

2022



Sustainability Report

4 APRIL 2021 - 2 APRIL 2022

 **mr price group limited**

[START HERE](#)

Sustainability Performance

FY2022

together
we do
good.



R32.9 million

donated to  mr price foundation

850 000

items of clothing donated

R5 million

donated to disaster relief

99.7%

tier 1 and 2 factory visibility

more than

3 600

vaccines administered at
head office vaccine site

SOCIAL

ENVIRONMENTAL

29.2 million

plastic shopping bags removed
from circulation

35.9 million

products contain
sustainable materials

100%

DC water supply
from harvested
rainwater

25%

of energy used at
head office and DC is
renewable energy

zero

plastic shopping bags
in Miladys stores

ECONOMIC

Only fashion-value retailer included in

**FTSE/JSE Responsible
Investment Top 30 Index**

Only RSA retailer that is a **member of
Ethical Trading Initiative (ETI)**

10 sustainability indicators included as senior
management KPIs for long-term incentives



Member of
Proudly South African



R4.3 billion spent on
RSA procured products
representing 38.2% of all
procurement cost

R21.3 million invested
in support of small black-
owned suppliers

Sustainability Approach

The 2022 financial year was key in maturing the group's ESG and sustainability approach. The Mr Price Group strategy was launched, with sustainability as the sixth strategic pillar. This has elevated the importance of sustainability matters within the group's operations and is a clear indication that Mr Price is intentional in building a sustainable business. The company secretary, reporting to the CEO and who already managed governance activities, was promoted to ESG director, to formally lead and oversee the group's existing sustainability and social investment (Mr Price Foundation) functions to support group strategy delivery. The period was one of reassessment, recalibration and refocusing. The concepts of sustainability and ESG are interchangeably used by different stakeholders in different contexts. Mr Price's broader sustainability activities are well entrenched across its business operations. However, these activities required improved measurement and specific disclosure based on ESG criteria to provide stakeholders necessary relevant information to assess, among other things, business performance and risk to make investment decisions.

Sustainability strategy together we do good.

Together We Do Good is the centre of Mr Price's sustainability strategy, which supports the group's business strategy to be the most valuable retailer in Africa. By working together to do good, environmental, social and economic value for stakeholders is created, enabled and protected in a sustainable way. The group's sustainability strategy is focused on material sustainability issues which have the most significant impact in the context of its apparel and homeware retail operations in South Africa and across Africa (see the image on page 35 for a visual representation of the strategy and its pillars and objectives). Under the environmental pillar, the primary objectives are to preserve natural resources and reduce and stabilise environmental impact. The main social objectives are associate wellbeing and development, quality education, youth development and social development in the value chain. The key economic objective is economic value chain development.

The social, ethics, transformation and sustainability (SETS) committee of the board monitors and oversees achievement of the sustainability strategy. Further detail on each of the strategy elements can be found on pages 112 to 143.

Regulatory and reporting frameworks

Having regard to the group's retail operations across Africa, the primary applicable regulatory sustainability obligations are derived from:

- The 10 principles of the United Nations Global Compact
- The OECD recommendations regarding corruption
- The South African Constitution and Bill of Rights
- The South African Employment Equity Act
- The South African Broad-Based Black Economic Empowerment Act
- South Africa's King IV™ Code on Corporate Governance (King IV™)

The reporting frameworks which guide Mr Price's disclosure of sustainability activities are:

- Global Reporting Initiative (GRI) Sustainability Reporting Standards
- Sustainable Development Goals (SDG) Disclosure Recommendations
- FTSE/Russell ESG Ratings and data model indicators
- Task Force on Climate-Related Financial Disclosures (TCFD)
- Value Reporting Foundation's Integrated Reporting Framework
- King IV™

The group is also monitoring disclosure developments following the formation of the International Sustainability Standards Board (ISSB) announced at COP26 in November 2021, and locally, the Sustainability and Climate Change Disclosure Guidance published by the JSE in June 2022. Other areas of progress that the group is observing include the Taskforce on Nature-related Financial Disclosures (TNFD).

Key sustainability activities

In maturing Mr Price's ESG approach, key strategic sustainability activities during the year include:

- Appointed ESG officer to focus on reporting and disclosure
- Review of the various ESG reporting and disclosure frameworks
- Assessing and selecting appropriate indicators to measure and report on in the context of Mr Price's primary activities and impact as an apparel and homeware retailer in Africa
- Formulating a roadmap to mature indicator measurement and disclosure in the short and medium term
- Developing an internal indicator reporting dashboard to track quarterly progress of sustainability targets
- Mapping and aligning primary sustainability activities to group strategy, group risks, and ESG indicators to ensure activities are prioritised to support business strategy delivery and stakeholder disclosure expectations
- Setting, measuring and reporting specific group and divisional sustainability targets and progress for the period
- Further development of bespoke systems for capturing, measuring and reporting operational sustainability performance
- Conducting gap analysis on TCFD to inform areas requiring focus
- Updated environmental policy to include climate change commitment statements
- Setting and implementing defined "SETS scorecard" measures (comprising various material sustainability targets) which contribute 20% in respect of executive conditional rights under the LTIP (refer to the remuneration report on pages 144 - 171)
- Increasing stakeholder disclosure (primarily in the 2022 Integrated Report) to cover 19 quantitative and nine qualitative ESG indicators

The group is pleased that its consistent sustainability efforts were acknowledged during the year by inclusion on the FTSE/JSE Responsible Investment **Top 30 Index** (which recognises the top ESG rated companies in South Africa). Mr Price is the only fashion-value retailer on this index.

Notable outcomes of these activities are:

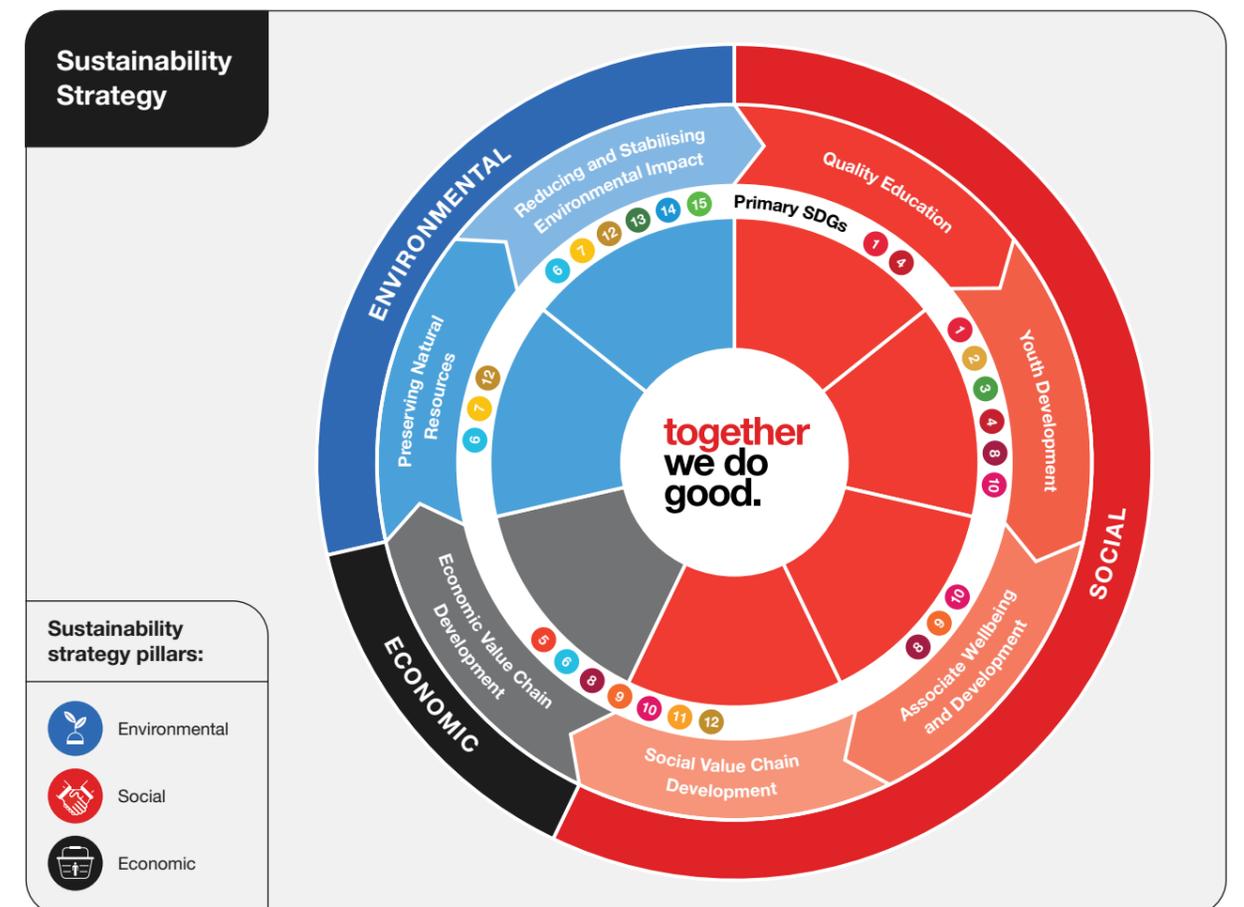
- 29.2m single-use plastic bags removed from circulation
- R21.3m invested in supporting small, black-owned companies
- 35.9m products made using sustainable materials
- 26.3m products manufactured using sustainable cotton
- Distribution centre's (DC) water supplied entirely from harvested rainwater
- ~1.4million kwh of head office and DC energy generated by renewable energy (being 25% of all energy consumption)
- 850 000 items of clothing donated to support approximately 1200 entrepreneurs
- 78.6m units procured locally amounting to a local spend of R4.3bn (being 38.2% of total procurement cost)
- Yuppiechef and Power Fashion integrated into whistleblower services (Faircall)
- R17.1m invested in youth development through Mr Price Foundation's JumpStart programme
- R12.5m invested in providing quality foundational education (Mr Price Foundation's EduRise programme)
- R5m donated to disaster relief organisations to support community needs following widespread civil unrest in the group's home province of KwaZulu-Natal in July 2021

- Maintained gender diversity target on the board
- More than 3 600 vaccines administered at head office vaccine site

Refer to further sustainability performance highlights for the 2022 reporting period on pages 32 and 33.

Looking forward

In the 2023 financial year the group aims to expand its measurement and reporting to include 22 additional ESG indicators, and address key gaps to facilitate TCFD reporting. A project to assess opportunities to further reduce scope 1 and scope 2 emissions and measure scope 3 emissions will be undertaken. Mr Price is intentional in the setting and achievement of targets and will formulate realistic science-based targets (SBTi). Again, divisional and group targets to improve 2022's delivery of key sustainability objectives will be set and monitored, and will be linked to short- and long-term remuneration through defined KPIs at executive and senior management levels and the SETS scorecard for conditional rights per the LTIP. An investor session on the group's ESG activities will also be held during the 2023 financial year and the group will work towards publishing a separate sustainability report in the medium term.





