



**A COMMON
THREAD
SUSTAINS US**



2021

SUSTAINABILITY OVERVIEW REPORT

THE FOSCHINI GROUP LIMITED ● ● ●





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This sustainability overview report was prepared by the TFG sustainability team in collaboration with content owners in TFG Africa, TFG London and TFG Australia. It relates to the financial year from 1 April 2020 to 31 March 2021 with the full scope and boundary, frameworks as well as key indicators provided on page 4.

The report was approved by the Supervisory Board's Social and Ethics Committee on 27 July 2021.

Prof. F Abrahams

Chairperson of the Social and Ethics Committee

THE DORSET RUNNER

(From the Whistles sustainable trainer project)

Biodegradable leather used for upper and lining, tanned using environmentally friendly and metal-free processes - it is fully compostable

QR label
100% recycled PET

100% organic

Foundation insole
70% recycled polyester
30% recycled PET

100% recycled foam insole
made with foam offcuts and waste material

Sole made with **20%**
and 80% virgin rubber

Custom jacquard upper fabric from
100% recycled fibres, a mix of
industrial waste and recycled polyester

cotton laces



recycled chopped up shoes
er to provide the durability required

01

ABOUT OUR REPORT

ABOUT OUR REPORT

Our 2021 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.

The acquisition of Jet in September 2020 was a significant event and affects comparability.

While information is provided on all three business segments in this report, prominence is given to TFG Africa as it accounts for 69% of the Group's turnover. We are increasing our sustainability data collection and disclosures for TFG London and TFG Australia.

OUR REPORTING SUITE

This report is a concise communication, supplemented by further reporting elements and information available in our investor centre (www.tfglimited.co.za). In conjunction with our integrated annual report, these reports provide a comprehensive view of TFG's performance. Non-financial information provided in this report was not assured externally, other than indicated below:

Financial reporting		Governance reporting		Environmental and social reporting	
Target audience: shareholders, investment community and analysts		Target audience: All stakeholders		Target audience: All stakeholders	
Reporting element	External assurance status and provider	Reporting element	External assurance status and provider	Reporting element	External assurance status and provider
Annual financial statements	Audited by Deloitte & Touche (see external audit report)	TFG corporate governance and Supervisory Board Committee reports	No external assurance	TFG sustainability overview report	No external assurance
Results announcement	Reviewed by Deloitte & Touche	King IV register	No external assurance	B-BBEE credentials and scorecard	Assured by Mazars Consulting Services Proprietary Limited
Results presentation	No external assurance	Notice of annual general meeting	No external assurance		

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

Although we make significant efforts 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

OUR TIME FRAMES

Short term	Medium term	Long term
Current to one year	One to three years	Three to 10 years



Disclaimer

Images in this report showing people not wearing masks were either taken prior to COVID-19 or in a safe environment.





02

WHO WE ARE

WHO WE ARE

OUR VISION AND MISSION

To be the leading fashion and lifestyle omnichannel retailer in Africa whilst growing our international footprint by providing innovative products and 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.

THE TFG DIFFERENCE

29 LEADING FASHION LIFESTYLE RETAIL BRANDS
OF WHICH **25** ARE OMNICHANNEL

4 284 TRADING OUTLETS IN **26** COUNTRIES
ON **five** CONTINENTS

Income diversification
THROUGH 79%:21% CASH VS CREDIT SALES
CONTRIBUTION

R378,1 million INVESTED IN DIGITAL
TRANSFORMATION AND E-COMMERCE OVER
THE PAST TWO YEARS

Integrated online platform FOR
ALL TFG AFRICA ONLINE BRANDS WITH SINGLE
CHECK OUT AND MULTIPLE PAYMENT OPTIONS

9,3% COMPOUND ANNUAL GROWTH RATE
IN TURNOVER OVER FIVE YEARS

10,1% COMPOUND ANNUAL GROWTH RATE
FOR TFG AFRICA OVER FIVE YEARS

26,4 million TOTAL NUMBER OF myTFGrewards
LOYALTY MEMBERS (TFG AFRICA INCLUDING JET)

13,9 million SOCIAL MEDIA FOLLOWERS
AS AT MARCH 2021 ACROSS ALL TFG BRANDS
AND **152 million** SITE VISITS DURING THE
PAST FINANCIAL YEAR

TFG AFRICA SOCIAL MEDIA AUDIENCE
>200% AHEAD OF CLOSEST COMPETITOR

18% TFG AFRICA MARKET SHARE OF ONLINE
TRAFFIC COMPARED TO "ONLINE ONLY" BRANDS
(SimilarWeb online monitoring tool, user sessions for web
and app March 2021)

37% TFG AFRICA MARKET SHARE OF ONLINE TRAFFIC
COMPARED TO "BRICK AND MORTAR" BRANDS
(SimilarWeb online monitoring tool, user sessions for web
and app March 2021)

OUR VALUES

TFG believes that 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 & 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.



ABOUT TFG

Our corporate profile

TFG is one of the foremost independent chain-store groups in South Africa and has a diverse portfolio of 29 leading fashion retail brands offering clothing, jewellery, cellphones, accessories, cosmetics, sporting apparel and equipment, and homeware and furniture from value to upper market segments.

TFG was established in 1924 and listed on the Johannesburg Stock Exchange (JSE) in 1941.

The majority of our turnover is in the form of cash sales to customers, with the balance being from our own in-house credit offering. Credit is offered to customers in South Africa, Namibia, Botswana, Lesotho and Eswatini. Revenue is also generated from interest received on customers' store cards and through value-added services available to our TFG Africa customers.

Our focus is on speciality retail where we invest in brands and build brand equity. Our brands cater for market segments from value to upper income while providing convenient shopping experiences in-store and online. Our unique portfolio of brands, geographic spread and customer retention initiatives differentiate us from other retailers locally and abroad.

South Africa and Namibia are TFG Africa's most significant markets, with the UK and Ireland being the most significant markets for TFG London. TFG Australia is focused on Australia and New Zealand.

We source our product offering both locally and offshore, with strong in-house design teams across all business segments. TFG Africa's manufacturing capabilities are coordinated through our own factories and various independent cut, make and trim (CMT) factories. This provides significant quick response capability and is a key differentiator for the Group.

Our strategic pillars drive our value-creating business model:



**Customer
& employee
obsession**



Leadership



Profit



Growth

Our stakeholders



Customers



Shareholders



Employees



Suppliers



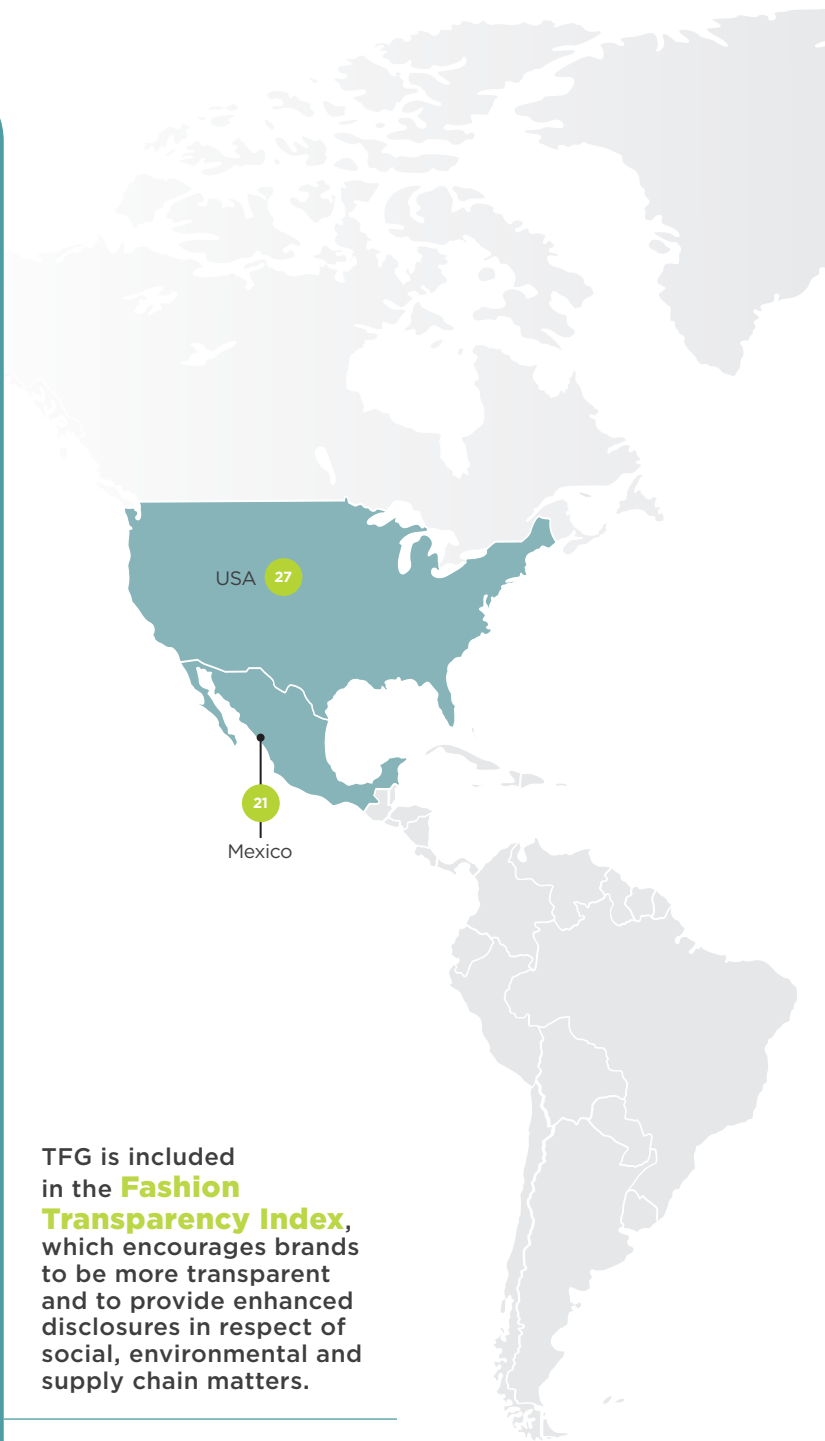
**Governments,
legislators and
regulators**



**Non-profit
organisations and
communities**



Environment

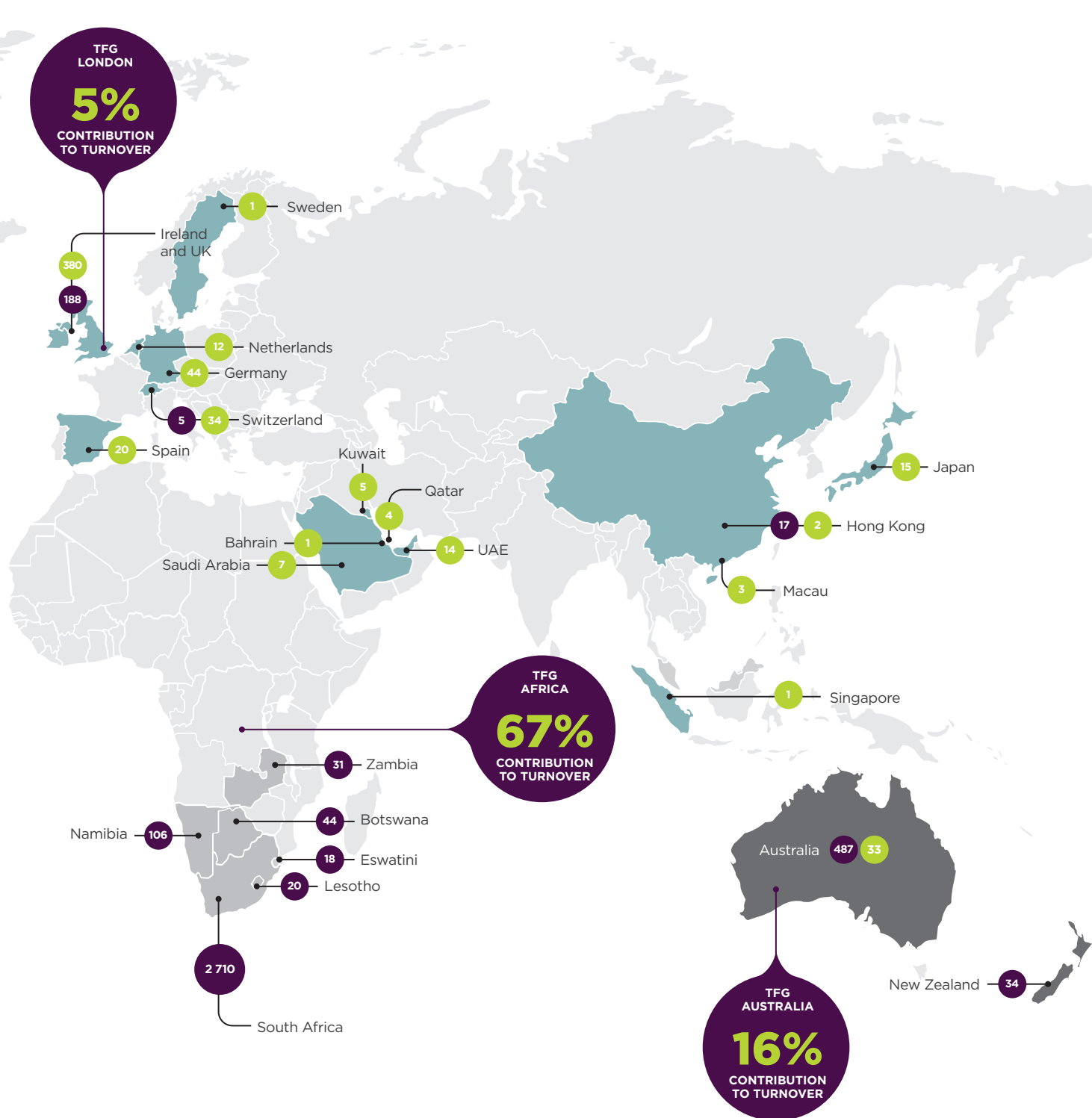


TFG is included in the **Fashion Transparency Index**, which encourages brands to be more transparent and to provide enhanced disclosures in respect of social, environmental and supply chain matters.

