



SUSTAINABILITY OVERVIEW / 2018



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01/INTRODUCTION

ABOUT THIS REPORT



SCOPE AND BOUNDARY

TFG's 2018 sustainability overview report provides insight into the Group's performance and prospects in relation to environmental, social and governance (ESG) issues that have a material impact on the long-term success of the business. The report presents our perspective on what sustainability means for the Group operations and includes information on the progress against four strategic focus areas, namely:

- LOCAL SUPPLY CHAIN DEVELOPMENT
- ENVIRONMENT EFFICIENCY
- ACCOUNTABILITY, ETHICS AND GOVERNANCE
- DRIVE EMPOWERMENT

Since last year there has been the following significant changes to the Group's organisational structure:

TFG London

- Phase Eight: buy out of minority interest completed December 2017
- Hobbs: contemporary British womenswear brand acquired. Effective date 25 November 2017

TFG Australia

- Retail Apparel Group: five specialty brands acquired. Effective date 24 July 2017

The performance review for both TFG London and TFG Australia will be fully included within the next few years. As a phased approach, the purchased electricity and employee commuting data of both Phase 8 and Whistles has been included in the carbon footprint reporting.

TFG's sustainability overview report is part of our integrated reporting process and supplements the high-level information included in the integrated report. The report aims to reflect the manner in which sustainability is integrated into our business, in accordance with the recommendations of the King Report on Governance for South Africa 2016 (King IV). The reporting period is for the financial year-ended 31 March 2018. For material information relating to the Group's performance, markets and operations, please refer to our integrated report and annual financial statements available at www.tfglimited.co.za

AWARDS AND RECOGNITION

- Inclusion in the FTS/JSE Responsible Investment Index for 2017 / 2018
- FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company)  FTSE4Good confirms that TFG has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products
- Inclusion in the Vigeo Eiris Best Emerging Market Performers Ranking
- Inclusion in the Sustainalytics ESG Report ranking
- Listed on the 2017 JSE Most Empowered Companies ranking
- Participation in the Carbon Disclosure Project climate change report

KIMBERLEY PROCESS:

Our jewellery division adheres to the Kimberly Process, a global government, industry and civil society initiative to stem the flow of conflict diamonds.

Although we make significant effort to ensure the validity and accuracy of information, the non-financial data provided in this overview is not externally assured. This report contains certain forward-looking statements. These statements are not guarantees of operating, financial or other results which may differ materially from what is expressed or implied by such statements.

We value your views, please send your questions or comments regarding this report to NyaraiP@tfg.co.za

ABOUT **US**

TFG is a diverse Group with a successful portfolio of

28

leading fashion retail brands

across various lifestyle and merchandise categories. We are one of the foremost independent chain-store groups in South Africa, with the company established in 1924 and listed on the Johannesburg Stock Exchange (JSE) in the general retailers sector since 1941.

TFG's footprint comprises

4 034

outlets in

32

countries

spanning

FIVE

continents

In addition,

20

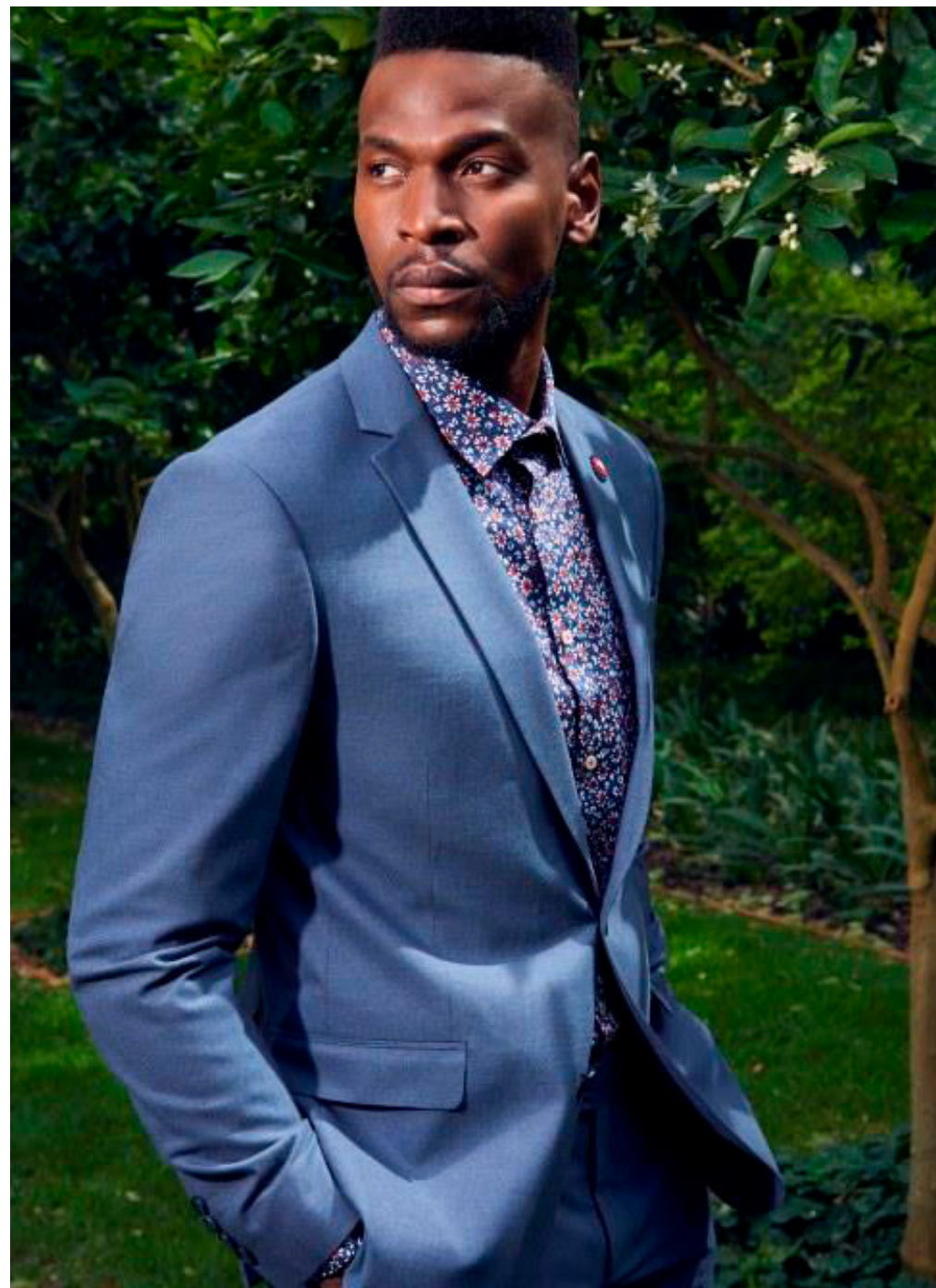
of our brands offer goods for sale through our e-commerce channels.

positioning
27 825
employees

Our retail brands offer clothing, jewellery, cellphones, accessories, cosmetics and homeware and furniture. Our product offering is sourced both locally and offshore. A key differentiator is our in-house design and manufacturing facility, which coordinates production through our own factories and various independent cut, make and trim (CMT) factories.

TFG's vision is to be the leading fashion lifestyle retailer in Africa whilst growing our international

footprint, by providing innovative, creative products and by leveraging our portfolio of diverse brands to differentiate our customer offering. Our talented and engaged people will always be guided by our values, social conscience and customer-centric mindset which in turn enables our employees to implement our strategies, deliver our products and services and thereby create value for our stakeholders.





A WORD FROM OUR CEO

DOUG MURRAY

“Our growth, increasing headcount and profitability contribute measurably to the value we deliver to society.”

I am pleased to introduce TFG's sixth sustainability overview report, reflecting on our collective efforts to address societal concerns that impact our ability to deliver value to our stakeholders. The broader context of our efforts remains characterised by uncertainty in both the domestic and global economy. While highlighting the resilience we've built through diversifying and a conservative management approach, uncertainty cannot become an excuse for a short-sighted focus on shareholder returns.

TFG is growing. We sell more merchandise, through a greater number of stores, across a wider geographic footprint. We employ more people and engage an expanding range of partners. Our growth, increasing headcount and profitability contribute measurably to the value we deliver to society. But these impacts arise from business as usual. To support our business, our shared value strategy on sustainability, must help us to look beyond business as usual: to delivering value by doing things differently, to rethinking our options and infusing our actions with a deeper understanding of partnership and change.

Our strategy targets areas where positive societal impact can grow in tandem with our business, in ever more innovative ways. In maintaining this tight focus, I am pleased to report progress across all our focus areas, and particularly in the area of TFG Africa supply chain development.

The expansion of Prestige Caledon, by 49 people, has enabled greater Quick Response

(QR) capacity to retail. This year we increased the units delivered on QR by 50% from last year, significantly impacting our business, the Caledon community and other local suppliers. We look forward to delivering on our commitment to extend QR and shared value thinking further up the apparel supply chain, affecting mill, converters, dye and print operations. In scaling our QR strategy to meaningful levels, we will work with more partners across a more integrated value chain.