Social, Ethics, Transformation and Sustainability Committee Report

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



Role

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) 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.

The committee members, their qualifications and experience, the number of meetings held and attendance at meetings is detailed in the [board report](#) on pages 98, 99 and 105.

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 and business ethics, including transformation as well as social and environmental practices, to ensure that the business achieves its strategic imperatives responsibly and ethically. This also encompasses an overview of labour practices to ensure fairness and monitor the group's commitment to promoting and protecting human rights.

The group understands its role as a responsible citizen and, therefore, aims to build a business in support of the group's strategy that sustainably protects, creates and enables environmental, social and economic value. Meaningful stakeholder engagement, together with impact assessments, guide the formulation of appropriate and relevant business responses. The Mr Price [sustainability approach and strategy](#) can be found on page 115. As delegated by the



board, the committee oversees and guides the achievement of this strategy, which is implemented by the group's Sustainability centre of excellence and supported by the People centre of excellence in respect of transformation and elements of social and ethics matters. 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- and long-term incentives. Further information on the SETS scorecard applicable to the long-term incentive plan can be found later in this report on page 120 and in the [remuneration report](#) on pages 154 - 155.

Key areas of focus for the reporting period were:

- Oversee and ensure matters within the committee's responsibility are aligned and prioritised to support the achievement of the group strategy
- Support management in its crisis management and relief efforts for associates and the community following the extensive civil unrest, primarily in KwaZulu-Natal, in July 2021
- Approve and recommend to the remuneration and nominations committee the SETS scorecard applicable to the long-term incentive plan
- Oversee and support the launch of the group's DNA, grounded in its values and culture of Passion, Value, Partnership
- Monitor the group's continued transformation focus and achievement of and progress towards the group's short- and medium-term employment equity goals
- Support and review progress on environmental matters including reduction of single-use plastic in stores and further assessment of the group's scope 1, 2 and 3 carbon emissions
- Guide and oversee the group's maturing measurement and reporting on ESG matters
- Review and monitor the appropriateness of responses to and management of calls received through the Faircall whistleblower facility and the integration of Power Fashion and Yuppiechef into the facility

together we do good.

The group's sustainability approach and strategy has at its heart the concept that 'together we do good'. By working together with all our stakeholders, environmental, social and economic value is protected, created and enabled in a sustainable way. This principle informs the group's core sustainability areas of focus and influence under each of the pillars of environmental, social and economic.

Noteworthy sustainability achievements during the year can be found in the [sustainability performance measures](#) on pages 32 - 33.

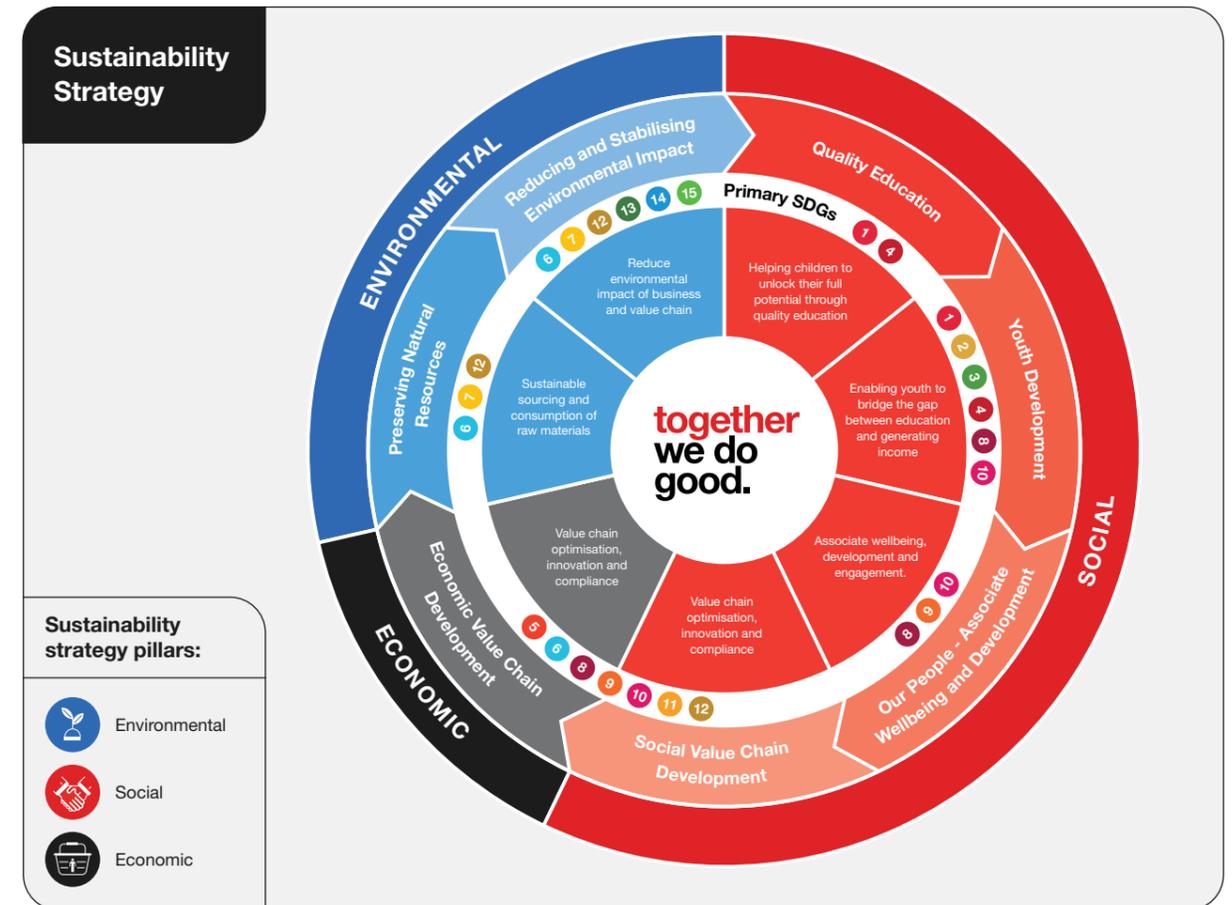
Detail on each of the elements of the group's [sustainability strategy](#) are set out in pages 120 - 143.

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.

Sustainability strategy

The group's sustainability strategy and key activities are depicted in the diagram below.



Environmental

The primary objectives of the group's environmental pillar are to (i) preserve natural resources through responsible sourcing and consumption of raw materials and (ii) reduce and stabilise environmental impact, directly, in respect of the group's own operations, and indirectly in the greater retail value chain. The key activities in support of these environmental objectives are detailed under the Sustainability heading of this committee report.



Social

In the context of the group's operations and its broad stakeholder base, this pillar informs a broad range of business activities. The main objectives under this pillar are (i) associate wellbeing and development, (ii) quality education, (iii) youth development, and (iv) social development within the group's value chain. The key activities in support of these social objectives are detailed under the Social heading of this committee report. Specific and unique social activities relevant and material to the group's operation in an African context, being transformation, employment equity and broad-based black economic empowerment, are explained under the Transformation heading. Ethics matters, which are also of social relevance, as well as a matter of good governance, to associates and the group's stakeholders, are set out under the Ethics heading of this report.



Economic

The primary activity under the economic pillar is value chain development through value chain investment, and supporting innovation and optimisation within the supply chain that supplies the group's retail business activities. The activities under the economic pillar are detailed under the Sustainability heading of this report.

Sustainability policies

The following group policies support and enable the group's sustainability and governance activities:

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

In addition, a stand-alone human rights policy will be formalised in FY2023.

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. To ensure the group has the ability to contribute to sustainability and ESG issues and make a difference both locally and globally, Mr Price (or relevant management) is a member of or actively participates in the following industry or government bodies and forums, and charitable organisations:

- Ethical Trading Initiative (ETI)
- Supplier Ethical Data Exchange (SEDEX)
- World Wide Fund for Nature (WWF)
- Textile Exchange
- Forest Stewardship Council (FSC)
- Retail-Clothing, Textile, Footwear and Leather (R-CTFL) Master Plan of the Department of Trade, Industry and Competition (South Africa)
- National Clothing Retail Federation (NCRF) (South Africa)
- KwaZulu-Natal Clothing and Textile Cluster (KZN CTC)
- Cape Clothing and Textile Cluster (CCTC)
- Producer Responsibility Organisations (PROs) including Polyco and Fibre Circle (South Africa)
- Retail Association (South Africa)
- W&R Seta (South Africa)
- Business Unity South Africa (BUSA) (South Africa)
- Economic and Trade Policy Committee of BUSA (South Africa)
- Institute of Directors South Africa (IoDSA)
- The Ethics Institute (South Africa)
- National Department of Basic Education (DBE) (South Africa)
- Mr Price Foundation (South Africa)
- Gift of the Givers (South Africa)
- Domino Foundation (South Africa)
- City Hope (South Africa)
- Robin Hood Foundation (South Africa)
- The Clothing Bank (TCB) (South Africa)
- The Clothing Box (South Africa)

Sustainability and ESG disclosure

Having regard to the group's retail operations across Africa, the primary applicable regulatory sustainability obligations are derived from:

- The 10 principles of the United Nations Global Compact
- The OECD recommendations regarding corruption
- The South African Constitution and Bill of Rights
- The South African Employment Equity Act
- The South African Broad-Based Black Economic Empowerment Act
- South Africa's King IV™ Code on Corporate Governance (King IV™)

The reporting frameworks which guide Mr Price's disclosure of sustainability activities are:

- Global Reporting Initiative (GRI) Sustainability Reporting Standards
- The Sustainable Development Goals (SDGs) Disclosure Recommendations
- FTSE/Russell ESG Data Model indicators
- Task Force on Climate-related Financial Disclosure (TCFD)
- Value Reporting Foundation's Integrated Reporting Framework
- King IV™

This committee report includes disclosure on 19 quantitative and nine qualitative indicators. The group has a clear roadmap over the next few years to increase measurement and reporting to include a total of 53 quantitative and 49 qualitative measures which are both relevant and material to its operations and stakeholders.

The group is also monitoring disclosure developments following the formation of the International Sustainability Standards Board (ISSB) announced at COP26 in November 2021, and locally, the draft Sustainability and Climate Change Disclosure Guidance paper published by the JSE in December 2021. Other areas of progress that the group is observing include the Taskforce on Nature-related Financial Disclosures (TNFD).



Sustainability focus and achievements 2022

Although the business 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 this table. Further **sustainability performance highlights** are on pages 32 - 33.

Detail on these specific objectives is contained in this committee report and can be found under the section with the heading "This report".

For the 2023 financial period, specific group and divisional targets for these same areas of focus will be set, measured and reported to further progress the sustainability objectives in support of the group strategy.

