

## “Value to Customers and Worth to Partners” drives the Group.

Not only do shareholders benefit from ownership in the Company, but customers also benefit from fashionable merchandise at affordable prices and the people who work for the Group benefit by having sustainable jobs and access to benefits and share schemes (refer to page 69 for more details) to help them build wealth for their futures. The commitment to Shared Value has been extended to the value chain in the past few years, where there has been increased focus on building sustainable and efficient supply chains. South Africa has been identified as a key priority country, where innovative solutions are being tested with local key suppliers and relevant government departments. Together with these innovations, the ten years of investment into the socio-economic landscape of RSA (through MRP Foundation) also aims to strengthen local business and create a sustainable local market.

### Building a sustainable value chain

The Group collaborates with the following partners to identify opportunities for the development of sustainable solutions for the business, its value chain and the industry at large:

- Supplier Ethical Data Exchange (Sedex)
- Ethical Trading Initiative (ETI)
- Sustainable Cotton Cluster (SCC)
- KwaZulu Natal Clothing and Textiles Cluster (KZNCTC)
- MRP Foundation’s JumpStart Programme (JumpStart)
- The Clothing Bank (TCB)
- The World Wildlife Fund (WWF) and
- Other participating forums and committees such as Retail Association, Sustainability Retail Forum, BUSA Trade and Economic Policy Committee, BUSA Social and Transformation Policy Committee as well as various sub committees focusing on national priorities such as energy and broader environmental issues.



BUILDING  
SUSTAINABILITY  
THROUGH  
SHARED  
VALUE

### Supplier Ethical Data Exchange (Sedex)

Sedex is a not-for-profit membership organisation dedicated to driving improvements in responsible and ethical business practices in global supply chains.

The mapping of the Group's global supply chains has progressed well, with the number of Sedex memberships increasing from 301 in FY15 to 534 in FY16. This database has proven to be a valuable tool to record supplier business ethics, labour, health and environmental practices thereby enabling the risk assessment of suppliers in accordance with these metrics. Further to this, the mapping of second tier suppliers is also progressing well and remains a key focus area for the resource teams to obtain the visibility and transparency needed to ensure that the value chain is sustainable, efficient, effective and compliant. For further information on Sedex, refer to [www.sedexglobal.com](http://www.sedexglobal.com).

### Ethical Trading Initiative (ETI)

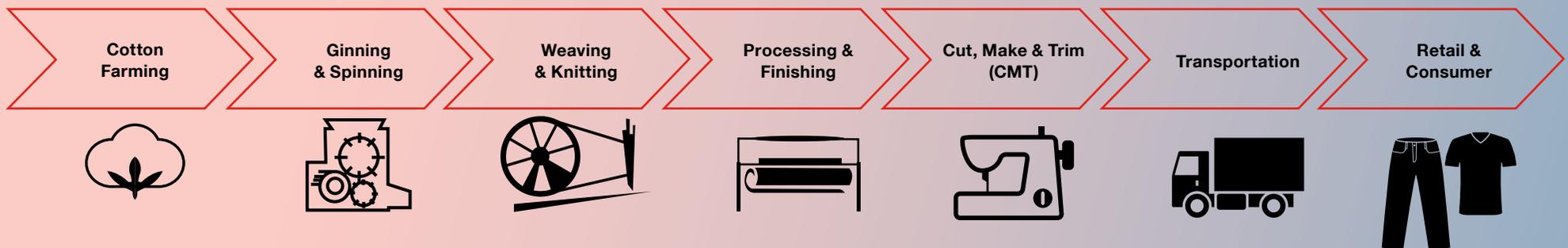
ETI is a leading alliance of companies, trade unions and NGOs that promotes respect for workers' rights around the globe. The Group is committed to ethical trade and has therefore partnered with ETI in order to participate in collectively tackling the many issues that cannot be addressed by individual companies working alone.

