

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.