Further information on the group strategic pillars and key risks can be found on pages 66 - 67 and 68 - 69 of the **Integrated Report**.

KEY

Sustainability Pillars



Top Ten Group Risks

- 1 Clear strategy and vision
- 2 Competitive landscape
- 3 Leadership and organisational agility
- 4 Brand reputation
- 5 Culture and behaviours
- 6 Talent attraction and retention
- 7 Macro, socio-political, economic and regulatory environment
- 8 Systems and technology
- 9 Supply chain
- 10 Transformation

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

Group Strategic Pillars

- Stakeholder Engagement
- People
- Growth
- Brand Promise
- Technology and Innovation
- Sustainability

Sustainability Pillar	Sustainability Objective	SDG	ESG	Group Strategy	Group Risk	FY2022 Achievement	Performance Against Target	Improvement on Prior Year	Comments	
	% reduction in single-use plastic shoppers		N/A			46.0%	●	▲	Excludes new business acquisitions that were not in the FY2021 base	
	% of packaging reduced					Establish baseline and set target	N/A	N/A	N/A	
	% of packaging from recycled materials					Establish baseline and set target	N/A	N/A	N/A	
	% of products from preferred fibres (units)			N/A	9	15.8%	●	▲	Miladys; Excludes new business acquisitions that were not in the FY2021 base	
	Achieve energy benchmark of 25 watts/m ²		ECC15		N/A	27.1	●	▲	Excludes new business acquisitions that were not in the FY2021 base	
	Waste recycling (DC)			N/A	N/A	91.1%	●	■	Excludes new business acquisitions that were not in the FY2021 base	
	Waste recycling (MRPG)					43.7%	N/A	▲	Excludes new business acquisitions that were not in the FY2021 base	
	RSA procurement (units)		N/A		N/A	78.6m	●	▼	None	
	% RSA procurement (cost price value)					9	38.2%	●	▲	None
	Supplier performance: % of order book A-C grade						78.3%	●	▼	Excludes new business acquisitions that were not in the FY2021 base
	Supplier performance: OTIF %					9	79.3%	●	▲	Excludes new business acquisitions that were not in the FY2021 base
	% of factories audited		SSC12		9	74.2%	●	▲	Excludes new business acquisitions that were not in the FY2021 base	
	% of audited factories high risk					74.7%	●	▲	Excludes new business acquisitions that were not in the FY2021 base	
	Maintain 95% factory visibility						99.7%	●	▲	Excludes new business acquisitions that were not in the FY2021 base
	% of JumpStart placements		N/A		7 & 10	55.0%	●	▲	Excludes new business acquisitions that were not in the FY2021 base	
	Job creation (group)				6	23 179	N/A	▲	None	
	Preferential procurement				N/A	2, 9 & 10	Subject to verification		Excludes new business acquisitions that were not in the FY2021 base	
	Employment equity						10	See table on page 133 for further details		



Integration of sustainability performance and remuneration

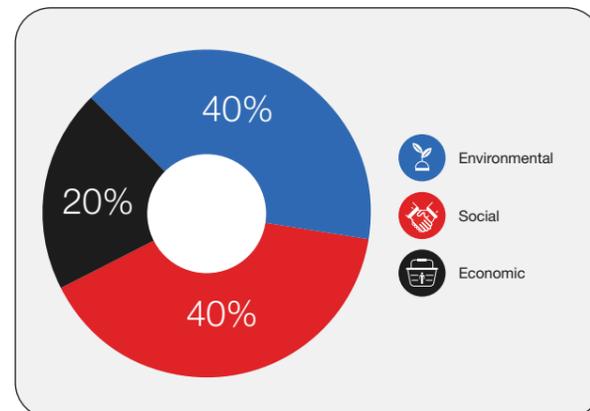
The delivery of strategy is motivated and rewarded by linking performance with remuneration. The same applies to the achievement of the group's sustainability strategy.

Each year specific sustainability areas of focus and defined targets are set as KPIs for the sustainability centre of excellence and for each operating division and other centres of excellence that implement and support sustainability activities. 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 short-term incentives.

Long-term incentives include non-financial measures in the form of the SETS scorecard which applies to the conditional rights component of the long-term incentive plan approved in 2021. The SETS 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. Further details of the SETS scorecard thresholds and targets applicable to conditional rights are on page 155 of the [remuneration report](#).

During the reporting period the specific SETS scorecard metrics were approved by the committee and recommended to the remuneration and nominations committee for adoption. These metrics align to the group sustainability strategic pillar, the environmental, social and economic sustainability pillars and were selected to further drive and encourage operational and business behaviours to progress the group's sustainability objectives.

Ten different metrics form the SETS scorecard. The split of metrics across the sustainability pillars are as follows:



For the 2022 reporting period, the group improved 80% of the metrics and thus achieved stretch 2 of the non-financial element of the performance conditions applicable to the conditional rights. Further information on the award of conditional rights and short term incentives to executive directors can be found on pages 159 - 161 of the [remuneration implementation report](#).

This report

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

The key activities in support of the social objectives are detailed under the Social heading of this committee report.

Ethics matters, which are also of social relevance, as well as a matter of good governance, are set out under the Ethics heading of this report.

Specific and unique social activities relevant and material to the group's operation in an African context, being transformation, employment equity and broad-based black economic empowerment, are explained under the Transformation heading.

The key activities in support of environmental objectives are detailed under the Sustainability heading of this committee report. 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 FY2022 performance per the [table](#) on page 119 and the [detail](#) on pages 113 - 143



Social

The social pillar of the group's sustainability objectives focuses on the social impacts of its operations on a broad range of stakeholders. Mr Price has a social responsibility to make a meaningful impact and create value through its relationships with its associates, its customers, its suppliers, and the communities in which it operates. The group's approach to social sustainability is guided by the United Nations Guidelines for Consumer Protection (UNGCP) principles 1 to 6. The group also works towards the UN SDGs 1, 3, 4, 5, 8, 10 and 12.

The group complies with the Constitution of South Africa and the supporting Bill of Rights that prohibits slavery, servitude and forced labour, and protects and promotes human dignity and children. With stores trading in Africa, compliance with labour legislation of these various countries is important. The Mr Price code of conduct, which formalises the group's stance on various ethical issues which have a social impact, applies to all associates and suppliers and is published on the group's website www.mrpricegroup.com. It is incorporated into associate employment contracts and contractual arrangements with suppliers and other service providers.

In addition to the code of conduct which incorporates human rights matters, the group is formulating a stand-alone human rights policy that provides more context to its current commitments, processes, and procedures.

The primary outcomes of business activities under the social pillar can be found on page 47 of the [Integrated Report](#). Further detail is set out below under the relevant objectives. [Performance highlights](#) can be found on pages 32 - 33.

Key outcomes of the work of Mr Price Foundation are:

~R32.9 million donated by Mr Price



R12.5 million

invested in youth development

~63 900

primary school learners benefited

98

schools participating

over 3 500

educators benefited



R17.1 million

invested in youth development

over 6 000

unemployed youth participating

~2 800

participants employed by Mr Price
(equating to a 55% employment rate of participants)

~102

participants employed by other
programme partners

The group focuses its activities to achieve the objectives of helping children unlock their full potential through quality education by its annual support of Mr Price Foundation. In the reporting period, the group donated 1% of its net profit after tax to Mr Price Foundation. This equated to a donation of R32.9 million.

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 a NPO enables its funding to be supplemented by donations from Mr Price associates, Mr Price customers, other corporate bodies, and the general public through donations and fundraising activities. Associates are able to make monthly donations via salary deduction and are encouraged to participate in events hosted by Mr Price Foundation. In the reporting period more than 580 associates made monthly donations and over 300 associates participated in the JumpStart Challenge.

Mr Price Foundation in addition supported more than 50 other non-profits through production donations. Further details about the activities and impact of Mr Price Foundation can be found in Mr Price Foundation's integrated report at www.mrpricefoundation.org.

To make a donation to Mr Price Foundation, please visit www.mrpricefoundation.org or scan the QR code below.



Quality education

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 educational deficits are costly to correct in later years, Mr Price Foundation focuses on primary schools within underserved communities.

The EduRise programme of Mr Price Foundation upskills and mentors school management and educators in selected lower socio-economic status primary and high schools across South Africa. The programme includes schools in the Hammarsdale and Tongaat communities, which are key communities based on the group's distribution centre being located in Hammarsdale, and the close 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.



Youth development

As with quality education, the group's objective of enabling youth to bridge the gap between education and generating income through employability and entrepreneurship, is implemented by its annual support of Mr Price Foundation, specifically its JumpStart and HandPicked programmes.



The JumpStart programme focuses on skills development in the retail value chain including production, pre-production, professional retail and retail frontline. The training and placing of multi-skilled machine operators in local production facilities supports the government's Retail-CTFL Master Plan which aims to competitively localise production. In the reporting period over 6 000 youth benefited through the JumpStart programme. Over 2 800 youth were employed in Mr Price Group and 102 through Mr Price Foundation's external employer partners. A further 147 were employed outside of the JumpStart network.



Where formal employment opportunities are limited, Mr Price Foundation supports economic opportunities for youth through the HandPicked programme. This is focused on entrepreneurship in urban and rural agriculture sectors, and addresses food security by establishing 'growing hubs'. This programme is currently centred around the group's key communities in Hammarsdale and Durban and provides both nutrition to programme participants and their dependants through fresh produce grown by them as well as income through the sale of their crops.

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



Associate wellbeing

The group's people vision is to be the top retail employer in Africa. This will be achieved through building a healthy and energised ecosystem where ordinary people are inspired and empowered to achieve extraordinary things. The main focus is on igniting the group's culture, optimising people practices, building and retaining talent at different levels, developing multiplier leaders and driving transformation. Specific KPIs are set to measure progress on each of these strategic focus areas.

Key activities

- Prioritised associates by providing support during COVID-19 and looting, protecting jobs and earnings
- Launched associate assistance programme (AskNelson) providing psychological and financial support
- Developed and launched group DNA aligned to values
- Launched Connect conversations in stores with 85% participation

COVID-19 and civil unrest

FY2022 was a challenging year for associates. The continuation of COVID-19, followed by looting in KwaZulu-Natal and Gauteng, tested many organisations, leadership teams and communities. Mr Price Group was one of the first retailers to open a COVID-19 vaccination site in South Africa at which 3 694 vaccines were administered. In addition, the group partnered with the Retail Association to vaccinate associates in different parts of the country. The group's approach to the pandemic was three-pronged:

- Driving awareness and education, particularly the importance and benefits of vaccines, through regular communication and positioning the group as a trusted information source
- Providing easy access to vaccines by setting up a vaccination site at head office. Overall group vaccination rates were satisfactory
- Providing support to associates and family members who lost loved ones through AskNelson, a financial, legal and emotional wellbeing hotline launched in July 2021

The group also implemented a flexible COVID-19 work policy at head office. Associates, depending on 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.