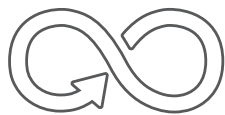
In extending our impact, we are cognisant of the growing importance of environmental, social and governance (ESG) standards. We have extended our ESG audits on key suppliers across the globe, while mentoring local suppliers in a range of issues from lean manufacturing to workers' rights and governance. We are committed to supporting this growth through our efforts towards greater inclusivity, accountability and environmental responsibility.

Sustainability develops competencies that are integral to our expansion, particularly in emerging markets. Our efforts challenge us to learn from our context and to translate this learning into internal capability, innovation and value.

In concluding my final CEO report, I would like to record my gratitude for the efforts of many individuals and teams across the Group, as well as the continued guidance from our Social and Ethics Committee on our sustainability journey.

DOUG MURRAY
CEO

PERFORMANCE **HIGHLIGHTS**



LOCAL SUPPLY CHAIN DEVELOPMENT

50%

Quick Response
unit growth



We have increased our
LOCALLY PRODUCED
units by 1 Million units this year

SEDEX
membership



DRIVE EMPOWERMENT

ENVIRONMENT



EFFICIENCY



Electricity consumption per store and
per square meter has **reduced every**
year for the last 3 years

Motion sensors and daylight harvesting
in the head office buildings

Over
29%

reduction in water consumption
compared to prior year



Waste management system
rolled out to more sites
including Prestige Clothing
manufacturing site

Maintenance of
BBBEE
LEVEL 7



TFG accredited as a
TRAINING PROVIDER



Launch of a new talent
acquisition solution
for store recruitment

Establishment of a
Youth Development team

Continued inclusion on the **FTSE / JSE**
Responsible Investment Index



Continued inclusion in the **Vigeo Eiris**
Emerging Market 70 Ranking



ACCOUNTABILITY ETHICS AND GOVERNANCE



Expansion of our
sustainability
management and
reporting to
include the Groups
international businesses

OVER 2.4 MILLION BENEFICIARIES
from TFG CSI funding in collaboration with our partners

Expansion of TFG CSI funding to
Swaziland, Lesotho and Zambia



02 / OUR STRATEGY

OUR STRATEGY

The sustainability strategy was reviewed during the year to ensure alignment and relevance with the Group's business strategy and with best practice. The previous five strategic focus areas were repackaged into four. We continue to position this strategy in the shared value space, with a strong focus on localising supply chain. The approach has helped to promote sustainability thinking within the Group by making the link between tangible societal and financial outcomes more overt.

The next page reflects the repackaged focused areas with the respective outcomes and initiatives for each.

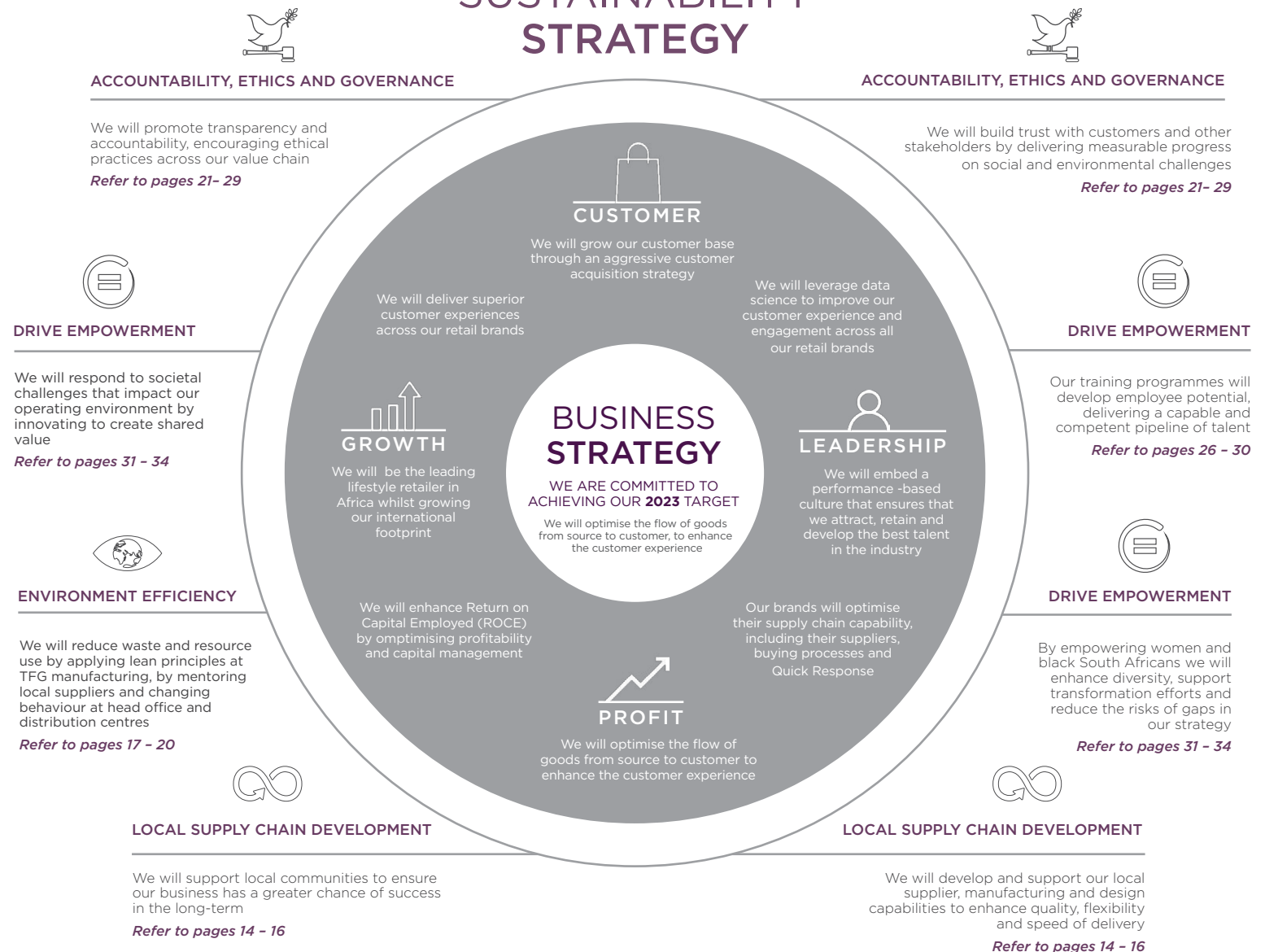
During the reporting period, our implementation efforts focused on clarifying specific commitments for each of the focus areas, and on improving our metrics and data collation systems to enable a more effective tracking of progress. In defining our commitments, work teams for each of the focus areas undertook a detailed analysis of input and output measures, outcomes and impacts for each of the focus areas. We also engaged with senior managers and employees on the key elements of our sustainability strategy.

Sustainability efforts continue to be coordinated through a quarterly meeting of focus area heads, facilitated by the Head of Sustainability and chaired by the Operating Director responsible for sustainability. The Social and Ethics Committee has oversight of the strategy and reports into the Supervisory Board.

HOW OUR SUSTAINABILITY STRATEGY SUPPORTS OUR BUSINESS STRATEGY

The links between our business strategy and sustainability strategy are highlighted in the diagram on the right. These linkages continue to be developed as we progress the elements of our strategy.

SUSTAINABILITY STRATEGY





LOCAL SUPPLY CHAIN DEVELOPMENT

Increase capacity, productivity
and competitiveness of local
design and manufacturing



ENVIRONMENT EFFICIENCY

Increase efficiencies and
reduce costs



ACCOUNTABILITY, ETHICS AND GOVERNANCE

Promote transparency,
accountability and compliance



DRIVE EMPOWERMENT

Empower our people and
support positive social change

OUTCOMES

- Local economic development through increasing local fabric conversion and supply
- Increased employment opportunities for local communities
- Reduction of TFG's carbon footprint
- 5% reduction of our electricity consumption (kilowatts) per m² per annum
- A minimum recycling of 85% of all waste
- Minimum 80% of the cartons sent to stores are re-used supplier cartons
- Reduction in waste to landfill
- Ethical and effective leadership
- Ensuring good governance
- Encouraging ethical business practice and building social trust
- Effective stakeholder engagement
- Increased levels of trust between TFG and key stakeholder groups
- Develop, grow and retain diverse talent to ensure the continuous supply of a capable and competent work force
- Maximise our societal impact within the communities we operate in (social development)
- Achievement of B-BBEE targets
- Access to opportunities through skills development

INITIATIVES

- Sourcing with integrity
- South Africa B-BBEE Enterprise Development and Supplier Development
- Carbon footprint reporting
- Energy efficiency initiatives
- Water management
- Waste management
- Continuous enforcement and refinement of policies, procedures and governance structures
- Embracing King IV principles
- TFG Retail Academy
- Youth opportunities created
- Educate2Empower



IN CONVERSATION WITH BRENT CURRY

TFG CHIEF INFORMATION OFFICER
AND OPERATING DIRECTOR
RESPONSIBLE FOR SUSTAINABILITY
& CLIMATE CHANGE

TFG IS CONTINUING TO IMPLEMENT THE SHARED VALUE STRATEGY. DO YOU STILL FEEL THAT THIS IS THE RIGHT MOVE FOR YOU?

