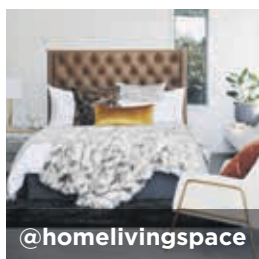


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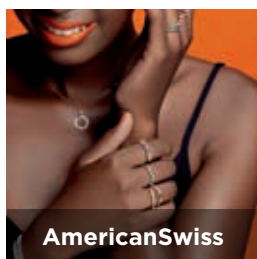
SUSTAINABILITY OVERVIEW REPORT



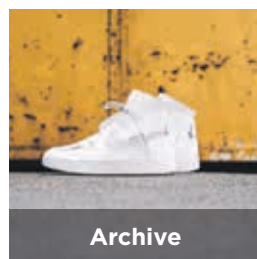
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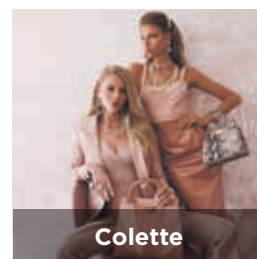
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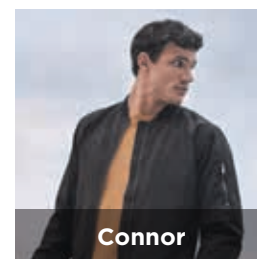
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Archive



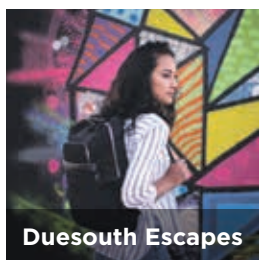
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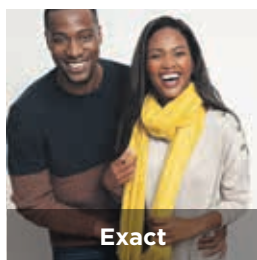
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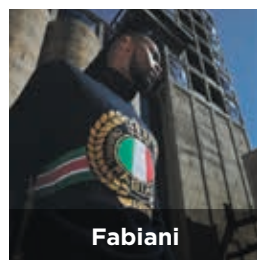
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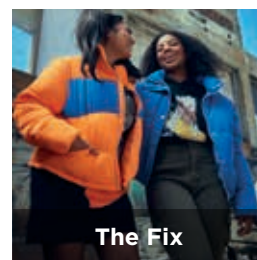
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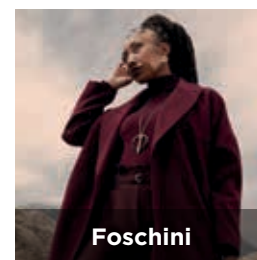
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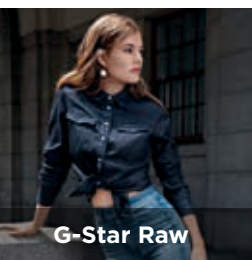
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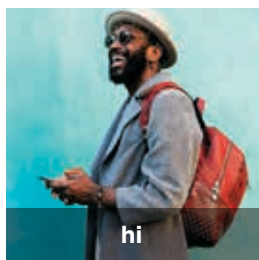
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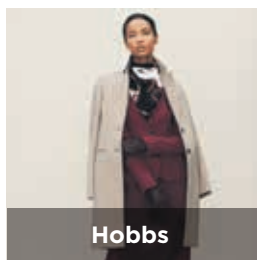
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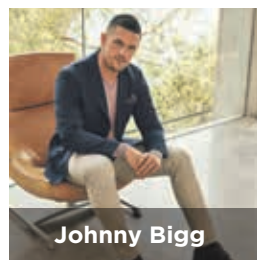
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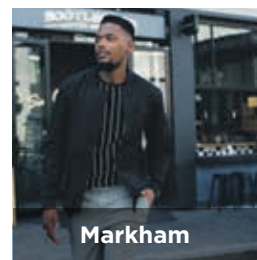
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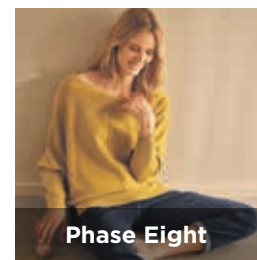
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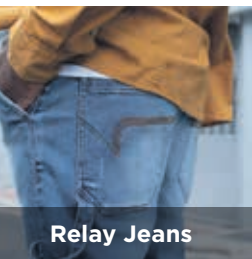
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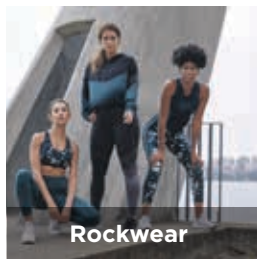
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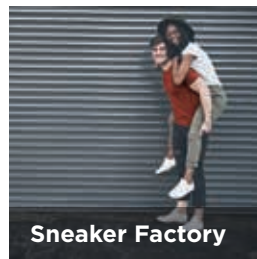
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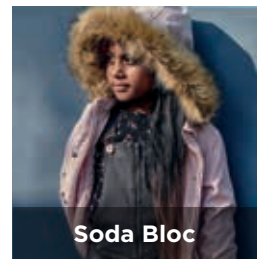
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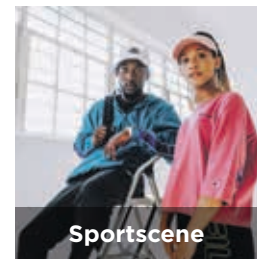
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Sneaker Factory



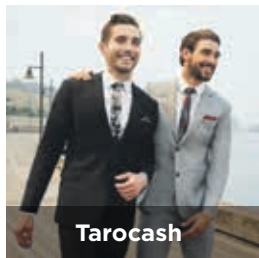
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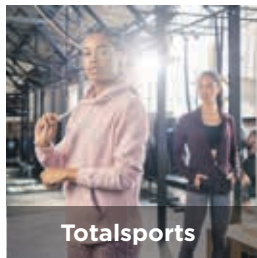
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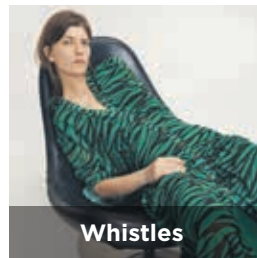
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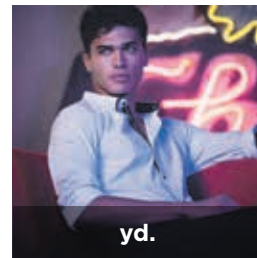
Tarocash



Totalsports



Whistles



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About this report

This report tells the story of our sustainability journey and the steps we have taken to deliver on our shared value strategy.





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Accountability, ethics and governance

We are committed to being better in everything we do – guided by our values, social conscience and customer-centric mindset.

INTRODUCING TFG

OUR VISION AND MISSION

To be the leading fashion lifestyle retailer in Africa while growing our international footprint by providing innovative products, creative customer experiences and by leveraging our portfolio of diverse brands to differentiate our offering. Our talented and engaged people will always be guided by our values, social conscience and customer-centric mindset.

OUR VALUES

We believe teamwork coupled with professionalism in all aspects of retailing will continue to be the foundation for the future.

- **Passionate about service:** We passionately and truly believe that the customer comes first
- **Resilience:** We have the courage of our convictions and the boldness to constructively challenge
- **Integrity:** Our word is our honour, we are honest and ethical
- **Dignity and respect:** We treat everyone the way we want to be treated
- **Empowerment:** We embrace diversity and create equal opportunity for all in a supportive environment
- **Excellent performance:** We are accountable and drive performance in a creative and innovative way

At TFG (The Foschini Group), we are committed to being better in everything we do – guided by our values, social conscience and customer-centric mindset

George Ivan Rosenthal left America in 1924 and set sail for South Africa with little money, a lot of confidence and a grand plan to become a leading clothing retailer.

Starting his career in America, he became interested in other markets when the boom days ended. His research showed that, while South Africa was an underdeveloped country, it had a traditional fondness for American goods.

He found that Johannesburg was one of the best shopping areas and opened his first store on Pritchard Street on 27 November 1925.

For the first time, South African women had access to affordable, well-made, up-to-date fashion. Within two years, he opened another nine branches across the country.

Foschini had arrived and, in 1941, Foschini Dresses Proprietary Limited was listed on the Johannesburg Stock Exchange – the first clothing retailer to achieve this.



OUR EMPLOYEES

70,9%
FEMALE EMPLOYEES
(2019: 72,1%)

29,1%
MALE EMPLOYEES
(2019: 27,9%)

94,9%
EMPLOYMENT EQUITY REPRESENTATION*
(2019: 94,4%)

91
EMPLOYEES WITH DISABILITIES
(2019: 119)

23 268
TFG AFRICA EMPLOYEES
(2019: 22 755)

6 508
GLOBAL EMPLOYEES
(2019: 6 366)

* Relates to South Africa only.

TODAY WE EMPLOY 29 776 TALENTED AND MOTIVATED PEOPLE, OFFER 29 BRANDS IN 4 083 TRADING OUTLETS ACROSS 32 COUNTRIES AND SELL A BROAD RANGE OF MERCHANDISE TO OUR CUSTOMERS IN-STORE AND ONLINE.



63%
CONTRIBUTION TO TURNOVER

TFG AFRICA

14%
CONTRIBUTION TO TURNOVER

TFG LONDON

15%
CONTRIBUTION TO TURNOVER

TFG AUSTRALIA

8%
CONTRIBUTION TO TURNOVER

E-COMMERCE

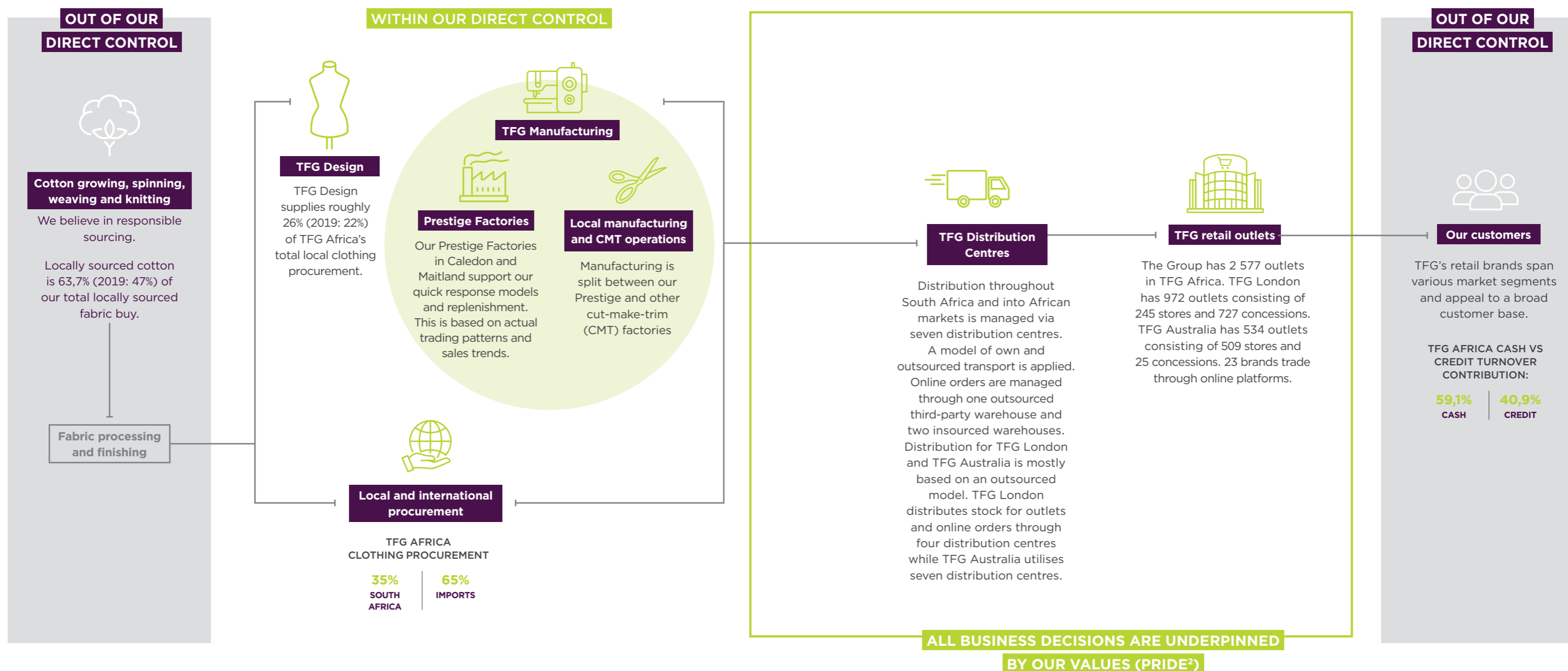
CREATING VALUE ALONG OUR SUPPLY CHAIN

To sustain growth we understand we need to look beyond business as usual and do things differently. This means rethinking our actions and being a partner for positive change where operations are under our control. Our actions are guided by our shared value strategy, which is about creating a positive and lasting impact within communities while ensuring financial and reputational gain for TFG. Find out more from page 14.

We have identified five focus areas where we believe we can make the biggest impact. These focus areas are discussed in more detail throughout this sustainability report, which tells the story of our journey for 2020 and unpacks what sustainability means for TFG. Find out more about this report from page 67.

- Educate to Employ
- Environment efficiency
- Strengthen our communities
- Develop our local supply chain
- Drive transformation and empowerment

TFG AFRICA SUPPLY CHAIN



A MESSAGE FROM OUR CEO

ANTHONY THUNSTRÖM



2020 has been a year of profound global change as the COVID-19 pandemic creates unprecedented uncertainty, and places tremendous strain on communities. At TFG we are doing as much as we can to alleviate the fallout of this pandemic.

We have implemented stringent safety measures across our business, communicated with employees frequently offering the latest information and support. Our factories have manufactured over 100 000 quality-tested reusable masks for our employees and their families to keep them safe during this time. We have provided resources to frontline healthcare workers, students in need of resources for online learning and numerous community initiatives to help ease the burden many citizens are faced with.

While this remains a key focus for us, we are still actively involved in the initiatives that are critical to long-term sustainability.

SUSTAIN

We are increasingly experiencing the accelerating impact of climate change that resulted in extreme weather events such as the bush fires in Australia, extended drought in South Africa and floods in the United Kingdom.

These events draw attention to how now, more than ever, TFG has a fundamental role to play in creating a sustainable future. We recognise our role in creating this, and our shared value strategy is geared towards building a resilient business that is sustainable and will continue to be so, long into the future.

Our group is committed to being a leader in everything we do – guided by our values, social conscience and customer-centric mindset. The SA Plastic Pact is one example

where we innovate and adapt business processes to become a better corporate citizen by minimising our operating impact.

Our journey is far from over, we have to consider every part of our supply chain and create new products and processes that serve our sustainability commitments. The next year will focus on key interventions that help to build a business for the future.

INVEST

While we have unique plans for each of the territories we operate in, the majority of our business is in South Africa. In a country with many social challenges and a strained economy, we have prioritised certain key areas of sustainability. In building our strong local supply chain, TFG has made a conscious effort to locate and employ people in areas where there are otherwise limited opportunities. Through our significant tax contributions and continuous investment in our business, we were able to provide jobs, upskill thousands of South Africans and develop our people and suppliers.