A Responsible Sourcing Policy and Guideline has been developed to guide the trading divisions in the monitoring and application of the Supplier Code of Conduct (aligned to international standards, including the ETI Base Code). The Group's first progress report to ETI was well received as many of the requirements of a Foundation Stage Member were exceeded. For further information on ETI, refer to [www.ethicaltrade.org](http://www.ethicaltrade.org).

### Sustainable Cotton Cluster (SCC)

The Group believes that by investing in the country's cotton industry, a stronger and more resilient cotton industry will be ignited with increased demand for better quality cotton from SA consumers. We hope that, through our involvement in the cluster, we will contribute to the development of a stronger local economy and unlock real job opportunities.

The participation in a pilot Integrated Supply Chain Programme (ISCP) this year, in partnership with the Department of Trade and Industry (dti) and various value chain organisations, delivered around 4.2 million garments and towels to stores, all designed and manufactured with local cotton content. This innovative collaboration was able to reduce wastage and inefficiencies thereby unlocking value in a way that everyone was able to win - from the farmer to the consumer, who is provided with a product that unlocks shared value to everyone in the supply chain.



Since the Group's initial involvement with the cluster, now 3 years ago, a significant increase in hope and collective commitment amongst local cotton producers and industry players has been translated into bold targets being set to grow the industry.

**SA cotton producers are targeting an increase in cotton production of over 400% by 2018 to be achieved through the growth of small scale farm production, with the aim to create 7 200 jobs, train 2 600 people and establish 600 SMME incubators in the value chain.**

For the Group, the partnership with the SCC has resulted in cotton price stability, improved margin opportunities through waste elimination, visibility of procurement sources, product differentiation to customers and contribution towards the building of a sustainable local cotton value chain.

A Traceability System, developed to capture data and provide valuable intelligence to the industry, ensures that claims made to the customer hold integrity. The system captures data on cotton production social, environmental and labour standards, converts products into raw material requirements, ensures governance standards, contract information, costs etc. In addition, the system tracks movement of the product through the

value chain thereby providing visibility and business intelligence at a level never seen before through an entire value chain.

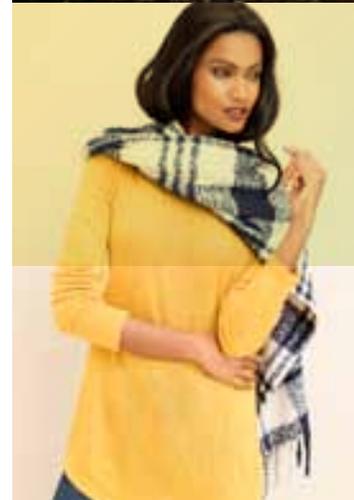
Another achievement of the SCC includes an implementation partnership between South Africa and the Better Cotton Initiative (BCI), to align SA cotton production to BCI standards, a globally sought after standard of cotton production that ensures that the environment and communities are considered. This will position SA cotton as a globally competitive crop and provides the Group with the opportunity to deliver BCI cotton to its customers. As South Africa is a water scarce country, targets to increase small scale rain-fed cotton production raised some concerns initially, however the BCI standards being introduced reduce the impact on water and the environment.

The Sustainable Cotton Cluster is a leading initiative and a remarkable move towards business, government and civil society working together to address national priorities that have the potential to reignite an entire industry, create jobs and unlock the potential in the country. The Group is very proud to have been involved as a founding retail member.

*"Mr Price Group supports Southern African cotton and the development of a globally competitive and sustainable local cotton value chain that improves the livelihoods of people while also ensuring that the environment is cared for."*

(Stuart Bird: CEO).

For further information on the activities of the Cluster, refer to <https://sustainablecottoncluster.wordpress.com/>.



### KwaZulu Natal Clothing and Textile Cluster (KZN CTC)

The KZN CTC is a Public-Private Partnership (PPP) between eThekweni Municipality, the KZN Department of Economic Development, Tourism and Environmental Affairs and local clothing, textiles, footwear and leather (CTFL) manufacturing firms and retailers. The aim of the KZN CTC is to develop competitiveness in the CTFL manufacturing and retail sectors in KwaZulu Natal. It is an industry driven initiative with leadership and expertise obtained from a broad range of members.