We've worked on sustainability issues fairly actively in the past, always with a view to integrating this perspective into our core thinking. Our shift to shared value recognised the pivotal contribution of our local supply chain efforts.

These efforts really drive integrated thinking by bringing together supply chain optimisation, lean manufacturing and increasing local employment. These in turn deliver tangible social and financial results for our business. We continue to integrate the shared value thinking into our business, which is an ongoing process and requires us to be open to learning all the time.

DO YOU THINK TFG HAS A LEARNING MINDSET?

I do. Learning takes various forms at TFG, from a focus on executive education to prototyping the Store of the Future. We are seldom the first to jump onto a bandwagon, but we are steadfast learners and we put our learning into practice. It's a conservative approach which has yielded some evidently good results in a turbulent operating environment. In some respect, sustainability and learning are integral to each other. Learning requires us to develop and transform continually in response to context; sustainability is essentially an ongoing conversation about our business, its stakeholders and the future. It is hard to imagine one without the other. Part of our challenge is to pull all these strands together into a coherent sense of who we are.

TFG HAS OPERATIONS IN AFRICA, THE UK AND AUSTRALIA. WHAT DOES THIS GEOGRAPHICAL STRETCH MEAN FOR YOUR SUSTAINABILITY EFFORTS?

Sustainability issues are different depending on geographical and political context; and certainly expectations of stakeholders will vary across markets. Part of the sustainability challenge

is to stay engaged and responsive to what matters. In general, our approach is to embed TFG's ethics and the need for ongoing dialogue on sustainability across various geographies. For the first time this year and as a phased approach, part of TFG London has been included in the 2018 carbon footprint report. The Group has made measurable progress in expanding the reporting boundary and starting the process to capture and better understand consumption for targeted emission reduction. The rest of TFG London and TFG Australia will be incorporated in the carbon footprint report in due course. Beyond that, we would expect that in South Africa, the development of a more inclusive supply chain is an imperative, with policymakers and local suppliers being key stakeholders in this respect.

WHAT CHALLENGES ARE YOU WORKING WITH AT THE MOMENT?

All businesses face a squeeze on resources and a simultaneous expansion of pressing issues. In the sustainability arena, this expresses as a steady increase in investor queries, global campaigns and issue-specific initiatives. Our response has been to focus consistently on the drive to core business integration underpinned by clear ethics and values. We keep coming back to that because it is fundamental to taking the appropriate action, no matter what the issue. It is also important for us to keep that overarching ethical commitment while undertaking very practical steps to address a number of highly specific sustainability issues – from energy efficiency to human rights and social investments. In many respects, the challenge is to see the big picture and the small details at the same time.

One of the biggest social challenges that we faced in the Western Cape Province of South Africa this year was the serious drought which led to the scarcity of freshwater. Our response has been to drastically reduce water consumption, implement back up water supplies and the use of grey water. We also intensified awareness among our employees, across our operations and supply chain. Looking ahead, we continue to monitor the

situation and implement strategies to reduce our water consumption.

ARE YOU SEEING ANY SIGNIFICANT DEVELOPMENTS IN THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) AREA?

Communicating our performance through various ESG indicators remains our primary interface with investors. Responding to multiple surveys takes a fair amount of time and we are yet to see an effective drive to consolidate the indicators expected of us. ESG surveys still tend to focus on the smaller picture – the detail. While this is important, it can obscure the more visionary perspective required by long term sustainability thinking. Our primary approach remains on the FTSE/JSE Responsible Investment Index and the alignment with the UN Sustainable Development Goals. As we respond to specific investor queries as needed, we continue to make more information available on our website.

WHAT CAN WE EXPECT FROM TFG SUSTAINABILITY MOVING FORWARD?

Our focus is on learning and internal-integration and this is where it will remain for the next few years. While we share some positive stories, we don't promote a broader sustainability message externally for various reasons. We are in a learning phase. Engagements with external stakeholder groups are multiple and typically issue-specific: about training local suppliers in lean manufacturing, engaging with mills on locally-produced textiles, or reducing energy consumption at stores. By pulling our efforts together on all these details, we are seeking to make our bigger picture thinking more focused and congruent. Although it is not packaged as public relations, we see our ability to engage and learn from stakeholders as the most important sustainability message we can communicate right now. These include partners in government, non-governmental organisations, and the supply chain such as local CMTs (cut-make-trim), designers and mills further upstream in the textile industry.

ALIGNMENT WITH SUSTAINABLE DEVELOPMENT GOALS

The United Nations Sustainable Development Goals and the 2030 Agenda for Sustainable Development were adopted by member states in September 2015 and called for worldwide action amongst governments, business and civil society to address social and economic challenges.

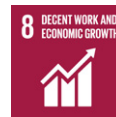
Our current sustainability initiatives support at least seven of the SDGs as shown next.



- Our mantra of “Educate to Empower” (E2E) ensures that initiatives are implemented to train and upskill people in sewing, teaching and retail management. Skills are boosted by practical experience both through our network of partnerships and through our own stores and factories.



- We are committed to equality across our business and within our supply chain.
- Women make up 27% of our Supervisory Board, 47.5% of our senior management and 69% of our employees. 92% of our employees at TFG Manufacturing Caledon facility are local women.



- Job creation is a key focus for the Group. TFG Manufacturing’s Caledon facility employs more than 300 local workers. Through TFG Design, we continue to support and promote local design capability. The ongoing support of the local Competitive Improvement Clusters continues to ensure the enhancement of local output.



- R1.48M in bursaries was awarded to students who entered equity employee and emerging leader pipeline positions this year.



- Ongoing audits will ensure that our international suppliers adhere to mandatory environmental, social and governance policies.

As part of TFG’s continued Supply Chain improvement process, the Group has become a member of SEDEX. SEDEX is a non-profit membership organisation which prides itself on making it simpler to do business that is beneficial for all parties involved.

SEDEX is home to the world’s largest (web-based) collaborative platform for sharing responsible sourcing data on supply chains, used by more

than 38,000 members in over 150 countries. SEDEX engages in multi-tier supply chains in order to simplify the business of responsible sourcing.

SEDEX services enables TFG to save resources by managing data around social & ethical performance and facilitate insights that support our continuous improvement at all levels of the supply chain.

The Group is currently engaging with all suppliers with the aim of obtaining visibility across all tiers of the supply chain via SEDEX.

Looking ahead the aim is to also audit our suppliers to gain a better understanding of the supply chain risk. Once suppliers have an understanding of their overall risk they can then manage their risk areas with the tools provided by SEDEX through the E-learning platform.

- Merchandise returns and rejects are re-purposed in support of those in need.
- An integrated waste management system is in place to ensure that waste from our head office, distribution centres and manufacturing sites is being recycled.



- Lighting is an important part of the retail experience and the in-store lighting should enhance the shopping journey. At the same time we need to ensure that we are as efficient as possible in terms of the watts per m² that we consume. A growing number of TFG outlets are being monitored online 24/7 for their energy conservation. New head office lighting and motion sensors were introduced, resulting in a reduction in the energy usage per head office employee.



- Collaboration underpins our sustainability strategy. In bringing about these outcomes, we recognise the efforts of numerous partners, some of whom have guided our thinking and efforts for several years.



03 / SHARED VALUE AND FOCUS AREAS



LOCAL SUPPLY CHAIN DEVELOPMENT

WHAT IS IMPORTANT

- Develop and enhance a local design capability and capacity
- Grow the capability and capacity of our manufacturing
- Continue our engagement and support in competitiveness improvement clusters
- Develop our local fabric conversion and supply (e.g. mills, finishing houses)
- Learning, mentoring and partnership activities in respect of the supply chain (e.g. Enterprise and Supplier Development)

HEADLINES

- 50% Quick Response (QR) growth from 2.4m to 3.6m units
- R10m investment in automated and semi-automated energy efficient equipment
- Awarded a production incentive of R12.9m by the dti for FY2018
- Over R10m investment in non-owned, local supply chain.
- Expanded Prestige Calendon capacity by 51% through increasing efficiency from a 45% to 69%
- 164 unemployed learners trained
- Achieved commercial printing of important woven fabrics converted locally

- 10 000 blankets produced at Prestige and donated to disaster affected communities

LOOKING AHEAD

- Our drive is to be measured in upper quartile, globally
- Develop stronger links between SA Cotton and spinners, with a focus on bringing down yarn price
- To add at least two more fabric qualities on conversion at effective prices
- Prestige will employ 200 additional people within 2019 financial year to support the expansion of the reliable and efficient QR capacity
- Continued investment into robotics and semi-automation
- Continued investment into local supplier development
- Increase capacity by a minimum of 1.5m garments every 12 months
- Expand our product offering and QR capability further into the broader menswear category
- Provision of training of over 300 people

WHY THE SUPPLY CHAIN DEVELOPMENT IS SO IMPORTANT?