Looking ahead we will advance the digitisation of our core supply chain through the deployment of state-of-the-art product development, garment assembly and dispatch technologies. Through partnerships and investment in strategic local supply chain partners, we will strengthen our quick response capabilities and build-up small businesses. To grow our people and ensure that we future-proof leadership in our manufacturing

The key highlights of our shared value strategy over the last few years include:



base, there will be opportunities for training and best practice exposure for all spheres of management in the factory. By investing in people, we're investing in our business, communities and country.

EMPOWER

People are at the heart of everything we do. Through our corporate social investment, we find innovative and meaningful ways to deliver scalable social impact. Our strategy is closely linked to the United Nations' Sustainable Development Goals, specifically focussing on poverty

alleviation, hunger and education initiatives. Through our training programmes, bursaries and partnership with Gift of the Givers, we have touched millions of lives.

We have made much progress and continue to make new strides across our business. We will continue to make a meaningful contribution to communities by keeping sustainability central to everything we do in our business.

Anthony Thunström
Chief Executive Officer

A SHORT MESSAGE FROM BRENT CURRY

Chief Information Officer and Group Operating Director responsible for sustainability and climate change



To sustain growth, we need to look beyond business as usual and do things differently. This means rethinking our actions and being a partner for positive change.

As a leader of providing in-demand apparel at scale, we have always believed in South Africa's ability to manufacture world-class fashion. Our quarter of a billion rand investment in local manufacturing stands testament to our shared value strategy.

Our wholly-owned Prestige Clothing factories in Maitland and Caledon are SEDEX approved and globally recognised for its advanced manufacturing processes, equipment and world-class facilities. Jointly the factories employ 1 313 people from the local communities and contribute substantially to development within the region. The communities are faced with many social challenges and each employee supports four or five people. Each factory has an on-site clinic and permanent social worker on-site to assist employees. Employees receive a daily meal and a monthly hamper of basic goods at no extra charge. The on-site training academy built with the help of the government enables training and skills development.

Further down the supply chain, our supplier development programmes assist black-owned Cut Make Trim (CMT) factories, resulting in thousands of job opportunities.

This focused strategy has led to an increase in the contribution of locally manufactured product, local employment and skills advancement. While at the same time ensuring the Group is well-positioned to respond swiftly to global supply chain disruptions.

The Group acted swiftly to offer support during the COVID-19 crisis. Identifying a greater industry need, the reach was broadened beyond the strategic supply chain partners. A series of online workshops aimed at facilitating knowledge transfer and deployment of supporting tools covering essential themes such as access to COVID-19 funding, adapting workplace health and safety and managing company finances were delivered. These initiatives impacted over 50 firms employing over 10 000 people collectively.

Another key priority is our commitment to the SA Plastic Pact. Through various initiatives, we will take action against the linear use of plastic across the supply chain from source to consumer. Our newly-formed Packaging Committee, which consists of experts from across our business, will assess every touchpoint of our supply chain and design solutions. Clear targets will form part of business and supplier requirements which will be monitored and reported on to ensure we reach our goals.

As part of our internal innovation campaign called, THINK, we issued our head office employees with a challenge, find alternative solutions to plastic. The campaign was a huge success and many initiatives will be implemented this year.

Our economy will be in critical need of job opportunities post COVID-19 and TFG will be well-positioned to respond to this national need through our local supply chain strategy.

We will continue to actively engage at all levels of society, including government and strategic partnerships.

Brent Curry

Chief Information Officer and Group Operating Director (responsible for sustainability and climate change)

PERFORMANCE HIGHLIGHTS

EDUCATE TO EMPLOY

1 091
TOTAL LEARNERSHIPS
(2019: 1 378)

R162,2 million
GROUP SPEND ON TRAINING INITIATIVES
(2019: R150,2 million)

146 276
TOTAL NUMBER OF EMPLOYEES WHO ATTENDED TRAINING INTERVENTIONS
(2019: 140 886)

533
CUSTOMER-FACING EMPLOYEES TRAINED THROUGH THE TFG RETAIL ACADEMY
(2019: 500)

ENVIRONMENT EFFICIENCY

THE GROUP JOINED THE SOUTH AFRICAN PLASTIC PACT INITIATIVE TO HELP REDUCE SINGLE-USE PLASTIC BY DRIVING THE CIRCULAR USE OF PLASTIC PACKAGING

ELECTRICITY CONSUMPTION PER STORE AND PER SQUARE METRE HAS REDUCED EVERY YEAR FOR THE LAST FIVE YEARS

TFG AFRICA HEAD OFFICE WATER USAGE PER KILOLITRE DOWN TO
27 123
(2019: 41 883)

WE IMPLEMENTED 5-YEAR RESOURCE EFFICIENCY TARGETS FOR THE FIRST TIME LAST YEAR FOR ACHIEVEMENT BY 2024. THIS YEAR WE WERE ABLE TO TRACK PROGRESS AGAINST ALL THE TARGETS

R1,3 MILLION INVESTMENT IN MOTION SENSORS AND DAYLIGHT HARVESTING AT HEAD OFFICE IN 2017 RESULTED IN A CUMULATIVE
62% kW/h reduction

STRENGTHEN OUR COMMUNITIES

223 859 blankets made and 197 934 donated

THROUGH OUR SEW GOOD PROJECT SINCE INCEPTION IN 2016

R23,2 million
DONATED THROUGH OUR TFG AFRICA CSI FUNDING - POSITIVELY IMPACTING THE LIVES OF OVER 650 000 PEOPLE

R2,4 million invested
INTO BENEFICIARY SCHOOLS, WHICH CONTRIBUTES TOWARDS SUBSTANTIALLY REDUCING THE PROPORTION OF YOUTH NOT IN EMPLOYMENT, EDUCATION OR TRAINING BY PROVIDING LIBRARIES, VEGETABLE GARDENS AND BURSARY FUNDING

DEVELOP OUR LOCAL SUPPLY CHAIN

SEDEX
WE JOINED FORCES WITH SEDEX AS A RESPONSIBLE BUSINESS PARTNER LAST YEAR AND 87% OF OUR SUPPLIERS NOW RANKED A TO B ON OUR INTERNAL SUPPLIER SCORECARD
(2019: 85%)

59%
GROWTH IN QUICK RESPONSE UNITS - THIS IS 3,1 MILLION MORE UNITS THAN LAST YEAR

73%
OF ALL TFG DESIGN AND MANUFACTURING'S LOCAL PRODUCTION IS NOW ON QUICK RESPONSE

1 313
PEOPLE NOW EMPLOYED THROUGH OUR PRESTIGE CLOTHING FACTORIES
(2019: 1 220)

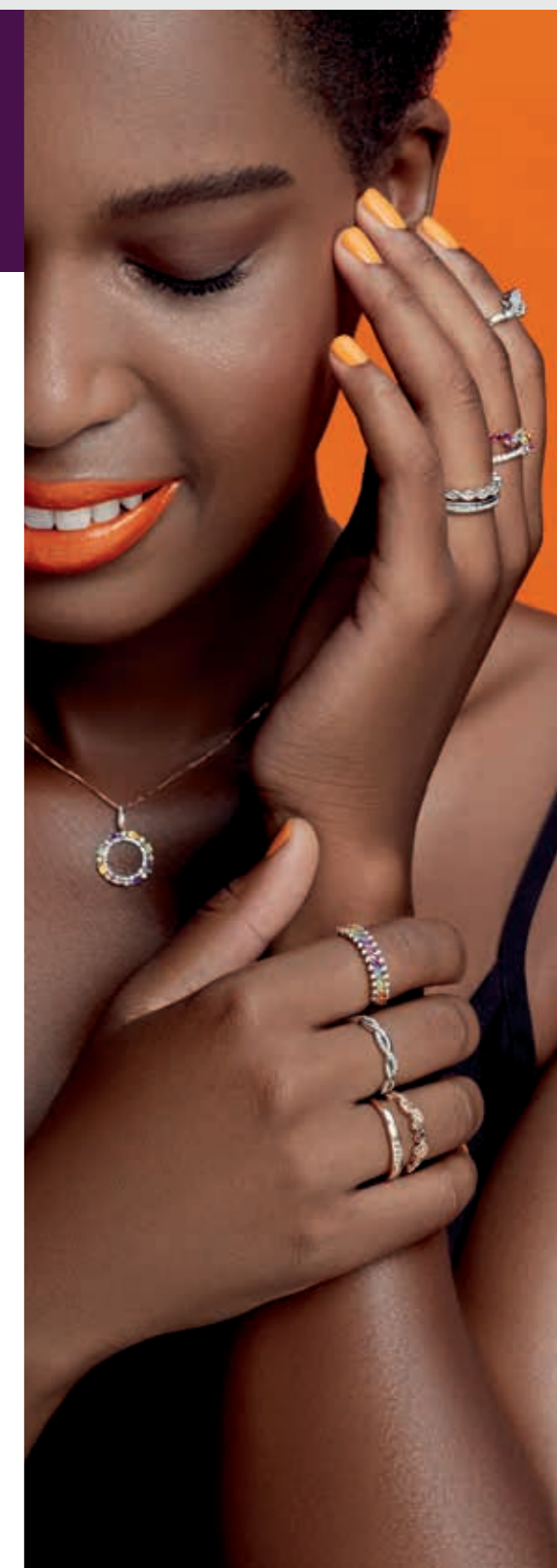
DRIVE TRANSFORMATION AND EMPOWERMENT

B-BBEE Level 6
(2019: Level 6)

R57,8 million
SPENT ON SUPPLIER DEVELOPMENT
(2019: R31,8 million)

R22,4 million
SPENT ON ENTERPRISE DEVELOPMENT
(2019: R25,1 million)

94,9%
OF TFG AFRICA'S CURRENT WORKFORCE IS MADE UP OF EMPLOYMENT EQUITY CANDIDATES
(2019: 94,4%)



- Included on the FTSE/JSE Responsible Investment Index and FTSE4Good Index Series
- Included on the Vigeo Eiris Best Emerging Market Performers Ranking
- Included in the Sustainalytics ESG Report Ranking
- Participated in the CDP (formerly the Carbon Disclosure Project)
- Signatory to the South African Plastic Pact
- The Foschini brand was included in the Fashion Transparency Index for the first time this year
- Received a rating of A in the MSCI ESG Ratings assessment



We support the United Nations Sustainable Development Goals.

WHAT SUSTAINABILITY MEANS TO US

OUR SHARED VALUE STRATEGY

We recognise the need to find innovative ways to deliver on business imperatives, while ensuring a meaningful and scalable social impact.



HOW OUR SUSTAINABILITY STRATEGY SUPPORTS OUR BUSINESS STRATEGY, UNDERPINNED BY DIGITAL TRANSFORMATION

<p>We will deliver superior customer and employee experiences across our retail brands.</p>	<p>We will leverage data science to improve our customer experience and engagement across all our retail brands.</p>	<p>We will grow our customer base through a targeted customer acquisition strategy.</p>	<p>We will develop a long-term environmental, social and governance (ESG) strategy to create broader economic and social value, aligned with international trends and best practice.</p>
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Our customer and employee context
Our customer base spans from value to upper market. Through our 29 fashion-forward brands trading out of 4 083 outlets in 32 countries globally, we offer our customers clothing, jewellery, cellphones, accessories, cosmetics, sporting apparel and equipment, and homeware and furniture. 23 of our brands are available to our customers online. Our e-commerce marketplace, myTFGworld.com, gives customers access to all TFG Africa online brands on one site. Our TFG Rewards programme is available across all TFG Africa retail brands and is intended to suit every lifestyle and life stage. We have a full in-house credit management capability for our TFG Africa customers. The Group employs almost 30 000 employees, with 23 268 employees in TFG Africa. We continuously enhance workforce scheduling in stores and offer training interventions across the Group.

<p>How we measure customer and employee success</p> <ul style="list-style-type: none"> • Number of TFG Rewards customers • Number of active accounts • Number of customer-facing employees trained through the TFG Retail Academy 	<p>Material matters, risks and opportunities relevant to customers and employees</p> <ul style="list-style-type: none"> • The instability of the global economic and political climate • Fashion trends and customer preferences • Continuity of supply chain • Disruption in retail across our various markets and channels • Talent management: attracting, retaining and developing key talent • Reliance on information technology
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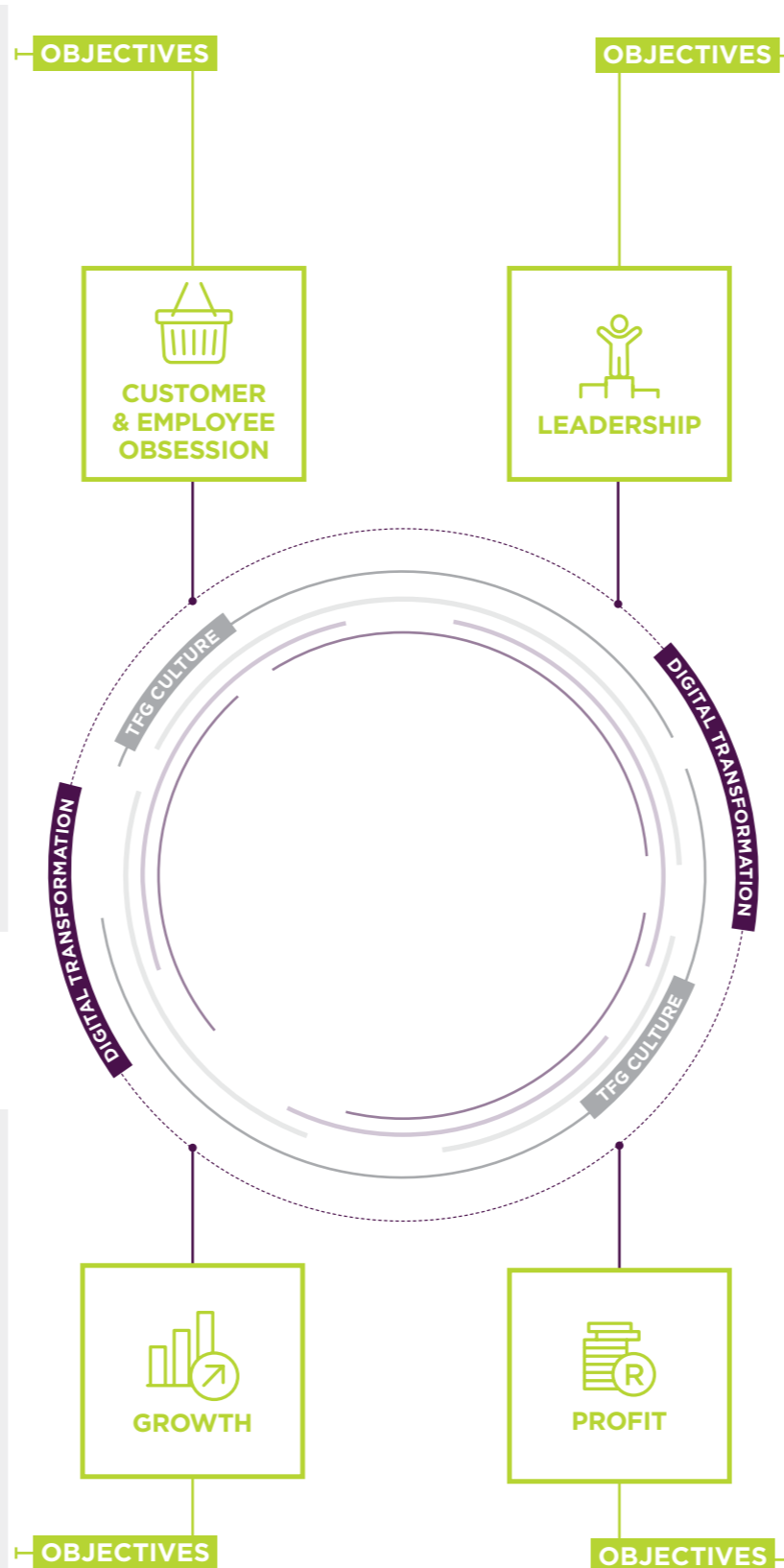
Read more about our material matters, risks and opportunities on page 32 of the integrated annual report, and about our sustainability strategy on pages 18 – 22.