TFG is included in the **FTSE/JSE Responsible Investment Index**.

TFG is a **level 6** contributor to Broad-Based Black Economic Empowerment (B-BBEE) in South Africa.

TFG is included in the **Vigeo Eiris Specialised Retail Emerging Market ranking**.






- TFG's number of stores
- TFG's number of concessions
- TFG Africa
- TFG London
- TFG Australia

OUR EVOLVING SUSTAINABILITY FRAMEWORK

We made some important developments to our sustainability strategy this year. We now explicitly reference the Group imperative to create jobs under the localisation pillar, have organised our people and community efforts under a dedicated pillar, and have introduced a product stewardship pillar to reference the efforts we are making towards sustainability in relation to the products that we buy and manufacture.

Previously we reported against other global goals. To improve our focus and have more impact, we made a decision to reduce these goals to three. The primary focus is on SDG 8, SDG 9 and SDG 12. 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.

SUSTAINABILITY PILLARS	
 Localisation and job creation	<p>TFG invests in creating local capacity through skills and supplier development as well as expanding manufacturing facilities to create jobs and shorten lead times. Through localisation, we can offer customers a wider range of in-demand, in-season products.</p>
 People and communities	<p>We are transforming to reflect the diversity of our customer base and the communities we operate in. This includes investment and partnerships with government, a particular focus on B-BBEE and continued social investment through the TFG Foundation. We create inclusive workplaces to attract, develop and retain talent.</p>
 Environmental efficiency	<p>We are increasing resource efficiency across our operations by using world-class automation and more energy efficient lighting and manufacturing equipment. We are working towards zero waste, and are committed to the Plastic Pact. The Group is one of the founding members of the South African Plastic Pact.</p>
 Product stewardship and supply chain	<p>We are committed to developing an ethical and transparent supply chain that sources commodities responsibly. This includes developing enterprises and diversifying our supplier profile in support of B-BBEE. We want to practice responsible product stewardship in the way we design, manufacture, sell and dispose of products to minimise environmental impact.</p>

GOALS FOR EACH SUSTAINABILITY PILLAR

SUSTAINABLE DEVELOPMENT GOALS

- Increase localisation
- Local job creation
- Develop local enterprises and suppliers
- Facilitate local fashion through brand collaboration



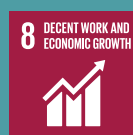
- Transformation
- Development
- Holistic wellbeing
- Engagement and retention



- Work towards a zero waste business and value chain
- Reduce emissions in line with climate change science
- Become more transparent and inspire customers



- Sustainable manufacturing and buying practices
- Compliance in the supply chain
- Preferential procurement



OUR MATERIALITY PROCESS AND MATRIX

TFG's material matters are a combination of risks, opportunities and issues that can directly or indirectly affect the Group's ability to create sustainable value in the short, medium and long term.

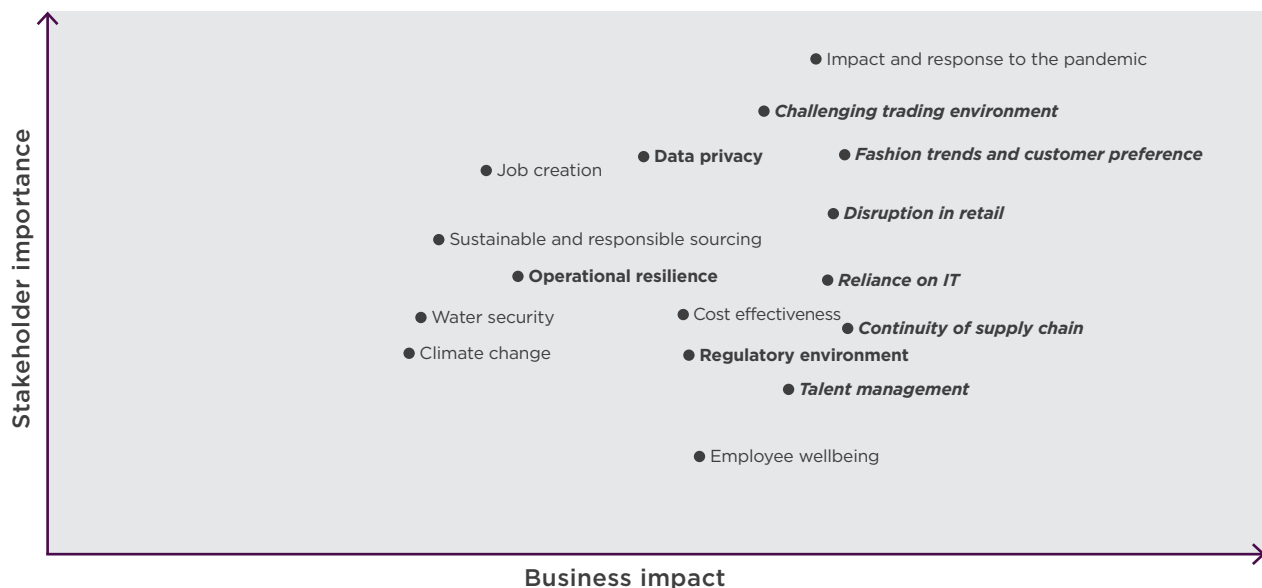
These matters are reviewed and updated as part of the continuous enterprise risk cycle. Several factors are considered when determining these material issues. These factors are both internal and external and include the Group's strategy, expectations and concerns of our stakeholders, sustainability in our supply chain, competitor landscape and our current trading environment across all the territories in which we operate.

For each material matter we indicate whether the trend is increasing, remaining stable or decreasing as well as whether TFG's ability to create value is likely to be impacted in the short, medium or long term. We also indicate which of our strategic pillars are impacted by the relevant material matter.

The material matters identified apply to TFG Africa, TFG London and TFG Australia, albeit with different levels of likelihood and impact. They remain aligned with the Group's material matters reported in 2020.

The items depicted below stem from a robust debate and discussion on all material items. The key material matters arising from this discussion are articulated on pages 15 to 17.

MATERIALITY ASSESSMENT



CHALLENGING TRADING ENVIRONMENT




TFG continues to be exposed to uncertain and unstable economic, social and political environments in all territories in which it has a presence, which could lead to constrained growth, affects consumer confidence and spending patterns as well as customers' purchasing power and influence their ability to settle accounts. The COVID-19 pandemic brought economic, political and social upheaval and the global economy experienced the deepest downturn since the 2008 financial crisis.

Risks impacting TFG

- In South Africa, load shedding, the performance of state-owned enterprises, youth unemployment, social inequality, and corruption continue to be a concern and have been exacerbated by the COVID-19 pandemic. These factors impact both consumer and investor confidence, interest rate and inflation.
- Tension remains between China and Australia which could negatively impact supplier relationships for TFG Australia.
- COVID-19 and the success of the vaccination roll-outs will continue to impact all locations in which TFG operates.

Opportunities and risk management

- The Group has an increasingly diversified business model and strives to increase accessibility to the market by growing its footprint in varied locations.
- We continue to refine our credit score models and our collection strategies are regularly reviewed.
- Resilience of the Group and strength of the statement of financial position allows the Group to take advantage of opportunities to expand our footprint and increase our manufacturing capacity.
- We implemented optimisation programmes to drive efficient use of resources and reduction in cost base.

Trend	Term	Strategic pillars
Increasing	S – M	  

DISRUPTION IN RETAIL ACROSS OUR VARIOUS MARKETS AND CHANNELS




Delivering an integrated, secure omnichannel customer experience across our various brands continues to be a strategic objective for TFG. Our customers expect a seamless experience across all channels and in all interactions with the Group. The COVID-19 pandemic has led to increased activity on the Group's e-commerce platforms and accelerated changes in consumer behaviour and expectations.

Risks impacting TFG

- Accelerated change in retail trends necessitates that we be flexible in how we engage with our customers. Failure to meet this demand could erode customer loyalty.
- Adapting the Group's store network to the changing needs of the Group's customers and securing the most appropriate mix of multi-channel distribution.
- Ability to provide quality customer experiences and growing brand affinity impacting on growth outlook and future brand equity.

Opportunities and risk management

- Strategic investment in digital transformation is a strategic priority for the Group and a focus in the short to medium term to support our future resilience and success.
- We have structured our business with a renewed focus on the customer.

Trend	Term	Strategic pillars
Increasing	S – M – L	  

Our materiality process and matrix continued



FASHION TRENDS AND CUSTOMER PREFERENCES

As TFG aspires to be a leading fashion and lifestyle omnichannel retailer, our ability to offer, predict and deliver according to the latest trends and customer preference is essential for value creation. The COVID-19 pandemic has accelerated the casualisation of the customer and customers are increasingly seeking value and consistent products as they experience the financial effects of mechanisms employed by governments across the world to contain the pandemic.

Risks impacting TFG		Opportunities and risk management	
<ul style="list-style-type: none"> Our ability to generate profits could be undermined by a failure to quickly and accurately interpret and respond to fashion trends. The ability of our brands to cater for a shift in consumer preferences. 		<ul style="list-style-type: none"> Our brands are positioned as fashion-forward and premised on our market-leading, in-house capabilities in clothing and store design. In South Africa, value continues to be created through our quick response supply chain while increasing local manufacturing capacity remains a strategic objective. 	
Trend	Term	Strategic pillars	
Increasing	S – M	  	

CONTINUITY OF SUPPLY CHAIN

TFG seeks to have a diversified supplier base to minimise the effect of disruptions and endeavours to ensure that its suppliers operate in an ethical and sustainable manner. The COVID-19 pandemic impacted the global production and movement of product and threatens the financial stability of vendors across the supply chain.

Risks impacting TFG		Opportunities and risk management	
<ul style="list-style-type: none"> Reputational damage due to failure to maintain ethical standards for the manufacturing of its products. Failure by key suppliers to meet their supply obligations. Loss at or disruption to in-house manufacturing facilities in South Africa. Impact of climate change on the continuity of supply. Impact of the COVID-19 pandemic on production and transport of products. 		<ul style="list-style-type: none"> TFG seeks to ensure that its suppliers operate in an ethical manner, which includes working with Sedex to improve and monitor the ethical business practices across the supply chain. Regular review of the supplier base and related geographies. We continue to develop our quick response capability in the TFG Africa supply chain; quick response units have grown to represent 87% of TFG Africa's total manufactured units. We continue to invest in local manufacturing capabilities influencing job creation and upskilling. Renewed prioritisation of environmental factors affecting our business in our sustainability strategy, and establishment of a Product Stewardship and Supply Chain pillar, priorities and targets. 	
Trend	Term	Strategic pillars	
Increasing	S – M	 	

TALENT MANAGEMENT: ATTRACTING, RETAINING AND DEVELOPING KEY TALENT



Our ability to create value depends on our people. TFG has to retain and develop its core and critical skills pool, while continuing to attract the best talent in the industry and embedding a culture of high performance.

Risks impacting TFG

- In South Africa, it is essential that we attract and retain employment equity candidates.
- Considering the highly competitive retail market, a lack of focus on talent management could erode TFG's leadership pipeline and impact the ability to execute our strategic objectives.
- It is key and challenging to attract and train staff with skills necessary to carry out the Group's digital transformation initiative.

Opportunities and risk management

- We continue to invest in talent through various talent development programmes to develop our future leaders, including our educate to employ initiative.
- Employment equity plans that provide clear accountabilities and targets are in place for each division in TFG Africa.
- In line with our digital transformation strategy, we are leveraging technology to enhance our employee experience, which includes offering online training.
- Transformation plans include reskilling and training of our talent.
- Expansion of our local supply chain positively influences job creation and upskilling.

Trend	Term	Strategic pillars
Stable	S - M - L	 

RELIANCE ON IT





IT continues to change the environment in which TFG operates and alters how we create, process and disseminate information critical to business performance. The Group has become increasingly dependent on IT to conduct certain operational and processing activities and continuous innovation is required to provide a seamless customer experience and respond to market disruptors.

Risks impacting TFG

- Failure to properly understand the impact of IT innovation in the retail sector could undermine the future growth and success of the Group.
- Increased risks of cyber security incidents that threaten the privacy of our employee and customer-related data.
- Increasing reliance on IT has raised the significance of potential IT failures within the Group.

Opportunities and risk management

- TFG recognises the importance of IT and continues to invest in this area – as prioritised in our digital transformation strategy.
- We continue to invest in cyber security and the Risk Committee is regularly updated on IT-related risks and mitigation plans.
- IT disaster recovery plans are in place across the Group and are regularly reviewed.

