



sharing the

value

The Group, driven by its Purpose and Corporate Values (refer to page 7), shares the value created with all partners.

Not only do shareholders benefit from their ownership in the business, but customers also benefit from the fashionable merchandise at affordable prices, and the people who work for the Group benefit by having sustainable jobs and access to share schemes (refer to page 76 for more details) to help them build wealth for their futures. In the past few years, there has been increased focus on the needs of suppliers and the local South African community. The Group's response to the needs identified has resulted in interventions that will not only strengthen the local

business and market for the longer-term, but they will also enhance the level of commitment from these stakeholders. The increasing focus on social and environmental matters, together with shifting markets and business practices, has created both sustainability challenges and opportunities. The key challenges (to the brand, markets, supply chains and operations) have been assessed and key potential opportunities identified (to enhance business relationships, obtain competitive advantage, build brand reputation

and address social and compliance issues in supply chains).

Building a Sustainable Supply Chain

To improve the Group's long-term sustainability and strengthen its supply chains, the interventions are focused globally, however specific interventions are required in South Africa to address the unique local challenges and to develop more efficient and Quick Response (QR) capable suppliers. Some interventions (such as the JumpStart Manufacturing Programme) are executed within supplier organisations and their production facilities, whereas others occur at a systemic level through the Group's involvement in both national and regional bodies (such as SASTAC, Regional Footwear and Leather Cluster, KZN CTC).



The Group partners with the dti as the founding member of two clusters

Mr Price Group is the founding member of two dti-funded clusters, the Southern African Sustainable Apparel and Textile Cluster (SASTAC) and the Regional (KZN) Footwear and Leather Cluster.

SASTAC aims to strengthen South Africa's competitiveness in producing sustainable raw materials, textiles and products for local consumption and potential exports in future. In its first year of operation, SASTAC has increased South Africa's cotton production over the previous year's harvest by 68%. The increase in

local cotton production will result in an increase of beneficiation and job creation.

It is expected that the Southern African Sustainable Textile and Apparel (SASTAC) Cluster will produce assessments that will assist the South African clothing and textile industry to make informed decisions regarding the production of fibres and products that are appropriate for the socio-economic and environmental sustainability of the local industry. The intelligence and strategic direction provided by SASTAC's research and engagement with key industry bodies will also enable retailers to make more appropriate textile and design decisions in relation to sourcing in South Africa.

The Regional Footwear and Leather Cluster's objective is to deepen and widen the engagement of people, product and processes in the footwear and leather value chain of two KZN-based footwear manufacturers, thereby increasing profitability and employment levels within the region. In its first year, the Footwear School of Excellence was established with training centres based at factory sites of each of the participating suppliers. Training conducted to develop machine operators, pre-production interns, as well as factory supervisors and managers resulted in 103 students being trained with an employment rate of 76% across both supplier sites.

The Group partners with its local suppliers on skills development

The Group's engagement with selected local strategic suppliers identified a need for improved skills in the local manufacturing industry. This led to the development of the MRP Foundation's JumpStart Manufacturing Programme in 2014. MRP Foundation, a registered Non-Profit and Public Benefit

Organisation, in partnership with Mr Price Group and selected suppliers, developed the programme to create opportunities for unemployed youth to access programmes developing scarce skills within the South African clothing and footwear manufacturing industries.

During this first year of the programme, 20 pre-production interns graduated and 12 of the 20 were employed within the participating supplier organisations while others went on to further their

studies or seek employment at other manufacturers. With the programme entering its second year, a larger number of interested students have applied and another 20 talented young people are currently preparing to enter the industry.

In addition, 193 previously unemployed youth undertook to become qualified multi-skilled machine operators during 2014 with 176 graduating and 162 being employed by the participating suppliers, a 92% employment rate.

Globally, the Group has embarked on a supply chain mapping exercise to assess various risks and monitor levels of production capabilities, quality and compliance standards in line with the Group's Supplier Code of Conduct.

The Supplier Code of Conduct is aligned with international standards, including the Ethical Trading Initiative's (ETI) Base Code. The Code is used by the resource, quality and buying teams to assess and monitor supplier business ethics, labour, health and environmental practices.

Broad-Based Black Economic Empowerment in South Africa is supported by the Group with a specific focus being on the development of associates (skills development), suppliers (supplier and enterprise development) and communities (socio-economic development). The recently Amended Codes (with higher financial targets, level penalties and narrower qualifying definitions) will make it challenging for the Group to achieve future compliance. The positive impact in terms of local supplier development and job creation through the Clusters, is unfortunately not recognised under the Amended Codes, but will continue to be strategic initiatives for the Group. The Group has attained Level 6 Compliance and this has been independently verified against the Department of Trade and Industry's (dti's) B-BBEE Codes of Good Practice, 2007 by BEESCORE (Pty) Ltd, a SANAS accredited verification agency.