<p>We will deliver a customer-focused, digital omnichannel ecosystem.</p>	<p>We will be the leading lifestyle retailer in Africa whilst growing our international footprint.</p>	<p>We will develop an innovative, sustainability-driven business model and build partnerships that enhance TFG's reputation.</p>
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Our growth context
Our continued strategic international expansion creates value for our shareholders through geographic diversification, digital transformation, the leveraging of our existing retail experience and additional revenue and profit. The Group trades across 32 countries, 29 brands and 4 083 outlets, with multiple opportunities for expansion. There are additional opportunities across sales channels and territories within TFG Australia and TFG London – subject to our stringent acquisition criteria.

<p>How we measure growth success</p> <ul style="list-style-type: none"> • Retail turnover • E-commerce turnover • Cash turnover contribution • Number of outlets • Geographic turnover contribution to total Group turnover 	<p>Material matters, risks and opportunities relevant to growth</p> <ul style="list-style-type: none"> • Disruption in retail across our various markets and channels • Complexity of the regulatory environment
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Read more about our material matters, risks and opportunities on page 32 of the integrated annual report, and about our sustainability strategy on pages 18 – 22.



<p>We will embed a performance-based culture that ensures that we attract, retain and develop the best talent in the industry.</p>	<p>We will achieve credible empowerment credentials in South Africa, underpinned by an implementation plan to ensure compliance.</p>
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Our leadership context
The evolving complexity of the Group requires leaders to lead increasingly bigger teams and across functional and geographic boundaries. COVID-19 further emphasised the importance of leadership depth and succession planning. We nurture ongoing structured talent development and a strong performance management culture. In addition to an experienced executive management team – with an average of 19 years’ service – our unique and growing multi-brand Group structure creates career opportunities for key talent and ensures optimised succession planning. We value diversity and develop talent in a proactive way, which includes a continued focus on promoting attendance at our retail academies.

<p>How we measure leadership success</p> <ul style="list-style-type: none"> • Number of training interventions during the year • Employee turnover – total % • Employment equity – fair gender and racial advancement • Participants in disability learnerships/ internships • Number of days lost to industrial action 	<p>Material matters, risks and opportunities relevant to leadership</p> <ul style="list-style-type: none"> • Talent management: attracting, retaining and developing key talent • Reliance on information technology
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Read more about our material matters, risks and opportunities on page 32 of the integrated annual report, and about our sustainability strategy on pages 18 – 22.

<p>Our brands will optimise their supply chain capability, including their suppliers, buying processes and quick response.</p>	<p>We will optimise the flow of goods from source to customer to enhance the customer experience.</p>	<p>We will enhance ROCE by optimising profitability and capital management.</p>	<p>We will develop a long-term ESG sustainability risks throughout our supply chain and business activities, underpinned by an energy reduction strategy.</p>
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Our profit context
We have market-leading in-house capabilities for store design and upgrades, fashion design and manufacturing. Our well-developed fabric and pattern optimisation systems support quick response capabilities to repeat “winners” in season and implement quick interpretation of in-demand trends and fashion. The Group has a natural currency hedge through TFG London and TFG Australia’s growing contribution. We protect our income streams through the diversification of our footprint across numerous economies and we continuously seek to optimise cost-efficiencies. We support a direct sourcing strategy, both locally and globally, through compliant vendors. Natural resources are under pressure and becoming increasingly costly. Reducing our resource usage and eliminating waste across our value chain enables us to save money while preserving the resources we depend on.

<p>How we measure profit success</p> <ul style="list-style-type: none"> • Number of quick response units • Gross margin • TFG Africa ROCE • Pre-pack units as a percentage of product received • Free cash flow • Reduction in electricity consumption • Reduction in paper consumption • Reduction in water consumption 	<p>Material matters, risks and opportunities relevant to profit</p> <ul style="list-style-type: none"> • The instability of the global economic and political climate • Fashion trends and customer preferences • Continuity of supply chain • Disruption in retail across our various markets and channels • Reliance on information technology • Complexity of the regulatory environment
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Read more about our material matters, risks and opportunities on page 32 of the integrated annual report, and about our sustainability strategy on pages 18 – 22.

HOW OUR SHARED VALUE STRATEGY SUPPORTS OUR BUSINESS STRATEGY

We continue to refine our shared value strategy to enhance value creation and promote sustainability thinking within TFG. Importantly, this involves ensuring alignment with the four pillars of our business strategy. We made important progress in this regard during the year and identified financial and non-financial targets and initiatives to evaluate our sustainability performance against our business strategy.



CUSTOMER AND EMPLOYEE OBSESSION

We will develop a long-term ESG strategy to create broader economic and social value. This will be aligned with international trends and best practice.

We will achieve this by:

- Developing an internal model to facilitate investor ESG analyses
- Introducing appropriate technology to support integrated reporting requirements

This is supported by sustainability focus areas:

- Educate to Employ
- Environment efficiency
- Strengthen our communities
- Develop our local supply chain
- Drive transformation and empowerment



LEADERSHIP

We will achieve credible empowerment credentials in South Africa, underpinned by an implementation plan to ensure compliance.

We will achieve this by:

- Achieving set targets for race and gender for our executive management team
- Achieving set employment equity targets for senior, middle and junior management (supported by employment equity plans)
- Focusing on disability internships and learnerships to fill existing vacancies
- Contributing a set percentage of net profit after tax toward enterprise and supplier development
- Running a series of diversity and inclusion forums and campaigns across the business

This is supported by sustainability focus areas:

- Drive transformation and empowerment



PROFIT

We will develop a long-term ESG strategy to manage sustainability risks throughout our supply chain and business activities, underpinned by an energy reduction strategy.

We will achieve this by:

- Implementing a sustainability dashboard across our operations
- Implementing an energy reduction plan with quantitative targets and conducting energy audits
- Incorporating climate change and supply chain risks and mitigation actions into our risk registers and throughout our supply chain
- Ensuring proper water and waste compliance and management programmes are in place
- Increasing energy efficiency awareness across the Group and head office through focused training

This is supported by sustainability focus areas:

- Environment efficiency
- Develop our local supply chain



GROWTH

We will develop innovative, sustainability-driven business models and build partnerships that enhance TFG's reputation.

We will achieve this by:

- Identifying opportunities to generate an income stream through a sustainability product range. This includes partnering with retail brands and creating new products and markets
- Implementing a sound reputation management strategy
- Building partnerships with government and communities in operating geographies outside South Africa

This is supported by sustainability focus areas:

- Develop our local supply chain
- Drive transformation and empowerment

ALIGNING OUR SUSTAINABILITY APPROACH WITH THE SUSTAINABLE DEVELOPMENT GOALS

The SDGs and the 2030 Agenda for Sustainable Development were adopted by member states in September 2015 and call for worldwide action among governments, business and civil society to address social and economic challenges.

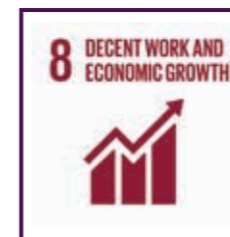


We want to ensure we have a positive impact in the five focus areas unpacked in this report. Therefore, as part of our efforts to refine our sustainability strategy, we also relooked how we engage with the SDGs.

We previously reported against seven of the global goals. To improve our focus and have more impact, we made a decision to reduce these seven goals to three. The primary focus is on SDG 8 and SDG 12. This is underpinned by SDG 17 as there are numerous partners we rely on to effectively execute these initiatives, many of whom

have guided our thinking and efforts for several years. We acknowledge there may be other SDGs we support indirectly, but we believe it is important to focus our efforts and disclosures on demonstrating meaningful impact.

We also identified targets that are aligned to global targets per goal. This will enable our stakeholders to monitor and track our performance, thereby enhancing the transparency and value of our sustainability reporting.



PURPOSE

We continue to see slow economic growth, widening inequalities and insufficient jobs to keep up with a growing labour force. The SDGs promote sustained economic growth, higher levels of productivity and technological innovation. Encouraging entrepreneurship and job creation are key as are effective measures to eradicate forced labour, slavery and human trafficking. With these targets in mind, the UN's global goal is to achieve full and productive employment by 2030 for women and men.

Global targets	TFG's annual targets and achievements		
Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors	Target	What we achieved	✓ or ✗
	Quick response contribution to total units manufactured - >70%	73%	✓
Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services	Target*	What we achieved	✓ or ✗
	Supplier development spend 2% of South African net profit after tax	2,43%	✓
	Enterprise development spend 1% of South African net profit after tax	1,08%	✓
By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	Target*	What we achieved	✓ or ✗
	Employment equity targets - 4,24 points	3,20	✗
	Skills development targets - 16,00 points	9,29	✗
	Socio-economic development - 1% of South African net profit after tax	1,08%	✓
By 2020, substantially reduce the proportion of youth not in employment, education or training			

* Targets aligned to B-BBEE scorecard and therefore relate to TFG Africa only.

INTRODUCING OUR STAKEHOLDERS



PURPOSE

Achieving economic growth and sustainable development requires that we reduce our ecological footprint by changing the way we produce and consume goods and resources. Therefore, the efficient management of our shared natural resources is important. This includes encouraging industries, businesses and consumers to recycle and reduce waste while creating more efficient production and supply chains to shift the world towards a more resource efficient economy.

Global targets	TFG's annual targets and achievements		
Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	Target	What we achieved	✓ or ✗
	2 x Social and Ethics Committee meetings	2	✓
	4 X Sustainability Steering Committee meetings	3	✗
	4 x Green Committee meetings	4	✓
By 2024, substantially reduce waste generation through prevention, reduction, recycling and reuse	Target	What we achieved	✓ or ✗
	Achieve 85% recycling at all our sites	85,92%	✓
By 2024, achieve the sustainable management and efficient use of natural resources	Target	What we achieved	✓ or ✗
	Electricity consumption at head office 20% reduction in kW/h	1,89% reduction	✗
	Electricity consumption in store 5% reduction in kW/h per m ²	3,5% reduction	✗
	Paper consumption at head office 10% reduction in volume	13% reduction	✓
	Paper consumption in store 10% reduction in volume per store	1% reduction	✗
	Water consumption - remain below 50% of our 2017 baseline*	35,24%	✓

* Targets for TFG Africa only, roll out of targets to TFG London and TFG Australia planned for 2022.

Our stakeholders are those individuals and groups that have an interest in our business, and that influence and impact how we create value. By working effectively with our stakeholders, for example, we contribute towards an improved customer and employee experience and enhance our supply chain. Stakeholder engagement also provides input into what is material for TFG and what the Group must focus on to remain a competitive and sustainable business that delivers shared value.

ALLOCATION OF VALUE TO OUR PRIMARY STAKEHOLDERS IS REFLECTED BELOW:

VALUE ADDED STATEMENT 2020



VALUE ADDED STATEMENT 2019



A RESPONSIVE APPROACH TO ACHIEVE QUALITY ENGAGEMENTS

CUSTOMERS

- 16,1 million TFG Africa Rewards cash and credit customers
- 2,8 million active TFG Africa account customers

Our customers are diverse in their spread across geographies, gender, age and income groups. Customers most frequently raise specific issues relating to in-store experiences or credit queries. They also engage with us regarding merchandise and fashion trends.

Our customers are a strategic priority as they provide income through the purchase of our products and services. We offer them a diverse range of fashion, lifestyle and homeware choices through brand experiences that encompass their channel of preference.

We engage with our customers through our call centre, digital media, online and in-store experiences as well as through focus groups and surveys. Our Voice of Customer (VoC) tool is an example of an effective way for all TFG Africa brands to listen to their customers' point of view on a daily basis.

Read more in our strategy overview on page 56 of the integrated annual report.

SHAREHOLDERS

- 11 631 shareholders
- 38,3% of shares held outside South Africa
- 96,6% public shareholding

As our major source of financial capital, shareholders require sustainable growth. This requires transparent and ongoing communication regarding our strategy, business model, approach to capital allocation and future growth prospects. In 2020, shareholder concerns intensified around the potential business impact of COVID-19 with regard to remuneration, dividends and our capital position.

In addition to more frequent communication and operational updates, including more granular detail on measures to mitigate the COVID-19 impact, we continue to meet their expectations through consistent strategy execution and risk management.

We engage with shareholders through presentations, roadshows and meetings where we receive feedback and discuss their matters of interest.

[Read more in our remuneration report from page 119 of the integrated annual report.](#)

EMPLOYEES

- 29 776 employees
- 70,9% female employees
- 94,9% Employment Equity employees (TFG Africa: South Africa only)

Our employees are diverse in their spread across geographies, gender, age and skills profiles. Employee engagement focus areas include communication about training and development, human resource policies, remuneration and performance management.

We engage with our employees through our Voice of Employee (VoE) platform and encourage them to share ideas that could enhance profitability and the Group's performance culture.

We invest in our people through training and skills development, technology upgrades, market research and brand support. We also assist them to adapt to new ways of working in our digital transformation efforts.

As per our Leadership strategic pillar, we are committed to embedding a performance-based culture that attracts, retains and develops the best talent in the industry.

[Read more about our people and our various employee-focused initiatives from page 44 of the integrated annual report and about our approach to remuneration from page 119 of the integrated annual report.](#)

SUPPLIERS

- 35% of total TFG Africa apparel units procured from local suppliers in South Africa
- 26% of total TFG Africa apparel units procured from TFG Design and Manufacturing
- 65% of our Top 100 merchandise have been onboarded on the Sedex platform

The TFG supplier base consists of merchandise and non-merchandise suppliers who require oversight and transparent communication on various supply chain-related issues. Our mutual intent is to establish trust and loyalty and align business interests for the long term. This ensures that we deliver branded merchandise of high standards, at the right price and in locations convenient to our customers.

Supplier engagements intensified this year due to COVID-19 restrictions and supply chain disruptions.

[Read more about this specific challenge in the Chief Executive Officer's report on page 52 of the integrated annual report.](#)

Through transparent supplier take-on procedures and agreements, we ensure that we source ethically and that suppliers are able to invest over the long term.

We are committed to local supply chain development to enable economic empowerment, job creation and socio-economic improvement. In turn, we benefit from a sustainable source of quality merchandise.

The TFG Merchandise Procurement division oversees and ensures responsible management and quality assurance of our TFG Africa procurement practices.

A formal process evaluates existing and potential suppliers and monitor supplier performance. This process includes supplier visits and audits to ensure adherence to our code of business principles, bolstered by our partnership with Sedex. Sedex is one of the world's largest collaborative platforms for sharing responsible sourcing data on supply chains.

[Read more about our approach to local supply chain development and ethical sourcing on page 53 of this report, as well as in our Social and Ethics Committee report on page 107 of the integrated annual report.](#)

GOVERNMENTS, LEGISLATORS

AND REGULATORS

This stakeholder group includes Revenue Authorities, Regulators and government departments in the countries in which we trade.