Participation in the KZN CTC results in the sharing of thought leadership, expertise and collaboration opportunities in industry related initiatives as well as access to invaluable research. For more information on the activities of the Cluster, refer to [www.kznctc.org.za](http://www.kznctc.org.za).

### MRP Foundation

The Group's investment into the MRP Foundation over the past 10 years addresses socio-economic challenges that are of national priority to the local RSA market. MRP Foundation is a registered Non-Profit and Public Benefit Organisation with a purpose to enable young people to reach their full potential and an inspired vision to see young people breaking the cycle of poverty and inequality.

MRP Foundation invests in building partnerships with key stakeholders, such as Mr Price Group, other businesses, government and civil society, in order to deliver innovative solutions to its beneficiaries while at the same time working with systemic structures designed to positively impact the socio-economic landscape of South Africa. The two key areas of focus are Education (MRP

Foundation Schools) and Skills Development (JumpStart). For further information on the activities of MRP Foundation, refer to [www.mrpfoundation.org](http://www.mrpfoundation.org).

### JumpStart - Skills Development for Unemployed Youth

JumpStart provides the opportunity to develop unemployed youth with the required skills to access jobs both in Clothing and Textile Manufacturing (partnering with Mr Price Group suppliers) as well as with Retailers (partnering with Mr Price Group, The Spar Group Limited and The Hub).

MRP Foundation continued to accelerate the roll out of the JumpStart Manufacturing Programme to develop scarce skills within the South African clothing and footwear manufacturing industries. Over the past two years, 550 young people participated in the Jumpstart Manufacturing Programme, with 417 (76%) successfully securing jobs in design or production. Furthermore, manufacturing facilities that participated in the programme, reported a significant improvement in quality standards, business processes and efficiencies as a result of focused interventions designed to ensure that partnering manufacturing sites are creating sustainable jobs.

The JumpStart Retail Programme exceeded its targets and commitments to the JobsFund, as 4 266 previously unemployed individuals were successfully placed into retail jobs (98% fall under the youth category of under 35 years of age). Both programmes collectively unlocked an annual salary value of around R153 million for job placements over the past 3 years.

**How we do what we do:**

- Passionately
- Creating value for all
- In partnership

**What we do:**

- Hard skill development
- Soft skill development
- Connection to job markets

**Critical enablers:**

- Sustainable business model
- Relationship management

**VISION:**  
Young people breaking the cycle of poverty and inequality

**Our purpose: We enable young people to reach their full potential**



- Holistic school development
- Holistic child development



- Work readiness
- Critical skills development
- Link to job opportunities





### MRP Foundation Schools

*Creating education environments where learner potential is unlocked*

School programmes aim at a more holistic development of both child and school. Programmes include academic, physical education as well as arts and drama development. A total of 65 236 learners have been impacted through the MRP Foundation Schools programmes. Two independent research studies conducted during the current year confirmed the successful impact of the programmes.

Based on the successful impact of the MRP Foundation Schools Programme in primary schools, further expansion is planned into high schools next year to ensure that learners' improved education transitions into the next level of their education. In addition, the MRP Foundation plans to extend the JumpStart programme to benefit high school learners in four provinces. The aim is to develop the necessary skills of learners in preparation for them to become suitable for employment and thereby increase the chances of them being able to secure a job after completing Grade 12.

### Broad-Based Black Economic Empowerment (B-BBEE)

The Group remains committed to the economic objectives and spirit of B-BBEE. Interventions such as the Group's involvement with the Sustainable Cotton Cluster to promote cotton production in RSA and the JumpStart Programme to produce job-ready skills in RSA embody the true spirit of B-BBEE in terms of job creation, economic growth and skills development.

The Codes of Good Practice, revised during 2014, came into effect on 1 May 2015. As previously reported, compliance against the Revised Codes of Good Practice is challenging as definitions narrowed, targets increased significantly, points required to achieve scorecard levels increased and level penalties were introduced for sub-minimums not achieved. The B-BBEE Scorecard status continues to be assessed and relevant imperatives to attain future compliance are being pursued.