Trend	Term	Strategic pillars
Increasing	S - M - L	   

OPERATING CONTEXT

The environment in which we operate spans across five continents and 26 countries. In each of these territories our ability to implement our strategy and create value in the short, medium and long term is influenced by the local regulatory context, our competitor landscape, local economic and political conditions.

Globally, the speed and effect of technology advancement and increased focus on sustainable supply chain are critical to creating sustainable value. We recognise that the COVID-19 pandemic will continue to influence the environment in which we operate over the coming years, affecting our customers, our suppliers and our employees and their communities.

AN INTEGRATED VALUE CHAIN

We have a retail-driven value chain with global sourcing capabilities that serves 29 leading fashion lifestyle brands in merchandise categories that include clothing, homeware and furniture, jewellery, cell phones and cosmetics. We source our product offering locally and offshore, with strong in-house design teams across all business segments. TFG Africa's manufacturing capabilities coordinate production through our own factories and various independent cut, make and trim (CMT) factories. This provides significant quick response capability and is a key differentiator.



Fibre production



Knitting and dyeing



Cutting, sewing and finishing



Warehousing and distribution



Retail



Use



End of life



FIBRE PRODUCTION

Level of control and future investment:

Currently **low** with significant work done by TFG London to improve traceability and product stewardship. Recyclable fibres and fabrics are key components of our verticalisation strategy.

This is an area of future development and focus for South Africa in terms of traceability and product stewardship. A champion for this has been appointed in the current year.



Product stewardship and supply chain

Related material matters and risks:



Continuity of supply chain



KNITTING AND DYEING

Level of control and future investment:

Low, however, TFG is engaging with government through the R-CTFL masterplan to remove import duties through rebates on woven fabrics, knitted fabrics and yarns. Currently the duties have been removed on woven fabrics through off-take agreements with South African mills. We have seen success in this area.



Localisation and job creation



Product stewardship and supply chain

Related material matters and risks:



Continuity of supply chain



CUTTING, SEWING AND FINISHING

Level of control and future investment:

High. We have a vertical integration strategy at TFG Africa that aims to expand local manufacturing and design significantly to 40% of the Group's apparel purchases in the next five years. To achieve this, TFG embarked on the rapid expansion of its local manufacturing capacity and capability. This initially included the purchase of the assets and take-on of the employees of TCI Epping and Ndabeni, House of Monatic, Raydene Fashions and assets of Playtex. These manufacturing assets and employees have been integrated into Prestige Clothing Proprietary Limited with its five manufacturing hubs in Maitland, Epping, Caledon, Durban and Johannesburg. Prestige Clothing Proprietary Limited as at 1 May 2021 is now the largest apparel manufacturer in South Africa with more than 2 300 employees and over 300 learnerships. Once complete, those candidates will join the company.



Localisation and job creation



Product stewardship and supply chain



Environmental efficiency



People and communities

Related material matters and risks:



Continuity of supply chain



Fashion trends and customer preferences



WAREHOUSING AND DISTRIBUTION

Level of control and future investment:

Medium. South African distribution into African markets is managed via eight distribution centres, including one as part of the Jet acquisition. Distribution for TFG London and TFG Australia is mostly based on an outsourced model. TFG London distributes inventory for outlets and online orders through four distribution centres while TFG Australia utilises seven distribution centres. Investment in new technology and efficiency improvement projects included radio frequency identification (RFID) and OneStock optimisation in TFG Africa. OneStock, which has been running in the UK business for several years, enables us to fulfil surging online orders directly from stores.



Environmental efficiency



Product stewardship and supply chain

Related material matters and risks:



Challenging trading environment



Disruption in retail across our various markets and channels

An integrated value chain continued



RETAIL

Level of control and future investment:

High. We continue to invest in digital transformation and omnichannel infrastructure for our brands. Our customer-facing employees are supported through a number of digital channels. We are reviewing our store footprint and customer experience, and launched a new mobile in-store payment solution at TFG Africa. We invested in energy efficiency improvements in Jet stores after the acquisition.



Localisation and job creation



Product stewardship and supply chain



Environmental efficiency



People and communities

Related material matters and risks:

Challenging trading environment



Disruption in retail across our various markets and channels



Fashion trends and customer preferences



Continuity of supply chain



Talent management: attracting, retaining and developing key talent



Reliance on information technology

“Mapping our supply chain and forging long-lasting transparent relationships was key this year. Identifying hot spots for risks, we are building a network of support and sparking fruitful multi-stakeholder collaborations.”

– TFG London



USE

Level of control and future investment:

Low. In some of our brands we have tailoring and repair services which we support and subsidise so as to promote repair over garments being discarded.



Environmental efficiency



Product stewardship and supply chain

Related material matters and risks:



Fashion trends and customer preferences



END OF LIFE

Level of control and future investment:

Low. We are working with partners and businesses to sustain and improve the outcomes of our recycled textile waste through TFG Africa with an aim to achieve increased levels of circularity, and TFG Australia supports Thread Together, an Australian organisation that sources and redistributes excess clothing.



Environmental efficiency



Product stewardship and supply chain

Related material matters and risks:



Fashion trends and customer preferences

OUR STAKEHOLDERS

Our stakeholders are those individuals and groups that have an interest in our business, and can influence TFG's ability to create or preserve value. If not managed proactively, these relationships can sometimes result in value erosion.

By understanding the common threads that connect us to our stakeholders, we can contribute to improved customer and employee experiences 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.

A RESPONSIVE APPROACH TO ACHIEVE QUALITY ENGAGEMENTS



CUSTOMERS

Our customers are diverse in their spread across geographies, gender, age and income groups. Our customers are a strategic priority as they provide income through the purchase of our products and services. Therefore, we put our customers at the forefront of everything we do. We offer them a diverse range of fashion, lifestyle and homeware choices through brand experiences that encompass their channel of preference.

How we engage

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 daily.

Our response and actions in 2021

The safety and wellbeing of our customers, employees and suppliers was a key priority during the past year. Throughout our business operations in all the territories where we have a footprint, we implemented strict COVID-19 safety protocols in our stores to ensure the safety of our customers, and our frontline employees. This included screening protocols upon store entry, as required by law, adjusting store layouts where required to ensure social distancing and limiting the number of customers who shop at the same time. Store employees were also issued with masks where regulations required this.

In TFG Africa, we introduced new payment channels to account customers and created virtual customer centres to ensure that we could still assist our customers, even during the initial level 5 lockdown in April 2020.

To support struggling customers during the tough economic conditions, we also offered a payment holiday for April and May 2020.

Needs and expectations

Customers raise specific issues relating to in-store experiences or credit queries. They engage with us regarding merchandise and fashion trends.

Key measures we track

- The number of myTFG Rewards customers
- The number of active TFG Africa account customers
- Customer complaints



SHAREHOLDERS

We have 12 644 shareholders, with 25,8% of shares held outside South Africa and 76,6% public shareholding. We believe it is vital to ensure alignment between our strategic focus and the long-term interests of shareholders, and to continue to meet their expectations through consistent strategy execution and risk management.

How we engage

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

Our response and actions in 2021

Shareholders' main concern during the past year was the impact of COVID-19 on the business, and interactions were therefore mainly centred around our response to the business impact with regard to remuneration, dividends and our capital position. We value the strong support that we received from shareholders with the rights offer, which was 2,3 times oversubscribed and allowed us to strengthen the statement of financial position.

We have continued more frequent communication with shareholders, initiated in the previous financial year, including quarterly trading updates. The Board had productive engagement with shareholders on remuneration, which shaped our approach and led to a revised remuneration structure.

Needs and expectations

As our major source of financial capital, shareholders require sustainable growth. This requires transparent and ongoing communication regarding environmental, social and governance-related matters, our strategy, business model, approach to capital allocation and future growth prospects.

Key measures we track

- Share price performance (%)
- Full-year dividend per share (cents)
- ESG ratings



EMPLOYEES

We value the skills and experience of our employees which enables us to implement and execute our strategy and deliver our products and services to our customers. Our 34 891 employees are diverse in their spread across geographies, gender, age and skills profiles.

How we engage

The past year required different ways of engaging with employees, both as a result of remote-working but also to support our employees during a challenging year. Multiple channels were used for communication, including WhatsApp and other digital channels and a COVID-19 portal which provided access to communication, policies and documents in one secure place.

Our response and actions in 2021

The safety and wellbeing of employees were of paramount importance during the past year, and so was the preservation of jobs. In TFG Africa, we therefore continued to pay employees during April and May 2020, while Supervisory and Operating Board fees were temporarily reduced in support of employees. Those employees, who were able to, were assisted to work from home, while employees who were unable to work from home were not required to take annual leave during this time. We also assisted eligible employees with access to government relief through TERS from June 2020.

In TFG Australia and TFG London, employees were able to receive payment through the JobKeeper and furlough government-relief programmes.

Upon return to the workplace, various screening procedures were put in place in line with government health and safety protocols. This included using an app we developed to allow employees the opportunity to complete the screening questions on their mobile devices, prior to entering any TFG buildings.

Our stakeholders continued



EMPLOYEES continued

Our response and actions in 2021 continued

As physical training sessions could not be held during this year, we made online learning available for employees, which included COVID-19 training on health and safety.

To keep everyone connected while working from home, all employees could log in virtually to financial results presentations and communications sessions, 'Conversations with Anthony', was launched to stream through updates on strategic initiatives. During the early and most critical phases of the lockdown, there were weekly updates sent out from our CEO to address critical issues and reassure employees.

Needs and expectations

Employee engagement focus areas include communication about training and development, human resource policies, remuneration and performance management.

Key measures we track

- Employee retention
- Investment in training, including bursaries
- Employees participating in training interventions (physical and virtual)
- Learnerships, internships or apprenticeship programmes
- Diversity and inclusivity
- Employee wellbeing
- Employee engagement



SUPPLIERS

The TFG supplier base consists of merchandise and non-merchandise suppliers, with the latter including landlords. Our mutual intent is to establish trust and loyalty and align business interests for the long term. This ensures that we deliver merchandise of high standards, at the right price and in locations convenient to our customers. Through transparent supplier take-on procedures and agreements, we ensure we source ethically.

How we engage

We engage with suppliers through various teams within our business, depending on the nature of the engagement. Engagement occurs through formal take-on procedures, supplier audits, visits and assessments, merchandise order discussions and service requests, purchase order discussions, landlord negotiations and account management discussions. Within our local TFG Africa supply chain, we also partner with small suppliers to increase and improve their operational and financial capacity.

Our response and actions in 2021

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

We proactively engaged with landlords in each of our territories in order to reach agreement on fair rentals both during and post the periods where we were not able to trade, while we worked with our merchandise suppliers to either cancel or delay merchandise orders in order to respond to the shift in customer demand and to prevent the build-up of inventory.



SUPPLIERS continued

Our response and actions in 2021 continued

Within TFG Africa, we continue to structure investments – both monetary and non-monetary – into our TFG Africa local manufacturing supply base to encourage job creation. We continuously explore opportunities to provide access to and develop Black-owned and Black women-owned suppliers. We spent over R1,6 billion this year with Black-owned and Black women-owned suppliers. We have a deliberate strategy for supplier development that includes incubation and spend shifting to empowered suppliers. In 2021 we provided more than R36 million of support to supplier development beneficiaries in the form of loans and advances, donations of machinery and fabrics, preferential payment terms and human resources capacity.

Needs and expectations

Our suppliers require oversight and transparent communication on various supply chain-related issues and non-merchandise procurement matters.

Key measures we track

- Percentage of TFG Africa apparel units procured from TFG Merchandise Supply Chain
- Percentage of Top 100 suppliers onboarded on the Sedex platform
- Enterprise and supplier development spend
- Number of jobs created in our strategic suppliers



GOVERNMENTS, LEGISLATORS AND REGULATORS

This stakeholder group includes revenue authorities, regulators and government departments in the countries in which we trade.

How we engage

We engage with government 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.

Our response and actions in 2021

As a proudly South African business, and in support of government's 2030 retail, clothing, textile, footwear and leather (R-CTFL) Masterplan for the clothing manufacturing sector, TFG Africa has been actively driving increased local procurement and supplier development over the past five years. Collaborative initiatives in 2021 include:

- Engaging with government in support of a cut in yarn import duties to advance South African clothing manufacturing.
- Investing in our network of CMT partners to create capacity and ensure their sustainability. We have started a new SMME cluster in partnership with the KwaZulu-Natal government, which will assist 15 new companies and support our capacity requirements.

Needs and expectations

Government requires businesses to participate in growing the economy through job creation and by complying with all applicable regulatory requirements.

Key measures we track

- Regulatory fines or penalties
- Taxes – direct, indirect and staff
- B-BBEE level contributor status

Our stakeholders continued



COMMUNITIES AND NON-PROFIT ORGANISATIONS

Our employees and their communities are at the core of our commitment to transformation, and we are transforming to reflect the diversity of our customer base and the communities we operate in.

How we engage

In South Africa, the TFG Foundation serves as the vehicle through which we channel social investment activities in communities. Other key partners include government, for example through the R-CTFL Masterplan, and the Services Sector Education and Training Authority (SETA).

Throughout the Group, our brands also make direct contributions to the communities in which they operate through direct brand-led corporate social investment activities.