Governments across our three main territories, South Africa, United Kingdom and Australia, require businesses to participate in growing the economy through job creation and by complying with all applicable regulatory requirements.

We engage with governments through business and industry associations such as Business Leadership South Africa and the National Clothing Retail Federation of South Africa, employer organisations outside of South Africa and the Australian Retail Association.

We provide verbal and written submissions on proposed legislative changes (both in South Africa and outside of South Africa) and attend industry-relevant meetings at Parliament in South Africa.

NON-PROFIT ORGANISATIONS

AND COMMUNITIES

We support the communities in the markets in which we operate. Non-profit organisations include the various organisations we partner with to deliver on our shared value strategy. Key partnerships in South Africa include Gift of the Givers and Services Sector Education and Training Authority (SETA). Outside of South Africa, we partner with SOS Children's Villages International to implement various initiatives targeted at reducing global unemployment through education and training.

We create shared value with our communities through our business activities, through education and empowerment initiatives and through disaster relief and support, for example during the COVID-19 lockdowns.

[Read more about our CSI projects on page 51.](#)





ACCOUNTABILITY, ETHICS AND GOVERNANCE

Transparency and accountability remain the key principles on which our business activities are conducted. Governance extends beyond regulatory compliance to ensure TFG implements practices and behaviours that create and maintain a culture of ethical leadership and effective control.

OUR GOVERNANCE STRUCTURE

All business decisions are guided by TFG's vision and mission

THE SUPERVISORY BOARD

The Supervisory Board oversees TFG's sustainability vision and is responsible for the overall governance and oversight of the business's sustainability

THE SOCIAL AND ETHICS COMMITTEE

This Committee has oversight of our sustainability strategy and performance. It is also responsible for assisting the Supervisory Board with monitoring social, ethical, transformational and sustainability practices.

The Committee consists of:

- 3 Independent non-executive directors
 - 1 Executive director (the CEO)
- As the majority of members are independent, this ensures stronger supervision of decision-making and impartial oversight of control systems.

Read the full report of the Social and Ethics Committee in our integrated annual report, available on our website.

The Operating Board

has operational oversight of our sustainability strategy. It is responsible for ensuring that the strategy is executed effectively and that our performance is consistent with good corporate governance practices.

Read more about the role and functions of the Operating Board in our integrated annual report, available on our website.

Other relevant Committees

For example our Audit and Risk Committees.

Read more about these Committees in our integrated annual report, available on our website.

THE SUSTAINABILITY COMMITTEE

This Committee coordinates and integrates our various sustainability initiatives.

Members of this Committee include:

- Chief Information Officer and Group Director: Brent Curry – responsible for sustainability and climate change
- Head of TFG Sustainability – Nyarai Pfende
- Internal working groups

These internal working groups oversee our contribution to shared value and our five sustainability focus areas. These groups undertake an annual detailed assessment of inputs and outputs, outcomes and impacts for each of our chosen focus areas. They also analyse chosen metrics and data collection systems to enable better tracking of progress and performance per focus area.

THE GREEN COMMITTEE

This Committee drives all the environment efficiency initiatives within our outlets and in the head office buildings. Members of the Committee include: Head of TFG Sustainability, Head of Property, Group Services representatives and internal working groups.

Our Enterprise Risk Management (ERM) and combined assurance frameworks form the cornerstones of TFG's approach to responsible corporate governance.

All business decisions are underpinned by the Group values (PRIDE²)

Read more about corporate governance at TFG in our integrated annual report, available on our website.



We are committed to leading governance frameworks and implementing best practice

KING IV

The Supervisory Board is committed to exercising ethical and effective leadership and achieving the desired governance outcomes highlighted in the King IV Report on Corporate Governance™ for South Africa 2016 (King IV)¹. These outcomes support value creation in the short, medium and long term:

- Ethical culture
- Good performance
- Effective control
- Legitimacy

For details on how we support the four outcomes, please refer to our integrated annual report, which is available on our website.

Our King IV application register is also available on our website and demonstrates how we are applying specific governance structures, processes and practices to achieve the 16 King IV principles.

INTERNAL DOCUMENTS AND OVERSIGHT

There are multiple internal guiding documents to ensure we remain an ethical business and moral corporate citizen. The most important of these is the TFG code of good ethical conduct. It was launched in 2015 with an awareness campaign and forms part of an employee's sign-on pack and induction programme. A whistleblowing facility is also in place. Employees and suppliers are encouraged to use this facility to report fraud, corruption, bribery or employee misconduct.

¹ Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.

THE UNITED NATIONS GLOBAL COMPACT

We follow the 10 principles in the United Nations Global Compact (UNGC). Below is a table listing the four main areas in the Global Compact, its 10 principles and TFG's implementation of the principles.

Subject	Businesses should	Progress to date
Human rights	Support and respect the protection of internationally proclaimed human rights Make sure that they are not complicit in human rights abuses	Human rights declaration for employees adopted Human rights statement for suppliers adopted All suppliers are required to comply with UNGC as part of the on-boarding process. Code of good ethical conduct adopted
Labour	Have the freedom of association and effective recognition of the right to collective bargaining Eliminate all forms of forced and compulsory labour Abolish all child labour Eliminate discrimination in respect of employment and occupation	The standard terms and conditions amended to include UNGC principles
Environment	Support a precautionary approach to environmental challenges Undertake initiatives to promote greater environmental responsibility Encourage the development and diffusion of environmentally friendly technologies	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	Work against corruption in all its forms, including extortion and bribery	Addressed in TFG code of good ethical conduct Anti-corruption policy in place and training initiatives to commence

We are also included in the:

- FTSE/JSE Responsible Investment Index
- FTSE4Good Index Series
- Vigeo Eiris Best Emerging Market Performers Ranking
- Sustainalytics ESG Report ranking
- MSCI ESG Ratings assessment

CDP

We participate in the CDP (formerly the Carbon Disclosure Project) and achieved a score of B for 2019 (2018: B). We continue to uphold our responsibility to measure and reduce our carbon emissions and encourage responsible environmental practice.

EDUCATE TO EMPLOY

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Educate to Employ

We work with government and in communities across South Africa to advance job creation, underpinned by a strong focus on skills development.

EDUCATE TO EMPLOY



Through our work under Educate2Employ (E2E) we support SDG 8

E2E supports the Leadership and Customer and Employee Obsession pillars of our business strategy



The youth are our future and we have a role to play in developing them into leaders who can contribute toward sustainable businesses and positively impact South Africa.

The South African National Development Plan envisions a nation where the country embraces its potential and where opportunity is not determined by birth but by ability, education and hard work. This has inspired our way of thinking about our shared value strategy and we promote skills development and create employment opportunities across the country, with a strong focus on South Africa's youth.

THE CHALLENGE

South Africa has one of the highest youth unemployment rates in the world among those aged 15 to 34. Now, faced with the new crisis triggered by the COVID-19 pandemic, analysts are predicting a further, deteriorating impact on the joblessness among our youth population. South Africa's youth unemployment rate reached 58,1%¹ in the last quarter of 2019, up from 3,4% from the previous year. This leads to social inequality and an underperforming economy. It also means a significant portion of the country's talent pool is unskilled and lacking formal workplace experience.

¹ Source: Statistics SA's quarterly labour force survey.

E2E IN ACTION

THE MERCHANT PATHWAY

This programme is offered to merchants - it comprises technical and leadership skills and targets 'junior' merchants where skills are needed the most. We have trained 960 delegates through this programme since its launch in 2016. A particularly effective intervention on this pathway has been the *Full Negotiator workshop*, which has achieved a total return on investment of R214 million since its inception in 2018.

OUR RESPONSE

We work with government and in communities across South Africa to advance job creation, while building a strong pipeline of talent for TFG. This is underpinned by a strong focus on skills development.

FOCUS AREAS

Our approach is twofold:

- We offer internships, learnerships, skills development, academic programmes and bursaries to attract and up-skill high-calibre individuals for roles at our head office and across our brands in all stores. This is underpinned by an aggressive talent acquisition strategy.
- In addition to our metropolises, we roll-out projects in rural areas in South Africa where youth unemployment is rife and geographic location acts as a barrier to employment.

CUSTOMER-FACING MANAGEMENT DEVELOPMENT

We launched a programme in the last quarter of FY2020, with the aim of equipping more than 85 customer-facing managers with South Africa's Generic Management qualification. This intervention is specifically designed to develop a wide range of management competencies and is aimed at improving the effectiveness and leadership abilities of middle managers in TFG. Seventy-four percent of the delegates on this learning intervention are African Black employees - demonstrating our strategy to grow our equity leadership pipeline in store and field operations.

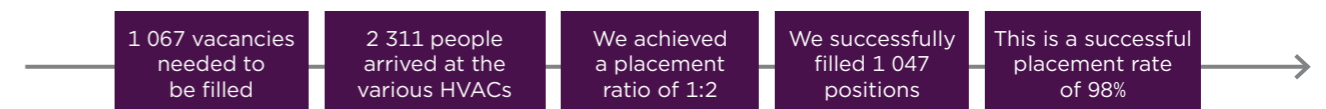
FOCUS ON EMPLOYING AND UPSKILLING PEOPLE LIVING WITH DISABILITIES IN SOUTH AFRICA:

ANELE'S STORY

Anele started on Micro Finance Learnership with TFG's customer services call centre in February this year. He had been struggling to find a job for over a year and is delighted at the opportunity to work and further his studies at the same time. Anele is grateful for the opportunity and intends to continue his studies after the learnership - through the salary he earns now, he is able to save for this.

HIGH VOLUME ASSESSMENT CENTRE (HVAC)

As part of our talent acquisition strategy in FY2020, we delivered 24 HVACs across Gauteng, Durban and the Western Cape. The aim was to source, screen and appoint high-calibre customer-facing talent. To support these initiatives, we ran multiple social media campaigns on Facebook, Twitter, LinkedIn and on our TFG Careers website, inviting suitable individuals looking for a career in retail to apply. Multiple TFG brands collaborated with each other, including The FIX, SportsScene, @home, Jewellery, Markham, Exact, Foschini, Totalsports, Design Centre, Prestige Clothing, TFG Logistics and Infotec to fill a variety of vacancies ranging from sales associates, store managers, sewing machinists, internships and distribution managers.





PROJECT ELEVATE

TFG has been registered as an accredited training provider with the Wholesale and Retail (W&R) SETA since 2018. In line with this accreditation, Project Elevate was launched – a skills development initiative to attract and develop high-calibre individuals for entry-level, customer-facing roles within stores across our brands.

Project Elevate targets unemployed youth who are given the opportunity to take part in a 12-month learnership programme that combines classroom-based training with practical work experience. The programme culminates in a nationally-recognised retail qualification. In 2019, 321 active learners were taken through the programme in Johannesburg, Cape Town and Durban. In addition to the metro areas, this programme has also been deployed to outer-lying areas in Gauteng and KZN to address youth unemployment in these areas, and build a pipeline of talent for our stores there.

As this is a TFG-led initiative we are able to customise content to ensure individuals are equipped with the skills they need to be successful in their roles. We also benefit from more opportunities to grow our talent pool and fill our stores with qualified and competent employees who are able to deliver an exceptional customer experience. A core focus going forward will be the delivery of alternative training methods and platforms and the implementation of precautionary measures required during the COVID-19 pandemic. As an example, a significant portion of the training material has been amended to be delivered online, thereby reducing the amount of traditional classroom-based style of delivery.

THE TFG RETAIL ACADEMY

TFG's Retail Academy continues to go from strength to strength. Key focus areas include 'customer obsession', 'employee obsession' and 'store optimisation' and these themes are integrated into the various modules offered. Five hundred and thirty-three (533) customer-facing managers were given opportunities to participate, ultimately resulting in a formal, nationally-recognised qualification.

The Retail Academy enables a learning pathway for current and future retail managers to develop management competencies and leadership abilities. The pathways are intended to empower our customer-facing employees to acquire the relevant knowledge, skills, attitudes and values required to operate confidently in our environment and to respond to the challenges and constantly changing world of work.

FOCUS ON EMPLOYING AND UPSKILLING PEOPLE LIVING WITH DISABILITIES IN SOUTH AFRICA:

WAYDE'S STORY

Before embarking on this opportunity with TFG, Wayde had been in the informal trading sector. Although this afforded him some sort of income, it was never stable or consistent. Given the opportunity to work and study at the same time through the learnership has really made a positive difference in Wayde's life. He is now able to help his family financially and getting a steady income has enabled Wayde to learn additional critical skills like saving and budgeting.

HLAMULO'S STORY

Hlamulo Nyathi was employed on the Retail Merchandising learnership for differently-abled individuals in October 2019. He had been unemployed for 2 years, and was delighted to get the opportunity to study and work at the same time with Markham, Menlyn Park Mall.

"Hlamulo has adjusted so well. He primarily works in the stockroom, unpacking boxes and working with the stock. However, since he is so friendly and engaging, he has also started assisting customers on the floor as well." – Stockroom Manager, Markham

"I was so happy to get this job with Markham, especially after struggling for so long. It is giving me very good experience and I am looking forward to the learning. I want to stay in retail... perhaps become a Stockroom Manager one day." – Hlamulo Nyathi

BURSARY CAMPAIGNS

For many years TFG has partnered with fashion and design school FEDISA and the University of the Western Cape (UWC) to provide financial assistance to students wishing to further their studies at these institutions. Many of these students have started their careers at TFG after graduating. For the 2020 academic year, we currently have two bursary students studying at FEDISA and one bursary student studying at UWC.

Due to the COVID-19 pandemic, many educational institutions and their learners have been impacted by the government-imposed lockdown which restricted classroom-based learning activity. As a result, UWC launched the #NoStudentWillBeLeftBehind campaign to help 30% of their students who don't have access to resources for remote learning. TFG donated R500 000 towards laptops and data for these students. This is because we firmly believe that every student has a right to quality education, and this is one more way we are able to show that #WeCareSA.

MHINGA VILLAGE THREE PROJECT

The outbreak of the COVID-19 global pandemic and the subsequent response by various government structures in curbing further spread has drawn a clear picture of how dense our urban areas and cities are. The major socio-economic issues that have motivated urbanisation in South Africa is poverty and unemployment.

It is for this reason that government, together with the private sector, needs to create a balance between rural and urban areas to ensure efficient distribution of services. This could be achieved by reducing the number of people flocking into urban areas in search of greener pastures - by creating a business friendly and growth-enabling environment in rural areas.

TFG partnered with W&R SETA to run a rural development project in the Mhinga Village of Limpopo and recruited 150 unemployed local youth. In November 2019, 125 of these learners graduated from the programme at the much-anticipated celebratory event held at the Tribal Council in the Mhinga village. These projects have contributed to the upliftment of our rural communities by creating opportunities for learning and local employment. Since the inception of the first project in 2012, seven participants have been promoted to store manager roles - demonstrating how these projects support a career in retail while creating a pipeline of talent for TFG.



This is an example of the public and private sectors working together to create access to training that increases the capacity of South Africa's youth to gain sustainable employment.