When extensive civil unrest and looting took place in July 2021, the leadership team took immediate action by ensuring associates were safe and provided with counselling, food and other essential items. The group took the decision to secure jobs in looted or destroyed stores by redeploying associates to other stores or allowing them to stay at home on full pay. The property team worked tirelessly to return stores to trading condition. In total, 111 stores were affected and 1 282 associates were impacted. Leaders attended sessions to equip them to better support their teams, while associates had access to sessions to acquire skills and coping mechanisms.



Disaster relief efforts

In mid-July 2021, the province of KwaZulu-Natal (KZN), the group's home province, experienced extensive and extended civil unrest. Widespread rioting, looting and vandalism which took place over the course of a week, threatened personal safety and access to basic needs such as food and healthcare, and caused serious damage to personal and public property. During this time, communities across primarily KZN were confined to their homes to protect personal safety and businesses were forced to close. The key Johannesburg to Durban transport route was closed as were Durban port operations, which severely impacted food security and access to other basic needs. This impacted the group through the damage and closure of its stores (for further details see page 41 of the [Integrated Report](#)) and impacted the group's head office, certain store associates and their families in KZN and Gauteng, as well as the families and communities of our business partners.

To support the impacted communities following the unrest, Mr Price donated R5 million to established and respected disaster relief organisations who have the ability and expertise to mobilise in times of crises. Food parcels were also put together and delivered to affected associates and factory workers of the group's merchandise suppliers.

Mr Price Foundation expresses its deep gratitude to all associates and business partners who supported the relief efforts through donations of funds and services, as well as the disaster relief organisations who supported communities during the aftermath, including City Hope, Gift of the Givers, the Domino Foundation and the Robin Hood Foundation.



The group acquired two businesses in this period, Power Fashion and Yuppiechef, which increased the associate headcount by 2 548 and 194 respectively, as at March 2022. The new acquisitions are strong and respected brands. The group's approach is to provide them with support while allowing these businesses to maintain autonomous operations. Where required, senior talent has been moved into the acquired businesses to support integration activities.

Culture and associate engagement

An updated group strategy was unveiled in 2021 which necessitated a refresh of the group's vision, purpose and beliefs. As such, the Mr Price Way was launched in May 2021. The Mr Price Way outlines the group's DNA and supporting behaviours aligned to the group's beliefs of Passion, Value, Partnership. The group embarked on a process to assess associate engagement through a survey launched in April 2021. The completion rate was 89% with a pleasing overall engagement score of 77%. Leadership teams are in the process of unpacking the results, including understanding where improvements are required. This is the first formal, group-wide associate survey since 2017.

Associate development

Talent

The group continues to strengthen its philosophy of "hiring for attitude and training for skill" and seeks talent that resonates with its values and culture. To increase representation and diversity, the group's transformation focus continues to focus on core/critical skills and managerial roles. Onboarding has been updated in line with the group's refreshed culture. This will assist new talent to understand the group's rich heritage and will be rolled out in FY2023.

The group's leaders keep in touch with the performance and career aspirations of their teams through Connect conversations. The focus is to support the development of people and increase their potential to achieve career aspirations. This was extended to operations (store) teams in August 2021, where 84.5% of associates reported having a Connect conversation with their leader. Two approaches to talent identification implemented are:

- High Potentials (HiPos): Associates with both aspiration and ability to succeed in senior leadership roles
- Watchlist: Associates with significant potential for future growth either as specialists or future leaders

These approaches support succession and ensure that internal mobility of talent is supported, especially across divisions. Most group talent is tenured, produces good results and understands group culture. This is an asset to leverage, especially in the current growth phase.

To support role competency and career progression, associate development is an important focus area. COVID-19 facilitated a transition to online training for numerous development programmes. The group's digital learning portal, myCareer, can be accessed via multiple devices and was made available to over 17 500 store associates, with approximately 247 000 digital learning hours recorded. In addition, 830 support centre associates accessed the system - leading to over 18 000 associates accessing learning online.

The focus of associate development in FY2022 has been the following:

- Entry level merchant (buying and planning) and operations development programmes. The group has an annual intake of trainees in these core areas.
- Learnership programmes: 430 learners were onboarded on programmes across NQF levels 2, 3 and 4. The group also onboarded 124 unemployed learners across NQF level 2.
- Leadership Development Programmes (LEAD): LEAD programmes are designed to support leaders on their various development paths, from first-time leaders to those managing large parts of the business. The group accelerated the development and deployment of short courses aimed at helping leaders build resilience when leading teams through periods of significant change. Leadership support resources were offered in the form of online learning resources, weekly emailers and LinkedIn.
- Strategic Planning and Management skills: over 80 senior managers, executives and directors attended part one of the programme aimed at building commercial acumen and strategic planning skills among leaders.

- Retail Modernisation Project: An overhaul of legacy IT platforms, infrastructure and processes to future fit the business required prioritisation of training and change management to support the implementation of this technology project.

Associate remuneration

The group has a comprehensive remuneration policy that enables it to attract and retain talent. The details of this policy are on pages 149 - 151 of the [remuneration report](#).

Labour matters

Treating associates fairly is at the heart of group values. The group is committed to a workplace that is free from discrimination, is compliant with labour laws, and supports open communication between leaders and associates. This promotes a culture where associates are engaged and know that they are treated fairly, and where grievances are dealt with speedily. Over the last financial year approximately 28 associates were impacted by reorganisation, where alternatives were explored. Associates have the opportunity to report any wrongdoing or behaviour that is concerning through a confidential whistleblower hotline that is communicated to all associates. Further detail is on page 131 under the [Ethics section](#) of this report.

Occupational health and safety in the workplace is a top priority, with strict monitoring protocols and audit processes. Each store/site has a designated senior person whose role is to ensure that the store/site is safe and that all protocols are implemented, including facilitating an emergency response when required. A central health and safety committee with representatives from different departments meets quarterly to review strategies and plans implemented across the group.

Labour compliance

Compliance with labour laws and policies that govern group workplaces is taken seriously and is non-negotiable. The group's approach is to fully comply with the policies of the various countries in which it trades. No non-compliance with labour laws has been reported in the business. The group's code of conduct is comprehensive. It addresses the different codes the group complies with and the conduct that is expected of associates. The elements of the code of conduct that are specifically relevant to labour compliance are reflected in the [table](#) on page 128.

Transformation

The group's approach to transformation, including employment equity, its workforce profile, and broad-based black economic empowerment, can be found on pages 133 and 134 under the [Transformation section](#) of this report.

Code of Conduct

Key element	Key policies and actions
Child labour prevention	<ul style="list-style-type: none"> Child labour is unacceptable across the group's areas of operation. Suppliers are required to ensure there is no child labour in their businesses. Partners shall not recruit child labour. 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.
Forced labour	<ul style="list-style-type: none"> Involuntary labour of any kind shall not be used, including prison labour, debt bondage or forced labour by an external authority. 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). The group expects its partners to treat their employees in the same manner. 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.
Freedom of association	<ul style="list-style-type: none"> 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. 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.
Collective bargaining	<ul style="list-style-type: none"> The group subscribes to the values of the South African constitution and labour laws. Collective bargaining forms part of the labour laws and this process is respected by the business.
Excessive working hours	<ul style="list-style-type: none"> 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. 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.
Reduction of excessive working hours	<ul style="list-style-type: none"> Overtime is managed within the confines of what is acceptable in law. The group's approach is to limit overtime where possible. This includes the Dayforce labour scheduling system which allows the group to monitor and oversee overtime. The wellbeing and health of associates is an important part of how the group conducts business.
Company policy on labour standards	<ul style="list-style-type: none"> The group is committed to and aligns itself to the principles of the International Labour Organisation (ILO) and the ETI Base Code as well as the United Nations Global Compact Principles. The group operates across vast geographic locations in Africa and internationally with its 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. The group 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 the group supports the communities in which it operates
Risk assessment on labour issues	<ul style="list-style-type: none"> The group conducts regular risk assessment on labour issues and has not received any issues for reporting.
Action taken to address non-compliance to labour law: statement and respecting rights	<ul style="list-style-type: none"> Any non-compliance will be dealt with immediately in partnership with the Department of Employment and Labour or equivalent in other jurisdictions.
Disclosure non-compliance to labour and action taken	<ul style="list-style-type: none"> No non-compliance has been noted or reported. In the event that there is non-compliance, the group will take immediate corrective action to remedy the non-compliance.

Quantitative Indicators

FY2022 Quantitative People Related Indicators

Indicator	Type of KPI (strategic/quantitative/qualitative/ESG code)	Group Strategic Pillar	People Function	Mr Price Group (excl PF/YC)	Power Fashion	Yuppiechef
Safety compliance (number of Mr Price Group staff trained on health and safety annually)	Quantitative (SHS13)	People	Employee Relations	1 275	410	63
% Temporary staff complement	Quantitative (SLS25)	People	Group HR Data	7.5%	0%	0%
Hours per associate spent on training and development	Quantitative (SLS26)	People	L&D	20.35	7.38	3.56
Permanent staff turnover rates	Quantitative (SLS24)	People	Group HR Data	22.3%	30.2%	17.2%
Disclose non-compliance to labour and action taken (number of incidents)	Quantitative (SLS21)	People	Employee Relations	0	0	0
% PDG in management (top and senior management occupational levels)	Quantitative	People	Group HR Data	29.2%	14.3%	0%

Investment in Learning and Development	FY2022	FY2021	Variance
Investment in learning and development	55 766 561.4	24 211 310.0	31 555 251.4
Total annual number of hours allocated to learning	384 918.0	87 489.4	297 428.6
Average learning and development days per person	2.3	0.6	156.46%
Previously disadvantaged individuals as a % of total participants in learning and development	94.4%	94.0%	1.7%
Females as a % of total participants in learning and development	74.1%	71.3%	0.4%
Previously disadvantaged individuals as a % of total associates trained through e-learning	96.4%	97.2%	2.8%
Previously disadvantaged associates as a % of associates on learnerships	98.1%	100.0%	0.8%
Compliance – Total number	1 275.0	912.0	363.0
Youth unemployment - Skills development	144 (initial) / 122 (active)		
Youth unemployment - E-Deaf Apparel	10 (initial) / 7 (active)		
Mimecast Cyber Training hours	2 087.1		2 087.1
Trainees FY2022 (Graduates)	112 (initial) / 83 (active)		

The most significant increase in total spend was in the Skills Development (learnership space) both unemployed and employed learnerships.

Looking forward

The group's people foundation is strong and it will continue to improve the culture, provide development and opportunities, and focus fair remuneration for associates, while driving specific initiatives to support its transformation ambition. The group's associates are engaged and its leaders are focused on delivering results through inspiring their teams. The group's workplace is filled with energy, fun and excitement. A word of appreciation is extended to all associates and leaders who make the group the special home that it is.