Our response and actions in 2021

In South Africa, our socio-economic investment of R13,9 million this year contributed to:

- The community and empowerment work of non-profit organisations through donations of R3,5 million worth of merchandise
- Student bursaries to the value of R1,2 million
- Face mask donations to over 300 000 learners at primary schools across South Africa
- Distribution of 30 000 Sew Good blankets to communities in need

In Zambia, we partnered with SOS Children's Villages to distribute 1 200 masks to five primary and two combined schools in the Copperbelt area. Following the outbreak of the COVID-19 pandemic, the government of Zambia required all school children to wear masks. However, for many families and children masks were unaffordable. TFG Africa sourced a local supplier in Zambia to produce masks and assist in identifying schools that would benefit most.

TFG Australia continued to support Thread Together, an Australian organisation whose mission and focus is to source new and excess clothing from fashion retailers and redistribute items to those in communities most in need. Total donations for the financial year amounted to 71 000kg which equals approximately 212 000 shirts.

TFG London donated a selection of samples and clothes to Smart Works UK, a charity that provides high-quality interview clothes and interview training to unemployed women in need. These women are referred from organisations such as job centres, work programmes, prisons, care homes, homeless shelters and mental health charities.

Needs and expectations

The Group, in all three of its major territories, works with various organisations to provide assistance and support through monetary and/or merchandise means.

In South Africa, many communities are challenged by lack of access to housing, clean water and sanitation, quality education, social protection, good healthcare, electricity and jobs. These challenges are exacerbated by slow progress with economic empowerment and endemic corruption, combined with the impact of measures to mitigate the spread of COVID-19. Communities and non-profit organisations require collaboration between the private sector, public institutions and development partners to help build resilient economies post-COVID-19.

Key measures we track

TFG Africa:

- Blankets made and donated through Sew Good
- Amount donated through TFG Africa corporate social investment funding and brands
- Amount invested into beneficiary schools

TFG London and TFG Australia:

- Value of donations in local currency



ENVIRONMENT

Fashion retail depends on a long and complex supply chain that requires water, materials, chemicals and energy from its point of origin in agriculture and petrochemical production, manufacturing, logistics and retail.

How we engage

We have established formal business champions and working committees for each sustainability strategy pillar, including, for the first time this year, the environment. Fundamental to how we bring about change in this area is through our procurement and we are working to formally evaluate the environmental impact of our purchases as well as the credentials of our suppliers in this regard. Increasingly, it is the role of these working committees to advocate for consideration of environmental interests and trade-offs in the context of business activities, decisions and sources of supply. Going forward, we are looking to thoughtfully engage more actively outside of the organisation with relevant external stakeholder groups with regards to environmental aspects.

Our response and actions in 2021

During the year we initiated efforts directed at understanding the upstream environmental impacts of the products that we buy, manufacture and sell; as well as further downstream, for example in the area of fabric recycling and avoiding clothing ending up in landfill.

In our own operations, we are already increasing our resource efficiency across our operations by using world-class automation and more energy efficient lighting and manufacturing equipment.

Needs and expectations

Due to the scale and complexity of fashion retail's supply chain, the global fashion industry is one of the most polluting and wasteful industries in the world. In response, fashion retailers are increasingly expected to focus on climate risk in the supply chain and mitigating this through renewable energy purchases, actively reducing supply chain carbon footprints and improving material selection.

Key measures we track

- Greenhouse gas emissions
- Business waste reduction
- Textile waste recycled
- Reduced use of plastic
- Reuse of supplier cartons
- Energy efficiency
- Transparency in own operations





03

A LEADERSHIP VIEW ON SUSTAINABILITY

A LEADERSHIP VIEW ON SUSTAINABILITY

TFG's Chief Executive Officer Anthony Thunström and Chief Financial Officer Bongiwe Ntuli reflect on 2020 and 2021 and touch on the significant insights that continue to shape our sustainability journey.



Sustainability starts with an organisation's view of its role in the world. What are your thoughts on sustainability at TFG and how this is evolving?

Anthony: Our role is shaped by what people will remember about TFG many generations from now, much like we will think back to 2020 as a year we will never forget. Even though it was really difficult, it made us aware of our strengths, the importance of community, and what it means to be human. TFG showed up this year as a Group that makes a huge contribution to people's lives. In the South African context, our commitment to create jobs is intrinsic to our role as a leading fashion lifestyle retailer.

Bongiwe: Investors are asking about our role and purpose more and more. It is about more than just a list of social initiatives. We exist as part of a system in which we develop and support local supply chains by acting responsibly, creating jobs and developing skills. Ultimately we offer lifestyle and clothing brands through which our customers can express individual identity.



ANTHONY THUNSTRÖM
Chief Executive Officer



COVID-19 certainly brought new insights and purpose to TFG. Did this result in any changes to your sustainability strategy?

Anthony: We made a few important and strategic sustainability decisions this year. One of the first things we recognised was the need to include the environment formally as one of our stakeholders. As a result, we started looking at our upstream inputs with a lot more attention than before. Our businesses in the UK and Australia are significantly ahead in terms of understanding their raw material and manufacturing supply chains. We are using their expertise, and have aligned our sustainability pillars across the Group. Following this process, the Supervisory Board approved four sustainability pillars. We formulated key performance indicators for each, and will be launching internal sustainability dashboards at the start of the new financial year. This means that sustainability is no longer the domain of a few small teams in the Group; it is everyone's business.

Bongiwe: It is important that we track our non-financial indicators with the same strategic view and discipline as we do for financial information. We made significant investments in sustainability initiatives this year, and expect impact and returns. For example, the Supervisory Board approved an additional R34,2 million investment in skills development despite COVID-19 impacts on financial performance. We know this investment has the potential to make a huge difference in a lot of people's lives if we spend every cent effectively, and ensure that we are creating the right skills to support our digital transformation, in-store customer experience and commitment to local manufacturing.

Following a successful rights offer in July 2020 and the acquisition of Jet in September 2020, our priority was to adjust our debt profile. We are in a strong position to make further opportunistic acquisitions that will contribute to our long-term sustainability. Our intent is to bolster local manufacturing capacity and quick response capability while looking at job creation for the most vulnerable people in our African operations. We also invested in a digital B-BBEE tool to assist in collecting evidence during the audit and verification process.



TFG is committed to contributing to the Sustainable Development Goals. What are your priorities in this regard?

Anthony: We have been on an interesting journey with the Sustainable Development Goals (SDGs). We realised that our priority goals have to be flexible because the world around us might require a different emphasis, for example during a period such as COVID-19. We need to be able to pivot in our focus areas, in the same way as we pivoted our Prestige clothing factory in Maitland in the past year. In April 2020, at a time when only essential items could be manufactured and sold in our stores, 100 employees returned to the factory to produce face masks. These face masks were quality tested and designed in collaboration with a leading university and advanced textile manufacturer. By rapidly switching production, we could manufacture 200 000 face masks that were donated to every TFG employee, their families and nearby communities. In addition, the TFG Foundation, in collaboration with the Department of Education and Gift of the Givers, donated a further 300 000 face masks to vulnerable primary school learners around the country.

We continue reporting on our contribution to SDGs 8 and 12, and added SDG 9 this year as it is strongly aligned to our localisation imperative:



SDG 8: Decent work and economic growth

In South Africa, in particular, we continue to experience slow economic growth, widening inequalities and insufficient jobs to keep up with a growing labour force. We believe that empowerment, entrepreneurship and job creation are key areas where we can contribute and accelerate progress.



SDG 9: Industry, innovation and infrastructure

By investing in local manufacturing and supplier development we can contribute to sustainable industrialisation. This includes investment in technology to promote innovation and improve efficiencies, especially in the use of natural resources.



SDG 12: Responsible consumption and production

We are committed to reducing our ecological footprint by changing the way we produce and consume goods and resources. We are working on creating more efficient production and supply chains to shift the world towards a more resource-efficient economy that will be able to deal resiliently with climate change.



BONGIWE NTULI
Chief Financial Officer

42,3% of our total apparel was manufactured locally in South Africa against a target of 45%

95 jobs were created in TFG Africa factories against a target of 56

1 097 new learnerships, internships and graduate opportunities were created at TFG Africa against a target of 910 this year

90% of textile waste was recycled by TFG Africa against a target of 100%

100% of TFG Africa's plastic packaging was reusable or recyclable or compostable against a target of 100%

91% of TFG Africa's supplier spend (excluding Jet) is with Sedex compliant vendors against a target of 55%

Bongiwe: Although the SDGs are global goals, they are equally relevant to TFG and our stakeholders wherever they work and live.

Our participation in the YES programme is an example where we contribute to the SDGs and also to one of South Africa's most pressing social issues. Almost 500 unemployed young people have been kitted out with smartphones pre-programmed with training content and guidance. They joined TFG stores, across brands and locations in April 2021 to gain work experience. These young people join a cohort of more than 1 000 people who have been welcomed by TFG on learnerships and internships that we run across stores, factories, distribution centres, contact centres and head office operations.



What makes you excited about the year ahead?

Anthony: In some ways the challenges from 2020 brought new energy to the business. We continue to find growth opportunities, with the Jet acquisition being the standout milestone for the past year. Because Edcon was undergoing business rescue at the time of the acquisition, there was a public interest aspect to the acquisition, over and above the commercial benefit for TFG. Over and above the commercial benefit for TFG, by acquiring Jet we secured employment for more than 5 600 employees throughout our operations in Africa, entered into new lease agreements for the 425 Jet stores and committed to 318 existing local suppliers.

Our plans for local manufacturing and skills development are very ambitious and exciting. In partnership with the South African government, we have already invested more than R1 billion to create a diversified local supply chain to reduce reliance on China and other international suppliers.

The people and technology we have at our disposal in our factories allow us to be nimble. TFG currently has 1 417 employees across our Maitland and Caledon factories and we plan to grow this by 2 000 in the next year, with an overall target of 5 000 jobs over the next few years. We intend to roll out our local expansion programme, including taking over factories that are in trouble and absorbing them into our value chain, allowing us to upskill their employees.

Bongiwe: In addition to what Anthony mentioned, I remain excited about our digital transformation. We made the right strategic decisions a few years ago, for example in omnichannel and brand building, which served us well this year. During COVID-19, online shopping exploded. This extended to social media where, for example, as a Group we now have 13,9 million social media followers.

I speak for both Anthony and myself when I say that we would not have been able to pull through, serve our customers and kept the lines running in the past year without our employees. Despite the difficult and challenging year, our people have again shown their resilience and agility, adapting to new models and ways of work to ensure our customers had good experiences in all formats.

Sincere thanks to all on behalf of Anthony, myself, the Operating Board and the TFG Supervisory Board for everything that they have done and continue to do. We are now well positioned to take advantage of the eventual economic recovery in all our territories and will continue to invest in brands, jobs and people.

We are proudly invested in South Africa, and remain committed to increasing our local manufacturing capabilities and supply chain to promote job creation.





04

OUR SUSTAINABILITY STRATEGY

OUR SUSTAINABILITY STRATEGY

We remain committed to creating shared value by driving social and environmental benefits for our stakeholders while supporting our four-pillar business strategy.

In shaping the key strategic shifts that came about in the current year, we referenced two key truths that underscored the sustainability of our industry:

- We recognise that quality is not just in the products we sell, but in the lives of the people who make them.
- We acknowledge that the price of products is only partly paid by the customer, and invariably by other stakeholders in the value chain.

The strategic shifts that came about from these key truths resulted in a clarified and more harmonised set of sustainability priorities across the territories in which we operate. In TFG Africa for example, we have started a more intensive consideration and response to the sustainability attributes of the products that we buy and manufacture. In the current year, we started this journey by establishing a merchant sustainability forum with the aim to leverage existing sustainability practices in our buying functions. Additionally through this, we wish to develop clear practices and criteria to apply in merchandise and materials supplier selection. Already we are seeing buyers from across different brands sharing their learnings, increasing overall awareness and helping to make more informed choices for our customers.

OUR SUSTAINABILITY STRATEGY DEVELOPMENT PROCESS

This year:



Next year:



OUR SUSTAINABILITY PILLARS SUPPORT THE BUSINESS STRATEGY



Localisation and job creation



Customer & employee obsession



Growth

We are driving increased local procurement, supplier development and capacity expansion to diversify supplier risk and to increase local job opportunities. Our intent is to grow by offering customers a wider range of in-demand, in-season products. Through localisation and job creation we will ensure the delivery of superior customer and employee experiences across our retail brands.



Environmental efficiency



Customer & employee obsession



Profit

By working towards a zero waste business and value chain, we optimise resource efficiency and protect profits. Our employees are our partners in reducing emissions, improving efficiencies and reducing waste at head office, distribution centres and stores.



People and communities



Customer & employee obsession



Leadership



Growth

Our employees and their communities are at the core of our commitment to transformation. We focus on development and holistic wellbeing while creating inclusive workplaces to attract and retain talent. We want to differentiate our employee offering and strengthen our employer brand to showcase leadership and drive growth.



Product stewardship and supply chain



Customer & employee obsession



Profit



Growth

By developing an ethical and transparent supply chain that sources commodities responsibly, we ensure sustainable sources of profit and growth. We also believe that more sustainable fibres, textiles and fabrics will become progressively more profitable than some less sustainable ones currently in use. We want to practise responsible product stewardship in the way we design, manufacture, sell and dispose of products to minimise environmental impact and meet customer expectations.