FY18 has seen a significant growth in retail demand for the TFG Design QR model. Providing further growth requires a high performing, aligned and efficient supply chain, from the local yarn supplier, mill, converter, manufacturer, outwork supplier and finally the retail customer.

The focus for the next few years will be for TFG Design and its supply chain to be measured and performing in the upper quartile globally. This will require commitment and investment by all stakeholders, supported with the DTI's Clothing and Textile Competitiveness Programmes (CTCP).

Our shared value commitment allows us to prioritise local supply chain development and enable us to focus on creating shared value in both financial and social terms within our local supply chain operations. By achieving this, we aim to increase disposable household incomes by uplifting local communities through job creation, job retention, training and upskilling.

HOW IS TFG APPROACHING CHALLENGES?

The current South African Clothing, Textiles, Footwear and Leather (CTFL) landscape is characterised by continual margin pressure from the customer, low skill availability, outdated production processes and labour market issues. It is also facing increasing pressure from imports with the strengthening of the Rand.

TFG takes a long-term view on the strategic importance of building flexible and reliable QR capacity with a number of initiatives:

- Enhancing local design chain capability and capacity through a number of initiatives gives TFG an improved ability in designing and reacting to in demand in-season sales

- Growing the capability and capacity of TFG Manufacturing. We have built two world class QR manufacturing facilities which employ over 1000 employees
- We will continue investing in world class automation and semi-automation energy efficient equipment to continue driving value to the customer
- TFG Manufacturing focuses heavily on skills upgrading at all levels within our local supply chain
- Involvement in industry and government institutions to influence alignment, development and training of the value chain
- TFG's developmental approach applies across the full value chain-linking yarn suppliers, fabric mills, manufacturers, auxiliary suppliers, Prestige Clothing, TFG Design and all of TFG's retail brands - creating sustainable, social and financial value

ACHIEVEMENTS FOR THE PAST FINANCIAL YEAR

Our customer aligned teams have continued to provide significant value to our retailers through improved product performance. This has been achieved with understanding the customer, continued value offering and delivering on QR timelines. The FY18 QR units have increased by 50% on FY17, achieving 3.6 million units. Investment in Skills Development and training at Prestige is required to support this growth. Permanent schools and qualified lecturers at both plants ensured 176 unemployed learners and interns were recruited and trained. Various other training interventions were facilitated to upskill 88 existing employees.





Investment of R10m in automated and semi-automated energy efficient equipment will continue to provide efficiency gains. Direct partnerships with Japanese and Turkish firms have been established to design and deploy product specific equipment. Both Maitland and Caledon have achieved their target efficiency improvements for the FY18.

TFG invested over R5m in Supplier Development opportunities with strategic KZN partners. The development of fabric conversion, printing and assembly in the regional supply chain is required to provide a sustainable value offering to retail.

After the challenges of FY17 in managing two critical paths across the business, enhanced planning processes improved visibility of styles and

resulted in significantly improved feed to factories.

TFG Design enhanced local fabric conversion capabilities through the textile cluster, supported by DTI funding. This provides an enhanced and commercial QR product offering to retail.

As part of our mission to leave a lasting legacy of community upliftment, numerous projects have been undertaken. These cover 10,000 blankets made at Prestige and donated to Gift of the Givers, as well as community projects in Caledon region.

WHAT WERE THE CHALLENGES?

Identifying and subsequently developing suitable local supply chain partners is a challenge within a crumbling clothing and textile industry domestically. Capacity constraints over year end inhibited the amount

of QR being offered to retail and impacted TFG Design's KPI's.

Lack of young experienced technical and production management at plant level entering the industry proves challenging with all the investment in automated equipment.

Increased margin pressure remains from both the consumer and competing against illegal imports and under invoicing. While investment in technology is proving part of this solution, reducing the local fabric input costs remains a challenge i.e. the cost of producing yarn from locally sourced cotton and the cost of fabric conversion.

China pollution control has been minimised by our direct supplier relationship with a pollution compliant factory. This is being closely monitored to avoid the potential fabric delays and possible price increases.

WHAT SHOULD WE EXPECT IN THE NEXT YEAR OR TWO?

TFG Design will be benchmarking itself against the upper quartile globally. This will only be achieved with further integration and strengthening of strategic partnerships across the supply chain.

We will be targeting the addition of two more fabric qualities on local conversion through effective investment of textile cluster. TFG Design's product offering on QR will be expanded in the menswear category.

Prestige will further expand its Maitland and Caledon sites with investment in energy efficient automation. Our partnerships with international firms will create commodity-specific, highly efficient equipment. Prestige will employ 200 additional people over the FY19 period to support the expansion of reliable and efficient QR capacity.

TFG will be relocating quality resources closer to our outwork and manufacturing plants, which will ensure a focus on quality processes and further reduce lead times.



ENVIRONMENT EFFICIENCY

WHAT IS IMPORTANT

- Resource efficiency is critical
- Electricity consumption, waste, packaging and paper are the largest contributors to our carbon footprint
- Reducing resource usage saves costs and increases sustainability
- Staff awareness and involvement are crucial to the success of reducing carbon emissions
- Optimising logistics reduces costs and wastage

HEADLINES

- Significant water saving initiatives have been implemented at head office and our warehouses, including the use of underground water and a grey water system. Fortunately this was initiated prior to the drought in the Western Cape Province, ensuring the Group was well prepared for any water restrictions

- Whilst our overall electricity consumption has increased as we expand – the consumption per store and per m² has reduced every year for the last 3 years
- New head office lighting and motion sensors were introduced resulting in a reduction in the energy usage per head office employee
- Improved staff awareness on the need to save resources

LOOKING AHEAD

- Online electricity metering rolled out to selected high usage stores across South Africa
- Create efficiency on air-conditioner electricity usage
- Inclusion of the full TFG London and TFG Australia operations into the Group carbon footprint report

WHY RESOURCE EFFICIENCY IS SO IMPORTANT

Natural resources are limited and are becoming costly. The efficient use of resources saves the business costs and also puts less pressure on the planet at the same time. The electricity crisis, the resultant load shedding and the subsequent increases in electricity tariffs reflect how we are impacted on natural resources. The drought, and subsequent water restrictions highlight how reliant we are on natural resources, and the need to preserve them.

HOW IS TFG APPROACHING THE CHALLENGE?

As a retailer, our direct environmental impacts are relatively low. More significant direct environmental impacts are to be found upstream in our supply chain (cotton growing, colour dyeing, printing and manufacturing) and downstream in customer washing, drying and ultimate disposal of garments. It should be noted that the resource efficiency section focuses on the head office, distribution centres and stores environments. Efficiency and the lean approach in our manufacturing operations is addressed in the local supply chain development section. There are ways in which we can reduce our impact on the environment and enhance sustainability – and we have identified three major categories in which we believe we could make an impact, namely

electricity, printing, packaging and waste.

ACHIEVEMENTS FOR THE LAST FINANCIAL YEAR

- The electricity consumption per store and per m2 being reduced
- A big improvement in our waste management system – the roll out to more sites, including the Prestige Clothing manufacturing site
- Greater staff awareness and involvement

The level of printing and paper usage, particularly in stores, has not reduced as much as we had expected. Staff are still printing more than is necessary and this needs to be addressed in the year ahead.

WHAT SHOULD WE EXPECT IN THE NEXT YEAR OR TWO?

We will continue to seek ways to improve our resource efficiency. The online electricity monitoring will be rolled out to more stores, which in turn will create greater staff awareness. Paper usage will continue to be monitored at both the head office campuses and stores and this will encourage all staff to reduce printing – the paperless office is the office of the future.





IN CONVERSATION WITH

BRAD
ROTHENBURG

HEAD OF PROPERTY & THE RESOURCE EFFICIENCY FOCUS AREA

ELECTRICITY:

Lighting is an important part of the retail experience in enhancing the customer journey- but at the same time we need to ensure that we are as efficient as possible in terms of the watts per m² that we consume.

At head office, the TFG Facilities team have introduced new technologies such as motion sensors and daylight harvesting into our new buildings.

PAPER USAGE:

A new system was introduced to manage the printing and however reductions in paper usage still remains a key focus.

WASTE MANAGEMENT:

Waste is inevitable but how we manage waste is important – reduce, re-use and recycle are our buzz words in this area. Managing the waste at the head office campuses and distribution centres has been another key focus area. An integrated waste management system was implemented last year using a large and reputable service provider which

has seen a significant increase in the level of our head office waste that is being recycled. Staff are also encouraged to bring in their home recyclables.

