

5.4 SOCIAL VALUE CHAIN DEVELOPMENT

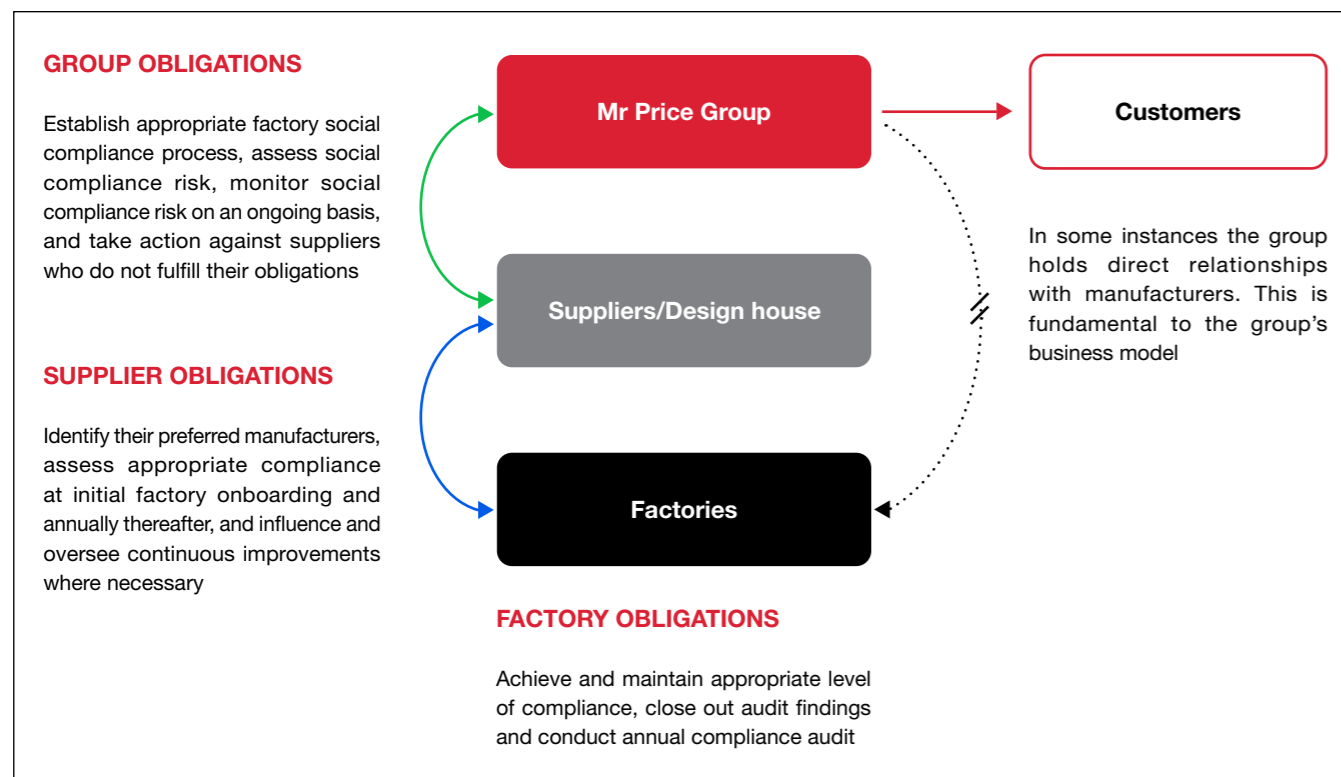
The group does not operate a vertically integrated value chain model. The group partners with both suppliers that manufacture their own products (direct), and intermediaries (Design/Trading houses) that contract with factories to fulfill its production requirements. Both direct and intermediary suppliers are responsible for building and maintaining a socially and ethically compliant apparel and homeware value chain. The group's continuous improvement approach reinforces responsible supplier behaviour and remains a key differentiator of its ESG strategy, particularly in the context of value retail. This approach supports the advancement of ethical practices in factories selected by suppliers to manufacture the group's products while mitigating social, operational, and reputational risks across a complex and global value chain.