B-BBEE Scorecard

Element	total weighting	F2015	F2014	F2013
Ownership	20	4.51	5.51	6.47
Management	10	2.89	3.08	3.38
Employment Equity	15	6.38	6.26	6.18
Skills Development	15	12.00	12.00	12.00
Preferential Procurement	20	14.59	15.92	14.54
Enterprise Development	15	7.92	7.55	7.09
Socio-economic Development	5	5.00	5.00	5.00
Total	100	53.29	55.31	54.66
B-BBEE Level		6	5	6



The Group partners with a South African Footwear Manufacturer

In 2011, the opportunity to assist a local KZN footwear manufacturer was identified. After thorough research and analysis, the Group approved a loan that would enable the supplier to significantly grow business capacity and capability and deliver on the requirement for increased fashion flexibility (quick response) and a leaner value chain.

Two pieces of land were purchased and the project was split into two phases. In the first phase, a smaller factory was built as a materials store and to accommodate cutting and machining departments. The second phase involves the building of a double story factory, with each floor being 720m², to accommodate offices, making, finishing and dispatch. The new factory is expected to be operational around mid-2015.

Since the inception of this enterprise development initiative, this manufacturer has already doubled sales growth and significantly improved delivery ratios. Capacity and employment has doubled over the period. These achievements have been without the large, main factory being brought into operation. Once the new factory is fully operational, we anticipate further significant growth and improved efficiencies.

The strategic partnership has continued to provide further opportunities for collaboration as a need for improved skills in the footwear industry was also identified. This resulted in the establishment of a Footwear School of Excellence, in collaboration with MRP Foundation and the Regional Footwear and Leather Cluster. The school was officially launched in July 2013 and has already trained over 57 students for a career in footwear.

The Group partners with The Clothing Bank

During 2014 the Group partnered with The Clothing Bank, a registered NPO and PBO, which channels donated stock through an enterprise development programme. The programme is aimed at developing unemployed women to become self-sufficient through basic business and life skills. The partnership has resulted in The Clothing Bank extending operations and opening a branch in Durban. The Group supports The Clothing Bank by donating samples, write-offs and returned merchandise as well as old fixtures and fittings. More information on the activities of The Clothing Bank can be found at www.theclothingbank.org.za.

Below is the Workforce Profile of Mr Price Group as at end March 2015.

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top Management	1	-	-	27	-	1	1	8	-	-	38
Senior Management	3	-	8	39	-	4	8	55	1	5	123
Professionally qualified	20	6	67	127	25	23	84	188	1	4	545
Skilled technical	504	117	131	114	1 235	574	286	416	2	9	3 388
Semi-skilled and discretionary decision making	2 283	338	109	30	6 386	1 349	338	125	14	15	10 987
Unskilled and defined decision making	34	1	7	1	48	8	5	-	-	-	104
TOTAL PERMANENT	2 845	462	322	338	7 694	1 959	722	792	18	33	15 185
Temporary employees	92	12	3	-	173	42	14	3	-	-	339
GRAND TOTAL	2 937	474	325	338	7 867	2001	736	795	18	33	15 524

Employment equity

The Group recognises the value in diversity and the need for its workforce to be representative of the national and regional demographics of South Africa. The Group is therefore committed to employing and developing people from designated groups in furtherance of its Employment Equity objectives. Pre-employment internships are also offered as a means of evaluating prospective employees and the MRP Foundation's JumpStart Programme provides soft skill training and retail work experience for unemployed matriculants.

The Group's philosophy is to encourage all associates to achieve their full potential.

have supporting strategies to address representation requirements at senior levels and there is regular reporting in place to monitor progress.

The Executive Transformation Committee reviews and assesses, and the Board ratifies, appropriate employment equity targets. An Employment Equity and Skills Development Committee, fully representative of the Group's associates, meets regularly to discuss progress in employment equity, identify and recommend steps to overcome barriers to affirmative action and to ensure adherence to relevant legislation.

Associates are encouraged to apply for and secure growth opportunities within the Group as these arise.

Those who have the potential to attain top management positions and meet the needs of succession plans are invited to attend internal and external leadership programmes that provide relevant business exposure and highlight development areas. This assists in the attainment of the employment equity (EE) goals set for the various occupational levels. The EE goals, set to 2017,

Below is the Workforce Profile of the Mr Price Group for disabled employees as at end March 2015.

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top Management	-	-	-	-	-	-	-	-	-	-	-
Senior Management	-	-	-	1	-	-	-	2	-	-	3
Professionally qualified and experienced specialists and mid- management	-	-	-	3	-	-	-	5	-	-	8
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	1	-	1	1	2	2	1	6	-	-	14
Semi-skilled and discretionary decision making	1	-	3	-	8	4	2	-	-	-	18
Unskilled and defined decision making	1	-	1	-	1	-	-	-	-	-	3
TOTAL PERMANENT	3	-	5	5	11	6	3	13	-	-	46
Temporary employees	-	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL	3	-	5	5	11	6	3	13	-	-	46

MRP Foundation

The Group supports the national priorities of SA through its donation to the MRP Foundation. This socio-economic investment of 1% of net profit after tax, since the inception of the MRP Foundation, now 10 years ago, continues to provide support to strengthen a sustainable local market.