WE CONTRIBUTE TO THE SUSTAINABLE DEVELOPMENT GOALS

We want to ensure we have a positive impact and contribute to global priorities. TFG supports the intent of the SDGs as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.

We recognise that the 17 goals are interdependent and require partnerships and collaboration to make real impact. TFG's priority goals are 8, 9 and 12. We focus our efforts and disclosures in terms of these three goals and related targets. This will enable our stakeholders to monitor and track our performance, thereby enhancing the transparency and value of our sustainability reporting. We provide a detailed SDG performance table from page 110.

In South Africa, we also support the 2030 National Development Plan, which aims to eliminate poverty and reduce inequality by 2030.

ALIGNING PRIORITIES FOR A GLOBAL FOOTPRINT

TFG has 4 284 trading outlets in 26 countries on five continents. Our operations are split into three geographical divisions: TFG Africa, TFG London and TFG Australia. We recognise that the sustainability priorities for these distinct areas are different, but that many common themes are evident. The four sustainability pillars are designed to be relevant to all territories, but prioritisation, initiatives and reporting emphasis will vary. We include the sustainability pillars, focus areas and indicators for TFG London and TFG Australia in the appendix from page 108. We continue refining these, and are developing targets to measure progress against the different elements.

At Whistles we are committed to doing great things together. We believe that collaboration is key to our success and we put our customers at the forefront of everything we do. Our vision is for an industry where human rights and sustainability are the result of a business well run and we want to take action in response to social and environmental injustices. We believe that we can be successful agents of positive change and that sustainability can redefine our values and drive future growth.

ACCOUNTABILITY, ETHICS AND GOVERNANCE

The TFG Supervisory Board is ultimately accountable for the strategy, direction, leadership, governance and performance of TFG. It has oversight of the development, approval and updating of TFG's vision, mission and value statements, and significant policies and goals related to economic, environmental and social impacts.

The Social and Ethics Committee is a statutory committee of the Supervisory Board with duties assigned to it in terms of the Companies Act 71 of 2008, read with Regulation 43 of the Companies Regulations, 2011 and as a committee of the Supervisory Board in respect of all other duties assigned to it by the Board.

The Social and Ethics Committee is, inter alia, responsible for assisting the Supervisory Board with the monitoring and reporting of social, ethical, transformational and sustainability practices that are consistent with good corporate citizenship, and assisting the Group in discharging such business responsibilities.

The committee is governed by a formal charter, which guides it in terms of objectives, authority and responsibilities. The charter incorporates the requirements of the Companies Act of South Africa and those of the King Report on Corporate Governance™ for South Africa, 2016 (King IV).

The committee comprises three independent non-executive directors and one executive director, the Chief Executive Officer. In addition, the Chief Financial Officer and other TFG executives attend meetings of the committee by invitation.

A Sustainability Committee operationalises the strategy, tracks performance against targets, coordinates Group projects and initiatives, and works with external stakeholders.

Each pillar of the sustainability strategy has its own working committee with relevant representatives from the functional areas in the business. These committees track progress against targets and include:

- People and Communities Committee
- Green Committee
- Merchant sustainability forum
- Localisation and job creation Committee

We also have a dedicated task force to track elements of the B-BBEE scorecard and the progress against these. Over time we are working to disaggregate and operationalise these individual metrics into work plans of the other four sustainability pillars to ensure a fully integrative approach.

ROLES AND RESPONSIBILITIES

The Social and Ethics Committee's role and responsibilities include reviewing, monitoring and reporting on TFG's activities with regard to any relevant legislation, other legal requirement, or prevailing best practice in terms of social and economic development. This includes TFG's standing in terms of the goals and purposes of:

- The 10 principles set out in the United Nations Global Compact (UNGC)
- The Organisation for Economic Co-operation and Development (OECD) recommendations regarding corruption
- The Employment Equity Act
- The Broad-Based Black Economic Empowerment Act

It reviews and monitors good corporate citizenship, including TFG's:

- Promotion of equality, prevention of unfair discrimination and reduction of corruption
- Contribution to the development of communities in which its activities are conducted, or within which its products are marketed
- Record of sponsorship, donations and charitable giving

Further responsibilities relate to labour and employment, including:

- TFG's standing in terms of International Labour Organizational Protocol on decent work and working conditions
- TFG's employment relationships and its contribution towards the educational development of its employees

THE UNITED NATIONS GLOBAL COMPACT

We apply the 10 principles in the UNGC and report our progress against the four main areas:

Subject	Businesses should	TFG progress to date
Human rights	<ul style="list-style-type: none"> Support and respect the protection of internationally proclaimed human rights Make sure they are not complicit in human rights abuses 	<ul style="list-style-type: none"> Human rights declaration for employees adopted Human rights statement for suppliers adopted All suppliers are required to comply with UNGC as part of the onboarding process Code of good ethical conduct adopted
Labour	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> The UNGC declaration is further supported by related and relevant TFG HR policies and procedures Bargaining is done collectively within the unionised countries e.g. Zambia, Lesotho and South Africa A Group Human Rights Declaration is available to all employees on the intranet and is circulated annually, which states the following under the Forced Labour and Child Labour section: <ul style="list-style-type: none"> Employees will not be subjected to any forced labour Employees have the right to freedom of movement and accordingly their movements will not be unreasonably or unnecessarily restricted TFG does not employ children below the age levels set-out in any applicable national law There are procedures in place for employees to report any unfair discrimination and to lodge grievances regarding unfair discrimination without fear of victimisation There is a Code of Ethical Conduct in place which applies to all employees and contractors to TFG A review of the Group transformation policy and processes is being conducted The standard terms and conditions amended to include UNGC principles TFG London and TFG Australia published modern slavery transparency statements
Environment	<ul style="list-style-type: none"> Support a precautionary approach to environmental challenges Undertake initiatives to promote greater environmental responsibility Encourage the development and diffusion of environmentally friendly technologies 	<ul style="list-style-type: none"> The environment was formally recognised as a material stakeholder this year TFG submits a carbon footprint report annually Our Green Committee provides oversight and develops responses to environmental challenges and issues Further initiatives are set out in the environmental efficiency section of this report from page 79
Anti-corruption	<ul style="list-style-type: none"> Work against corruption in all its forms, including extortion and bribery 	<ul style="list-style-type: none"> Addressed in TFG code of good ethical conduct and supplier code of conduct Anti-corruption policy and whistleblowing facility in place





05

LOCALISATION AND JOB CREATION

LOCALISATION AND JOB CREATION

THE CHALLENGE

South Africa's local clothing manufacturing capability has deteriorated over the past few decades with the lure of cheap imports from the East, rising local labour costs, import duties on yarns, cotton threads and other raw material, ageing infrastructure and a dearth of skills. Job losses have been severe. At the same time, South African retailers have had to start competing with an expanding offering from global brands entering the market.

The COVID-19 disruption of global supply chains highlighted the benefits of a strong local manufacturing sector that can respond to shifts in consumer demands, ensure convenience and support immediate fulfilment. As fashion seasons are becoming shorter, it is evident that long import lead times negatively affect brand relevance and customer satisfaction. Ethical concerns in global supply chains also carry significant reputational risk for fashion brands.

Related material matters:



Challenging trading environment



Continuity of supply chain



Talent management: attracting, retaining and developing key talent

OUR COMMITMENT

As a platinum member of Proudly South African, and in support of government's 2030 retail, clothing, textile, footwear and leather (R-CTFL) Masterplan for the clothing manufacturing sector, TFG Africa has been actively driving increased local procurement and supplier development over the past five years. We want to be locally attuned and responsive.

TFG invested in excess of R1 billion working with the South African government and the Department of Trade, Industry and Competition (dtic) to create a diversified local supply chain, thereby reducing reliance on China and other international suppliers and positively influencing local job creation and upskilling.

Through localisation, we can offer customers a wider range of in-demand, in-season products. The implementation of our fit-for-purpose quick response model has been essential 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 to clear inventory and achieve full price sales, thereby improving profitability and sales margins.



Customer & employee obsession

Growth

SUPPORTING POLICIES AND GOVERNANCE

Our performance against the goals and KPIs for this pillar is reported to the Supervisory Board's Social and Ethics Committee.

Local suppliers are subject to the same onboarding and compliance requirements as international suppliers.

➤ [Read more about these in our supply chain chapter from page 91.](#)

Local suppliers are also required specifically to warrant that they comply with the South African Consumer Protection Act and its subordinate legislation, and any applicable industry codes for labelling, trade descriptions, packaging and ensuring that goods are not unsafe, defective or hazardous, and that they have an effective product recall system.

TFG factories in South Africa use the Sedex platform for monitoring and reporting on supplier ethical and social compliance.

➤ [Read more about sustainability governance and accountability on page 38.](#)

“In our ongoing support of dtic's R-CTFL Masterplan and the growth of local manufacturing, TFG continues to pursue initiatives and collaborations that drive the realisation of the Masterplan's objectives, which will ultimately drive larger-scale manufacturing employment in South Africa.” – Anthony Thunström, TFG CEO

SUPPORTING THE MASTERPLAN FOR LOCALLY PRODUCED FASHION

TFG actively engaged and supported the South African dtic in developing and launching the R-CTFL Masterplan in November 2019. The plan contains various goals, including increased employment in the sector by another 120 000 jobs across the value chain by 2030. It also includes a commitment to grow local resourcing in retail from around 30% to over 60% over the next 10 years.

The plan's seven core action commitments are:

- 1 Grow the local market
- 2 Local sourcing
- 3 Stop illegal imports
- 4 Tariffs and rebates
- 5 Incentive programme extensions (Production Incentive (PIP) and Competitiveness Improvement Programme (CIP))
- 6 Production flexibility
- 7 Value chain transformation



FOCUS AREAS, INDICATORS AND TARGETS

Key focus area	Goal	KPI	Target 2021	Performance
Increase localisation	Merchandise spend (all categories) on own or local suppliers	% of our total apparel manufactured locally in South Africa	45%	42,30%
		Of the locally made apparel % made by B-BBEE compliant factories in Units (Level 1 and Level 2)	100%	54%
		Of the locally made apparel % made by B-BBEE compliant suppliers (Level 1 to level 8)	100%	75%
	Increase QR output	% of own produced apparel that is on a QR timeline	92,0%	86,9%
Local job creation	Create jobs within TFG factories	Number of jobs created	50	95
	Create jobs within TFG factories - Youth	Number of jobs created – learnerships, internships and graduate opportunities	185	298
	Create jobs within strategic merchandise suppliers	Number of jobs created	30	118
	Create learnerships and internships opportunities	Additional opportunities created	910	1 402
Develop local enterprises and suppliers	Invest in Enterprise and Supplier Development	1% NPAT in ED	1%	1%
		2% NPAT in SD	2%	2%
		Bonus point: At least 1 job created in an ESD beneficiary	Yes	Yes
		Bonus point: At least 1 ED beneficiary graduated to SD status	Yes	Yes
Facilitate local fashion	Retail brands local collaborations	Number of collaborations p.a.	5	6
		All the brands adopting the use of the Proudly SA logo as an indicator of locally produced items – the use of this logo consistently across all our brands and on all channels i.e. on labels and on our sites	Displayed logo on garments	4 brands
			Ran instore campaigns	2 brands
			Showed logo on their brand websites	6 brands

2021 PROGRESS

TFG Africa's local manufacture spend is set to increase from R1,9 billion in 2021 to R4,3 billion in the 2025 financial year. This year we continued creating capacity through own production and partnerships with over 12 local CMT factories

CONTENTS

Localisation impact and focus areas

Skills development in action

Enterprise and supplier development progress

We made the commitment to localise our clothing procurement for three reasons:

1 Margin advantage due to lower markdowns.

2 Better trend relevance because we can make fashion calls closer to season as opposed to long lead times from offshore manufacturers.

3 Balance sheet advantages through lower inventory levels

LOCALISATION IMPACT AND FOCUS AREAS

Since 2014, our localisation strategy has led to an increase in the contribution of locally manufactured product, local jobs and skills advancement.

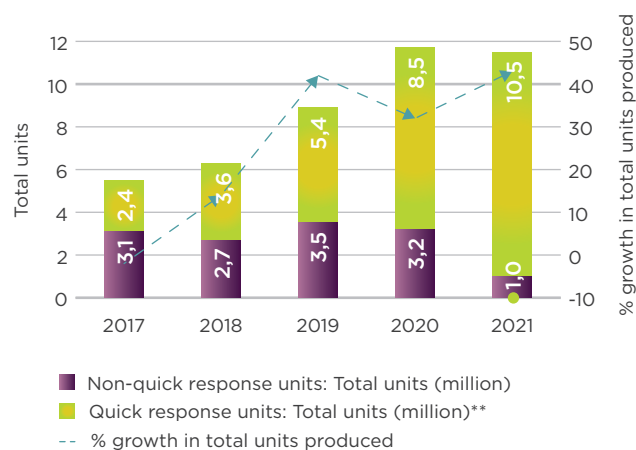
TFG's reliance on imports from the East, particularly from China, has reduced by 11% over the past two years in favour of local and regional supply.

Local sourcing means we can move away from the traditional 150- to 180-day international supply chain lead time to 35 to 40 days. We can supplement inventory that is selling faster, with the added benefit of protecting and insulating TFG margins in fast fashion apparel as we mitigate currency risk.