Value chain social development

Achievements

- 74.2% with valid factory audit
- 21.6% low risk audit factory sites
- 99.7% factory visibility

Workers in the value chain

The group recognises its role within the value chain as a key catalyst in influencing the responsible and ethical treatment of workers.

As a member of the Ethical Trading Initiative (ETI), the group has aligned its code of conduct to incorporate the ETI Base Code and adopted a continuous improvement model to embed practices that ensure workers' fair treatment.

The Responsible Sourcing Framework and Implementation Guide for trading divisions and suppliers guides responsible practices that consider the UN Guiding Principles on Business and Human Rights, the standards provided by the International Labour Organisation (ILO) and the Global Social Compliance Programme (GSCP). Trading divisions monitor and guide suppliers to align their business practices and processes to the guide and the group's code of conduct.

The group acknowledges the significant complexities involved in influencing responsible practices throughout the value chain, and therefore aims to monitor, guide and instil responsible trade practices at different stages. A responsible sourcing working group, established in 2015, drives the implementation of responsible social practices across all trading divisions.

Factory visibility

During FY2022 the group maintained visibility of 99.7% of all its manufacturing sites, amounting to 1 023 sites across the group. Of these factories, 74.2% have a valid social audit with plans to reach 95% in the next financial year. The principle approved organisations from which the group accepts audits are:

- SMETA
- BSCI
- Bureau Veritas
- SA8000
- Wrap
- Intertek
- SGS

The group focuses its value chain social development activities on supply chain visibility and social compliance within its supplier base through supplier social audits and supporting and monitoring corrective action. These activities have the objective of collaboratively developing a sustainable and competitive value chain. Economic value chain development is detailed on page 142 - 143 under the **Sustainability section** of this report. Suppliers with low-risk ratings will be required to provide the group with social compliance audits every second year and all other suppliers annually. Trading divisions monitor the risks and work with suppliers to apply corrective action. Once all factories have been audited, the focus will shift towards a

focus on increasing the success rate of corrective actions and maintaining a lower risk profile. The group acknowledges that developing long-term supplier partnerships is essential. To achieve this, the group has dedicated divisional sourcing and merchandise teams to manage supplier relations and compliance improvements.

The group has developed an internal system to manage supplier corrective actions that arise from social audits. No factory with any business-critical corrective actions is onboarded. Due to the prevalence of systemic global issues, 74.7% of factories are classified as high risk, and 21.63% of the factory sites are deemed to be low risk. ETI has rated the group as having "Achiever" status due to the significant efforts being made in this area by the group.

Grievance mechanisms

The group promotes the KPMG FairCall whistleblower facility to factory workers, encouraging them to report grievances safely and anonymously. Worker interviews (individual and group) are an integral part of the social audit process. No reports of human rights violations, including child labour, were received via KPMG FairCall during the year.

Decent work and fair wages

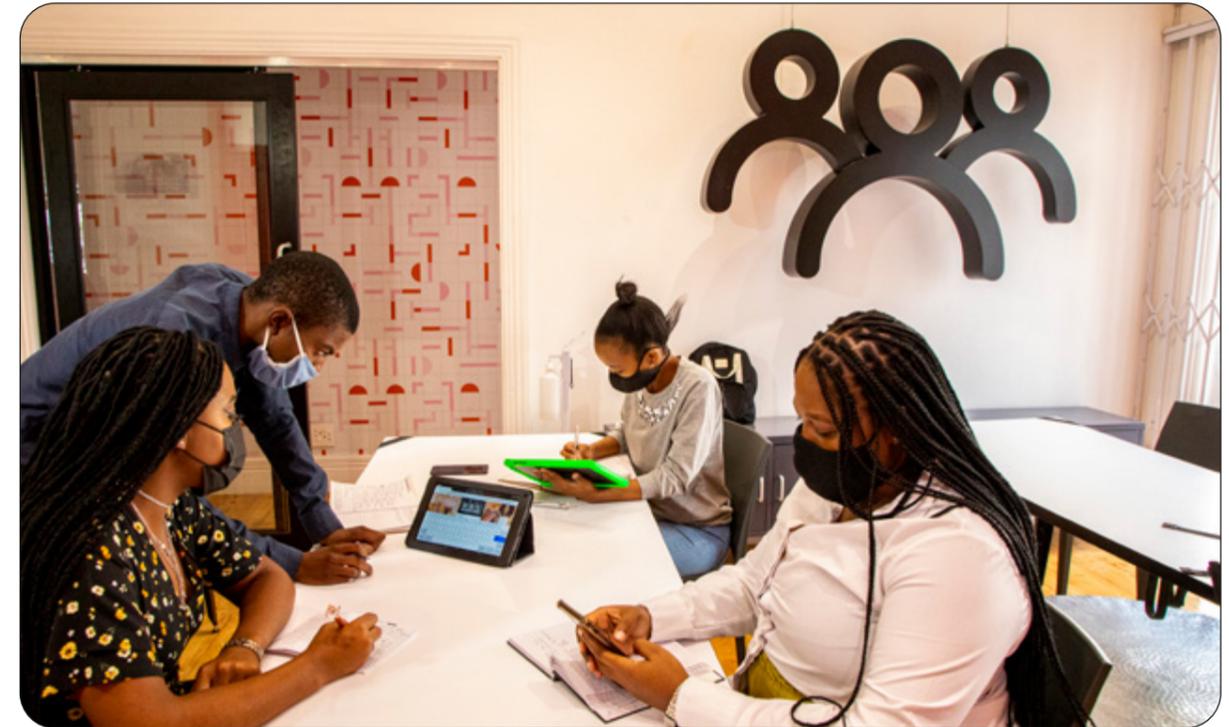
Trading divisions and suppliers use the group's Responsible Sourcing Framework as a guide to monitor the working conditions and wage rates of workers in the supply chain. As a member of ETI, the group collaborates with other brands and retailer members to align to global standards and collectively ensure that workers in the group's supply chains are respected. This includes participation in the China working group to address the systemic challenges that impact working conditions in factories.

In South Africa, the group participates in various initiatives to promote decent work and fair wages. This includes participation in a current study that aims to provide insights and recommendations on potential solutions to address the systemic challenge of wage non-compliance.

Ethical buying practices

Ethical buying training aims to equip buyers to understand the impacts of purchasing practices. To further enhance merchants' knowledge of sustainable manufacturing processes and the impact of decisions within the critical path, the group's academy has developed a number of programmes to develop production knowledge. The academy has also developed in-house solutions to support ETI training. Since inception, it has trained:

- Buying ethically: 608 delegates
- Introduction to supply chain: 257 delegates
- Supply chain game: 166 delegates
- Critical path: 95 delegates
- Introduction to sustainability: 464 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. Further information on other Governance metrics is on page 98 of the **board report**.

Living out the group's long-standing beliefs of Passion, Value, Partnership in daily action is the foundation of ethical behaviour and leadership at Mr Price and is at the centre of group ethical culture. These beliefs permeate all business activities from the vision, purpose and strategy at board level to everyday store activities. Further detail on the group's beliefs can be found on page 16 of the **Integrated Report**. More information on ethical leadership is set out in the **board report** on pages 95 - 96.

The board has ultimate responsibility for governing ethics matters, but has delegated ethics oversight to this committee. The committee assists the board in setting the tone for an ethical organisational culture by overseeing the group's conduct and approach to ethics and ensuring that business is conducted in a manner which supports the group's intent to be a responsible corporate citizen. 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 committee sets the tone for an ethical culture and behaviour by approving the Mr Price code of conduct and related policies and provides ongoing oversight over organisational ethics. In turn, the implementation and management of ethics is delegated by the committee to management. The code of conduct, which 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 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 as part of their internal audit services, provides a confidential mechanism for associates and other parties to report non-

compliance with the code of conduct.

The group ethics officer monitors ethical compliance, supported by internal audit and, when necessary, external professional advisors. Annually, a declaration of code of conduct compliance (including conflicts of interest matters) is undertaken across the business, from directors, associates at head office and 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 as part of its compliance oversight role. Any material ethical issues are investigated by the group ethics officer and escalated for forensic investigation if required.

During the reporting period a review of associates' disclosure and management of conflicts of interest matters was undertaken. Although no material conflicts of interest were identified through this review, there is scope for increased awareness of associates' responsibilities in declaring and managing conflicts of interest. Conflict of interest management at board level is detailed on page 104 of the [board report](#).

Ethics-related matters are reported at the scheduled governance 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 group's whistleblower hotline are investigated internally or externally as required, according to the escalation and investigation framework. Per the framework, HR-related matters are referred to and investigated by the group's employee-relations function. 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 reported, 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:

- 2 594 associates completed a code of conduct declaration
- 304 calls were received through the Faircall whistleblower hotline
- 85% of calls received relate to HR matters
- One forensic review undertaken

Key areas of focus for the reporting period were:

- Inducted associates of acquired businesses with the code of conduct and other ethics related policies
- Continued roll-out of ethics training to all head office associates and store managers which includes awareness relating to the ethics officer and ethics function
- Incorporated acquired businesses into the whistleblower hotline and distributed communication to associates to create awareness
- Reviewed and finalised the group's anti-bribery and corruption and fraud risk management framework to align with best practice
- Updated policies applicable to the anti-bribery and corruption and risk management framework
- Internal audit review of conflicts of interest disclosure and management

Future areas of focus are:

- Continued integration of newly-acquired businesses with the code of conduct and other related policies
- Awareness raising on anti-bribery and corruption and fraud risk management to head office associates
- Roll-out ethics training to store associates
- Increase awareness in stores to highlight the correct avenues to report unethical behaviour
- Implement a conflicts of interest management system as recommended by internal audit



Employment Equity

Of the associates hired the last year in stores, 99% of new hires and 99.1% of promotions were ACI (African, Coloured, Indian). At head office, 84% of new hires and 70.5% of promotions were ACI. This is a significant step forward. The employment equity committee, comprising top and senior management representation and critical and core positions across the group, meets regularly to discuss progress towards employment equity goals. The committee's purpose is to identify and recommend steps to overcome affirmative action barriers and ensure adherence to relevant legislation. The group also participated in an unemployed learnership programme in South Africa for 124 black disabled youth to facilitate skills development to enable these young people to secure employment. (The above statistics exclude Power Fashion and Yuppiechef.)

Transformation

Transformation remains an area that requires greater focus in the organisation. Targets are set annually and monitored to ensure that levels in the organisation are representative of the demographics of South Africa. The group's total staff complement is 78.46% African, 12.84% Coloured, 4.81% Indian and 3.89% White. While the total profile reflects the demographics of the country, there is opportunity at senior and top management levels. The table below reflects the progress made in this financial year at these levels.