GRADUATE OF THE LEARNERSHIP - NC: RETAIL OPERATIONS

REGINAH MAKHADO HUMBULANI
Store Manager - Donna

REGINAH'S STORY

Reginah's career in retail started in 2012 as a sales associate in the Foschini brand. She hadn't had the opportunity to complete school, so when she was nominated to enrol on TFG's learnership to acquire a national qualification in retail, she grabbed it with both hands. Reginah had recently been promoted to a Store Manager with Donna, so studying through TFG gave her the platform to supplement her knowledge of the retail environment, and contributed to a more effective management of her store. She has learnt critical skills around budgeting which she has successfully implemented in store to save costs and increase efficiencies. The learnership has also positively impacted her personal life, enabling her to apply the knowledge she has gained around budgeting to her own finances.

STORE MANAGER LEARNING PATHWAY

LIZ JONES
Store Manager - American Swiss

LIZ'S STORY

"The Retail Academy has changed how I viewed myself as a store manager then to taking my role as a business man in MKM Mall of Africa. Through all the learning from the academy I implemented back in the store which saw the store growing by more than 14% YTD which was phenomenal. It has taught me the value of staff as they play a huge role in the success of the stores and my own career - people-centric and setting goals.

With the above mentioned success through the course I was **appointed to Total Sports as an area manager Johannesburg**. [The] Retail Academy has changed my life and grown me career wise all because I took the learnings from the course and used them in my day to day."

PRESTIGE MANUFACTURING PROJECT

In 2019, the Productivity Training Institute (PTI) invited companies in the manufacturing sector to apply for funding given by the Fibre Processing and Manufacturing (FP&M) SETA for learnerships and skills programmes. TFG used the funding opportunity to recruit unemployed youth into a career in clothing manufacturing and fashion, specifically in the fields of sewing machinists, mechanics, quality inspectors and digital/manual cutters.

This initiative was extended to 96 participants – both employed and unemployed. The learnerships targeted unemployed persons, giving them an opportunity to develop a holistic skill-set with substantial core components in the manufacturing sector. On the other hand, employed learners were placed on a variety of skills programmes, customised to leverage off their experience and skills already obtained in the work environment. The project addresses youth unemployment – particularly in rural areas like the Overberg District Municipality – where participants are given the opportunity to learn and work at our world-class manufacturing facility in Caledon.

EMPOWERING OUR EMPLOYEES THROUGH A FOCUS ON WELLNESS AND WORK-LIFE BALANCE

As part of our wellness strategy, we partnered with a leading employee lifestyle and engagement specialist to enhance our employee value proposition over the next three years.

As part of this journey, we introduced:

- An online service to enable head office employees to **book and manage their clinic appointments**

We also implemented a range of initiatives to further the wellbeing of our employees.

- In 2019 we introduced a telephonic counselling service available 24/7, 365 days a year that our employees and their immediate family members could access. The professional counselling service ranged from providing psychosocial support for stress management to financial advice on debt management to legal advice e.g. drafting a will.
- TFG as part of Retailers Unite participated in wellness initiatives for store employees across South Africa and in Namibia. As part of this initiative, employees undertook health assessments, eye tests and voluntary HIV/AIDS tests. Old Mutual's participation allowed employees to get advice on financial wellness too. Our retirement fund team were on site to engage employees on the benefit of making additional voluntary contributions to their pension funds and created awareness on the multitude of TFG benefits that are currently accessible.
- Wellness days were held at our head office and regional offices in Durban, Cape Town and Johannesburg as well as in our distribution and contact centres, in partnership with Discovery Health. Employees participated in wellness screenings which included HIV/Aids testing, lifestyle screening linked to stress, nutrition and exercise as well as financial wellness advice and support. A total of 300 employees attended these wellness days.
- In addition our seven onsite primary health clinics based at the distribution centres, head office, call centre and manufacturing plant had more than 12 000 employee consultations in 2019. Employees accessed primary health care services ranging from mild ailments, flu vaccinations, family planning advice and medication, health screenings, onsite counselling and chronic medication collections.
- We conducted 213 armed robbery interventions, where group counselling was made available to the 842 employees impacted by crime.

OUR RESPONSE TO COVID

During the COVID-19 pandemic, we have enabled employees with co-morbidities to work remotely from home, thereby reducing their risk of contracting the virus:

TFG'S DISABILITY-INCLUSIVE COVID-19 RESPONSE

People living with disabilities might be at increased risk of severe acute respiratory syndrome, coronavirus 2 infection or severe disease because of existing comorbidities.

TFG'S COVID-19 MITIGATION STRATEGY:

Where a comorbidity exists, as far as possible, employees can be declared as disabled and reasonably accommodated to work remotely from home instead of coming into the workplace.

WHAT WE CAN LOOK FORWARD TO IN 2021

SPRINGBOARDING OUR E-LEARNING CAPABILITIES

TFG's Technology Facilitated Learning (TFL) journey is positioned to springboard our e-learning capabilities into the future. The foundation of the TFL journey is to have a 'Single View of Employee'.

Other benefits include:

- Increased learning access and flexibility
- Alignment with best practice standards
- Improved quality of learning
- Faster and improved application of learning
- Improved consistency of learning experiences
- Greater value for money
- Improved management and administration of learning
- Reduced time to competence
- Faster response rate to changing business requirements and conditions
- Enhanced performance delivery

Following a company-wide launch of the TFG Learn platform in February 2020, we have observed substantial participation by employees as learning material is now easily accessible. This is further supported by 'reverse billing' which enables employees to continue their learning journey without incurring additional data costs.

THE IMPLEMENTATION OF A DIVERSITY AND SOCIAL INCLUSION STRATEGY

Led by TFG's National Employment Equity and Skills Development Forum (NEESDF), the focus for 2021 will be implementing a robust diversity and social inclusion strategy.

To enable this, we will approve and roll-out our first diversity and social inclusion policy, underpinned by education and awareness campaigns across the Group to promote diversity and social inclusion and create a workplace culture that supports diversity. To support these initiatives, we aim to spend 0,3% of our annual South Africa payroll on training and development initiatives for differently abled employees.

We remain committed to understanding the current and future trends influencing our workplace environment.

Current technological advances such as artificial intelligence, robotics, and the Internet of Things have drastically altered the talent landscape, transforming not only how we attract, develop and retain talent, but also what we consider 'talent' to be. It is therefore critical that we not only focus on the skill-sets we require today, but also define and prepare for those we will need in the future.

An evolving talent landscape further requires us to continually review and adjust our talent offering – from acquisition to development – to ensure we remain an employer of choice. As such, we are making strides to differentiate our offering and strengthen our Employer Brand.

Looking ahead, the impact of the COVID-19 pandemic means that there is still a lot of work to be done as we navigate the lockdown period and ensure that we emerge from this crisis with a sustainable business primed for the future.



ENVIRONMENT EFFICIENCY

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Environment efficiency

We recognise our responsibility to make a positive difference by increasing our resource efficiency.

ENVIRONMENT EFFICIENCY



Through our focus on resource efficiency we support SDG 12

Resource efficiency supports the Customer and Employee Obsession and Profit pillars of our business strategy



Resource efficiency is critical: reducing our resource usage saves costs and increases our sustainability.

Although our direct environmental impacts are low, it is still important that we measure and reduce as much as possible. There are more significant impacts found upstream in our supply chain (cotton growing, colour dyeing, printing and manufacturing) and downstream in customer washing, drying and ultimate disposal of garments. However, we recognise our responsibility to make a positive difference by increasing our resource efficiency at our head office and in our distribution centres and stores.

THE CHALLENGE

Natural resources are under pressure and becoming increasingly costly. An electricity crisis has resulted in load shedding and tariff hikes in South Africa. Water restrictions in South Africa and the drier conditions which caused the bushfires in Australia have further demonstrated our reliance on and urgent need to preserve the natural resources we depend on.

OUR RESPONSE

The efficient use of resources reduces pressure on the planet and saves us money. We have identified four major ways in which we believe we can reduce our impact:

- Manage paper and packaging waste
- Manage energy usage and implement energy efficient initiatives
- Reduce water consumption
- Manage our overall carbon footprint

Targets

- Electricity consumption at head office – 20% reduction in kW/h
- Electricity consumption in store – 5% reduction in kW/h per m²
- Paper consumption at head office – 10% reduction in volume
- Paper consumption in store – 10% reduction in volume per store
- Water consumption – remain below 50% of our 2017 baseline
- Electricity consumption at head office – 20% reduction in kW/h
- Recycling – achieve 85% recycling across all sites

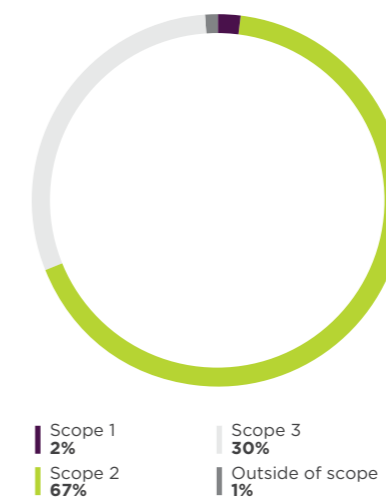
We work hard to eliminate waste across our supply chain by implementing lean operations within our manufacturing and merchandise procurement divisions. This is unpacked in more detail in the local supply chain development section of this report, from page 53.

RESOURCE EFFICIENCY IN ACTION

MANAGING OUR CARBON FOOTPRINT

Electricity consumption, waste, packaging and paper are the largest contributors to our carbon footprint and our efforts to reduce these impacts are detailed in the rest of this chapter.

TFG'S CARBON EMISSIONS



	2017 ¹	2018	2019	2020 ²
Scope 1 (this includes emissions from sources owned or controlled by TFG, such as generators or air conditioning units)	4 263	4 564	4 672 [#]	5 215
Scope 2 (this includes emissions associated with the consumption of purchased electricity, heat or steam from a source that is not controlled by TFG. For example, South African electricity utility, Eskom)	157 683	162 192	153 097	166 655
Scope 3 (this includes indirect emissions, other than purchased electricity, which are relevant to TFG's business activities – for example, business travel, outsourced transportation and paper consumption)	66 091	72 598	66 650	75 193
Outside of scope	1 901	1 935	2 542	2 743

We started including TFG London in our carbon footprint reporting in 2017. We plan to include the carbon emissions for TFG Australia by 2021 and are working with the business to improve the accuracy of their data collection processes. Purchased electricity is the biggest contributor to our carbon footprint.

We continue to see improvement in reducing the volume of purchased electricity and energy intensity per employee and at our stores:

	2017 ¹	2018	2019	2020 ²
Intensity: emissions per employee	11,37	10,76	10,02	10,61 [#]
Intensity: emissions per m ² (including stores) ³	0,17	Not reported	0,15	Not reported
Intensity: emissions per ZARm EBITDA	43,96	40,68	30,51	20,19
Purchased electricity (kilowatt) ⁴	168 435 221	175 636 062	174 055 466	172 568 048

¹ Data for 2017 is only for TFG Africa as TFG London was excluded from the reporting boundary.

² Due to difficulties relating to the COVID-19 pandemic, it was not possible to collect all the data from TFG London, thus many proxies from FY2019 were used.

³ Accurate area data was unavailable for TFG London, thus it was not reported in some years.

⁴ Kilowatt hours exclude renewable energy.

[#] Scope 1 stationary fuel was restated in FY2020.

IMPLEMENTING ENERGY EFFICIENT INITIATIVES

Our Group Services team at head office introduced new technologies that include motion sensors and daylight harvesting in all new buildings. This has resulted in a reduction in energy usage per head office employee.

Lighting is an important part of the retail experience and can enhance the customer journey. However, at the same time we need to ensure we are as efficient as possible in terms of the watts per m² we consume.

Analytics is currently in place for over 100 of our stores across the country and we continue to monitor lighting and how we can improve efficiency through better store design.

REDUCING WATER CONSUMPTION

Significant water saving initiatives were implemented at head office and our warehouses in 2018. This included the use of underground water and a grey water system. We also continue to work hard to increase awareness among our employees, across our operations and our supply chain, to reduce water consumption.

MANAGING PAPER AND PACKAGING WASTE

Managing waste at head office and our distribution centres remains a focus area. A new system was introduced in 2018 to manage printing and we have seen a positive decrease of 13% for 2020. However, the level of printing and paper usage in stores has not reduced as much as we would have hoped, and we will continue to focus on this moving forward.

It is a challenge to manage fabric waste – particularly offcuts and overruns that are an outcome of our in-house, local manufacturing – and are thus investigating various ways of repurposing this waste through strategic third-party collaborations.

We understand that if suppliers provide better quality cartons, we can reuse these to send stock from our distribution centres to our stores.

Since 2015, we have placed a focus on reusing our cartons resulting in reusing over 3,5 million cartons annually. This process has ensured that cartons in our supply chain do not end up in landfills prematurely after a single use. Thus over 90% of our cartons are reused and the 10% shortfall are repurposed cartons either from our local stores or other industries.

RAG continues to work on a take back, reuse and repair programme with Thread Together and the Australian Red Cross to support their efforts and reduce waste by providing garments to these charities on an ongoing basis. We are also in the process of investigating and trialling in store take back and repair programmes to encourage a more circular life cycle of garments.

PLASTIC

In Australia, our logistics team and warehouses have been working hard at improving packaging efficiency to reduce our carbon footprint. Meanwhile all of our brands have committed to all plastic shopping bags (in store and online) being made from at least 80% recycled materials by December 2020.

Recyclable plastic store bags made from recycled material were rolled out in our South African stores. Four of our brands adopted a recyclable bag made from recycled material ranging from 30% to 100%. The online bag* will also be recyclable and made from 45% recycled material.

The Group also rolled out reusable bags made from recycled PET bottles which were sold in some of our stores.

TFG joins South African Plastic Pact

There continues to be a strong focus globally on the harm that plastic can do to our environment and particularly our oceans. This is a complex issue in retail as plastic bags offer a convenient and affordable option in stores. If sourced and used correctly, plastic bags can also be reused and provide a more sustainable alternative to single-use carrier bags.

Therefore, we recognise the responsibility to balance the environmental imperative of reducing plastic waste with finding sustainable alternatives for our plastic packaging. In line with this thinking, TFG signed the South African Plastic Pact in order to meet the following pact objectives.

By 2025, we aim to change the way plastic products and packaging are designed, used and reused to ensure that plastics are valued and never become waste by committing to the following targets:

- Target 1 – Taking action on unnecessary and problematic packaging and plastic products through design, innovation or alternative delivery models.
- Target 2 – 100% of plastic packaging to be reusable or recyclable or compostable.
- Target 3 – 70% of plastic packaging effectively recycled.
- Target 4 – 30% average post-consumer recycled content across all plastic.

A packaging Steering Committee will be convened with representation across the Group to spearhead these targets effective for the year ending March 2022.

* This ecommerce bag holds all merchandise procured or purchased online.

WHAT WE CAN LOOK FORWARD TO IN 2021

As we progress on our journey to make a meaningful impact on the environment, a strong focus will be placed on investigating sustainable supply chain initiatives. As a fashion retailer, we aim to uncover projects that will kick start our sustainable supply chain journey.



STRENGTHEN OUR COMMUNITIES

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Strengthen our communities

We implement flagship projects and collaborate with key partners to strengthen and give back to the communities we operate in.

STRENGTHEN OUR COMMUNITIES



Through our focused CSI initiatives we support SDG 8

CSI supports all four pillars of our business strategy



As a leading lifestyle retailer, it is our responsibility to give back to the communities we operate in. The concept of paying-it-forward is significant to us and has inspired the thinking around our shared value strategy and how we strengthen the communities in which our existing and potential customers reside.