TFG's Prestige factories in Caledon and Maitland in the Western Cape produced 3,7 million units in 2021, representing 37% of our local supply chain total production which was 11,4* million garments and of that quick response improved by two million units, providing retail with a total of 9,9 million units.

Localisation is further supported by the introduction of duty rebates on woven fabrics, which will incentivise production at domestic mills.

The acquisition of Jet significantly increases local retail demand and forms part of the local manufacturing volume growth plans



** 2024 target: 22

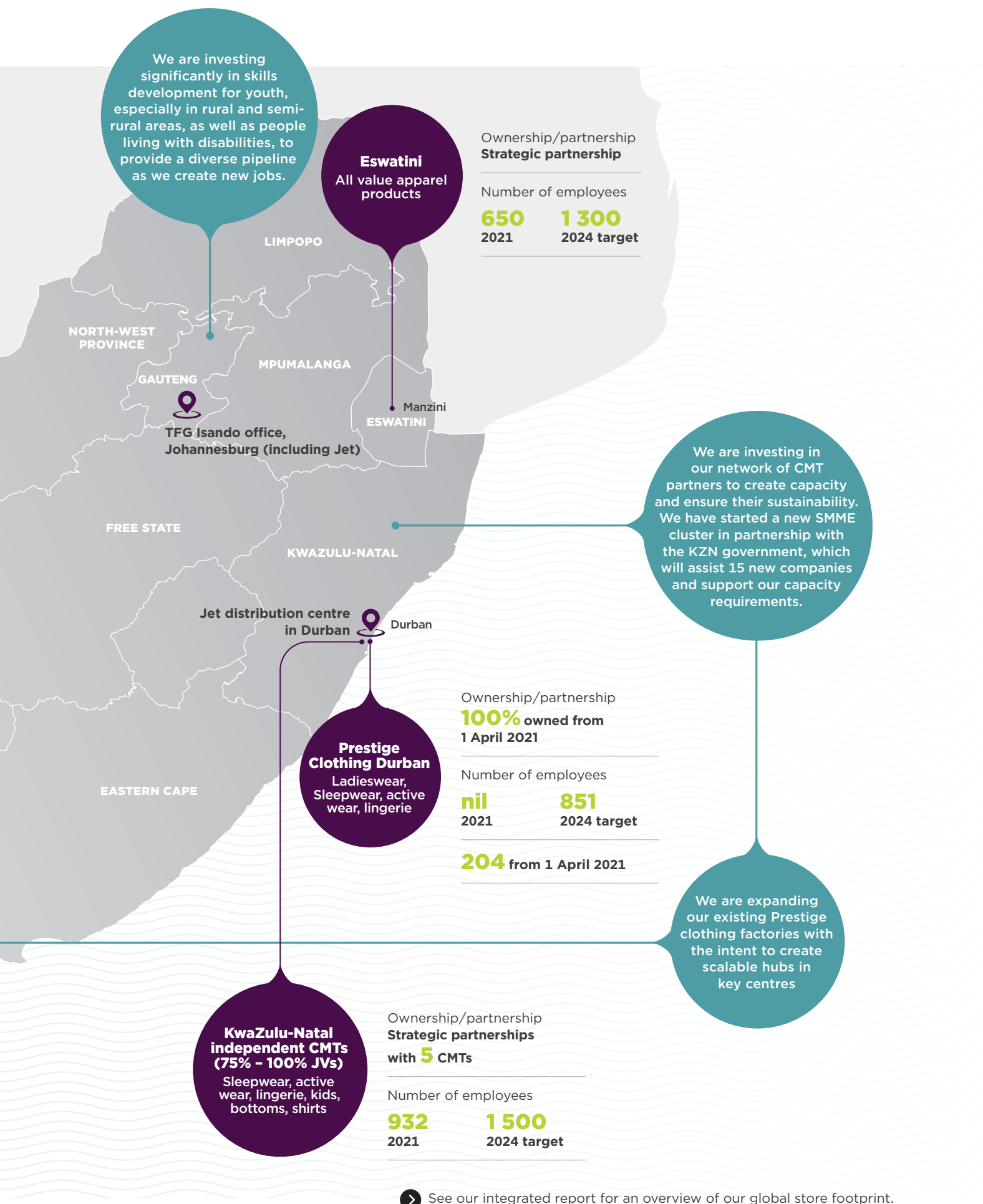
* Includes Eswatini.



2021 Progress continued

WHERE AND HOW WE ARE INVESTING IN MANUFACTURING FACILITIES IN SOUTH AFRICA





Local initiatives updates

We start with our people

With the ambition to reach 30 million locally manufactured units by 2026, we have to plan for additional floor space, employees, skills and equipment. TFG Merchandise Supply Chain has a pipeline of potential acquisitions to increase capacity.

To ensure the success of this growth imperative, we have a people strategy for an optimised manufacturing approach:

- Providing employees with modern machinery and training
- Introducing employees to a world-class manufacturing process
- Applying a modular approach where employees are clustered into manufacturing groups of less than 200
- Providing modular groups with their own areas and canteen times that create a sense of belonging
- Providing employees with benefits such as interest free loans and free transport.

Record time for T-shirts

A recent success story for quick response manufacturing was the production of 60% of The Fix brand merchandise locally. In 2020 the brand launched a collection of COVID-19 graphic T-shirts that were designed locally, manufactured at the TFG Prestige clothing factory in Caledon and for the first input delivered from concept to shelves in 37 days.



Acquisitions for jobs and scale

To build scale and capacity to meet ambitious local growth targets, TFG acquired manufacturing assets and related people this year. TCI Epping and Ndabeni, House of Monatic, Raydene Fashions and assets of Playtex now form part of Prestige Clothing. These acquisitions support TFG's multifaceted plan to protect jobs and retain scarce skills in the local clothing and textiles industry. Plans are under way to upgrade plants and manufacturing processes in line with our quick response manufacturing methodology.





Proudly South African fashion retail

As South Africa's leading fashion and lifestyle retail group, it was a natural fit for TFG to partner with Proudly South African. The partnership is united in the common goal of increasing local production and influencing consumers to buy locally to stimulate job creation.

All our retail brands are in the process of adopting the Proudly South African logo as an indicator of locally produced items and are striving to use this logo consistently across all channels, i.e. in our stores, on labels and on our sites.

Recent initiatives include supporting the Proudly South African #WearSouthAfrican Campaign in December 2020 and participating in the Buy Local Summit from 8 to 10 March 2021. We ran a digital exhibition at the summit and sponsored the Local Make-over Activation.

Supporting local design and production

- TFG Jewellery division (including American Swiss, Sterns and Galaxy & Co) sources 50% of their jewellery locally, of which 52% is locally manufactured. A recent innovation is the American Swiss OCEAN FLOWER™, designed in collaboration with the only female diamond cutters in Africa, Kwame Diamonds. This diamond features 67 facets and is sourced from the ocean floor near Alexander Bay. The rough diamond was cut and polished in South Africa and designed from "mine to finger" by leading South African craftswomen.
- The Foschini "Created by a Woman" series boasts more than 50% locally made apparel, which supports over 6 000 jobs. The brand also supports local business through a partnership with local beauty brands. Foschini Cosmetics offers a range of products that are manufactured locally by South African companies that keep the South African customer in mind. Products include skin nutrition, laser treatments, fragrances, and tissue oil.
- Markham collaborates and supports local designers. In support of Anti-Gender Based Violence, the brand undertook a T-shirt collaboration with an upcoming female designer, Neelo. For every T-shirt sold, R86 goes to the Sonke Gender Justice Organisation. Markham has raised close to R800 000 to date for the organisation and has an even bigger target of raising R1 000 000 in the next financial year through a similar campaign.
- Donna celebrated the fashionability and inclusivity of plus-size women through the launch of the Joy&Ash range. 50% of the private label is designed and manufactured locally.



Boosting local research for the future

TFG is sponsoring a Future Manufacturing post at the Toyota Wessels Institute for Manufacturing Studies in Durban. The funding aims to explore new business models in the manufacturing sector, especially those relating to rapidly emerging digital technologies that are likely to re-shape the R-CTFL value chain in the next few years.

The sponsorship gives us access to advanced research and development, and constitutes a significant investment in this area. Further research and development support is activated and documented through B&M Analysts.





2021 Progress continued

YOUTH DEVELOPMENT IN ACTION

In South Africa we have a strong commitment to supplier development and upskilling to ensure a resilient and scalable future supply chain. This approach applies across our supply chain and links fabric mills, manufacturers, suppliers and our retail brands.

Embracing young people with differing abilities

Many people living with disabilities still face barriers when it comes to access to employment. Upskilling and creating employment for people living with disabilities was a particular focus area for TFG Africa this year.

This year, we appointed more than 100 unemployed people living with disabilities into learnerships across our business. Through this, we are upskilling learners with long term or recurring physical (including sensory) or mental impairment that substantially limits their prospect of employment through various 12-month learnership programmes.

Through our involvement with Proudly South African we have been engaging with St Vincent School of the Deaf since 2019. The school had talented learners leaving school but unable to find jobs. TFG Prestige partnered with the Thandeka Vocational Education Trust (TVET SA), a Fibre Processing and Manufacturing (FP&M) SETA-accredited training provider, to train graduates from St Vincent School of the Deaf.

The first intake of 24 learners completed a 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 at the Prestige factory in Johannesburg. Funding is allocated from the Special Projects Fund in FP&M SETA to skill people living with disabilities, thus increasing their employability in industry. TFG funded a second group of 25 learners who joined us in March 2021.

Making the employment circle bigger

During the financial year, TFG supported 1 402 active learnerships and internships. We also created opportunities through the YES initiative for more than 475 unemployed young people who started on 1 April in stores throughout South Africa.

Learnerships focused on creating skills in areas where we are expanding and where there are limited skills available. As a registered accredited training provider with the Wholesale and Retail (W&R) SETA, TFG launched Project Elevate in 2018 to 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.

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. In line with this, we also offer these learnership opportunities to our permanent employees in stores – giving them a chance at acquiring an occupational qualification, and boosting their retail skills and competence.

This year we enrolled 288 young people with a passion for retail, onto the Project Elevate initiative in distribution centres and stores across all our brands. 233 of these learners were previously unemployed, and have been given a 12 month employment contract to gain valuable work experience for their qualification, and future employability. At the same time, we are building a pipeline of retail talent for our business.

Furthermore, we enrolled an additional 288 learners in NQF level 2 learnership programmes across the Prestige clothing factories this year.

We also focused on employing and upskilling unemployed rural youth in the Vaal and Midlands areas, where we previously appointed 39 young people on a 12-month retail learnership through Project Elevate. Based on the success of this, we employed a further 40 unemployed youth in these areas in the last quarter of this year, many of them living with disabilities, who have been struggling to gain access to employment opportunities.

Number of Learnerships and Internships at a glance

Learnerships and Internships

nationally recognised qualifications

Learnerships

for people living with disabilities of the total learnerships

Manufacturing Sewing machinists Mechanics Finishing Operations Manager 354	Manufacturing Sewing Machinists 25
Stores and Distribution Centres Sales and Distribution centre associates Store management 776	Stores and Distribution Centres Sales and Distribution centre associates 92
Contact centres Supervisors Contact centre agents 53	Contact centres Contact centre agents 13
All locations Junior/middle management and scarce/critical skills 219	

TFG Africa



2021 Progress continued

ENTERPRISE AND SUPPLIER DEVELOPMENT PROGRESS

We spent over R1.6 billion this year with Black-owned and Black women-owned suppliers. We have a deliberate strategy for supplier development that includes incubation and spend shifting to empowered suppliers.

Our commitment to local sourcing and the R-CTFL Masterplan means that enterprise and supplier development remains a priority. We continuously explore opportunities to provide access to and develop Black-owned and Black women-owned suppliers.

We continue to collect B-BBEE certificates across our vendor base and to shift business to empowered suppliers.

Our main contribution to enterprise development is in clothing, fabric and machinery donations. We also started supporting the development of new, empowered suppliers in non-merchandise commodities – specifically through market access to TFG.

Supplier development initiatives included loans and advances, donation of machinery and fabric, preferential payment terms and human resources capacity support. We continue structuring investments – both monetary and non-monetary – into our local manufacturing supply base to encourage job creation. By using new technology, we expect to enhance supplier discovery in non-merchandise leading to further transformation of our active vendor base.

Equipment and loans boost small enterprises

TFG Merchandise Supply Chain is cognisant of the need for transformation and is committed to promoting the principles of B-BBEE by assisting and empowering qualifying suppliers to enable them to grow and build sustainable businesses. Through asset donations, the provision of interest free loans, preferential payment terms and discounts we assist small enterprises to achieve sustainable financial and operational independence.

This year over R36 million was spent supporting eleven small and medium enterprises (SMEs) of which five are exempt micro enterprises (EMEs) and six qualifying small enterprises (QSEs), with eight being B-BBEE level 1 contributors and three on Level 2.







2021 Progress continued

Totalsports drives youth development through Safe-Hubs

Totalsports has been investing in youth sports development via the Safe-Hub programme since 2016, when it allocated R8,5 million to build an artificial football field in Alexandra township, Johannesburg.

This year, Totalsports continued its support in partnership with National Government and the Development Bank of Southern Africa via a programme to roll out 100 Safe-Hubs at the centre of South Africa's most densely populated township areas by 2030.