Total workforce profile - March 2022

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	1	-	2	11	1	-	-	3	-	-	18
Senior management	6	1	12	38	4	4	8	52	-	3	128
Professionally qualified	58	18	75	108	60	30	81	140	5	4	579
Skilled technical	863	154	156	85	2 700	683	327	316	9	17	5 310
Semi-skilled	3 590	379	94	21	8 709	1 338	269	50	20	40	14 510
Unskilled	124	18	-	1	123	8	4	1	11	2	292
Total permanent	4 642	570	339	264	11 597	2 063	689	562	45	66	20 837
Temporary employees	105	38	2	3	336	85	5	5	-	-	579
Grand total	4 747	608	341	267	11 933	2 148	694	567	45	66	21 416
ACI as % of total	Male	28%			Female	72%			Total	100%	

* Figures include Yuppiechef and Power Fashion

Disabled workforce profile - March 2022

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	-	-	-	-	-	-	-	-	-	-	-
Senior management	-	-	-	-	-	-	-	-	-	-	-
Professionally qualified	-	-	-	1	-	-	-	-	-	-	1
Skilled technical	2	-	1	1	3	2	-	2	-	-	12
Semi-skilled	12	-	-	-	11	3	1	-	-	-	27
Unskilled	92	5	-	-	16	5	-	-	-	-	118
Total permanent	106	5	1	3	30	10	1	2	-	-	158
Temporary employees					1				-	-	1
Grand total	106	5	1	3	31	10	1	2	-	-	159
ACI as % of total	Male	72%			Female	28%			Total		100%

* Figures include Yuppiechef and Power Fashion

The group has experienced growth in the number of ACI associates in the top three occupational levels, namely top management, senior management and professionally qualified. This is the result of a focus on recruiting ACI candidates in line with the group's Employment Equity targets. While the movement is positive, areas of improvement have been noted.

The focus for the year ahead will be on compiling a transformation vision for the group, while strengthening target setting, monitoring and accountability structures to support this work. The leadership team is positive about conversations that have started in this regard.

Broad-Based Black Economic Empowerment

Broad-Based Black Economic Empowerment (B-BBEE) is a policy of the South African government which aims to facilitate broader participation in the economy by black people – especially to redress inequalities created by apartheid. Mr Price Group is committed to contributing towards the broad objective of B-BBEE. The primary focus areas of B-BBEE legislation are management control (including employment equity), enterprise and supplier development (including preferential procurement) and skills development. aBEErate, a SANAS-accredited verification agency, has been appointed to undertake the B-BBEE verification process which is expected to be completed by 28 June 2022.

Element	Weighting	FY2021 Actual	FY2022 Forecast
Ownership*	25 (3.20 sub-min (net equity value))	13.28	13.15
Management control	19	7.15	7.00
Skills development	20 + 5 bonus (8 sub-min)	10.79	10.02
Preferential procurement*	25 + 2 bonus (10 sub-min)	17.55	15.01
Supplier development*	10 + 1 bonus (4 sub-min)	3.94	4.59
Enterprise development*	5 + 1 bonus (2 sub-min)	3.91	5.00
Socio-economic development	5	4.43	5.00
Total Points	109 (excluding 9 bonus points)	61.05	59.77
Compliance level		Level 7	Level 7
Discounted compliance level		Level 8	

*Sub-minimum elements

Ownership

A comprehensive analysis of the group's shareholding at an individual shareholder level contributes to the points that will be achieved under this element. Further points are attained through associate participation in the Partners Share Scheme (refer to the [remuneration policy](#) on page 150 - 151 for additional information). The group's international shareholding of 40.9% does not attract B-BBEE ownership points.

Management control and skills development (including employment equity)

Diversity, equity, inclusion and workforce representation are important priorities for the group. It remains committed to employ and develop people from designated groups. Associates are encouraged to achieve their full potential through various growth opportunities available in the group. There is a strong focus on diversity, equity and inclusion in all organisational culture and leadership initiatives, aimed at creating a representative and vibrant workforce.

Enterprise and supplier development (including preferential procurement)

Supplier development

The group applies due diligence processes to ensure that supplier development investments meet the relevant criteria, have a strong business case and are sustainable and meaningful to the partners. For the period under review the group continued to partner with Absa Group Limited to administer loans to small, black-owned suppliers. This year the group invested R21 318 424 in supplier development initiatives, details of which can be found under the [Sustainability section](#) on page 143.

Enterprise development

The group's eight-year partnership with The Clothing Bank (TCB) is a success story of economic empowerment. TCB's primary aim is to help participants become self-sufficient by acquiring business acumen, life skills and mentorship. The group redirects excess clothing away from landfill to this public benefit organisation (PBO) and non-profit organisation (NPO). Since inception in 2014, the number of merchandise units donated to TCB has increased significantly to 3 349 571 units. During the reporting period, 642 849 units were donated, and 791 entrepreneurs supported by TCB. These entrepreneurs support approximately 1 911 family members with a take-home income of between R3 000 and R10 000 per month. Since 2020, the group has also partnered with the Clothing Box, a NPO which impacts education and job creation in Durban communities. Since then, the group has donated 333 114 units to the Clothing Box; with 209 086 units donated in the reporting period. The Clothing Box supported 155 entrepreneurs, who in turn support approximately 805 family members with a take-home income of between R3 000 and R13 000 per month.

Preferential procurement

The targets under this B-BBEE element are influenced by local South African procurement as well as increased procurement from 51% black-owned suppliers. Sourcing teams focused on increasing local supplier B-BBEE compliance and continue to make good progress with transforming local South African trade suppliers. The efforts to support the local supply base are reported under the [Sustainability section](#) on page 142. The group sourced 78.6 million units from South African suppliers, investing R4.3 billion in local suppliers during this financial year.

Socio-economic development

The group's strategic partnership with Mr Price Foundation supports South Africa's youth. Further information on [Mr Price Foundation programmes](#) can be found under the Social heading on pages 122 - 124.





Sustainability

This section of the committee report provides details on the key activities in support of the group's environmental objectives. Objectives and activities under the economic pillar are also detailed here. The key environmental and economic achievements are highlighted on pages 32 and 33 of the [Integrated Report](#).

Environmental

The retail sector both impacts the environment, through direct operations and the value chain, and relies on the environment for resources and materials. Mr Price is committed to reducing the environmental impact of its own 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 United Nations Guideline for Consumer Protection Principles (UNGCP) 7 to 9. It is also working towards the UN's SDGs, specifically goals 6, 7, 12, 13, 14 and 15.

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 those of its suppliers. 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 biodiversity, animal welfare and natural resources used to manufacture products. The group's main influence resides with first and second tier suppliers, where the group commits to conducting environmental audits to assess and monitor the impact of manufacturing operations on biodiversity, pollution, climate change 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 World Wide Fund for Nature (WWF), Textile Exchange, Forest Stewardship Council (FSC) and Producer Responsibility Organizations (PRO) to implement sustainable solutions and comply with regulatory requirements. The group will continue to extend its collaborations with other organisations through various partnerships and initiatives in the coming year.

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 and is developing a climate change strategy that considers global commitments and reporting requirements outlined by the Task Force on Climate-related Financial Disclosures (TCFD).

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 below.

Since 2014, the group has worked to reduce the environmental impact of its retail operations – incorporating its stores, head office and the distribution centre (DC). Moving into FY2023, the short- to medium-term goal is to develop a climate change strategy, establish a TCFD framework, and set Science-Based Targets (SBTi) in terms of emission reduction. In addition, the group established an energy benchmark for stores, and plans to reduce the volume of waste to landfill, increase recycling rates, and increase the use of sustainable materials in products and packaging. In the long term, the group plans to extend the monitoring and measurement of the environmental impact of suppliers, promote more efficient and responsible use of resources, and increase the use of circular and cleaner production processes.

Preserving natural resources

Sustainable materials

In the reporting period the group continued to gain momentum in promoting the use of sustainable materials in products, which was included as a management KPI in support of the sustainability pillar of the group strategy. During the year, approximately 36 million product items incorporated sustainable materials, an increase of 3.8% from the previous year. This means that 15.8% of all products contained at least one sustainably certified raw material. Sustainable cotton was used in 26 million products and approximately 1.7 million products were FSC certified.

The breakdown of sustainable materials used is listed in the table below.

Sustainable Materials		
Certification Group	Units	% of Total Units
Anti Cruelty	751 561	0.3%
Energy Saving	158 689	0.1%
Green Manufacturing	858 976	0.4%
Recycled Materials	6 141 480	2.8%
Sustainable Cotton	26 349 462	12.0%
Sustainable Forest	1 685 947	0.8%
Total	35 946 115	16.4%

The group is not always able to secure the required quality or quantity of sustainable materials due to limited supply which then increases cost. In the period under review the supply of recycled polyester (RPET) was severely restricted which impacted the achievement of the group's target for the use of sustainable materials.

Reducing and stabilising environmental impact

Single-use plastic bags

In 2021 Mr Price achieved a significant reduction in the number of single-use plastic bags in its store operations. Through offering reusable shopping bags and intentional communication and encouragement to customers at the point of check out, over 29 million single-use plastic bags were removed from circulation.

In addition, all single-use shopper bags were removed from Miladys stores and all reusable shopping bags available in Miladys stores are now made from recycled plastics. Further details on Miladys' commitment to plastic reduction can be found in the [case study](#) on page 141.

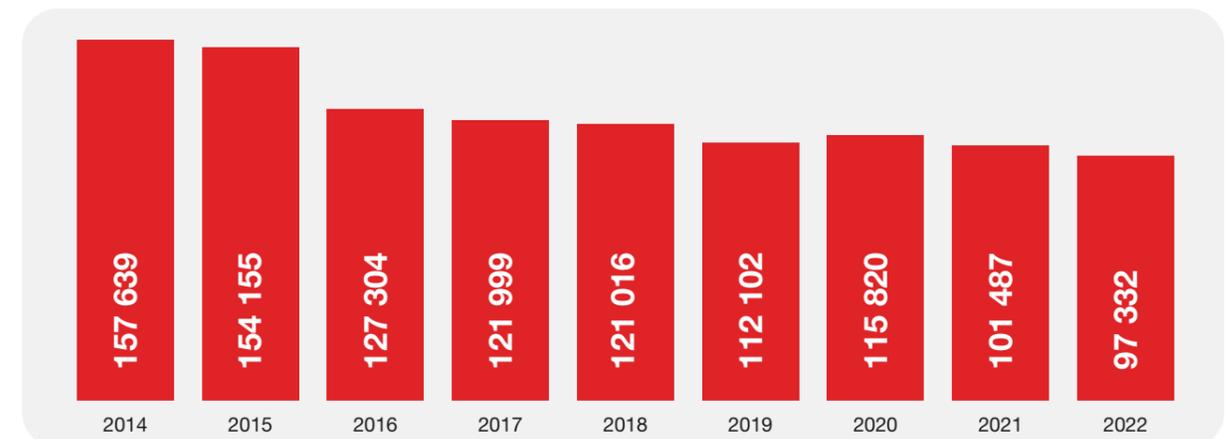
Mr Price Home and Mr Price Sport stores have set a target to remove all single-use plastic shopping bags from their stores in the next two years. The group's other store formats have set targets to reduce the use of single-use plastic bags by 75% in the next four years. Having regard to the group's core customer who may not be able to afford reusable bags but needs to carry goods while commuting on public transport, the group is also actively exploring cost-effective alternatives to single-use plastic packets.