CARTON RE-USE AND RECOVERY :

We realised a few years ago that if we could get suppliers to provide better quality cartons, we could re-use these to send stock from the distribution centres to the stores. This was done and now almost three million cartons are re-used annually (which is almost 90% of all the cartons used) and we are looking at returning the cartons that are in good condition back from stores for re-use.

WATER:

In response to the serious drought faced in the Western Cape, numerous initiatives were undertaken to reduce our water consumption. These included the implementation of back-up water supplies, the use of grey water and an increased awareness among our employees, across our operations and our supply chain. We will continue to monitor the situation and continue to reduce our consumption looking ahead.



TFG'S CARBON EMISSIONS



- SCOPE 1:
2%
- SCOPE 2:
69%
- SCOPE 3:
28%
- OUTSIDE OF SCOPE:
1%

	2018	2017
SCOPE 1:	4 564	4 263
SCOPE 2:	163 247	158 735
SCOPE 3:	69 780	66 184
OUTSIDE OF SCOPE:	1 935	1 901

For the first time this year, and as part of a phased approach, TFG London has been included in the 2018 data.

Purchased electricity is the major contributor to our footprint and is therefore a continued focus area. We have seen good improvements over recent years, in terms of our intensity usage (efficient usage).

	2018	2017	2016
Intensity: Emissions per employee	10.8	10.9	11.3
Intensity: Emissions per m2 (incl stores)	0.2	0.2	0.2
Intensity: Emissions per ZARm EBITDA	40.9	44.2	45.4

Our efforts at energy reduction have shown success with electricity use in terms of total kilowatts consumed, only increasing marginally in spite of our space growth of over 3.4%.

		2018	2017	2016
Purchased electricity	Kilowatt	172 142 641	169 510 151	164 137 715



ACCOUNTABILITY, ETHICS AND GOVERNANCE

WHAT IS IMPORTANT

- Following good corporate governance principles, thereby creating and maintaining a culture of good governance and ethical leadership within TFG
- Being committed to the highest standards of corporate governance to address business risk and to add value to the business
- All business activities are to be based on accountability and transparency

HEADLINES

- Review and update of Social & Ethics Committee charter
- Assessment of the application of King IV
- Approval of TFG's Stakeholder Engagement Policy as recommended by King IV
- Implementation of enhanced governance structures for TFG London and TFG Australia
- Continued enhancement of the supplier take-on process
- Social and Ethics Committee's continued focus on added value monitoring and reporting based on our shared value sustainability strategy

- Continued focus by the Social and Ethics Committee on ethics within the organisation
- Expanded international supplier societal audits
- Entrenching the whistle-blowers' line with ongoing employee awareness campaigns
- TFG's continued inclusion on the FTSE/JSE Responsible Investment Index
- TFG's continued inclusion in the Vigeo Eiris Emerging Market 70 Ranking

LOOKING AHEAD

- Enhancing the sustainability management and reporting system including the external assurance of reporting where relevant
- Expanding the sustainability management and reporting system to include TFG's international businesses
- Continue to follow the United Nations Global Compact principles
- Expand supplier take-on and societal audits

WHY GOVERNANCE, ETHICS AND ACCOUNTABILITY IS SO IMPORTANT

DELIVERING ON STAKEHOLDER VALUE

The Supervisory Board of TFG remains committed to the highest standards of corporate governance and supports the governance outcomes and principles set out in King IV and the Listings Requirements of the JSE.

The Supervisory Board is committed to exercising ethical and effective leadership towards the achievement of the following desired governance outcomes as stated in King IV:

- Ethical culture
- Good performance
- Effective control; and
- Legitimacy.

These outcomes support the value creation process in the short, medium and long-term. Transparency and accountability remain the key principles on which all TFG's business activities are conducted and governance extends beyond regulatory compliance as executive and senior management aims to create and maintain a culture of good governance throughout the Group.

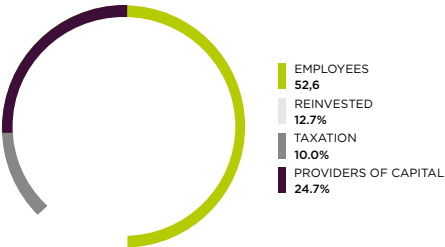
Value creation involves interacting with many stakeholders. Financial value is an important element in value creation. Key figures from TFG's consolidated results for the financial year end 2018 are:

Retail turnover increased by 21.4% with headline earnings per share (excluding acquisition costs) up 3.4% from the previous year to 1 136.5 cents (2017: 1 099.2 cents). In relation to our turnover, 67.11% (Rm 19 187.5) was paid to suppliers for goods and services.

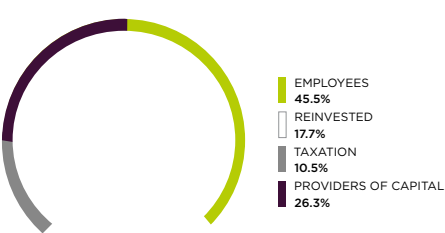
	2018 Rm	2017 Rm
Retail turnover	28 593	23 548.7
Paid to suppliers for goods and services	(19 187,5)	15 489.0
Value added	9 405,5	8 059.7

Allocation of value to our primary stakeholders is reflected below.

VALUE ADDED STATEMENT (2018)



VALUE ADDED STATEMENT (2017)



Part of engaging with stakeholders includes ensuring that TFG's good reputation is upheld. The Supervisory Board is the ultimate custodian of the corporate reputation of TFG and its relationships with stakeholders. Our stakeholder engagement approach is based on the principle of shared value and we believe that value creation depends on the interactions of many stakeholders.





OUR ENGAGEMENT WITH OUR PRIMARY STAKEHOLDERS IS SUMMARISED AS FOLLOWS:

STAKEHOLDER GROUP	ENGAGEMENT INTENT
CUSTOMERS	To understand and respond to their preferences through a strong customer relationship management focus. Our TFG Rewards programme and online platforms, enhance our insight of our customers through intelligent data.
EMPLOYEES	To maximise employee productivity, innovation and efficiency, and to retain talent by investing in training and development. We want to provide a rewarding work environment with market related remuneration, attractive incentive schemes and supportive environments that contribute towards making us an employer of choice.
UNIONS	To engage on collective employment issues.
SHAREHOLDERS	To maintain a positive relationship with current and potential investors through our transparent reporting, and to ensure consistency in our trading performance and return on investment.
SUPPLIERS	To actively engage with suppliers to maximise buying efficiencies, improve speed to market and reduce potential external risks while remaining cost effective.
MEDIA	To leverage the reach and influence of media channels to share our business and citizenship stories and to market TFG's brands and products.
GOVERNMENT, LEGISLATORS & REGULATORS	To maintain constructive relationships with key government departments, closely monitor policy developments and submit comments on the new legislation, either directly or through industry bodies.
NON-PROFIT ORGANISATIONS & COMMUNITIES	To contribute to the society in which we operate.

Engagement with our stakeholders provides valuable input into what the Group considers material. We believe that continued engagement with our stakeholders will ensure that we remain a competitive and sustainable business.

For further insight on how we engage with our stakeholders, refer to our stakeholder engagement approach in our Integrated Annual Report.

There are many guiding frameworks and best practice publications on governance and sustainability and TFG supports the principles and recommendations contained in King IV. TFG is proud to be part of the FTSE/JSE responsible investment index and will continue to assess any gaps we may have in meeting the FTSE/JSE's requirements.

Within TFG, there are many guiding documents for staff members to ensure that we remain an ethical business and moral corporate citizen. The backbone of the documents is the TFG code of good ethical conduct. It was launched with a supporting awareness campaign after having been adopted by the Supervisory Board. It is part of an employee's sign-on pack and induction programme.

Working with this, is TFG's whistle-blowing facility. There was an extensive awareness campaign for TFG employees supporting the launch. Employees (as well as suppliers) are encouraged to use this facility to report fraud, corruption, bribery or employee misconduct.

Accompanying TFG's ethical stance to doing business, it follows the 10 principles in the United Nations Global Compact. Below is a table listing the 4 main areas in the Global Compact, its 10 principles and TFG's implementation of the principles.