The social compliance blueprint, the responsible sourcing framework and the group's code of conduct, which incorporates the ETI base code, set clear expectations for fair worker treatment and the protection of labour rights across the value chain. Supplier and factory compliance is actively monitored by divisional compliance teams, with structured guidance and engagement provided by the ESG Centre of Excellence to address gaps and strengthen social and ethical compliance practices.

Divisional sourcing and merchandise teams, supported by the responsible sourcing working group established in 2015, continue to drive awareness of labour rights and the implementation of responsible social practices by suppliers. These teams are responsible for supplier engagement and the oversight of compliance improvement initiatives, with a focus on safe, fair, and equitable working conditions. Group-level oversight is provided through the central social compliance function within the ESG Centre of Excellence, ensuring alignment, consistency, and governance across divisions.

Group Sourcing Model



5.4.1 RESPONSIBLE SOURCING GUIDE

The group's responsible sourcing guide promotes the protection of workers' human and labour rights and encourages environmentally responsible practices across the value chain. The internally developed Responsible Sourcing Framework and Implementation Guide provides clear direction to associates and suppliers on responsible buying and sourcing practices, supporting alignment with applicable legislation, international standards, and codes of good practice. The guide is regularly updated to reflect regulatory developments, industry best practice, and operational learnings.

5.4.2 HUMAN RIGHTS COMMITMENT

The group's code of conduct applies to all associates and business partners, including merchandise suppliers, and requires full compliance with applicable laws and recognised human rights standards. This includes adherence to the group's Human Rights Policy, aligned to the Constitution of South Africa (Bill of Rights chapter 2) and the United Nations Guiding Principles on Business and Human Rights (UNGCPs). Compliance with and respect for human rights is contractually embedded in supplier agreements, requiring suppliers and their selected manufacturing facilities to meet both local legal requirements and the group's ethical standards.

The group recognises the risk of modern slavery within global retail value chains, particularly where factors such as migrant labour and unauthorised subcontracting exist. Modern slavery risks are assessed as part of the group's sourcing due diligence.

5.4.3 SUPPLIER COMPLIANCE PROCESS

The group's compliance process for onboarding and maintaining supplier relationships includes factory disclosure and visibility, contractually enforced auditing of social and ethical compliance practices, monitoring corrective actions to ensure required improvements are implemented, and de-activating suppliers and factories that exceed risk tolerance.

Utilising a balanced supplier scorecard that incorporates social compliance into performance measurement, ensures suppliers are evaluated on both commercial and sustainability practices. The process is explained on [page 67](#). Further details on factory audits can be found on [page 63](#).

During the reporting period, labour rights allegations were reported in two sourcing countries. In Lesotho, allegations of human and labour rights violations were raised in relation to a production site used by a supplier. In line with the group's social compliance and escalation protocols, immediate action was taken, including engagement with the supplier, issuance of a breach notice, and the commissioning of an unannounced independent third-party special investigation. No evidence was found to substantiate human rights allegations. However, some instances of non-compliance with overtime practices were confirmed which has since been remediated by the production site. The group maintains a level of oversight of the site, including additional audits and ongoing monitoring.

Allegations relating to production sites in Newcastle, South Africa were investigated, however no active production or group orders were identified at any of the sites concerned. The investigation prompted a broader review of Newcastle as a sourcing area which comprises approximately 3.2% of the group's total production contribution.

As part of this process, the group reaffirmed its non-negotiable compliance expectations with all suppliers who commission production in the region and undertook a comprehensive assessment against its internal standards. As a result, five production sites were deactivated for reasons that included poor quality standards, compliance concerns and capacity constraints.