The Group's supplier and enterprise development philosophy is to pursue initiatives that have a strong business case and to ensure that any intervention is sustainable and meaningful to all partners.

The Group's BEE Scorecard has been calculated with the assistance of a BEE Agency although no verification has been carried out:

ELEMENT	WEIGHTING POINTS	SELF-ASSESSMENT POINTS
Ownership	25	8.61
Management Control (includes Employment Equity)	19	5.18
Skills Development	25	17.97
Enterprise & Supplier Development (includes Preferential Procurement)	40	12.92
Socio-Economic Development	5	5
<b>Total Points</b>	<b>114</b>	<b>49.68</b>
Initial level achieved	<b>(40 – 55pts)</b>	<b>Level 8</b>
Discounted by one level due to sub-minimum penalty adjustment	<b>Penalty level</b>	<b>Non-Compliant</b>



### The Group partners with the Clothing Bank

The Group has partnered with The Clothing Bank, a registered NPO and PBO, which channels donated stock through an enterprise development programme for the past 2 years. The programme transforms the lives of unemployed mothers trapped in a cycle of poverty to become self-sufficient through training and mentorship on basic business and life skills. The partnership has resulted in The Clothing Bank extending its operations, and it now operates from six branches across South Africa. The Clothing Bank recently won the 2016 Schwab Foundation's Social Entrepreneur of the Year award. We congratulate The Clothing Bank team on this prestigious award and are very proud to be a partner of this worthy initiative.

The Group supports The Clothing Bank by donating samples, write-offs and returned merchandise as well as used fixtures and fittings. More information on the activities of The Clothing Bank can be found at [www.theclothingbank.org.za](http://www.theclothingbank.org.za).

## Employment equity

The Group recognises the value in diversity and the need for its workforce to be representative of the 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.

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

The Board Social, Ethics, Transformation and Sustainability 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.

Below is the South African workforce profile of Mr Price Group as at end March 2016.

Occupational levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	1	-	-	24	-	1	1	7	-	-	34
Senior management	6	-	13	46	1	4	12	73	2	3	160
Professionally qualified	26	9	72	115	26	28	85	165	-	5	531
Skilled technical	550	120	136	113	1 381	564	301	412	3	9	3 589
Semi-skilled	2 256	331	110	28	6 686	1 289	347	116	12	19	11 194
Unskilled	34	2	6	-	51	8	4	-	-	-	105
<b>TOTAL PERMANENT</b>	<b>2 873</b>	<b>462</b>	<b>337</b>	<b>326</b>	<b>8 145</b>	<b>1 894</b>	<b>750</b>	<b>773</b>	<b>17</b>	<b>36</b>	<b>15 613</b>
Temporary employees	139	20	4	2	237	82	10	8	1	2	505
<b>GRAND TOTAL</b>	<b>3 012</b>	<b>482</b>	<b>341</b>	<b>328</b>	<b>8 382</b>	<b>1 976</b>	<b>760</b>	<b>781</b>	<b>18</b>	<b>38</b>	<b>16 118</b>

Below is the South African workforce profile of Mr Price Group for disabled employees as at end March 2016.

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	-	-	-	2	-	-	-	4	-	-	6
Skilled technical	1	-	2	1	3	1	1	6	-	-	15
Semi-skilled	-	-	1	-	7	4	2	-	-	-	14
Unskilled	1	-	1	-	1	-	-	-	-	-	3
<b>TOTAL PERMANENT</b>	<b>2</b>	<b>-</b>	<b>4</b>	<b>4</b>	<b>11</b>	<b>5</b>	<b>3</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>41</b>
Temporary employees	-	-	-	-	-	-	-	-	-	-	-
<b>GRAND TOTAL</b>	<b>2</b>	<b>-</b>	<b>4</b>	<b>4</b>	<b>11</b>	<b>5</b>	<b>3</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>41</b>

# IMPROVING RESOURCE EFFICIENCIES AND ADDRESSING CLIMATE CHANGE



The Group's philosophy of doing more with less and striving for innovation and efficiency supports a reduced impact on the environment.