SUBJECT	PRINCIPLE	PROGRESS TO DATE
HUMAN RIGHTS	<p>Businesses should:</p> <ol style="list-style-type: none"> 1. Support and respect the protection of internationally proclaimed human rights 2. Make sure that they are not complicit in human rights abuses 	<ul style="list-style-type: none"> • Human rights declaration for employees adopted • Human rights statement for suppliers adopted • Supplier take-on pack refers to UNGC • Code of good ethical conduct adopted
LABOUR	<p>Businesses should uphold:</p> <ol style="list-style-type: none"> 3. The freedom of association and effective recognition of the right to collective bargaining 4. The elimination of all forms of forced and compulsory labour 5. The effective abolition of child labour 6. The elimination of discrimination in respect of employment and occupation 	<ul style="list-style-type: none"> • In place • The standard terms and conditions amended to include UNGC principles • The standard terms and conditions amended to include UNGC principles • In place
ENVIRONMENT	<p>Businesses should:</p> <ol style="list-style-type: none"> 7. Support a precautionary approach to environmental challenges 8. Undertake initiatives to promote greater environmental responsibility 9. Encourage the development and diffusion of environmentally friendly technologies 	<ul style="list-style-type: none"> • In place • Initiatives being undertaken. Refer to the environment Efficiency section of this report • Initiatives taking place such as e-commerce platform, mobile digital new account application solution, e-statement and e-till slip solutions
ANTI-CORRUPTION	<p>Businesses should:</p> <ol style="list-style-type: none"> 10. Work against corruption in all its forms, including extortion and bribery 	<ul style="list-style-type: none"> • Addressed in TFG code of good ethical conduct • Anti-corruption policy in place and training initiatives to commence

TFG's enterprise risk framework rests on a comprehensive annual risk review with management input before it is reviewed by the Supervisory Board. This reflects our bottom-up approach to risk assessment and ensures that risks are kept current and relevant to the business.

Risk is a key governance area in ensuring we have a sustainable business.

SUSTAINABILITY GOVERNANCE STRUCTURE





DRIVE EMPOWERMENT

EMPLOYEE EMPOWERMENT

WHAT IS IMPORTANT

- Providing opportunities for employment through various youth initiatives, including learnerships, vacation work experience, and internships
- Leadership development
- Skills development and building talent pipelines
- Employee health and wellness

HEADLINES

- The launch of our new Talent Acquisition solution supporting an alternative way of recruiting for our stores
- The completion of our first Retail Executive Programme in partnership with Duke corporate Education
- 25 employees were awarded bursaries to study towards a formal qualification, ranging from diplomas to honours degrees
- 7 external bursaries awarded and the first 2 bursary recipients who graduated in 2017 were placed in pipeline positions across the business
- Youth Development team established resulting in placement of 139 internship opportunities in our retail operations
- 891 Learnership opportunities in our retail operations and 146 Learnership opportunities in our factories
- TFG has been approved as a registered, accredited training provider with the Wholesale and Retail SETA, enabling us to train and award our employees with a nationally recognised retail qualification
- Partnered with Old Mutual (personal money management) and Octogen (debt management) to give our customer-facing employees further access to

financial education

- Partnered with Walton's stationery to relieve our customer-facing employees of the pressure of trying to find time to purchase back to school stationery needs
- 2% growth in the number of employees on The Foschini Group Medical Aid Scheme
- 7% growth in the number of employees on AdMed Gap Cover
- Improved parental leave benefit inclusive of surrogacy leave and an increase in the variety of the leave offered

LOOKING AHEAD

- Further rollout of Skills Development programmes focusing on our customer focusing employees
- Further focus and investment in the Youth Opportunities team to facilitate as many employment opportunities as possible
- Further enhancement of our Talent Acquisition system for both our head office and customer facing environments
- Launch mobile wellness hot desk days in malls
- Monthly wellness initiatives for employees in Financial Services, Distribution Centres and Manufacturing plants.
- Expand Retailers Unite into Namibia and Botswana
- Investigate introduction of a Medical Insurance product for customer facing employees
- Rebrand and communicate TFG Benefits to customer facing employees
- Strategic review of our 3rd party service provider of occupational & primary health care clinics and wellness help line, including a formal request from all interested service providers to quote for this service

WHY EMPLOYEE EMPOWERMENT IS IMPORTANT

PROVIDING OPPORTUNITIES FOR EMPLOYMENT

Retail and Manufacturing are large employers in Africa. We currently employ 20391 within our African operations. Over peak periods we employ many additional contractors across all our operations.

Participation in the myriad of programmes we offer, has given many young South Africans opportunities to upskill themselves in various functions which for many, translated into opportunities for permanent employment.

EMPLOYMENT EQUITY AND DIVERSITY

We believe that a successful organisation is a diverse one, where different views and opinions make the organisation sustainable for the future.

Total employment equity representation in our South African operations has increased from 93.22% in 2017 to 93.91% in 2018. Employment equity representation at senior management levels has increased to 32.70% for the year whilst at professional middle management and skilled junior management levels it has increased to 53.78% and 90.02% respectively. Many employment equity leaders continue to benefit from targeted development opportunities to ensure a steady growth through our pipeline.

We continue to allocate shares to our key employment equity middle managers.

LEADERSHIP DEVELOPMENT & SKILLS DEVELOPMENT

The highly competitive retail market requires a strong focus on talent management which includes

both talent acquisition by way of pro-actively identifying future incumbents for leadership positions in the pipeline, and talent development programmes developing our future leaders.

TFG INITIATIVES INCLUDE:

- A strong leadership development focus including coaching, master-classes and where applicable, various business school programmes
- Opportunities for bursaries for further studies
- A focus on manufacturing, merchant and operations functions
- The graduate development programme
- Various skills development programmes leading to a qualification

EMPLOYEE HEALTH AND WELLNESS

At TFG we recognise that there are multiple elements that contribute to our employee's overall well-being. The focus for the year under review was on three specific elements of well-being: physical, financial and emotional.

Achievements for the year include an average of 96% of employees participating in wellness days run across 18 shopping centres across the country.

Wellness days are spread across 32 days of the year and held across all our African countries.

Our well-being structures include a trauma helpline, a disease management programme (that provides support and guidance to employees and line management), an HIV treatment programme





as well as on-site clinics supporting occupational and primary health needs for our head office in Cape Town and distribution centre campuses.

During the year there was a decrease in the number of absenteeism days by 11%. With TFG's partnership with Old Mutual and Octogen, there has been a drop in the number of garnishees from 1.8% of total employees to 0.79%.

ACHIEVEMENTS AND DISAPPOINTMENTS IN THE LAST FINANCIAL YEAR

Our national Employment Equity and Skills Development Forum (NEESDF) which is chaired by a senior business leader, met quarterly and gave input into both the skills and Equity plan for TFG. An employee survey was run and based on feedback received from employees regarding understanding of both diversity and transformation initiatives, a plan for the next 12-24 months was constructed.

Over the past year our new talent acquisition system was implemented, facilitating easier and quicker recruitment of all Head office and store roles.

25 employees were awarded bursaries to study towards a formal qualification, ranging from diplomas to honours degrees and 8 external bursaries were awarded to students who will eventually come into our pipelines.

891 Learnership opportunities in our retail operations and 146 learnership opportunities in our factories were made available. Of these, we are pleased to report that 82% of these learners have been permanently absorbed into our business.

TFG has been approved as a registered, accredited training provider with the Wholesale and Retail

SETA. This enables us to train and upskill our customer facing employees, awarding them with a nationally recognised Retail Operations qualification and enabling them to deliver superior experiences across our brands

Our Prestige factories offer key manufacturing support to the Group and our training schools ensure our employees are formally trained and can graduate with an NQF level 2 qualification.

Our middle managers benefit from attending a number of programmes from NQF level 2 to 7 and our senior executives attended a programme in collaboration with Duke Corporate education.

Whilst we are improving, we have more focus required on senior management transformation in line with our BBBEE and Employment Equity targets as well as placement of individuals with disabilities.

WHAT SHOULD WE EXPECT IN THE NEXT YEAR OR TWO

During the medium term our focus will remain on physical, financial and emotional well-being with specific attention given to reaching our store and distribution centre based employees. To this we are looking at a digital solution where we can provide access to wellness assessments and financial education for these employees.

On the back of the success of our wellness days in shopping malls, we will continue to focus on further reach for our store employees.

In the skills space, we will continue to optimise technology and the infrastructure to support it, to enable effective communication, engagement and development of our employees in stores.

CASE STUDY **01**



NAME & SURNAME	MELINA JACKSON
PROGRAMME ENROLLED	NQF L5 18.1 GENERIC MANAGEMENT
ROLE IN PROGRAMME	TFG RETAIL ACADEMY – STORE MANAGER DEVELOPMENT PATHWAY
HOST FIRM	DUESOUTH
STATUS	FULL TIME EMPLOYEE AT TFG SPORT DIVISION

Melina Jackson has been employed at TFG for 14 years within the stores environment. When Melina was presented with the opportunity to join the TFG Retail Academy, Melina grabbed it with both hands as it gave her a chance of obtaining a qualification within the Retail industry. When Melina commenced the program she held the position of a Store Manager. The practical, competency-based learning gave her the opportunity to improve her working environment by understanding store operations and employee development. Melina has since relocated from Kwa-Zulu Natal to Cape Town as a Senior Store Manager for Duesouth with a renewed sense of purpose in life.

MELINA'S TESTIMONY

I started my career at TFG as a sales associate and wanted to work towards becoming a store manager within the TFG Sports Division. The TFG Retail Academy has had a profound impact on me

in an exceptionally positive manner. I felt motivated as I was learning new skills and advanced through the Pillars of Learn, Grow and Achieve. This outstanding opportunity has been wonderful. It has given me the guidance I required on how to achieve my key objectives at work. This has been a great development opportunity and a time to do much self-reflection. My line manager has also seen the growth within me, and it eventually resulted in my promotion to Senior Store Manager and subsequent relocation from Durban to Cape Town.