THE CHALLENGE

There is a close relationship between a business and the environment it operates in. TFG cannot be successful without a functioning economy and stable social conditions in the communities and markets we operate in. However, South Africa faces various challenges that include high levels of poverty and unemployment, which threaten this stability.

STRENGTHENING OUR COMMUNITIES IN ACTION

THE SEW GOOD PROJECT

Sew Good was launched in 2016 and is our flagship initiative run through TFG's manufacturing arm, Prestige Clothing.

Through this initiative, we provide training and skills development to previously unemployed women at our Prestige factories in Maitland and Caledon. These women then create tens of thousands of iconic purple blankets each year, which are distributed to disaster-affected communities.

OUR RESPONSE

We focus on implementing flagship projects and initiatives that strengthen the communities we operate in. These are aligned to the NDP and SDGs and are rolled out in collaboration with key partners to ensure they are delivered successfully and sustainably.

FOCUS AREAS

Our focus areas include:

- The Sew Good Project
- Investing in and supporting our communities through impactful CSI initiatives

The initiative is about more than a product. Each blanket is a symbol of hope and job creation that benefits an individual while instilling a sense of pride in the women who manufacture it.

We have made over 220 000 blankets since the project started, with 47 934 (2019: 49 201) blankets made and donated in the past financial year.

Through our partnership with Gift of the Givers we were able to assist various communities over the last year with blanket donations. Recipients have included victims of fire from several communities across the Western Cape, the elderly in Nelspruit, various homeless shelters in Cape Town, Uitenhage and Graaff-Reinet, old age homes and children's homes in Port Elizabeth.

For us, Sew Good truly reflects the positive impact of our shared value sustainability strategy, which balances our priorities of creating a positive and lasting social impact among communities, while achieving a financial and reputational gain for TFG:

Social impact

We use our existing resources to empower and upskill previously unemployed women and create lasting employment opportunities. In turn, these women produce blankets that benefit communities affected by disasters and poverty.

Financial gain

We benefit from increased investment in our local manufacturing and opportunities to collaborate with key media partners. Our brands also benefit by getting involved and donating goods and merchandise. This enhances our social currency and strengthens our reputation within the communities we operate in.



DOING GOOD THROUGH PRESTIGE CLOTHING

Our Prestige Clothing factory in Caledon was opened in 2008.

About Caledon

Caledon is a rural town and classified as an agricultural service centre. Challenges facing the community of Caledon include a lack of sustainable employment opportunities, low levels of education, limited access to affordable housing and poverty.

The significance of our factory and how it supports our shared value strategy

The establishment of our factory was a substantial development within the region that created opportunities to empower, educate and upskill previously unemployed local people and create meaningful employment. Importantly, Caledon and the surrounding towns provide a large labour catchment area for Prestige Clothing to draw from and expand on. This enabled TFG to create scalable, sustainable and reliable local manufacturing capacity that supports our quick response production timeline.

More information about the importance of quick response is available in the 'Develop our local supply chain' chapter of this report, from page 53.

Creating a world-class workforce

The challenge of a lack of skilled apparel manufacturing employees was overcome by effective recruitment and the establishment of an on-site training facility. In addition, we have invested in a clinic and have a permanent social worker on site to assist employees. We provide employees with a daily meal and a monthly hamper of basic goods at no charge. We also assist our employees with transport to and from the factory.

Building a best-in-class apparel manufacturing facility

Since 2008 the factory has continued to grow and expand:

- Caledon – from 20 employees in 2008 to **503 employees** in 2020
- It is equipped with the **latest technology** and **globally-competitive machinery**
- From 16 manufacturing lines and **1,47 million units** in 2012, the factory now has **39 lines that produced 4,4 million units** in 2020 (2019: 5,4 million)

Extending our reach beyond the factory and into the community

It is estimated that each employee supports four or five other local people in and around their homes. Therefore, we recognise our responsibility to spread the benefits of our presence in Caledon into the local community and surrounding towns.

The Group has made substantial donations to Caledon and surrounding communities. These include over 23 000 items with a combined value of over R414 000.



Sharing more about our sustainability initiatives with our customers

It is important to us that our customers and employees are aware of the work we are doing to create shared value along our value chain.

A key step in this journey was partnering with Proudly South African to increase awareness among internal and external stakeholders of our local production success. We also want to build the profile of our locally-produced products and services.

To take this forward we want to roll out a communications campaign that highlights our contribution to skills development and job creation and the great work being done at our Prestige Clothing factories. The campaign will be run via our social media platforms, media press releases and consumer magazines, through events hosted in collaboration with Proudly South African and using internal employee communication platforms.

WHAT WE CAN LOOK FORWARD TO IN 2021

INCREASE THE SEW GOOD IMPACT

Our aim is to increase the blankets manufactured and distributed to communities in need. We also plan to measure the impact on both the women who have made the blankets and the communities that have received the blankets since the inception of this initiative.

TFG FOUNDATION BENEFICIARY SCHOOL PROJECTS

We will continue to support the library and vegetable garden projects within our beneficiary schools in Gauteng where our footprint is largest. Our goal is to encourage reading and increase literacy rates as well as offer daily meals.

TFG AFRICA PROJECTS

The Group will continue to invest in CSI projects in the African countries in which we have a footprint and as determined by the need.

COVID-19 RESPONSE

During these uncertain times it is vital that we remain flexible and cognisant of the needs of the communities we operate in. To date, the Group has been able to provide support to our employees through the provision of food parcels and masks. Furthermore, masks will be distributed to the families of our employees. In addition, Gift of the Givers continues to distribute our purple blankets to communities who find themselves in need because of COVID-19.

Looking beyond South Africa

Australian Bushfire Community Relief

As a result of the 2019 bushfires, we worked closely with Thread Together and the Australian Red Cross recovery projects to assist our local communities through significant funding and clothing donations. In early 2020 we purchased and donated a van to Thread Together with a specialised fit out to facilitate the distribution of clothing to those in need. TFG Australia has made a four-year financial commitment for the associated operation and running costs for this van.

We continue to rely on our numerous partners to effectively execute our social impact initiatives. Our TFG Australia brands continue to build strong community partnerships through their partnerships with local initiatives and charities whom they support in store and online:

- Connor – R U OK
- Tarocash – Make A Wish
- yd. – Polished Man
- Johnny Bigg – Beyond Blue

Africa

We have partnered with SOS Children's Villages International in Namibia, Zambia, Lesotho, Eswatini and Botswana. SOS Children's Villages International is a global federation focused on promoting child care and safety, advocating for children's rights and ensuring access to quality education and training.

In partnership with the federation, we support various initiatives targeted at reducing unemployment through education and training. Through the investment we have made in Namibia, A. Shipena Secondary School has moved 14 places up in ranking in the Khomas region. In addition, as a result of the science lab, library and computer lab upgrade, A. Shipena is the only school in its region that offers all nine subjects on high level.

INVESTING IN AND SUPPORTING OUR COMMUNITIES THROUGH IMPACTFUL CSI INITIATIVES

We donated R22 million and positively impacted the lives of 650 000 people in South Africa.

Highlights include:

R5.3 million was invested into Sew Good, one of the Group's flagship CSI projects. This year the Group changed the blanket packaging from plastic to recyclable reusable bags. The decision to change the bags was an environmental one. At the same time the bag can be reused by the recipient. In addition, the bags are being produced by the Association of Physically Disabled in Nelson Mandela Bay. This partnership promotes economic growth and inclusivity in the work place.

We donated R8 million worth of customer-returned merchandise to various NPOs. This includes Fashion For Change which is a self-sustainable, social enterprise that provides unemployed youth with job opportunities in a retail environment.

In addition, the Group has partnered with Adidas and RTT on a project that donates customer returned merchandise to communities affected by disaster relief. During FY2020, R4,3 million worth of merchandise has been donated.

@home partnered with Habitat for Humanity South Africa to assist with building 4 homes for those in need.

Fabiani donates a percentage of sales from every shirt with a red button hole sold to The Children's Hospital Trust. This year R200 000 was donated and used towards the running of the Red Cross Children's Hospital Primary School.

Exact partnered with Ladles of Love and sponsored The Valley Primary School with meals for all the learners for the school year.

In support of Nelson Mandela Day the Group supported a number of initiatives:

- Book Drive: head office employees covered 4 000 books which were donated to the libraries the Foundation is refurbishing.
- Foschini and Soda Bloc partnered with LETCEE, an ECD non-profit. Employees spent the day with the learners and each learner received a goodie bag.
- Totalsports partnered with Plant a Ball, an initiative that strives to continue Nelson Mandela's legacy of using sport as a catalyst for change, and distributed over 2 000 soccer balls to communities across South Africa.
- @home and Jewellery donated and distributed 135 blankets.



DEVELOP
OUR LOCAL
SUPPLY CHAIN

54

Develop our local supply chain

By optimising our local supply chain, we can create shared social and financial value for us as a Group and for our strategic partners.

DEVELOP OUR LOCAL SUPPLY CHAIN



Through initiatives in our local supply chain we support SDG 8 and 12

Developing our local supply chain supports all four pillars of our business strategy



By optimising our supply chain, we can offer customers a wider range of in-demand, in-season products. This depends on our quick response capability and access to a high-performing, efficient supply chain that supports local design capacity.

THE CHALLENGE

Identifying and developing local supply chain partners is a challenge as South Africa's local clothing and textile industry is stagnant and characterised by outdated production processes. There is also a lack of young, experienced management to oversee technical and production activities at plant level.

OUR RESPONSE

To grow the capacity of TFG Design and Manufacturing, we have established two regional manufacturing hubs in South Africa – one in the Western Cape and another in KwaZulu-Natal. These hubs were made possible by leveraging strategic relationships with partners along our local supply chain. We have built two world-class quick response facilities – Prestige Clothing in Caledon and Maitland – which currently employs 1 313 people. We invest in supplier development and upskilling; and this approach applies across our supply chain and links fabric mills, manufacturer, suppliers and our retail brands. There is a focus on enhancing local design capability and improving our ability to react to in-demand, in-season sales. We invest in world-class automation and semiautomation energy-efficient manufacturing equipment.

FOCUS AREAS

In 2020, our key focus areas included:

1. Delivering more quick response units year on year
2. Aligning the elements of our local supply chain to enhance our value offering, uplift local communities and create shared value

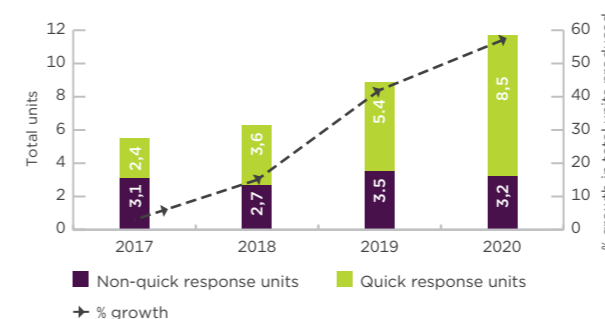
DEVELOPING OUR LOCAL SUPPLY CHAIN IN ACTION DELIVERING MORE QUICK RESPONSE UNITS YEAR ON YEAR

For the past seven years, our focus within TFG Design and Manufacturing has been threefold: increase efficiency, reduce costs and develop customer-facing, customer-centric teams within our local supply chain. This was underpinned by our breakeven strategy, which guided our ambition to offer a more relevant service and value offering to retailers.

The implementation of our fit-for-purpose quick response model has been critical in this regard. Quick response capabilities increase TFG Africa's speed to market by reducing lead times. Retailers are also able to make style or design-related decisions as late as possible within a season. This means they can be more responsive to what customers want and can more accurately order the correct type and quantity of product. Importantly, quick response makes it easier for retailers to clear stock and achieve full price sales, thereby improving profitability and sales margins.

BETWEEN 2014 AND 2020, TFG DESIGN AND MANUFACTURING:

- **Reduced our operating expenses** as a percentage of our turnover **from 21% to 11,6%.**
- Increased **turnover by 242%.**
- Increased the total number of units produced through TFG Design and Manufacturing from **4,9 million to 11,7 million** – with quick response units **increasing from 1,2 million to 8,5 million.**
- Developed **customer-centric design teams** that cater uniquely to every apparel retailer within TFG Africa (excluding footwear and accessories).
- Strengthened our quick response capability by establishing **two world-class quick response facilities** under Prestige Clothing.
- Made **significant strides** to align our purpose, processes and people **to ensure continuous improvement.** This included a strong focus on succession planning and developing a compelling rewards offer that is supported by modern skills development programmes **across all levels of the business.**



Building on this success, we revised our strategy in 2018 to focus on becoming a strategic local supply chain partner to the Group. Our new value-adding strategy will guide TFG Design and Manufacturing through to 2025, with our primary objective being to advance the value and fashion position of every apparel retailer in TFG Africa.

This will be driven by quick response as a competitive advantage and core competency. To ensure we remain relevant and deliver an enhanced value offering in comparison to other suppliers, we will focus on building our quick response capabilities to produce a broader product and style offering for retailers. This will enable us to trade more meaningfully in season and help our retailers remain highly responsive to customer needs.

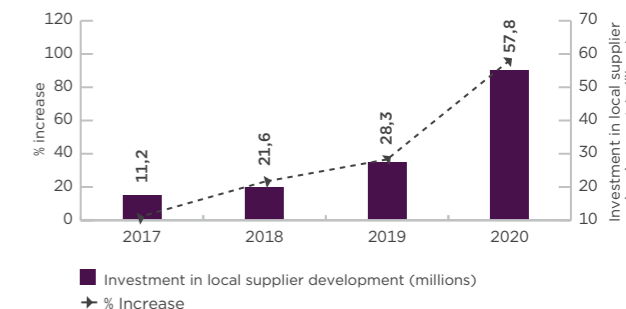
To measure the strength of our quick response model, the performance of TFG Design and Manufacturing will be evaluated against similar apparel supply chains in the upper quartile globally. This will be underpinned by continued investment in skills development, automated and semiautomated energy-efficient manufacturing equipment and systems and ongoing research into robotics.

ALIGNING THE ELEMENTS OF OUR LOCAL SUPPLY CHAIN TO ENHANCE OUR VALUE OFFERING, UPLIFT LOCAL COMMUNITIES AND CREATE SHARED VALUE

We continue to form strategic partnerships and engage with our stakeholders in industry, labour and government to support our 2025 objectives and align the various elements of our local supply chain.

Over the past three years, we have focused particularly on forming strategic partnerships with local yarn suppliers, mills, converters, outwork and factories to vertically integrate them into our supply chain. This gives us greater control and helps us achieve shorter lead times and reduced costs.

Importantly, local businesses benefit from and are more sustainable as a result of our investment into their people, processes and systems through business enhancement, skills development and improved job retention.



We regularly engage key public sector stakeholders and actively participate in initiatives that align to our strategy. In partnership with the Department of Trade, Industry and Competition (dtic), TFG was actively involved in the development of the R-CTFL Masterplan, which is the primary vehicle guiding the development of South Africa's R-CTFL value chain. We are fully committed to the deployment of the Masterplan objectives, which are well aligned to our supply chain strategy.

We believe our efforts reflect our commitment to being 'Proudly South African' as we prioritise local supply chain development that creates shared social and financial value for us as a Group and for our strategic partners.

A strong example of this is the positive impact we continue to make in the local communities of Caledon and Maitland, where we established our Prestige Clothing factories. By creating and supporting employment in these areas and investing in skills development we have increased disposable household income and strengthened community resilience.