Since 2018, Totalsports has enabled the creation of 17 new employment positions at Totalsports Safe-Hub Alexandra, reaching four local schools and supporting teachers with during-school-time activities and supplementing curriculum.

In 2020, the Totalsports Safe-Hub provided an accredited learnership (NQF-Level 4) in sports-management to 13 young people of which half were female. These "PlayMakers" undergo a 12-month employability programme which enables them to successfully access job and further training opportunities upon graduation. At the same time, PlayMakers serve as positive role models in the community.



Supporting entrepreneurs in our communities

TFG has been supporting the Clothing Bank with inventory donations since 2016. Building on the success of this initiative, which enables unemployed mothers to set up and run small trading businesses, the Clothing Bank has now launched the Appliance Bank. Focusing on unemployed men, the Appliance Bank equips them with technical skills to repair damaged household appliances and business skills to establish and run small businesses.

Both the Clothing Bank and Appliance Bank support enterprise development by creating sustainable income generating opportunities and contributing to a circular economy where waste is repurposed, recycled and reused. TFG contributed R4,9 million in merchandise returns and samples to the Clothing Bank and the Appliance Bank this year.



Enterprise and supplier development updates

Safely home with OSA

Safe and reliable transport to and from work can be a concern for our employees. With a recent change in our workforce planning system, employees had to adapt to significant variation in scheduling routines. Shifts are now allocated according to seasonality and footfall in stores.

We launched a transport project in collaboration with the change team, group procurement, fleet, operations management and labour representatives to find a solution that works for our employees. We launched a pilot project with a Black women-owned business, Outsourced Solutions Africa (OSA), that provides access to a network of SMMEs in the transport industry, including taxi owners and drivers.

The contract involves transport for employees at five of the largest shopping malls in the country, where our shops have late trading hours. OSA, which arranges for employees to be dropped off directly at their homes within a 50km radius from the store in which they work, was vetted for compliance, safety, communication and service levels. Employees were happy to repurpose their existing transport subsidy to join this service and support an empowerment SMME through TFG. This pilot will be evaluated during the year for future applicants.

Tracking our empowerment spend

As part of the non-merchandise procurement four point plan for tangible supply chain transformation, the Group continued to shift spend to black owned and black women owned Exempted Micro Enterprises. In addition, discounts and preferential payment terms amounting to R12,2 million were awarded to qualifying beneficiaries.

WHAT WE CAN LOOK FORWARD TO IN 2022

- Customer behaviour post-COVID-19 led us to become even more demand orientated. We therefore need the kind of agility that only our local quick response capability provides, enabling us to respond swiftly to changing demands. Combined with more strategic relationships, we are building a local manufacturing and supplier network to make TFG a leading and sustainable lifestyle fashion retailer.
- We plan to continue accelerating the vertical integration of our local supply chain by exploring strategic supply chain acquisitions that enhance local quick response capacity and capability. We are set to expand our local quick response manufacturing capacity further.
- We remain committed to job creation. Our local expansion plan intends to create more than 5 000 additional jobs by 2025. TFG will provide most of these new employees with jobs and qualifications made up of learnerships, internships, skills programmes and graduate training in manufacturing. Through the Jet acquisition, we gained and safeguarded even more jobs. This includes the transfer of 425 stores that collectively employ approximately 5 600 people in southern Africa.





06

PEOPLE AND COMMUNITIES

PEOPLE AND COMMUNITIES

THE CHALLENGE

The COVID-19 pandemic highlighted widening inequality across the globe, spanning areas from healthcare to technology and employment. Social issues and injustices such as #BlackLivesMatter and gender-based violence became global themes. Wellbeing in communities and for individuals became even more evidently linked to social factors, including education, employment status, income level, gender and ethnicity.

In South Africa, slow progress with economic empowerment and endemic corruption, combined with the impact of measures to mitigate the spread of COVID-19, devastated communities already challenged by lack of access to housing, clean water and sanitation, quality education, social protection, good healthcare, electricity and jobs.

We also have one of the highest unemployment rates in the world among those aged 15 to 24. South Africa's unemployment rate was 29.8% for youth who are not in employment, education or training (NEET) at the end of December 2020. (Source: Statistics SA's quarterly labour force survey)



Collaboration between the private sector, public institutions and development partners will be critical to building resilient economies post-COVID-19. In business, the employee value proposition is changing, and social investment imperatives are becoming more focused on impact.

Related material matters:



Challenging trading environment

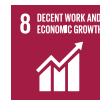


Talent management: attracting, retaining and developing key talent

OUR COMMITMENT

We are committed to transforming our Group to reflect the diversity of our customer base and the communities we operate in. The broader transformation imperative includes investment and partnerships with government, for example through the R-CTFL Masterplan, dedicated progress with B-BBEE and continued social investment through the TFG Foundation.

We are committed to creating inclusive workplaces to attract and retain talent. This includes understanding current and future trends that influence our workplace environment to ensure we can differentiate our employee offering and strengthen our employer brand.



Customer & employee obsession



Leadership

SUPPORTING POLICIES AND GOVERNANCE

Our performance according to the goals and KPIs for this pillar is reported to the Supervisory Board's Social and Ethics Committee. Employee aspects related to remuneration fall within the mandate of the Remuneration Committee, which meets four times a year. The TFG Remuneration Committee is responsible for governance of remuneration for all senior leadership teams in all territories.

Top technology for FEDISA students

TFG has a long-standing partnership with fashion and design school FEDISA. In 2018 we opened the TFG technology lab at FEDISA's Cape Town campus with equipment to accommodate 50 students at a time. This year we upgraded the lab by installing Juki sewing machines and overlockers to ensure FEDISA students have access to the latest sewing technology employed by the fashion industry globally.

Employment Equity and Skills Development strategies were reviewed this year, especially following the Jet acquisition. All trading divisions have clear guidelines and targets for each of the five pillars of the B-BBEE scorecard.

In South Africa, our employees are supported by a shared service human resource (HR) team across all divisions and brands. HR teams work with line managers in areas such as talent acquisition, employee relations, training and development, performance management and transformation. HR policies include for example:

- The TFG code of good ethical conduct
- Diversity and social inclusion policy
- Remuneration policy
- Work-from-home policy
- Anti-corruption policy
- Human rights declaration for employees

In South Africa, the Basic Conditions of Employment Act No. 75 of 1997 governs working conditions and relationships as set out in the Constitution. It also ensures that South African employers and employees comply with International Labour Organization (ILO) obligations. TFG complies fully with the Act. We have a People and Communities Committee that drives specific initiatives to ensure sustainability in this area.

At TFG London, HR is centralised under a Group HR director and we have an HR presence per brand in each of our three offices. We have one HR strategy across the brands.

HR policies are aligned to legislative directives including the Equal Opportunities Act, Working Time Directive, Health and Safety at Work Act, National Living Wage, Anti Bribery Act, etc.

Several governance structures support employee priorities, for example an inclusion and diversity board, employee engagement committee and a social committee. A remuneration committee consisting of the Group MD, Group CFO and Group HR director approves pay increases and promotions. UK brands Phase Eight, Whistles and Hobbs all publish annual pay gap reports that provide insight into key remuneration indicators to ensure all employees, irrespective of gender, receive the financial and non-financial rewards and recognition they deserve.

At TFG Australia, the CEO, general brand managers and shared services executives discuss employee, health and safety matters at a monthly meeting. HR is a central function with the HR manager dealing with specific employee issues.

HR policies are aligned to the Fair Work Act, No 28 of 2009, which sets minimum standards and conditions for employees and provides the legal framework for employer-employee relations in Australia. Policies include, for example, an unlawful discrimination, harassment and vilification policy that is aligned to federal and state laws. We also adhere to the Work Health and Safety Act, No 137 of 2011, as well as each state's work health and safety rulings, for example in the injury management return to work policy.

Accountability for all remuneration decisions sits with the CEO of TFG Australia and is shaped by awards and the outcome of annual appraisals for the retail team, and market-based performance increases for non-retail employees. The process is managed by the general brand managers and shared services department. Remuneration for the general brand managers and CFO is benchmarked externally.

➤ [Read more about sustainability governance and accountability on page 38.](#)

“South African manufacturing capability must advance quickly over the next decade. TFG is eager to support initiatives focused on developing world-class management capabilities needed to drive South Africa’s localisation strategy”

– Anthony Thunström, TFG CEO

Focus areas, indicators and targets continued**FOCUS AREAS, INDICATORS AND TARGETS**

Key focus area	Goal	KPI*	Target 2021	Performance
Transformation	A diverse and inclusive workforce	Employment Equity target set per B-BBEE scorecard (out of 10)	4,67	3,68
		Disability targets set by B-BBEE scorecard (out of 2)	0,74	0,44
	Increase social impact	Socio-economic Development target set per scorecard (target is 1% of RSA NPAT)	1%	1%
Development	Invest in training and development	Skills Development target set per B-BBEE scorecard (out of 25)	10,78	9,98

* KPIs, performance and targets are for TFG Africa only

2021 PROGRESS

TFG employs 34 891 people in 26 countries. They form part of a diverse range of communities and feature a mix of genders, races, age groups and skills profiles. Our people are our most important resource and critical in helping us achieve our key business priorities.

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An employee force in transition

Digital transformation
and change management

Educate to employ

Employment equity, diversity
and inclusion

A heart for community

“The future of fashion relies on people...the people who make clothes, the farmers who grow the crops for our materials, our employees who make up our biggest asset, and our customers and investors: our major critics and biggest allies.”

– TFG London

AN EMPLOYEE FORCE IN TRANSITION

EMPLOYEES
34 891
2020: 29 776

AFRICAN BLACK EMPLOYEES
IN SOUTH AFRICA
70,8%
2020: 64,4%

FEMALE EMPLOYEES
70,3%
2020: 70,9%

CORPORATE EMPLOYEES
6 622
2020: 6 622

EMPLOYEE LIVING
WITH DISABILITIES
219
2020: 91

RETAIL EMPLOYEES
28 223
2020: 23 154

EMPLOYMENT EQUITY
REPRESENTATION
96,1%
2020: 94,9%

TRAINING AND
DEVELOPMENT SPEND
**R141,7
million**
2020: R162,2 million

SOUTH AFRICA
SENIOR MANAGEMENT
EMPLOYMENT EQUITY
APPOINTMENTS
45%
2020: 34%

WORK DAYS LOST DUE
TO INDUSTRIAL ACTION
Zero
2020: Zero

SOUTH AFRICA MIDDLE
MANAGEMENT EMPLOYMENT
EQUITY APPOINTMENTS
74,7%
2020: 60%

2021 Progress continued**Health and safety during COVID-19**

The wellbeing and general safety of our employees was a major area of focus this year. We established a range of structures to provide support, to assist with driving awareness of COVID-19 and associated risks and ensure compliance with protocols. All levels and business units were involved, with COVID-19 risk officers appointed and an emergency team created. The facilities teams contracted deep cleaning services and special measures were put in place for vulnerable employees. TFGLEARN courses were developed to support the adoption of health and safety protocols to minimise the risk of employees contracting COVID-19. We also launched an electronic COVID-19 screening application, with access to medical advice through our partnership with INCON Health. The app triggers automated alerts for telephonic contact with a nurse. Further support was available through a COVID-19 medical support 24/7 wellness helpline for employees and line managers. The line has received 735 calls since its launch in August 2020.

Specific initiatives to support employees during the past year included reinstating leave for employees impacted by COVID-19 and extensive work-from-home arrangements. We increased the level of funds employees can access through the internal financial assistance programmes and relaxed the criteria for access to advanced pay and personal loans. 250 employees accessed financial assistance this year.

In the financial year, 2 093 of our people tested positive for COVID-19 and tragically 13 passed away as a result. Each of these employees contributed to the success of TFG and we offered support to their families. We keep their families in our thoughts.

Employment rights at TFG London

TFG London joined the Quizrr global corporate social responsibility training programme towards the end of 2020. Our intent is for TFG London and suppliers to strengthen worker training and engagement to actively build a sustainable business, which will in turn strengthen our partnerships.

Based on ILO core conventions, the OECD Guidelines for multinational enterprises and SDGs, the Quizrr digital training programme assists all level of employees to learn about employment rights. It covers topics such as rights and responsibilities, health and safety, workplace dialogue and worker engagement.

The training is based on short film dramas, covering real-life scenarios in factories, followed by quiz style questions. All training results are saved and displayed within a web portal, making it possible for our suppliers and for us to measure and share progress, as well as report on it. We launched the Quizrr programme in September 2020 with key suppliers and will welcome more onto the programme this year.

Robust labour relations

In South Africa, TFG's long-standing recognition agreement with the South African Catering Commercial Allied Workers Union (SACCAWU) was cancelled effective 1 September 2020 due to low membership (5% representation across TFG South Africa). In Lesotho, TFG employees are represented by the National Union of Commerce, Catering and Allied Workers (NUCCAW), which also previously organised the majority of Jet employees in the country. A recognition agreement has been in place with NUCCAW since January 2020. In Zambia a recognition agreement has been in place with the National Union of Commercial and Industrial Workers (NUCIW) since 2015.

At our Midrand distribution centre, we granted the Democratised Transport Logistics and Allied Workers Union (DETAWU) limited organisational rights, with deductions of union fees commencing at the end of May 2020.

TFG's minimum wages are determined by the Sectoral Determination 9 (SD9) and we are compliant with both the national minimum wage and the SD9 minimum wages.