The Group's environmental impact relates mainly to the use of electricity, fuel, water, waste to landfill, products used in business operations, and packaging used for products and transportation. Significant environmental impacts occur in the manufacturing and usage (washing and drying) of retail products. Retail has also experienced rising expectations from various key stakeholders to influence suppliers and customers to reduce environmental impacts.

Climate change risk assessments undertaken for mpr and mprHome have highlighted some climate change risks associated with cotton. These risk areas will be further analysed and considered in sourcing strategies.

## Energy management

In the last three financial years, energy and climate change issues have moved from the sidelines to centre stage. The Group's revised

commitment to reduce its carbon footprint from 10% to 17% by F2016 (on baseline year F2013) was achieved. Over the past three financial years, we reduced our carbon footprint by approximately 32.1 million Kwh (29 424 tons CO<sub>2</sub> emissions). The Group has benefitted from various initiatives to reduce its electricity costs, usage and impact on the environment. The initiatives have made the business case and divisions are encouraged to continue with initiatives and programmes that will achieve further savings.

The future of energy in RSA is still uncertain. There are a number of contributing factors such as the anticipated growing demand for energy, emerging regulations, changes to address climate change, developments in efficiency and alternate energy sources. It is therefore important for us to not only secure energy but also to use it productively over the longer term.

The Group's Energy Management System continues to evolve as accurate energy data enables the identification of new opportunities to reduce costs and consumption. More efficient energy usage is now standard practice in the development of new store designs. It has become increasingly important to drive the exploration of alternative, cleaner energy source options mainly due to the potential impact of energy generation on our environment, supply disruptions and the significant planned cost increases forecast for the next few years due to the level of investment required in the South African energy infrastructure. LED lighting technology is being integrated into stores and solar energy, which is inexhaustible as well as pollution and noise free, has been installed.

Our commitment to energy efficiency can be further demonstrated by the installation of a photovoltaic system (solar energy from the sun) at our corporate head office in Durban. The use of solar energy is a sustainable solution to the energy challenges of today. This system is designed to produce approximately 286 Mwh (286 000 Kwh) of clean energy annually and is guaranteed to generate energy for the next 25 years. This will further reduce the Group's carbon footprint by 305 tonnes CO<sub>2</sub> emissions annually.

Reduction of waste to landfill has seen significant improvements over the past year and, once again, the head office has exceeded the revised targeted rate of 50% (LY 20%). The principles of reduce, reuse and recycle continue to be entrenched into all aspects of the business.

Packaging is continuously assessed at all levels of the value chain from merchandise instore, to transportation of goods as well as handling in the DC for improvement opportunities. Standardisation of carton sizes, better packaging instructions to suppliers, improved packaging labelling as well as simple changes in algorithm code in the allocation system have resulted in many packaging efficiency improvements as well as environmental and cost savings.

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

Through the use of more fuel efficient vehicles, improved driver behaviour and optimised routing between stores, the Group achieved

a 14.5% improvement in fuel consumption. This meant that on outbound transportation vehicles, we burnt 1.34 million less litres of diesel than last year.

Optimisation of the national network model of regional hubs and routes from these hubs resulted in the average kilometre per kilogram transported decreasing by 2.6%.

## WWF

The Group's WWF Corporate Network Partnership is another example of where collaboration and engagement can result in environmental gains. They provide thought leadership and are a critical friend to ensure that the Group considers its material and relevant environmental impacts are actioned as part of the Group's sustainability strategy. For more information on the activities of WWF, refer to [www.wwf.org.za](http://www.wwf.org.za).

## Training

Associate awareness and engagement are key aspects to the success of any sustainability strategy, whether it be recycling or looking for better ways of working and innovative ideas for efficiency. To this end, training and awareness take place at regular intervals throughout the year.

In order to embed a culture of sustainability, 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 other areas of their lives as well.