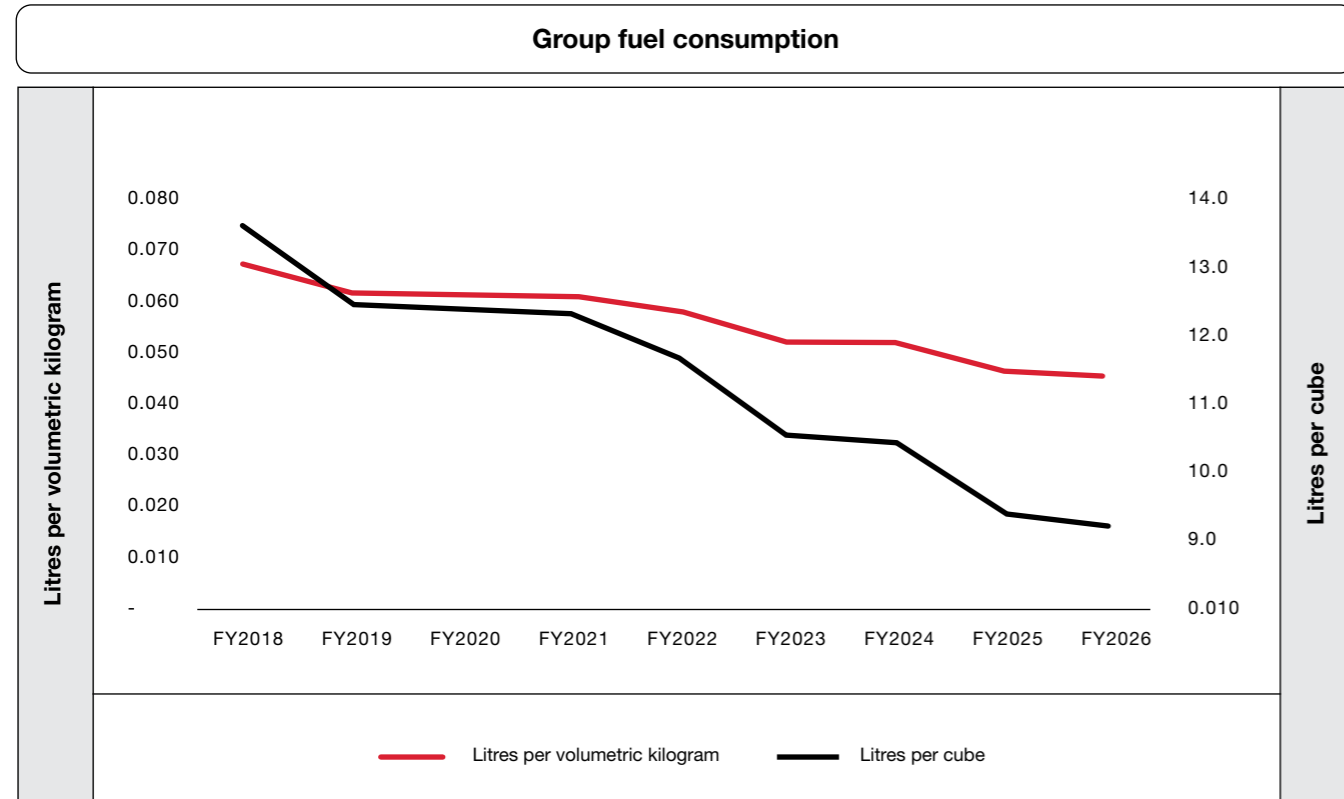
Scope 3 breakdown



- Production of purchased goods
- Upstream transportation and distribution
- Employee commuting
- Fuel and energy related activities
- Business travel

4.2.5 LOGISTICS AND SUPPLY CHAIN

The group's logistics partner sustained its focus on fuel efficiency improvements through targeted initiatives and projects. The current reporting period reflects improved fuel consumption performance compared to the limited progress observed in previous years. Fuel consumption measured by litres per volumetric kilogram has reduced by 2.2% to 0.05% in FY2026, while fuel consumption measured in million litres has reduced by 1.6 million litres from FY2018 to FY2026. There has been improved linehaul truck utilisation, from 83.6% in FY2025 to 84.7% in FY2026, 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:

- Ongoing driver training as well as innovative fleet initiatives are also employed wherever possible to ensure the most efficient general use of all vehicles utilised across the business to reduce fuel consumption and keep maintenance and the associated impacts of this maintenance on the environment, down as low as possible
- Continuously optimises delivery routes using operational data to minimise total kilometres travelled while maintaining high service levels
- Network configurations are regularly reviewed and adjusted to improve overall efficiency and service delivery performance
- Continued investing in renewable energy solutions, with solar installations operational at its Centurion and Durban depots and a further installation underway at the Gosforth Park site. These initiatives support operational resilience, reduce reliance on diesel generators during load shedding and municipal supply disruptions, and contribute to longer-term cost efficiency and environmental performance
- During the reporting period, the group's logistics partner undertook electric vehicle trials to assess their feasibility as part of a broader transition toward lower-carbon transport solutions. Initial findings indicate potential reductions in greenhouse gas emissions and operating noise compared to conventional vehicles, while infrastructure availability, charging requirements, and capital costs remain key considerations for future scalability