[Read more about our Caledon factory from page 50 of this report.](#)

DEVELOPING AN ETHICAL AND TRANSPARENT SUPPLY CHAIN

We joined forces with Sedex as a responsible business partner

As part of our journey to promote corporate social responsibility in our supply chain, we joined Sedex as a responsible business partner in December 2018.

WHO IS SEDEX AND WHAT ARE THE BENEFITS FOR TFG?

Sedex is used by more than 50 000 members in over 150 countries and is one of the world's largest collaborative platforms for sharing responsible sourcing data on supply chains.

This data is available on a single platform and can be used to monitor our suppliers' compliance with leading labour, health and safety, environmental and business ethics standards. Importantly, this partnership provides a broader understanding of supply chain risk and how we can mitigate this, as well as how we can prioritise and improve suppliers' compliance through audits and rehabilitation. This helps strengthen our supply chain and drives continuous improvement.

Sedex also enables suppliers to collaborate with one another and share better practice, thereby strengthening the social supply chain within which our suppliers operate.

The mutual benefits to be gained by TFG and our suppliers reflect the intention behind our shared value sustainability strategy, which balances our priorities of creating a positive and lasting social impact among communities, while achieving a financial and reputational gain for TFG.

WHO IS INVOLVED?

Our local and international suppliers will be required to align with TFG through the Sedex platform. This includes all brands and divisions with the exception of our Jewellery division, as it requires additional business practices for diamonds and other precious metals.

Our TFG London brands, Whistles, Phase Eight and Hobbs, are also members of Sedex and participated in a supplier outreach programme to onboard their suppliers.

GETTING OUR SUPPLIERS ON BOARD

As part of our journey to onboard our suppliers, particularly many of our international suppliers, we hosted an international supplier conference in March 2019. The aim of this conference was to communicate the benefits and value-add of Sedex and ensure our suppliers are involved and committed to undertaking this journey with us. It will be compulsory for our suppliers to join Sedex.

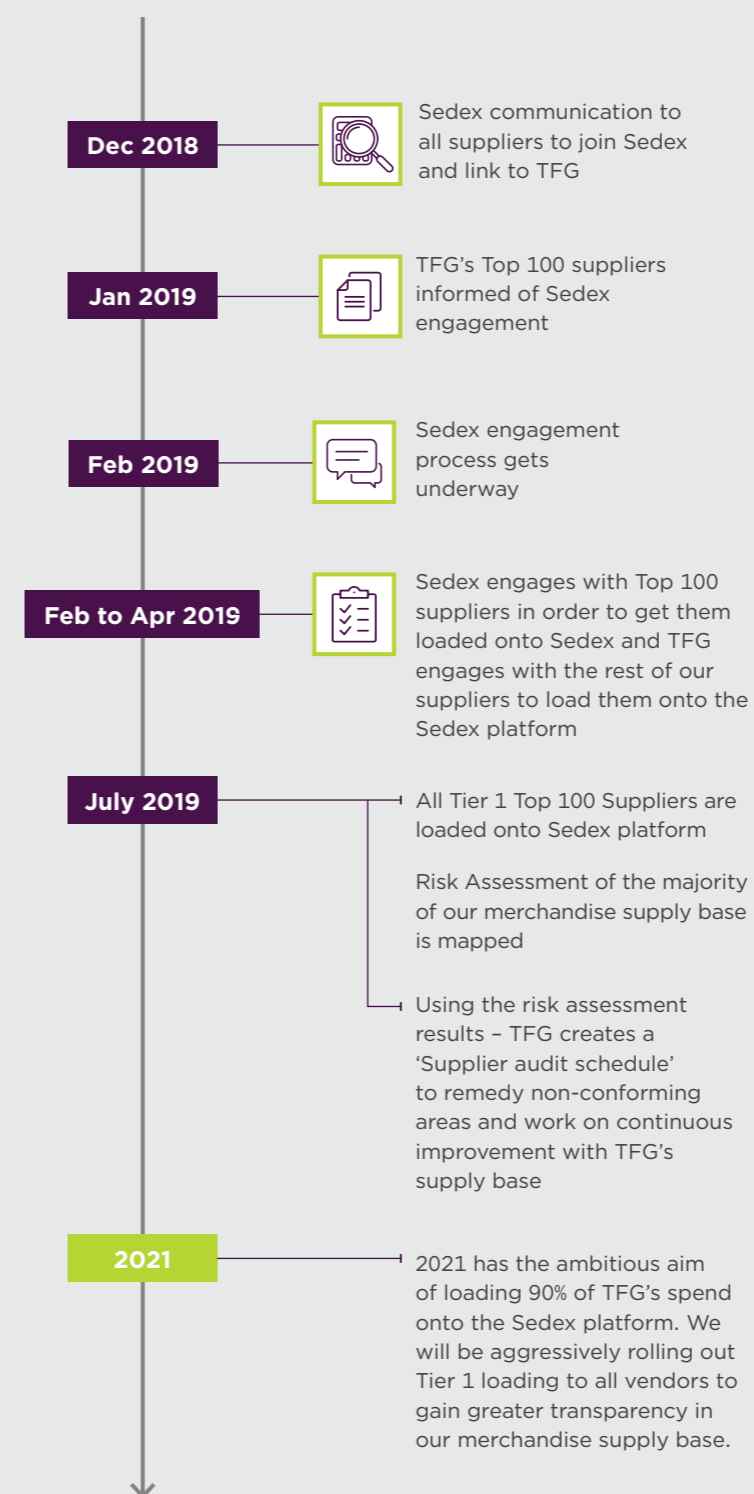
To date, 65% of our Top 100 suppliers are on board equating to 85% of spend, demonstrating their willingness to commit to better and more ethical supply chain practices for the long term.

Monitoring supplier conduct against our internal supplier scorecard

Our internal supplier scorecard for TFG Africa remains in place and supplements the benefits of our partnership with Sedex. TFG's supplier scorecard ranks our existing suppliers from A to D based on whether we can rely on them to deliver goods at the right time and in the right quantities and we continue to see good improvement in this regard. As at 31 March 2020, 87% of suppliers were ranked A to B.

As we continue to drive improvement across our supply chain we want to evolve this scorecard and aim to include a B-BBEE measure for our South African suppliers and carbon footprint reporting for international suppliers.

OUR SEDEX ENGAGEMENT TIMELINE



ETHICAL TRADING IN OUR TFG LONDON OPERATIONS

As well as joining the Sedex platform, we have taken additional steps to ensure ethical trading along their supply chains by also being collective members of the Ethical Trading Initiative. Through this platform they continue to make positive changes against their objectives.

All brands have mapped tier one and two of their supply chains, and in addition, Whistles adopted Segura as a new cloud-based platform that enables businesses to understand, map and control transparency in their supply chains to better manage and mitigate risks, as well as allowing to report on suppliers ratings in real time.

This year, the brands will launch a three-year capacity building programme for their suppliers in China in partnership with QuizRR. This digital training programme will enable suppliers to train their workforce in topics such as rights and responsibilities, health and safety and worker engagement; it will also generate impact by improving worker engagement and sustain knowledge, lower worker turnover and engage workers.

This year the brands have published their first Modern Slavery Act Statement which can be found [here](#).

TFG AUSTRALIA

In Australia the team has completed our first draft of TFG Australia's response to Modern Slavery Policy. A temporary extension of reporting deadlines has been granted pushing back our deadline from 30 September 2020 to 31 December 2020.

SUSTAINABLE COLLECTIONS AND MANUFACTURING

All brands have made significant progress in introducing sustainable elements in their collections. All of the brands have introduced a significant percentage of both recycled polyester and sustainable Lenzing ECOVERO™ and Lyocell viscose, as well as becoming members of the Better Cotton Initiative.

In addition, both Hobbs and Whistles became members of the Responsible Wool Standard, which provides traceability of the merino wool supply chain to farm, as well as guaranteeing the respect of the highest animal welfare standards.

After launching their sustainable Yak range, which supports nomadic farming and environmental protection in the Tibetan plateau, this year Whistles will launch a range of traceable cashmere. This combines environmental protection of Inner Mongolian farmland, great respect for animal welfare and continuous support for nomadic herding communities.

This year they will also launch their first range of sustainable denim.

Expanding their reach to include sustainable manufacturing, the brands will be working across the group with suppliers to use processes that mitigate environmental impacts and improve working conditions during production. Particular focus will be given to tanneries, denim production, dyeing and printing.

Empowering Namibia's local supply chain

We are collaborating with the National Clothing Retail Federation (NCRF), various local suppliers and the Namibia Trade Forum (NTF) as part of Namibia's Supply Chain and Enterprise Development Programme.

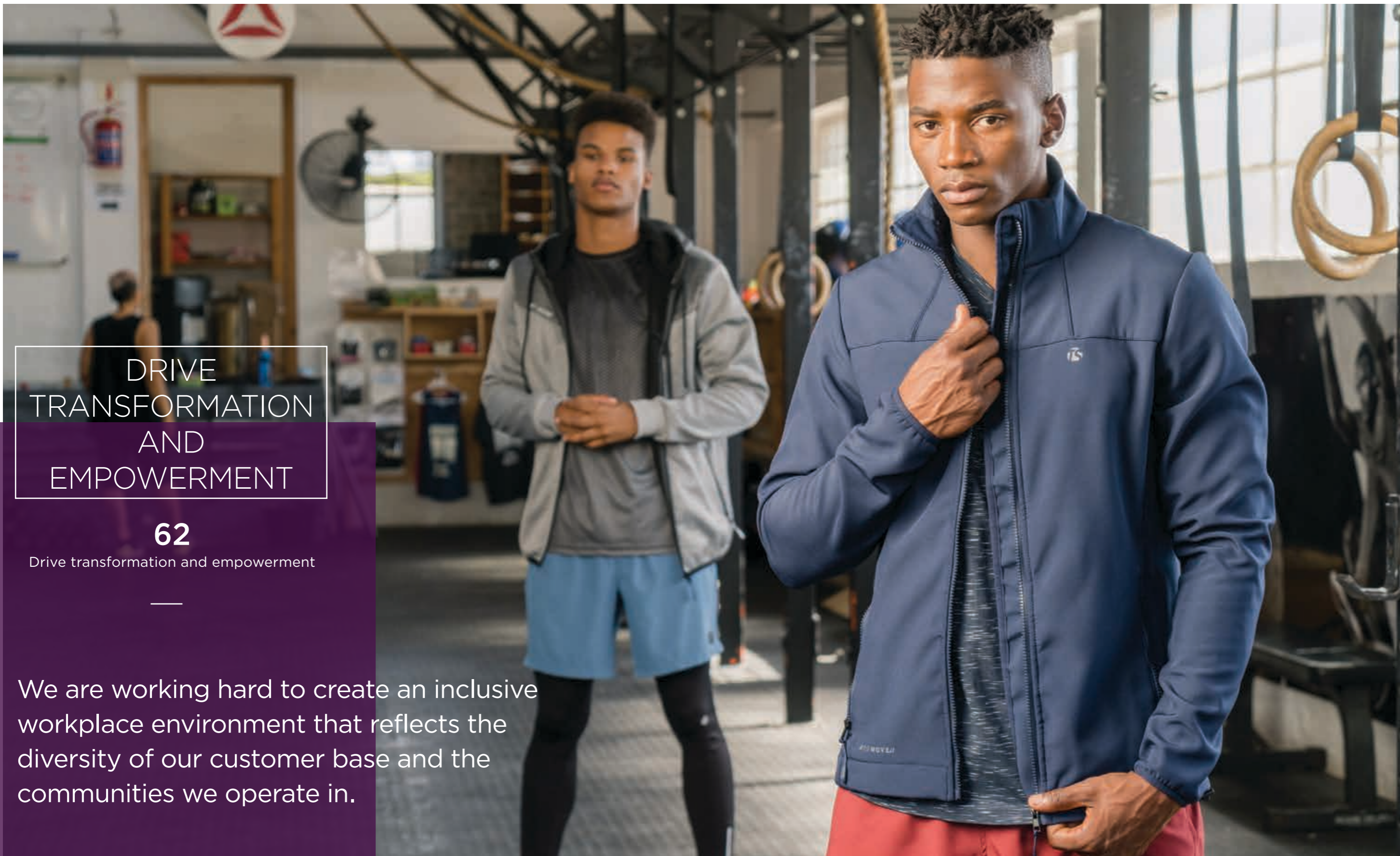
The Programme consists of three phases. We undertook phase 1 in 2018 and conducted a benchmarking exercise to understand the capabilities of Namibia's clothing and textile suppliers. The results indicated a short supply of suitable suppliers able to satisfy retailers' demands.

The NCRF met with the NTF towards the end of 2018 to discuss phase 2. This involves developing a clothing-specific retailer charter focused less on product procurement and more on skills development, training, non-merchandise procurement and CSI. We continue to monitor process in this regard and look for opportunities to contribute to empowering Namibia's local supply chain.

WHAT WE CAN LOOK FORWARD TO IN 2021

- Customers are becoming more discerning with ever evolving fashion needs. Quick response capability is a strategic core competence, necessary to meet these demands effectively.
- In response, TFG Design and Manufacturing will grow from 73% quick response to 100% before the target of FY2025.
- Strategic investment in key supply chain partners is the cornerstone of this supply chain growth strategy. Opportunities to leverage external funding to achieve this will be explored.
- We will continue exploring strategic supply chain acquisitions that enhance local quick response capacity and capability and deepen vertical integration in the local supply chain.
- The COVID-19 pandemic has been an unprecedented crisis, placing immense strain on South African society and our local supply chain is no exception.
- TFG Australia has committed to stand by the workers in our supply chain who have been heavily impacted by COVID-19. Our CSR team are actively engaging with Baptist World Aid (BWA) 2020 commitments which are a direct response to the current challenging climate. Our team is currently engaging in web seminars to expand our knowledge of the impacts on our workers and actions we can take to mitigate these and working towards refining our strategy.
- Our economy will be in critical need of job opportunities post-COVID-19. TFG will be well positioned to respond to this national need through our local supply chain strategy.





DRIVE
TRANSFORMATION
AND
EMPOWERMENT

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Drive transformation and empowerment

We are working hard to create an inclusive workplace environment that reflects the diversity of our customer base and the communities we operate in.

DRIVE TRANSFORMATION AND EMPOWERMENT



Through initiatives to drive transformation and empowerment we support SDG 8 and 12

Driving transformation and empowerment supports the Customer and Empowerment Obsession, Growth, and Profit pillars of our business strategy



Our business must reflect the diversity of our customer base and the communities we operate in. This will enable us to remain relevant and ensure the long-term success of our business. We therefore need to create an inclusive workplace environment able to attract and retain diverse talent.

Beyond B-BBEE, we are challenged to achieve broader transformation within our business. This means diversifying our employee profile to reflect an appropriate mix of gender, experience and cultural backgrounds, as well as increasing the number of individuals with disabilities within our workforce.

OUR RESPONSE

The Social and Ethics Committee, through its governance and oversight role, ensures that an appropriate transformation strategy exists and that it is aligned with B-BBEE and the associated codes of good practice. The transformation strategy is reviewed yearly, and clear guidelines are defined for each of the five pillars of the B-BBEE scorecard.

We engage with our biggest international suppliers at a Supervisory Board level to find a solution to non compliance with the B-BBEE regulations. This engagement is ongoing and remains a strategic focus area.