Newcastle as an apparel manufacturing hub is nuanced and complex from an industry, political and community perspective. Alignment on a common goal and collaboration across multiple stakeholder groups (government, factory owners, suppliers, retailers and enforcement agencies) is needed to address the inherent risks in the area, including unauthorised subcontracting. This will also need to consider competing social and economic objectives such as protecting jobs and local procurement. The group has been transparent in its communication regarding the Newcastle raids and is engaging with the Deputy Minister of the Department of Trade, Industry and Competition on the way forward.



Onboarding

- New suppliers conclude written supplier agreements in terms of which they are contractually bound to comply with the group’s code of conduct and relevant laws. FY2026 also saw the introduction of additional consequence management measures in the form of a supplier penalty addendum which permits the levying of penalties for non-compliances like unauthorised sub-contracting and failure to remediate social and ethical compliance audit findings within required timeframes
- New suppliers are required to (i) disclose full identifying information, including GPS coordinates and (ii) provide acceptably rated independently conducted social compliance audits for any factory it intends to utilise for production, before they are listed as a group supplier
- Any existing supplier who wants to place production with a new factory is required to do the same
- New factories which, based on the audit outcomes, are rated by the group as ‘high risk’ are declined and are not onboarded

Continuing obligations

- Existing factories are required to submit a social compliance audit annually
- Low risk factories may submit a valid audit every two years

Compliance monitoring and remedial action

- Audits are captured, a risk rating is allocated and corrective actions to be undertaken by the relevant factory are communicated to suppliers as relevant
- Remediation timelines are assigned
- Remediation activities are monitored and followed up on by sourcing teams
- Audit findings are only closed out once satisfactory evidence of remediation is received
- Ad hoc unannounced factory visits are carried out to ensure corrective actions are implemented and that compliance is maintained between audit cycles

Contractual recourse

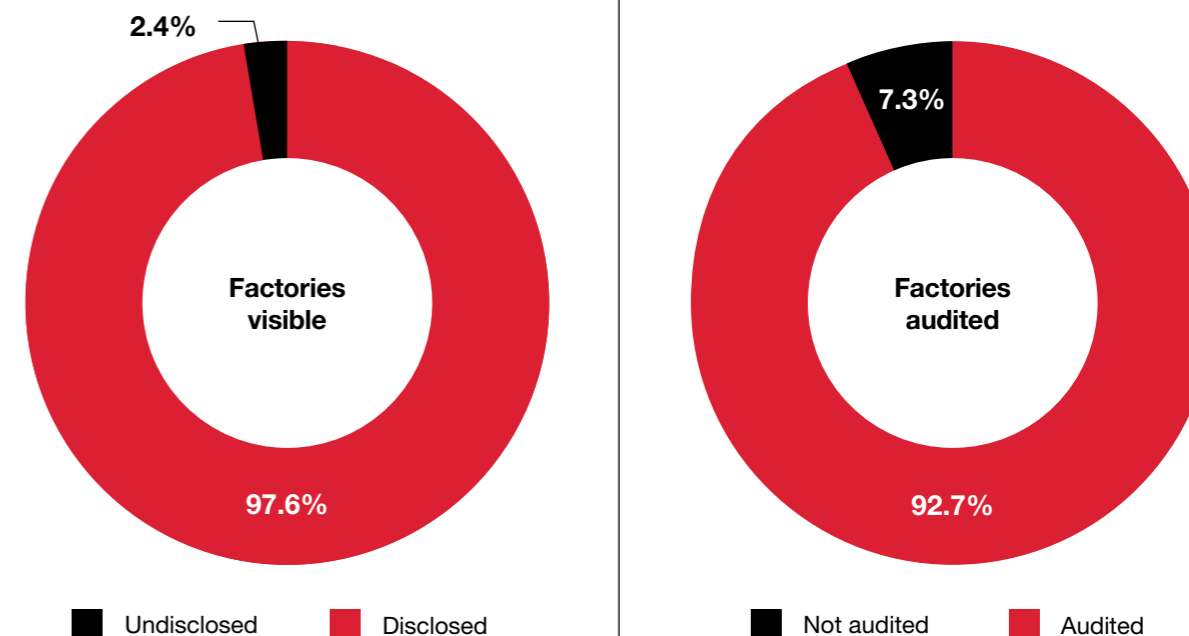
Contractual recourse is enforced, including issuing of penalties, de-listing of factories and even terminating relationships with suppliers, should they fail to ensure remediation of critical factory non-compliances.