I feel the TFG Retail Academy has given me the knowledge to manage the difficulties I face as a manager in the retail environment. I feel better equipped to deal with everyday concerns and able to manage things better as the learning I received has guided and supported me throughout. For me, the future looks brighter than ever before.

CASE STUDY **02**

TFG IMPACT ON THE MHINGA COMMUNITY

The Mhinga project aims to address the number of appropriately skilled people to meet the demands of our current and emerging economic and social development priorities and to ensure that young people have access to education and training that enhances opportunities and increases their chances of success in further vocational training and sustainable employment.

In doing this project, TFG provides an opportunity for the youth of the area to gain much needed experience, a formal qualification and entry into the workplace. It has provided TFG with a pipeline of youth talent and has - over the years - developed a solid relationship with Chief Mhinga, built on mutual respect for culture and a passion for skills development. This relationship has made it easier for us to access the unemployed youth in the village and recruit the 150 “diamonds in the rough” to be placed in our stores. By employing people between the age of 18 and 30, we are impacting the youth unemployment rate which has been identified as “our most pressing and grave challenge”.

The Mhinga project is a typical example of the private (TFG & Retail Relate) & public (W&RSETA) sector working together to create opportunities for young people to be exposed to the world of work.

Many of the young people living in the rural areas are raised by their grandmothers and have not experienced the “new” South Africa. Furthermore, the rural youth have not been exposed to the advantages of being successful in the world of business, and therefore are not encouraged to strive to be successful – still living with a “victim” mentality. One of our recent surveys showed that many of the youth come from a background of three generations of unemployment.

This project, creates employment for the unemployed youth, allows them access to post-school education and gives them exposure and experience in the retail and business world. This employment also allows the youth to generate an income and for many of them, that means being able to contribute to supporting their families.

In March 2018 we recruited 150 learners to be trained and awarded a National Certificate in Wholesale & Retail Operations Supervision NQF level 4. These learners were further assisted by FNB to open their very first bank accounts.

We target a 60 - 70% absorption rate of all learners completing their learnership.



Chief Mhinga (last row on the left) with TFG managers



DRIVE EMPOWERMENT

SOCIO-ECONOMIC DEVELOPMENT

WHAT IS IMPORTANT

- Strong focus on implementation of SED activities to benefit National Development Plan and UN sustainable development goals
- Continue to support TFG's Sustainability Shared Value Strategy within SED's key initiatives
- Optimise the running of SED flagship projects to strengthen the impact on the communities in which we operate
- Assess the importance of key partnerships in order to deliver successful SED projects

HEADLINES

- Achieved the maximum of 5 points for SED on our BBBEE scorecard
- Over 2.4 million individuals benefited from TFG funding collaboration with dti, IDC and SETA's
- First set of Fashion Future graduates started their career at TFG
- Prestige trainees produced 40 000 blankets for Disaster Relief
- 100 500 meals packed by employees & customers and donated to ECDs
- Expansion of TFG funding to Swaziland, Lesotho and Zambia

- Launch of the pilot for employee giving project – MyGiving
- Trained 37 ECD trainers to benefit 740 families

LOOKING AHEAD

- Strengthen awareness of TFG SED activities internally & externally
- Launch a new funding project in Botswana
- Increase number of blankets produced to be donated from 40 000 to 60 000
- Increase access of ECD services to families with children under the age of 3
- Increase number of schools' access to clean water & sanitation
- Increase number of meals donated
- Expand on number of employee engagement opportunities
- Rollout MyGiving to TFG head office employees
- Continue to improve our monitoring and evaluation
- Launch sustainable product funding range online

WHY SOCIO-ECONOMIC DEVELOPMENT IS IMPORTANT

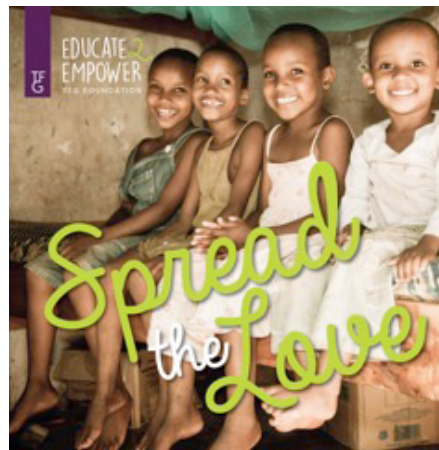
As a leading Lifestyle retailer, it is our responsibility to give back to our communities both financially and in-kind. The concept of paying it forward is significant to us and has become part of TFG's ethos. It is equally important to us that we uplift the communities that both our employees and customers reside within. In order to successfully implement SED, we have aligned our strategy with both the UN's SDG's as well as the National Development Plan. Our objective is to support the goals relevant to our strategy such as quality education, zero hunger, clean water and sanitation. We have adopted a holistic approach to all our projects so that they are sustainable which ultimately results in uplifting communities.

HOW IS TFG APPROACHING THE CHALLENGE?

TFG's contribution has been made possible through our SED vision: Creating opportunities for upliftment by leading sustainable developments.

We aim to "educate to empower (E2E)" across educational levels starting from Early Childhood Development (ECD) to Post School education. This strategy will allow us to make a meaningful contribution and significantly impact our communities. A strong focus has been placed on developing individuals from an early age by providing them with the necessary tools needed to succeed. E2E acts as an enabler to afford beneficiaries the opportunities to become employable within today's competitive environment.

An example to illustrate our vision is our partnership with the Nelson Mandela Children's Fund where we trained a Group of women to become qualified ECD practitioners. These women are now educating and empowering the parents within their respective communities, ultimately positively impacting over 2 000 children. Our aim is to further develop this project by donating basic needs such as food, water and warmth and more importantly to register the Educare's that we work with, to enable them to receive funding from government.



WHAT WAS ACHIEVED IN THE REPORTING YEAR?

• Sew Good

TFG's manufacturing division runs a training programme that upskills previously unemployed individuals to produce blankets and thereafter the blankets are then donated to disaster-affected communities.

To date, we have produced and donated 90 000 blankets.

• Your Fashion Future

'Your Fashion Future' is an exclusive 3-year bursary programme that provides previously disadvantaged youth with the opportunity to become empowered fashion professionals.

We are proud to have 5 talented students who are currently on our bursary programme, and 2 that have recently graduated who will join TFG next year on the graduate programme, refer to case study 03 on page 32.

• Rise against hunger

TFG has donated 100 500 meals packed by TFG employees to Educare centres across South Africa as well as communities affected by disaster.

• 100UP+

TFG is in its final year of the 4 year partnership with UCT on the 100UP+ project. To-date TFG has impacted the lives of over 400 students. In addition, TFG has sponsored a career mapping tool which is the first of its kind. The tool is aimed at assisting first year students to design a curriculum aligned to their interests and future career choices. It provides learners and parents with an overview of course requirements and the positive outcomes of their degree of choice and also gives curriculum advisors a quick overview and access to course requirements of a degree.

• Education Empowerment Project

As a result of TFG's N\$1.5 million donation towards SOS Children's Villages schools in Namibia, the schools have increased their pass rates over the last two years, and have been able to enhance their school facilities and educational equipment.

• Drought relief

Recently TFG brought great joy to the Khayelitsha community as a borehole located at the Soyisile school, ultimately providing the 2.4 million residents access to clean water, was donated.

TFG HAS ALIGNED ITS CSI STRATEGY TO SUPPORT THE FOLLOWING UNSD GOALS:

• Quality Education:

To positively contribute towards the government's Early Childhood development plan by investing in the training of ECD teachers and registration of Educare centres.

• Clean Water:

To provide 11 schools within previously disadvantaged areas of the Western Cape with clean water & implement grey water systems to assist with water saving plans.

• Zero hunger:

To pack & donate 150 000 meals, including university students as recipients.

• Poverty alleviation:

To launch 2 new projects aimed at training, developing & empowering local small businesses.

• Partnership for goals:

To launch MyGiving project aimed at allowing TFG employees to donate towards CSI projects.

CASE STUDY **03**



YOUR FASHION FUTURE

As a leading fashion lifestyle retailer it is our responsibility to help shape the future of retail by funding future retail opportunities.

'Your fashion future' is a great example of not only funding a fashion related programme but also contributing towards its success by involving our employees.

In 2015, TFG and Fedisa launched the bursary programme with the aim to provide previously disadvantaged youth with the opportunity to become empowered fashion professionals.

This programme illustrates HION FUTURE how we have supported the following UN goals:

1. **Quality education:** TFG has partnered with leading fashion school, Fedisa in order to ensure that all bursary students receive world class education. The fashion future bursary is

all-inclusive thus allowing students to focus on their studies without the stress of any financial burden. The bursary includes: tuition fees, living expenses, accommodation and equipment needed for their projects. In addition, TFG has given all students work place opportunities for them to experience the practical side of their learning as well as the students receiving business mentors.