Mr Price customers are at the core of everything the group does and it is grateful and appreciative of their support in reducing the number of plastic packets in its stores.

Carbon footprint

The group's South African carbon footprint (tons of CO₂e) is based on scope 1 and scope 2 emissions. Namely, emissions from stores, head offices and the DC. While significant carbon footprint reductions have been achieved since 2014 (see table below), further reductions are targeted, which will include scope 3 measures.

Mr Price Group carbon footprint scope 1 and 2



Energy and fuel usage

Since 2015, there has been a focus on increasing energy and transportation efficiency (including renewable energy). Ongoing monitoring of store energy use drives behavioural change and reduces usage. An established benchmark ensures all new and revamped stores comply with specified energy efficient lighting. The property and operations teams work collaboratively to identify and activate further energy reduction opportunities. Reduction in energy use is a management KPI with specific targets set.

Renewable energy

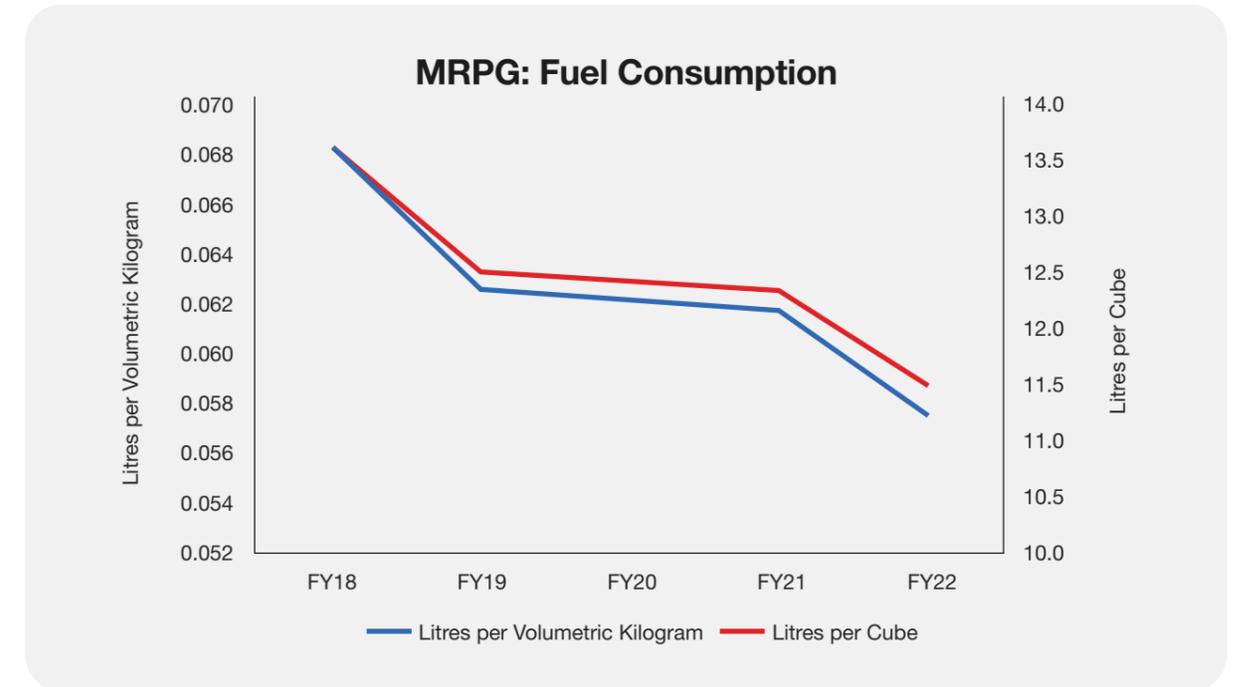
The group has invested in roof-top solar photovoltaic (PV) systems at head office and Hammarsdale DC. The investment outcomes have been met and the systems have generated 3.9 million kWh in the past three years and 5.5 million kWh since inception. Phase 3 implementation, commissioned in March 2020, has been completed and the DC has reached maximum capacity of solar PVs. The potential for further solar PV installations at head office is being explored.

Site	FY2022		FY2021		FY2020	
	% 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 Home Roof	20.92	88 418	30.67	107 291	25.47	111 461
Head Office Rooftop	21.55	175 600	19.87	175 962	20.16	176 007
Hammarsdale DC	27.00	1 152 498	29.51	1 262 749	18.53	748 907
Total	25.73	1 416 516	28.03	1 546 001	19.36	1 036 375

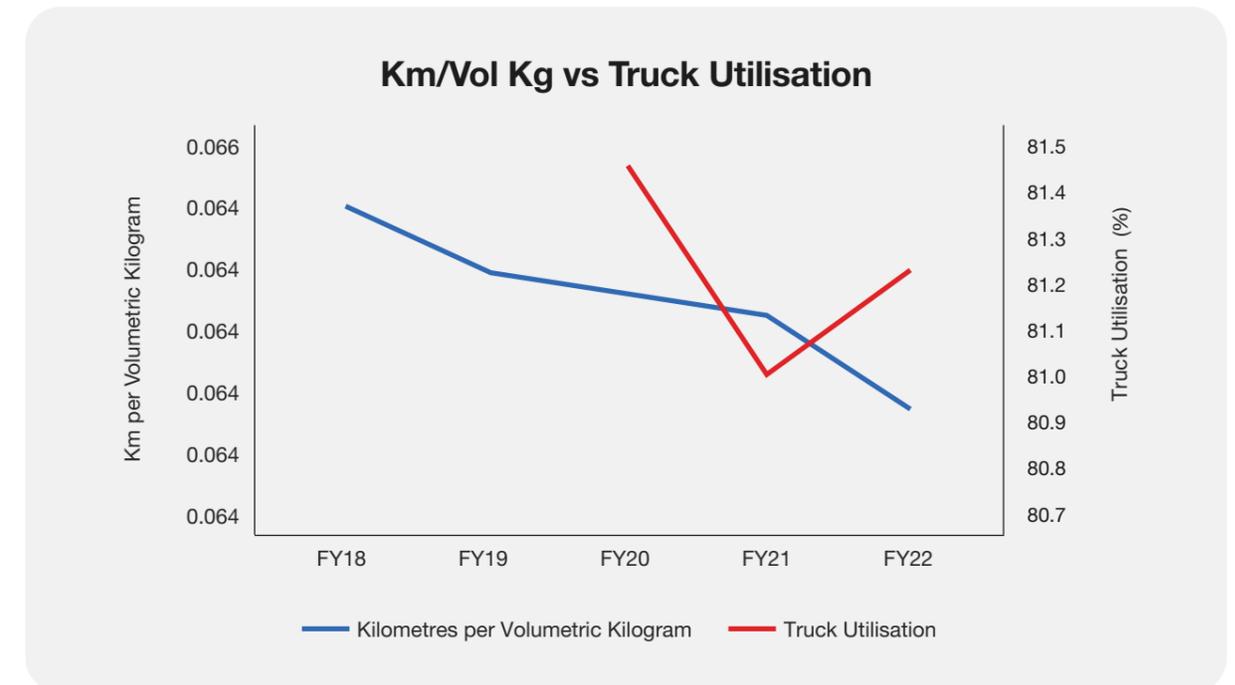


Transport and fuel usage

In FY2022, the group's logistics and transport partner maintained its commitment to improving fuel efficiencies through various initiatives. As a result, the group has seen a continued improvement in fuel consumption, 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.

Environmental sustainability initiatives driven and implemented by the group's logistics partner include:

- Introduction of a revised fleet telematic platform to improve vehicle fuel consumption and efficiencies
- New vehicles fitted with advanced technologies to map efficient routes and provide drivers with advice on efficient driving. New vehicles are bigger and more fuel efficient
- Introduction of a fully electric forklift fleet that has materially reducing CO₂ emissions
- Water recycling and alternative power usage (including solar initiatives) at depots to achieve green building certification
- Waste recycling nationwide, including fleet waste collection and disposal

Improvements in transport efficiencies

	FY2022	FY2021	FY2020	FY2019	FY2018
Litres per Volumetric Kilogram	0.058	0.062	0.062	0.063	0.068
Kilometres per Volumetric Kilogram	0.177	0.192	0.196	0.199	0.210

Water usage

The group's water consumption is currently measured at head office locations and its DC. Water consumption at head office has increased by 7 240 kilolitres in the reporting period. The group is examining this and will continue to implement further measures to reduce water consumption at head office. Despite the recent increase, water consumption has reduced by 23% since 2017. Water consumption at the head office site is an annual management KPI with specific targets set.

Water consumption at the DC in FY2022 was provided entirely from its rainwater harvesting system. The DC's water consumption for FY2022 was 8 971 kilolitres, resulting in a material reduction in reliance on municipal water services and a cost saving of more than R264 204.59.

Water consumption at head office

FY2022	FY2021	FY2020	FY2019	FY2018	FY2017
Kilolitres	Kilolitres	Kilolitres	Kilolitres	Kilolitres	Kilolitres
Apr 2021 – Mar 2022	Apr 2020 – Mar 2021	Apr 2019 – Mar 2020	Apr 2018 – Mar 2019	Apr 2017 – Mar 2018	Apr 2016 – Mar 2017
26 858	19 618	22 192	23 345	24 419	35 064

Product packaging

The group's packaging task team includes all trading divisions and is tasked with developing recycled packaging solutions and identifying packaging reduction opportunities. The work of the task team, together with the training and development of merchants, enables decentralised and real time decision making on packaging improvements. Progress in the reduction of plastic bags in stores is [detailed](#) on page 137.

The group is a member of the producer responsibility organisations for plastic (Polycy), paper (Fibre Circle) and electrical/lighting (Lightcycle), and is working with these organisations to support the development of recycling technology and solutions in South Africa. In FY2022 the group established a packaging baseline for all imported product packaging and will complete the baseline for all locally sourced products in FY2023. This will allow the group to set measurable targets from FY2024 that support the goal to reduce all unnecessary packaging and for remaining packaging to be fully recyclable.

Various initiatives were implemented by trading divisions, one of which includes replacing plastic-packaged silica gel pouches, used to absorb moisture in packaging, with Micro-Pak Dri Clay®. This natural bentonite clay is a more environmentally friendly alternative that is packaged in biodegradable FSC-certified Kraft paper. During the reporting period, Mr Price Sport vendors used 3.9 million pouches of Micro-Pak Dri Clay® Kraft thereby eliminating plastics and unwanted chemicals from packaging, while also reducing water used to manufacture silica gel.