5.4.4 FACTORY VISIBILITY AND AUDITS

During the reporting period, the group maintained a high level of visibility of 97.6% visibility across manufacturing sites covering first and second tier suppliers and factories contracted for production. Suppliers are categorised as direct manufacturers, or indirect manufacturers like design or trading houses, local finishers, importers, or foreign agents. A total of 1 137 manufacturing sites were mapped and location verified, of which 92.7% (1 054 sites) held a valid social compliance audit at year end. The balance relates to transitional suppliers that were in the onboarding process and had not yet completed all compliance requirements at the reporting date.

During the reporting period the group introduced a supplier dashboard as an addition to its bespoke social compliance system. The dashboard provides suppliers full visibility of the compliance performance of their commissioned factories onboarded to manufacture for the group, alerts them to audit expiries, and allows suppliers to upload evidence of corrective action to close out audit findings. This collaboration enables supplier accountability for factory compliance and empowers them to manage corrective action in their factories, thereby sharing a compliance vision for the value chain.

The objective of factory visibility is to enable the effective monitoring of responsible practices in line with the ETI base code and the group’s code of conduct. Effective auditing of manufacturing sites enables identification, prevention and mitigation of risks and adverse non-compliances and presents an opportunity for development and improvement. Corrective action and remediation of non-compliances improves social compliance practices that benefit workers. The group’s bespoke social compliance process (see page 62) allows for audit retention (year-on-year) and the monitoring of risk ratings improvements made by each site. This in turn provides updated site specific risk information that helps to inform appropriate sourcing decisions.



Following the acquisition of Power Fashion, the group refined its factory visibility methodology to accommodate a sourcing model that includes procuring of merchandise through opportunistic “stock lot” purchases and branded products not manufactured exclusively for the group. Due to the ad hoc nature of stock buys, visibility of manufacturing sites is not always possible. This procurement represent an insignificant proportion of the total product mix, at 1.7%.

Where direct factory visibility is not achievable for branded merchandise (due primarily for brand confidentiality reasons), the group obtains written compliance assurance from suppliers, referred to as “brand assured” sourcing. Branded suppliers are required to maintain appropriate social and ethical compliance policies, which are assessed and monitored to ensure alignment with the group’s standards. A similar approach has been utilised for Studio 88, where procurement predominantly comprises internationally branded merchandise that is subject to heightened visibility and established responsible sourcing and compliance practices.

5.4.5 AUDIT ACCREDITATIONS

Approved organisations from which the group accepts independent third-party audits include:

- 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)
- CTI Ethical Toy Program (IETP) Certification
- The Responsible Business Alliance (RBA) Validated Assessment Program (VAP)
- Responsible Jewellery Council (RJC) Code of Practices Certification
- QIMA Ethical Audit

5.4.6 ETHICAL TRADING INITIATIVE

Collective efforts are critical to addressing systemic labour rights challenges across the retail sector. The group has been an active member of the ETI since 2013, strengthening its understanding of high-risk areas and industry best practice in protecting workers’ rights. This engagement and reporting requirements support the integration of labour rights considerations into purchasing decisions and sourcing strategies. By embedding the ETI base code into its code of conduct and applying a continuous improvement approach with suppliers, the group seeks to promote decent work throughout its value chain.