We are working hard to promote a disabled-friendly environment to actively encourage equality and inclusion of all employees. We continue to seek opportunities for disabled employees, secured through various initiatives such as learnerships.

FOCUS AREAS

In 2020, our key focus areas included:

1. Ongoing monitoring of our B-BBEE performance
2. Increasing the representation of Black employees within our senior and middle management teams
3. Continuing to attract people with disabilities

THE CHALLENGE

Under Apartheid, the majority of South Africans were systematically and purposefully restricted from meaningful participation in the country's economy. Despite state policy and multiple interventions aimed at overcoming this economic disparity, inequalities in the distribution of and access to wealth, income, skills development and employment persist. As a result, South Africa's economy continues to perform below potential. The Department of Trade and Industry's (dti) Broad-Based Black Economic Empowerment (B-BBEE) regulations outline what is expected of business to play a meaningful role in South Africa's transformation process.

We are committed to playing our part. However, the 'enterprise and supplier development' element of the B-BBEE regulation is a challenge for us as an international retailer. We have multiple significant international suppliers from whom we procure merchandise. These suppliers are not compliant with South African regulations and this has a negative impact on our overall B-BBEE level.

DRIVING TRANSFORMATION AND EMPOWERMENT IN ACTION

ONGOING MONITORING OF OUR B-BBEE PERFORMANCE¹

Our commitment to transformation yielded a Level 6 rating, with a score of 70,57 points out of 109. We also achieved a recognition rating of 60% and earned Empowering Supplier status in terms of the dti's B-BBEE scorecard.

Ownership
We maintained our Black shareholding with Black rights originating from mandated investments.

Skills development
We continue to support job creation and skills development by investing in key skills required to sustain and grow the retail sector and its workforce. As with the employment equity scorecard, the skills development targets are based on racial demographics of the economically active population.

There were legislated changes to the Skills Development element of the B-BBEE scorecard which impacted on our ability to reach our targets. As a result, we are reviewing our strategy in order to optimise our spend on skills development initiatives and resulting scores.

Management control
The Black representation at both the Operating Board and executive and senior management levels is being secured through a continued focus on diversity in the succession planning and talent management processes.

Employment equity remains a critical aspect of the Group's transformation agenda. In line with this, the alignment of Group and divisional targets with the national economically active population of South Africa remains a key focus. Reasonable progress continues to be made in transforming our managerial ranks and a number of initiatives have been put in place to build a pipeline of talent to assist us in reaching our targets. Development opportunities at senior management level continue to be aligned to the selection of employees from designated groups.

Our B-BBEE performance

B-BBEE element	Maximum	2020 achieved	2019 achieved	2018 achieved
Ownership	25,0	15,34	13,91	11,15
Management control	19,0	9,54	10,30	6,65
Skills development	25,0	9,29	16,24	15,32
Enterprise and supplier development	46,0	30,96	25,12	21,93
Socio-economic development	5,0	5,0	5,0	5,00
Total	120,0	70,13	70,57	60,05
B-BBEE contributor level		Level 6	Level 6	Level 7
Empowering supplier		Yes	Yes	Yes

Socio-economic development
Our Group goal is to support the United Nations Sustainable Development Goal 8 which targets the achievement of full and productive employment, and decent work, for all women and men including for young people and persons with disabilities, and equal pay for work of equal value by 2030.

1,08% of NPAT was distributed, through socio-economic development activities this year, to beneficiaries that have a Black base of at least 75%.

Enterprise and supplier development
Preferential procurement remains a focus. The Group established a non-merchandise procurement capability during the year and developed a robust strategy for our supply base which includes continual review of possible opportunities for Black-owned and Black-women-owned suppliers.

Our main contribution to enterprise development continues to be clothing, fabric and machinery donations. Supplier development initiatives included loans and advances, donation of machinery and fabric, preferential payment terms and human resources capacity support.

¹ Relates to South Africa only.

INCREASING THE REPRESENTATION OF BLACK EMPLOYEES WITHIN OUR SENIOR AND MIDDLE MANAGEMENT TEAMS

94,9% of our current workforce is made up of employment equity (EE) candidates - with 64,4% made up of African Black employees.

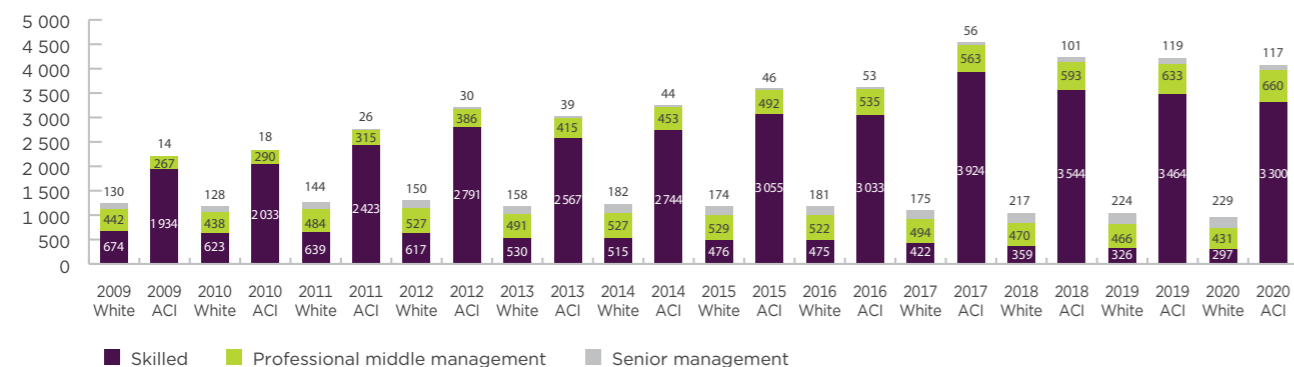
The following table reflects our overall employee composition as at 31 March 2020:

Occupational level	Male				Female				Foreign	
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female
Top management	-	-	-	4	1	-	1	1	-	1
Senior management	13	27	21	118	8	30	18	108	2	1
Professional middle management	80	149	46	137	103	232	50	283	9	2
Skilled junior management	563	314	43	45	1 275	972	133	246	3	3
Semi-skilled workers	4 087	951	94	30	7 121	2 433	239	104	7	7
Unskilled workers	214	137	1	-	467	678	1	-	4	2
Temporary	175	52	1	2	213	161	5	7	-	-
Total employees at 31 March 2020	5 132	1 630	206	336	9 188	4 506	447	749	25	16

We continue to focus on transforming our managerial ranks. As at 31 March 2020:

- 34% of senior managers are EE (35% in June 2019) and 6% are African Black
- 60% of professional middle managers are EE (58% in June 2019) and 17% are African Black

The following provides an overview of how our employee profile has changed since 2009 as we work toward achieving our EE targets across the business:



** as at 31 March 2020

We want to continue to build on this success, and EE progress at the senior and middle management levels remains a key strategic focus area.

A three-year EE plan was signed off by each division within TFG and will run until 2021. This plan makes each division accountable for reaching specific targets per occupational level. The primary focus is on increasing the representation of African Black employees and employees with disabilities within TFG.

Senior management is required to sign off placements before any offers are made to non-EE candidates when recruiting for employees from junior to top management. This strategy was demonstrated during the year:

- 76% of middle management hires were EE appointments
- 58% of senior management hires were EE appointments

To further support this strategic focus, all non-EE appointments from junior management level must be approved by the Operating Board. We have identified multiple sources to recruit EE talent and achieve our corporate transformation goals. These include our employee referral programme, the TFG careers website, social media platforms, industry forums, mobile recruitment platforms, internal talent progression and key government partnerships with organisations such as W&R SETA, among others.

CONTINUING TO ATTRACT PEOPLE WITH DISABILITIES

Many people with disabilities still face barriers when it comes to access to employment. To demonstrate our commitment to a culture of diversity and social inclusion, TFG will run a disability campaign in the upcoming financial year. The objective of this campaign is to increase awareness within TFG and encourage a culture of inclusion. This campaign will be supported by 'change champions' and identified role models with disabilities from within the business. Through these campaigns, we aim to encourage employees living with disabilities to voice their challenges, concerns or expectations so we can better support and reasonably accommodate them within the workplace.

We are also committed to training and developing people living with disabilities. In line with this, a portion of TFG's funding from W&R SETA will be used to attract and appoint a higher number of unemployed people living with disabilities into learnerships and internships.

TFG's manufacturing division, Prestige, partnered with TVET SA (Thandeka Vocational Education Trust - an FP&M SETA accredited training provider) on a project to train graduates from St. Vincent's School of the Deaf. The learners entered an NQF Level 2 CTFL Manufacturing Learnership (sewing) from October 2019 until September 2020. Training is conducted at the school by experienced facilitators from TVET SA, assisted by a sign language translator. Workplace experiential training takes place in the factory. Funding is allocated from the Special Projects Fund in FP&M SETA in order to skill differently abled learners, thus increasing their employability in industry.

WHAT WE CAN LOOK FORWARD TO IN 2021

The Group is committed to Broad-Based Black Economic Empowerment (B-BBEE), and each year the Group delivers shared value through various empowerment initiatives.

Looking ahead there will be continued focus on the appointment and promotion of African Black males and African Black females. Taking cognisance of the December 2019 Codes amendments, the development and implementation of an all encompassing bursary strategy. We will also continue structuring investments into our local manufacturing supply chain - both monetary and non-monetary in nature with the outcome of creating increased jobs and empowering the small and medium-sized enterprises.

We will endeavour to increase our positive impact within our communities through the Group's flagship CSI project, Sew Good by upskilling more previously unemployed women and manufacturing and distributing more of the purple blankets.



ABOUT THIS REPORT

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Scope and boundary

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Consolidated performance table

This report provides insight into our non-financial performance and the progress against our strategic focus areas.

SCOPE AND BOUNDARY

Our 2020 sustainability overview report provides insight into our non-financial 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 aims to reflect the manner in which sustainability is integrated into our business, in accordance with the recommendations of King IV. It further aims to present our perspective on what sustainability means for operations and includes information on the progress against our strategic focus areas. Since last year, there have been no significant changes to TFG's organisational structure.

While information is provided on all three business segments, prominence is given to TFG Africa as it accounts for 74% of the Group's EBITDA. The performance review for TFG London and TFG Australia will be included within the next few years. As a phased approach, the purchased electricity and employee commuting data of both Phase Eight and Whistles has been included in the carbon footprint reporting.

OUR REPORTING SUITE

This report is one element in our annual reporting suite and supplements the information included in our 2020 integrated annual report.

Reporting element	Target audience	External assurance status and provider
Integrated annual report	All stakeholders	No external assurance
Annual financial statements	Shareholders, the investment community and analysts	Audited by Deloitte & Touche (see external audit report in the annual financial statements)
King IV register	All stakeholders	No external assurance
B-BBEE credentials and scorecard	All stakeholders	Assured by 1st Verification Networx

The full suite of reports can be found at: www.tfglimited.co.za.

The reporting period is for the financial year ended 31 March 2020. For material information relating to performance, markets and operations, please refer to our integrated report and annual financial statements available at www.tfglimited.co.za.

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

CONSOLIDATED PERFORMANCE TABLE

Performance indicator	% change	2020	2019	2018
Economic and related core baseline indicators				
Retail turnover (Rm)	3,6	35 323,3	34 101,4	28 519,5
Operating profit before finance costs and acquisition costs (Rm)	(4,1)	4 684,7	4 882,6	4 126,5
EBITDA (Rm)	(0,2)	8 513,3[#]	8 531,8 [#]	4 872*
Headline earnings excluding acquisition costs (Rm)	(1,0)	2 717,4	2 745,1	2 528,2
Earnings per ordinary share excluding acquisition costs (cents)	(7,6)	1 056,2	1 142,5	1 105,5
Headline earnings per ordinary share excluding acquisition costs (cents)	(1,1)	1 174,4	1 187,9	1 124,1
Distribution declared per ordinary share (cents)	(57,1)	335,0	780,0	745,0
Value added (Rm)	(2,6)	11 256,4	11 558,5	9 732,1
Total number of outlets	0,0	4 083	4 085	4 034
Total number of TFG Africa insourced distribution centres	0,0	7	7	7
Number of environmental, health and safety and/or governance legal incidents		zero	zero	zero
Employee indicators				
Total number of employees	2,2	29 776	29 121	27 825
Permanent full-time employees	2,0	17 443	16 555	16 223
Permanent part-time employees	2,4	2 543	2 915	2 848
Flexitime employees	13,1	6 811	6 370	5 634
Contract employees	10,2	1 254	1 622	1 472
Casual employees	5,4	1 740	1 737	1 648
Employee turnover (excluding contractors) %	(14,2)	24,3	30,1	35,1
Employment equity (% representation of previously disadvantaged groups among permanent employees) South Africa only				
Top management	150,0	25%	25%	10%
Senior management	6,1	34%	35%	33%
Specialists and middle management	5,6	60%	57%	54%
Skilled technical and junior management	1,1	92%	91%	90%
Semi and unskilled employees	0,0	99%	99%	99%
Investment in employee training and development				
Total expenditure (Rm)	4,7	162,2	150,2	143,5
% of payroll	(17,2)	2,6	2,4	2,9
Total number of employees trained	5,0	146 276	140 886	134 166
Work-related fatalities		zero	zero	zero
Number of classified injuries				
Number of days lost	85,6	3 567	3 653	1 968
Number of incidents	(16,8)	502	916	1 101
Number of incidents where days off were three or less	(36,9)	379	654	1 036
Number of work days lost due to industrial action				
		zero	zero	zero

* Pre IFRS 16.

Post IFRS 16.

Performance indicator	% change	2020	2019	2018
Corporate social investment - TFG Africa				
CSI total spend (Rm)	(12,0)	23,2	25,1	22,1
Merchandise donations for the benefit of the Feel Good Project (Rm)	(64,2)	2,9	8,1	7,4
Environmental matters - TFG Africa				
Purchased electricity usage (kilowatt hours) (stores, distribution centres and offices) (millions)	(0,7)	165 371 680,0	166 542 769,7	172 142 641,2
Environmental matters - TFG London				
Purchased electricity usage (kilowatt hours) (stores, distribution centres and offices) (millions)	(4,2)	7 196 368,0	7 513 145,5	4 570 809,0
Carbon footprint (tonnes CO₂e) - TFG Africa				
Total emissions	31,1	289 526,8	220 829,2	1 726 770,5
Scope 1	11,9	5 016,0	4 483,9	4 563,6
Scope 2	9,2	164 816,0	150 959,2	1 650 585,0
Scope 3	16,1	72 935,0	62 844,0	69 687,0
Non-kyoto	7,9	2 742,6	2 542,0	1 934,9
Intensity: emissions per m ² (including stores)	9,1	0,17	0,15	0,17
Water consumption (kilolitres) (head offices and distribution centres)	(19,0)	44 017	54 373	44 988
Carbon footprint (tonnes CO₂e) - TFG London				
Total emissions	(29,9)	4 296,0	6 130,8	4 518,3
Scope 1	6,0	199,0	187,7	0,0
Scope 2	(14,0)	1 839,0	2 137,3	1 606,9
Scope 3	(40,7)	2 258,0	3 805,8	2 911,4
Non-kyoto		0,0	0,0	0,0
Intensity: emissions per m ² (including stores)	(100,0)	^	0,0	0,0

^ Due to COVID-19 information not available.