Group and DC waste recycling

In FY2022, waste recycling at the group's head office improved by 9% and the DC improved by 22% from the previous year. The group is developing a plan to further improve recycling at head office sites, and is in the process of exploring recycling initiatives at stores.

Recycling in kgs	FY2022	FY2021	FY2020
Head Office	70 417	64 892	82 569
Hammarsdale DC	1 506 627	1 235 844	1 519 835
Total	1 577 044	1 300 735	1 602 403

Paper usage reduction

The introduction of reduced paper weight from 55g to 46g used for till slips at stores resulted in a weight saving of 30.6 tons of virgin paper and a cost saving of R2.8 million. Paper used at tills, the group now sources FSC-certified paper and has moved from BPA (Bisphenol-A) to BPA-free paper.

FY2022 paperless administration savings

Paperless administration at store level and the promotion of e-dockets are fundamental paper-saving initiatives. The group saved 6 012 517 A4 pages of paper, 4 008 printer cartridges and 1 786 km of paper in FY2022, an estimated cost saving of R1 753 891. Since inception, there has been an estimated cost saving of R6 789 712 and 22 488 445 A4 pages of paper.

Division	Estimated Cost Saving	A4 Pages of Paper	Printer Cartridges	Kg of Paper	Km of Paper
Total (FY2022)	R 1 753 891.29	6 012 517	4 008	30 664	1786
Total (FY2021)	R 1 410 231.08	4 834 415	3 223	24 656	1436

Case study

With a sustainable vision to have zero virgin plastic in its business within five years, Miladys launched a vigorous campaign to create awareness and implement environmentally-favourable alternatives to traditional packaging materials.

Launched in December 2021, with an instrumental education campaign six-months prior to that, Miladys deployed videos, role-playing, e-mails, workshops and in-store signage to engage customers and associates on their journey to sustainability.

With the decision to scrap single-use plastic shopping bags, customers have the option to purchase reusable shopping bags or use their own bags. Since the launch of the campaign, customer uptake in choosing reusable bags is already over 50%.

- In May 2022 a paper bag will be introduced as an alternative eco-friendly option. The reusable bag will be changed, using recycled plastic (RPET) from locally produced, sourced and manufactured RPET fabric
- Plastic cards for accessories (earrings, necklaces etc) have been changed to paper cardboard
- Hang cells have been replaced with recyclable material
- Spare button plastic bags have been removed from clothing items
- Plastic loops that attach the swing tags to garments will be replaced using recyclable material

"This journey to achieving a fully-sustainable value chain is a learning process for us all. We may not have all the answers, but we are constantly innovating to improve our initiatives as local and global learnings grow. Every decision we make is considered in line with our continued commitment to find innovative, sustainable solutions. The content of the packaging material is more important to us than the cost," said Miladys managing director Sally-Anne Jackson.

Economic

Value chain development

The objective of the economic pillar of the group's sustainability strategy is to develop a value chain that is optimised and innovative. To achieve this the focus is on supporting suppliers to reduce hidden or duplicated costs, enhance product quality, improve efficiencies and lead times, and improve overall product delivery reliability as measured in on-time and in-full delivery (OTIF). Over the last decade, the group has focused on developing a supportive value chain by involving suppliers, government, industry clusters and internal teams. In the reporting period the group successfully focused on developing the competitiveness of local suppliers in line with the aims of the South African Department of Trade, Industry and Competition's Retail-Clothing, Textile, Footwear and Leather (R-CTFL) Master Plan 2030. This collaborative approach helped the group and its suppliers to weather some significant social, economic and political storms in FY2022.

Overall supplier performance is summarised in a supplier grading score. The group plans to have 95% of all suppliers scoring between an A and C grade by FY2026. Work done to strengthen and develop local suppliers will extend in future through the establishment of regional supplier development clusters. The group's aim is to prioritise the development of Southern African suppliers and to apply learnings from this region to other sourcing regions in future. This allows the group to develop the necessary capability within the proximity of its main market.

Suppliers are guided by the group's code of conduct and the responsible sourcing framework guidelines.

Local procurement and job creation

In line with the strategy to further develop local manufacturing capability, the group is a signatory and thereby supports the

group Retail-CTFL Master Plan of South Africa. In FY2022 the group sourced 78.6 million units at a cost of R4.3 billion from local South African suppliers. This represents 38.2% of all procurement in terms of cost.

FY2022 was a year of unprecedented challenge for South African suppliers. Widespread looting affected clothing, footwear and textile manufacturing firms resulting in lost production, infrastructure damage and significant loss of assets. The group responded by supporting suppliers and factory workers by accommodating production delays, assisting with access to finance to rebuild operations and provided food and other necessities to workers affected by the looting.

The group increased localisation despite the unprecedented civil unrest that struck the main production centre in July 2021.

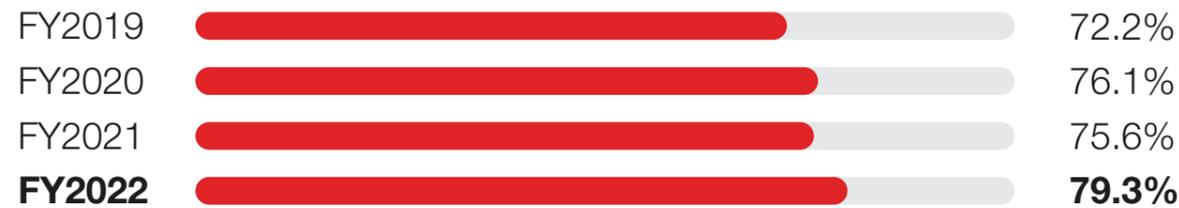
The group also maintained its value offering despite local and global supply chain disruptions and related inflationary pressures. This is largely attributed to working in collaboration with suppliers to address the challenges.

Supplier performance

A supplier grading tool was developed to support the group's aim to achieve 95% of all suppliers in A to C grade by FY2026. This tool is a critical enabler of value chain development. Using the tool, divisional sourcing and merchandising teams can assess the performance of individual suppliers against a variety of metrics.

During FY2022 the group worked extensively with RSA suppliers to improve overall supplier grading performance. As a result, supplier grading results improved with an OTIF improvement of 3.7% in FY2022 and 7.1% since FY2019.

OTIF score for suppliers



Given FY2022 performance improvements, the group is satisfied with the impact of its current approach to supplier development. This approach includes direct and regular improvement discussions where trading divisions work closely to support suppliers in their endeavour to improve performance. In FY2023 this approach will be expanded to the global supply base and will be supplemented with joint meetings of regional supplier clusters.

The group is also active in developing the in-season trading capabilities of local suppliers, specifically suppliers with vertically integrated raw material conversion capabilities, and is piloting quick response trials in the apparel divisions.

Supplier development

In FY2020, the group launched its supplier development strategy. Initially working with Mr Price Sport suppliers, the programme quickly expanded to include 25 local and regional suppliers across five trading divisions. Larger suppliers with weaker supplier grading scores were prioritised for development.

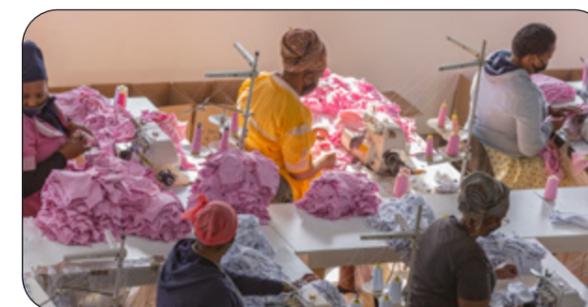
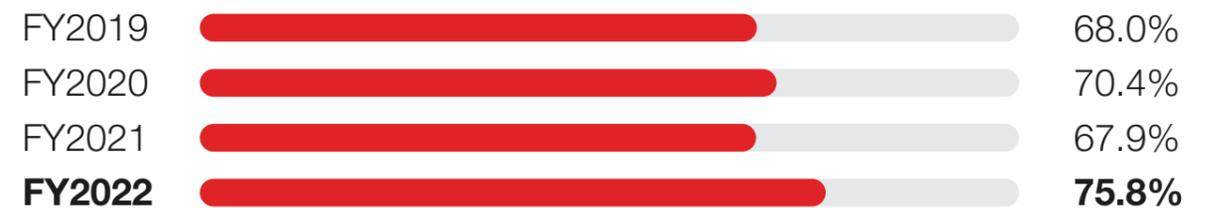
At its core, the supplier development approach aims to activate a continuous improvement cycle between the supplier and group divisions. Once a month, representatives from the business engaged with suppliers to discuss supplier grading performance. Where performance improvement opportunities were identified, a root cause analysis was conducted, and improvement projects were agreed.

Along with providing direct support to suppliers, the group invested R21.3 million in supporting small, black-owned companies. Supplier development loans created cost advantage for the group, assisted suppliers to improve delivery reliability and created local employment.



This intensive supplier development activity has a marked positive impact. During FY2022, South African supplier OTIF performance improved by 7.9%.

Annual South African supplier OTIF score



Value chain partnerships

The group is a member of the National Clothing Retail Federation (NCRF) and through this association is an active member of task teams involved in monitoring and guiding the implementation of the Retail-CTFL Master Plan. The group is a long-standing member of the KwaZulu-Natal Clothing and Textile Cluster (KZN CTC) and collaborates with the Cape Clothing and Textile Cluster (CCTC). A senior member of the sustainability team serves as a member of the executive committee of the KZN CTC. Through these associations, the group contributes to the development of the local industry in terms of skills and competitiveness. In FY2022 the group participated in the 2021 Accelerate event, which provided exposure to emerging, small, black-owned suppliers. The group is actively pursuing sourcing relationships with some of these suppliers.

To increase the promotion of locally-made product to customers and support job creation, the group partners with Proudly South African as a member company.

Governance

The various disclosures and information on governance matters for ESG purposes are included in the [board report](#).



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
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/ kpmgfaircallreport/ques- tionnaire/main/
Customer Care		0800 212 535		
Account Services		0861 066 639		

Company Secretary and Registered Office

Janis Cheadle
Upper level, North Concourse, 65 Masabalala
Yengwa Avenue, Durban, 4001.
PO Box 912, Durban, 4000.
Tel: 031 310 8000

Investor Relations

Matthew Warriner
Upper level, North Concourse, 65 Masabalala
Yengwa Avenue, Durban, 4001.
PO Box 912, Durban, 4000.
Tel: 031 310 8000

Transfer Secretaries

Computershare Investor Services (Pty) Ltd,
Rosebank Towers, 15 Biermann Avenue,
Rosebank, 2196
Private Bag X9000, Saxonwold, 2132
Tel: 011 370 5000

Domicile and Country of Incorporation

Republic of South Africa

Sponsor

Investec Bank Limited

Registration Number

1933/004418/06

Independent Auditor

Ernst & Young Inc.