2. **Partnerships for goals:** It has been a learning journey for both TFG and Fedisa and from our experience we found that choosing the right partner is the key to the success of an initiative. It is highly important for both parties to contribute within their area of expertise and dedicate time needed in order to produce a leading project.

We are proud to announce that our first 2 fashion future graduates have started working for TFG, ensuring that they not only receive work experience but a sustainable employment opportunity. Doing good never goes out of fashion.



IN CONVERSATION WITH KATHRYN SAKALIS

HEAD OF TFG MARKETING & E-COMMERCE
& THE SOCIO-ECONOMIC DEVELOPMENT
FOCUS AREA

1. CHOOSE THE RIGHT PARTNERSHIPS

We may have good intentions and well developed project plans however, one of the most important aspects of effective project delivery is working with the right partners.

Partnerships should be treated like relationships; the chemistry of common goals is key, working with each other's strengths and being patient with developmental areas - but ultimately working together in order to ensure success.

Work ethics, values and agility to adapt to change, are also critical factors.

As with any partnership, one needs to be very clear as to one's definition of success and ensure that both partners are working towards the same definition, else the project's long-term effectiveness will be compromised.

2. DO LESS, BETTER

We are inundated with requests for support of various projects, mostly all very worthwhile initiatives, but one needs to make peace with the fact that it is impossible to be involved in everything and in essence, being too thinly spread reduces one's effectiveness.

That's the main difference between charity/giveaways and SED, the purpose of SED is to develop sustainable opportunities. Sustainable projects are key to our strategy and that's why we have decided to focus our efforts in investing in less projects with optimal impact.

3. KEEP YOUR EMPLOYEES ENGAGED

One of my favourite quotes by Simon Sinek, "When people are financially invested, they want a return. When people are emotionally invested, they want to contribute" - giving back is an action based on emotion. In simple terms, if something catches your heart you are automatically drawn to it and eventually want to support it.

Thus, it's important for our employees to be aware of the projects that we support as well as giving them the opportunities to contribute. It is easy to get sucked into daily tasks and by providing opportunities for employees to donate or give of their time, this will provide those who want to get involved with the inner satisfaction of being able to do so.

4. AFRICA, NO BLANKET APPROACH

As we expanded our footprint into other countries in Africa, we applied the same principles when choosing projects to support in each new country. We learnt very quickly that working in other countries needed more agility and localisation.

We currently support 5 flagship projects in African countries outside of South Africa, each project targeted at that particular country's requirements. We found that working closely with our employees, the community and the government and developing interpersonal relationships across stakeholders, is key to the success of the project.



04 / NON-FINANCIAL DATA

NON-FINANCIAL DATA

	2018	2017	%CHANGE	2016
LOCAL SUPPLY CHAIN DEVELOPMENT				
TFG manufactured units	6 285 822	5 503 000	14,23%	5 580 000
Quick Response Units	3 587 808	2 377 400	50,91%	1 916 000
Quick Response Units contribution %	57,08%	43,20%	32,12%	34,34%
ENVIRONMENT EFFICIENCY				
Total energy use (DC's, offices, stores) kWh	167 822 317,32	164137715	2,24%	156088734
kWh per m2 stores	194,9	198,8	-1,94%	201,6
kWh per m2 head office	161,7	111,1	45,54%	154,4
Total Carbon Emissions (tonnes CO2e)	237 919,32	231083	2,96%	205591
Scope 1 emissions	4 563,62	4263	7,05%	3574
Scope 2 emissions	161 640,57	158735	1,83%	152038
Scope 3 emissions	69 780,24	66184	5,43%	47857
Non-Kyoto	1 934,89	1901	1,78%	2122
Emissions per m2 intensity	0,172	0,25	-31,20%	0,26
Water consumption (DC's, offices)	44 988	69301	-35,08%	58924
Head Office/DC paper used (A4 equivalent) pages	7 955 720	9785291	-18,70%	11070781
Head Office / DC waste recycled (kgs)	1 063 130	222051	378,78%	291968
Supplier cartons reused	2 774 974	2555061	8,61%	2624673
Cartons purchased	3 173 018	333375	851,79%	331097
Units transported per litre of fuel used	9.95	10,17	-100,00%	9,99
M3 transported per litre of fuel used	0.034	0,035	-100,00%	0,034
Litres of fuel used per m3 transported	29.5	28,5	-100,00%	29,1
Kms per litre of fuel used	2.69	2,42	-100,00%	2,41
Units transported per km	3.69	4,21	-100,00%	4,14
Number of outlets	4034	2589	55,81%	2462
ACCOUNTABILITY. ETHICS AND GOVERNANCE				
Establish an effective sustainability management and reporting structure	Achieved	Achieved		Achieved
KPI sustainability metrics agreed and measured	Achieved	Achieved		Achieved

	2018	2017	%CHANGE	2016
DRIVE EQUALITY				
EMPLOYEE EMPOWERMENT				
Permanent full time employees	16 223	14 987	8,25%	15053
Permanent part time employees	2 848	2 297	23,99%	2207
Flexi time employees	5 634	4 834	16,55%	4721
Contract employees	1 472	1 288	14,29%	747
Casual employees	1 648	64	2475,00%	152
Employee turnover (excluding contractors) %	35%	38%	-7,02%	37,1
Total expenditure on employee training and development (R million)	143,5	138,2	3,84%	124,9
Expenditure as % of payroll	2,9	3,8	-23,68%	3,9
Total employees trained	134 166	126 806	5,80%	116043
Participation in executive development programme	118	100	18,00%	54
EE% Top management	10	10	0,00%	11,1
EE% Senior management	32,7	24,1	35,68%	22,6
EE% Specialists and middle management	53,8	52,4	2,67%	49,8
EE% Skilled technical and junior management	90	90	0,00%	86,1
EE% Semi-skilled and unskilled employees	98,8	98,6	0,20%	98,2
EE% Total	93,91	93,2	0,76%	92,3
EE% Female employees	63,9	70,2	-8,97%	71,3
EE% Female employees in senior management positions	47,48	50	-5,04%	50,6
Work related fatalities	zero	zero	0,00%	zero
Number of days lost	1 968	1671	17,77%	1415
Number of incidents	1 101	1 263	-12,83%	538
Number of incidents resulting in three days off or less	1 036	1 024	1,17%	374
Number of work days lost due to industrial action	zero	zero	0,00%	zero
DRIVE EQUALITY				
SOCIO-ECONOMIC DEVELOPMENT				
TFG black learnerships	1019	960	6,15%	925
TFG Feel Good Project graduates	61	53	15,09%	54
Number of graduates placed	24	33	-27,27%	41
Number of individuals supported	2 440 765	75 000	3154,35%	72690
CSI (total spend R million)	11,7	8,5	37,65%	7
Merchandise donations for the benefit of the Feel Good Project (R million)	8,6	25,2	-65,87%	27,4
NPAT %	1,04%	1,70%	-38,24%	1,60%



ABBREVIATIONS

BBBEE	Broad Based Black Economic Empowerment
BLNS	Botswana, Lesotho, Namibia and Swaziland
CDP	Carbon Disclosure Project
CMT	Cut, Make and Trim (manufacture of textile products)
CSI	Corporate Social Investment
DTI	Department of Trade and Industry
EBITDA	Earnings Before Interest Tax Depreciation and Amortisation
ECD	Early Childhood Development
ESG	Environmental, Social, Governance (factors influencing responsible investment decisions)
FEDISA	Future Excellence Design Institute of South Africa
FTSE/JSE	FTSE/JSE Responsible Investment Index
IDC	Industrial Development Corporation
JMV	A fabric mill in KZN
KING III & IV	King Report on Corporate Governance (3rd and 4th Edition)
KPI	Key Performance Indicator
KZN	Kwa-Zulu Natal
MAD	Make a difference Leadership Foundation
NPAT	Net Profit After Tax
QR	Quick Response
SETA's	Skills Education Training Authorities
TFG	The Foschini Group Limited and its subsidiaries TFG Manufacturing / Manufactured refers to Prestige Clothing (Maitland and Caledon) and core CMT manufacturers
TFGP	The Feel Good Project
TWK	Theewaterskloof Municipality
UCT	University of Cape Town
UNICEF	United Nations International Children's Emergency Fund
UWC	University of Western Cape

A photograph of four Black men walking towards the camera on a city street. The man on the far left wears a purple beanie, a white turtleneck, a blue denim jacket, and black trousers. The second man from the left wears a tan corduroy jacket over a maroon sweater and blue jeans. The third man wears a light blue denim jacket over a white t-shirt with 'AYLEY' printed on it, a red and black plaid shirt, and grey trousers. The man on the far right wears a black hoodie with a red rose patch and grey trousers. The background shows a city street with buildings, a silver car, and a 'no left turn' sign.

THANK YOU