5.4.7 PRIORITY AREAS

During the reporting period, high-risk factories materially reduced to only 2.2% of audited sites. The group's bespoke social compliance system applies an internal risk rating methodology (aligned to SMETA non-compliance guidance), assessing both the number and severity of audit findings. Factories are classified as high risk where audits identify one critical or more than 10 major non-compliances. Business critical issues such as child or forced labour, undocumented foreign workers, and severe health or fire safety breaches result in immediate suspension of business until fully remediated.

The group maintains a robust factory audit coverage of 92.7%, supported by strong supplier and factory onboarding processes and contractual social compliance requirements. This enables the identification and prioritisation of human rights risks and potential adverse worker impacts. Ongoing assessment of systemic country level risks informs responsible sourcing decisions, including the continued exclusion of factories located in the Xinjiang Uygur Autonomous Region due to elevated systemic risk.

Recognising the need to focus due diligence efforts, the group prioritises high-risk and salient issues through targeted remediation processes and defined improvement targets, in the form of divisional KPIs which are also linked to senior management LTIs. A policy decision was made that no new sites which the group rates as high risk will be on boarded to enable production for the group. In addition, a significant reduction of existing factory health and safety non-compliances was planned and achieved during the year, a combined effort driven by the group and implemented by suppliers and their commissioned factories.

The salient issues identified by the group includes actual or potential risks to workers were:

- Health and fire safety regulations not practiced
- Wages and labour regulations not applied
- Excessive working hours are regularly experienced
- Work is not freely chosen
- Discrimination is practised
- Freedom of association and collective bargaining are not respected

These challenges are systemic within the complex global retail value chain and are not unique to the group, reinforcing the need for a continuous improvement and collaborative approach. The group's position on these matters is articulated in its code of conduct, which is communicated and acknowledged by all suppliers. Supplier compliance with contractual and ethical obligations is monitored through the implementation of the Responsible Sourcing Guide, independent third-party social audits, and the remediation of identified non-compliances.

The group's salient issue assessment includes actual or potential human rights risks to workers across all our sourcing locations. Please find more detailed information on our [website](#).



Lamp shades handmade in South Africa

Sourcing map*

■ Primary sourcing countries ■ Minority sourcing countries



*In no particular order

- | | | | | |
|-----------------|---------------|---------------|----------------|--------------------------------|
| 01 South Africa | 04 Bangladesh | 11 Turkey | 18 Poland | 25 Chile |
| 02 Eswatini | 05 India | 12 Indonesia | 19 France | 26 Brazil |
| 03 China | 06 Madagascar | 13 Mozambique | 20 Italy | 27 Tanzania |
| | 07 Lesotho | 14 Vietnam | 21 Japan | 28 Mauritania |
| | 08 Botswana | 15 USA | 22 Phillipines | 29 French Southern Territories |
| | 09 Mauritius | 16 Thailand | 23 Austria | 30 Hong Kong |
| | 10 Pakistan | 17 Portugal | 24 UK | |

5.4.8 GRIEVANCE MECHANISMS

The group promotes the independently managed FairCall hotline through its website (www.mrpricegroup.com). This confidential whistleblowing service is accessible to all stakeholders, including factory workers, and enables the safe and anonymous reporting of grievances. In addition, social and ethical compliance audits incorporate individual and group worker interviews, which are a critical mechanism for capturing worker voice during the audit process. During the reporting period, no reports of human rights violations, including child labour, were received through FairCall. Further information on FairCall for the year is provided on [page 75](#).

5.4.9 ETHICAL BUYING PRACTICES

The group's commitment to ethical buying is embedded across the organisation and supported through comprehensive ethical buying training. Social compliance is centrally overseen by the ESG Centre of Excellence, which provides guidance on processes, procedures, and best practices, while execution is driven by sourcing and buying teams within the trading divisions. The group considers the ETI's Common Framework for Responsible Purchasing Practices in shaping its approach. Training programmes equip buying teams to understand the broader impacts of purchasing decisions, with a particular focus on production processes, sustainable manufacturing, and the implications of procurement decisions for workers.