The Foundation delivers programmes that respond to socio-economic challenges, including poverty, unemployment, poor education and the skills gap of school leavers entering the job market. Impact has been achieved through improved literacy and numeracy levels in the primary schools and by assisting learners from selected high schools to consider job opportunities in retail and manufacturing. The key programmes of the MRP Foundation are summarised below. For further information on the activities of the Foundation, refer to www.mprfoundation.org.



JumpStart

The JumpStart Retail Programme assisted 1 135 previously unemployed youth to find jobs at Mr Price Group, Spar, The Hub, Coracall, Smollan Group and other independent business partners of the programme over the past year. Through partnership, collaboration and engagement the programme continues to grow and provide hope and empowerment for youth.

The JumpStart Manufacturing Programme is focused on the Group's local supply chain and ensures that local manufacturing is strengthened, thereby contributing to sustaining and creating new jobs and developing local group supplier capability and capacity.



YoungHeroes

YoungHeroes, the MRP Foundation's longest standing programme, aims to establish sustainable structures and programmes in public schools that ensure all learners participate in regular physical activity and school sport on a weekly basis. This programme operated in 8 provinces, in 260 schools and with 54 879 learners last year. Soweto successfully completed the first year of the programme's Sustainability Phase, which effectively means that this physical education and sport programme is implemented independent of the Foundation's resources and is becoming truly self-sustaining.

RedCap Schools

The RedCap Schools, situated in KwaDukuza, further improved academic results with the mathematics pass rates in Grades 1 to 6 all being higher than both the National and Provincial averages. Focused on three of these schools, as a pilot, the Foundation has partnered with



international leaders such as Curious Learning: a global literacy project (Tufts University, Georgia State University and Massachusetts Institute of Technology), the Khan Academy, Numeric, and the Breteau Foundation to develop an innovative solution to empower South African learners and enhance the learning environment. This pioneering programme aims to use technology as a tool to shift the learning trajectory of young South Africans and support the education system. The convergence of factors from cost effective technology devices, ground breaking royalty free educational platforms, to greater network coverage has created a watershed opportunity for education to be re-imagined.

Improving resource efficiencies and addressing climate change

The Group's philosophy of doing more with less and striving for innovation and efficiency is translated into all aspects of the business which in turn supports a reduced negative impact on the environment.

The Group impacts climate change through its own energy and resource usage as well as that of its product end usage and that of its supply chains. Although the business operations are becoming more efficient in the usage of energy and resources, the Group acknowledges that further research is required to determine the potential impact of climate change on its value chain, business, operations and markets.

A high level climate change risk assessment conducted this year is expected to assist the Group to understand the climate change risks associated with raw materials and production facilities used to manufacture the Group's products in key locations.

Energy Management has proven that energy usage reduction (a lighter carbon footprint) is also able to reduce costs and ensure a greater environmental responsibility. The Group's commitment to reduce its carbon footprint by 10% over the medium-term (on baseline year F2013) was achieved. Over the past two financial years, we reduced our carbon footprint by approximately 17.5 million Kwh (18 758 tons CO₂ emissions).

The Energy Management System continues to evolve as accurate energy data enables the identification of new opportunities to reduce costs and consumption. The more efficient usage of energy is now a standard practice in the development of new store design. It has become increasingly important to drive the exploration of alternative, cleaner energy source options mainly due to the potential impact of energy supply disruptions, black-outs and the significant planned cost increases forecast for the next 3 - 5 years due to the level of investment required in the South African energy infrastructure. The Group is exploring the feasibility of solar power for the new Distribution Centre (DC) and the Head Office buildings. At key stores, generators and uninterruptible power supply (UPS) units have been introduced to keep them operative during periods of load shedding.

Other efficiency initiatives to reduce **waste** disposal to landfill from head office sites have been successful and

exceeded the 20% targeted rate. A recycling guide was distributed to standardise and promote the principles of reduce, reuse and recycle across all spheres of the business.

A **packaging** efficiency assessment for **mrpHome**, commissioned in 2014, aims to ascertain opportunities for the improvement in packaging from source to customer.

The Group's outbound **transportation and distribution** service provider has successfully implemented fuel and kilometre travel reduction.

The Group has maintained its WWF Corporate Network Partnership with increased in-depth workshops and engagement planned for the year ahead. This partnership is aimed at ensuring that WWF acts as a critical friend that guides strategic plans and ensures that all material and relevant environmental aspects are considered and actioned as part of the Group's sustainability strategy.

In order to embed a culture of sustainability in the business, a sustainability e-learning training and awareness module has been developed for associates. This aims to develop an appreciation of sustainability, encourage long term impacts to be considered in business decisions, reinforce the Group's values and encourage associates to apply the learnings to their home lives as well.



Over the past two financial years, we reduced our carbon footprint by approximately 17.5 million Kwh (18 758 tons CO₂ emissions).