TFG is also compliant with directives and regulations issued during the COVID-19 pandemic, including the terms of trading and protection of employees under the different lockdown levels.

During lockdown TFG paid all employees their contracted salaries. Zero days were lost due to industrial action this year.

**Jet joined TFG**

With the acquisition of Jet, 5 160 employees were transferred to TFG in South Africa in October 2020. This was followed by the transfer of additional employees from Namibia (144), Lesotho (77), Botswana (125) and Eswatini (123) with a total of 5 629 joining TFG by the end of the financial year. Through the combination of a highly experienced and motivated Jet management team, and a commendable effort by a dedicated TFG integration team, we successfully implemented a detailed transition plan. Jet has now joined TFG ahead of the planned deadline and well within the original budget allocated.

The Jet employees were taken on according to terms and conditions of employment that were on the whole not less favourable than those they enjoyed while employed by Edcon. The same applies to the purchase agreements for the Jet businesses in Botswana, Namibia, Lesotho and Eswatini. TFG will also recognise employees' previous years of employment with Jet.

Communication remains key

To keep our employees engaged, informed and motivated during a challenging year, we communicated constantly via multiple channels. The COVID-19 multi-functional task team held regular meetings to ensure all employees were aware of the different measures taken to ensure their safety.

The COVID-19 portal for employees provided access to communication, policies and documents in one secure place. Employees' HR-related concerns and questions could be addressed via a special app that was launched for easy access. During the early and most critical phases of the lockdown, there were weekly updates sent out from TFG's CEO Anthony Thunström to address critical issues and reassure employees.

To keep everyone connected while working from home, all employees could log in virtually to financial results presentations and 'Conversations with Anthony' was launched to stream through updates on strategic initiatives.

We ran a series of "Thankful Thursday" campaigns, during which we shared good news stories that lifted spirits. Many of these stories focused on our localisation initiatives.

We have always put the safety of our employees first. COVID-19 health and safety training was available through a number of different channels, including our intranet portal, our app and kiosks in manufacturing plants. Printed booklets were also available for employees who were not comfortable with digital training.

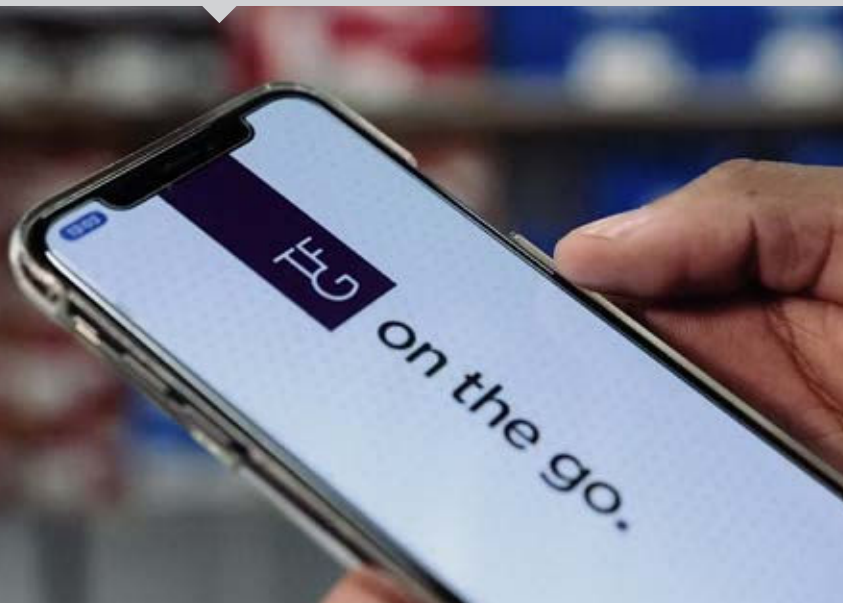
Our Prestige clothing factories in Caledon and Maitland have an in-house radio station with education and information. We shared educational COVID-19 videos with employees through extensive WhatsApp networks set up for ease of communication.

Employee initiative updates

Working flexible hours

TFG Africa wants to be an employer of choice. Pre-COVID-19 several head office support functions worked flexible hours. Business units would typically require employees to be available during core hours, but outside of these, employees can choose their working hours based on lifestyle and commitments.

Since COVID-19, most business units have been working remotely or in a blended arrangement between homes and offices. This flexibility and fluidity of where and when work occurs, will continue and be shaped collaboratively between TFG and employees.



Our employees give feedback

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.

VoE resumed in December 2020 after having been suspended from April. During the active period, approximately 9 000 employees across the South Africa and Africa region responded to the Voice of Employee Survey. The respondents represent our retail, manufacturing, distribution centre and head office environments. The survey aims to assess employee sentiment across the pillars of Leadership, Growth, Culture and Performance. Through these insights TFG is able to implement solutions that have a positive impact on overall employee experience and employee morale.

2021 Progress continued**DIGITAL TRANSFORMATION AND CHANGE MANAGEMENT**

TFG's strategic commitment to digital transformation and e-commerce is not purely an information technology driver, but relies on our people's adoption and use of technology, and their process proficiency.

We made large investments over the past few years to equip our employees to be more customer-centric and work efficiently. We launched specific change management interventions to support systems and processes change through increased communication and engagement.

We had to ensure organisational readiness so that new systems are embraced, adopted and effectively used, yielding a return on investment and ensuring business value.

We adopted an agile methodology and supported our employees through coaching and a blended learning approach. Our success with the rapid transition from face-to-face to digital methods last year positioned our people well for e-learning and remote learning. We leveraged our e-learning platform to expand our reach and utilised

simulation training, digital training channels and on the ground coaching to help drive learning. Feedback from surveys and our technical desk calls were used to assess training effectiveness and ensure continuous improvement.

As field managers are key change agents, regular engagement with them was critical. By moving engagements online this year, we experienced significant benefits: more participation and better attendance. Where employees were previously not able to attend sessions due to travel distances, cost and time, these obstacles were no longer relevant. The sessions evolved to be cross-functional and interactive, with employees from brand teams and other disciplines all contributing to greater awareness, interest and support.

Our "buddy" system has been a particularly effective element of change management. The successful integration of Jet can largely be ascribed to this system, with TFG employees nominated as "go-to" people within local teams to share knowledge, provide hints and tips.

In all cases we ensured post-implementation support, assessments and root cause analysis to continuously improve.

Our four key change management projects for store digital solutions were:**OUR FOUR MAIN LEARNING PLATFORMS:****TFGLEARN**

E-learning, including on-demand and self-directed learning, with reflections to assess and track progress

TRAINING MODE

Experiential learning in a safe environment to practically apply knowledge gained from TFGLEARN

MYTECH IN-STORE TRAINER

Employee-to-employee support training that provides go-to people for help and support on the ground, with feedback into the operational support model and using digital platforms, e.g. MS Teams

"BUDDY SYSTEM" AND ON THE GROUND TECHNICAL COACHING

Employees learn and retain information better when they have the opportunity to practice through real-life job experiences and through peer coaching



“More than 1 850 TFG apparel stores were RFID-enabled within 18 months, one of the largest and fastest RFID implementations globally.”

– Greg Walsh, Head of TFG Omni-channel Systems



2021 Progress continued**RFID tagging and practice**

We introduced RFID technology to optimise inventory availability for online and store trading. The fact that we can track items in real time means that our view of inventory is highly accurate and we can work towards fulfilment closest to the customer's location. This ensures great service and convenience for the customer, and helps us manage cost effectively.

The roll-out of RFID in our distribution centres and stores was a more physical learning experience than any of the other projects. We realised early in the process that remote learning had limited success. Execution required physical interaction in stores and a strong feedback capability between stores and field managers to adjust processes where necessary and reinforce learning. This ability came with practice, and progress was initially challenged by COVID-19 restrictions. RFID usage continues to increase. However, we measure success by the fact that call volumes and support desk queries have stabilised, despite a growing number of participating stores.

**Partnerships for workforce planning**

For our new workforce planning system we adapted an international tool for the South African work environment. The tool helps us to streamline and monitor employee work schedules, accurately forecast labour demand and maximise productivity. We followed a robust process with extensive testing to understand what the solution would mean for employees and area managers, how they would interact and what stakeholders to involve. The information technology and human resources teams were critical partners in understanding the technical impact and ensuring alignment with employee contracts, scheduling and remuneration. A key element in the success of this project was ensuring that all internal project stakeholders were able to answer and address employee questions and concerns.

Making change better

It is important to prepare employees for transformation so they are ready when new technology goes live. We use the Prosci ADKAR® Model that identifies five tangible and concrete outcomes people need to achieve for lasting change: awareness, desire, knowledge, ability and reinforcement.

Whereas TFG used to focus predominantly on knowledge, we now ensure we first create awareness with employees, help them understand how the change will benefit them and then allow them to play with the new technology before launching.

The social media aspect of learning and sharing has become very important. Employees engage more easily and a lot more frequently on WhatsApp. We found communication and the sharing of self-help videos quicker, with feedback enjoyable and making more sense to all participants. We also used actual employees in video clips, as employees find them easier to relate to.

**Mobile line management**

Employees can now formally interact with their line managers on mobile devices. To develop this capability, we started with journey mapping and focus groups to understand employees' perceived gaps and concerns. We then onboarded line managers through transformation sessions where the leadership in the room explained the journey and how it would impact their day-to-day lives. We then allowed them to experiment with the solution. As a last phase we layered traditional marketing messages by sending out communications to create a sense of excitement and anticipation. Getting employees to buy in by asking them about gaps they experience was key to the successful adoption of this capability. We also learnt that it is important to use line managers as change agents: because they are respected for their knowledge, employees are open to learn from them. Line managers are more effective than facilitators in making employees part of a solution.

TFG builds intellectual capital

We build intellectual capital by developing TFG-specific learning material that helps us realise a brand-appropriate customer experience and improve the effectiveness of our employees. The geographical spread of employees was a challenge for efficient learning in the past. As we have changed our learning approach to a more blended experience with strong engagement and participatory elements, we have seen better retention and implementation. We have developed learning material according to levels and roles with different offerings for store managers, field members and heads of functions – all developed in-house. Digital options provide a range of alternatives, making training more accessible and providing a better return for TFG's investment.

We measure progress continuously through mechanisms such as surveys, assessments, technical service desk data, system use and customer feedback.

Employees get in-store mobility

Our new point-of-sale solution offers an improved customer and employee experience. The mobile point-of-sale device means we can serve customers anywhere in the shop, avoiding lines at a traditional cashier. The interface is easy to navigate and ensures a faster service. The benefit for store employees is clear: previously point-of-sale engagement with customers was slow and often resulted in irritated customers. With a full offering, the mobile solution also enables employees to activate value-added products more quickly.

Employees were eager to embrace the new solution. Online sessions to explain the process, digital training modules and the opportunity to play with the solution proved highly effective. We conducted digital bootcamps with line managers to onboard them as change agents to drive the conversion in their stores.



Onboarding Jet employees

Jet employees became part of TFG over a period of months as the different country operations joined the Group. We took care to make them feel welcome and introduce them to the culture, history and our customer approach. The onboarding process was done digitally, with our field managers. We ensured a consistent message across distribution centres, stores and head office. In some cases, Jet employees had to be familiarised with many processes spanning governance, administration and in-store requirements. Support teams were directed to know where to access information, how to log calls, escalate issues and find help. We used the concept of super users from Jet and TFG to help us understand requirements from a process perspective, before rolling it out to the rest of the integration teams. With the success of the buddy system for other change projects, we used a large number of TFG volunteers from various brands to act as buddies for Jet counterparts in terms of information and support.

Change management updates

Faster learning for inventory fulfilment

We had a fairly conservative roll-out plan for online fulfilment to stores pre-COVID-19, with brand testing and proof of concept phases. COVID-19 lockdown measures and the subsequent uptake of online shopping urged us to convert this to a very aggressive roll-out plan. With no employees in stores at the start of lockdown, we made radical shifts by communicating, planning and converting our paper-based quick reference guide to WhatsApp.

Despite challenges, employees in our stores, field managers and business units bought into the urgency for this project. We saw the benefits of rapid technological uptake among employees: they were able to understand and adopt new digital solutions and achieve high levels of proficiency quickly. This was evident from the measures we tracked, such as the improved speed at which employees were fulfilling orders in stores, declining order levels and the reduction in level of expired orders.

Key success factors were making people feel included and giving them access to information, particularly since this project required high levels of collaboration across the supply chain.

2021 Progress continued

EDUCATE TO EMPLOY

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. Our “educate to employ” strategy directs investment in various areas to develop a pipeline of young talent for TFG:

- 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.

➤ [Read more about our youth development initiatives related to the youth in the section on localisation and job creation from page 41.](#)

A pipeline through bursaries

We invested in further education for 17 individuals this calendar year. We partnered with UWC and FEDISA to provide an active pipeline of talent into the business. Five candidates from both institutions received bursaries. We also provide students with the opportunity to take on practical or vacation work at TFG during their studies.

Seven employees, all equity, were awarded bursaries to further their careers through higher education opportunities.

Creating Black production managers of the future

Our Product Management Development Programme (PMDP) is a first for TFG. It aims to transform a traditionally male, non-equity and ageing employee complement while building a talent pipeline to cater to our manufacturing expansion plans. This year we took on 12 African Black graduates from various disciplines including industrial engineering, quality and clothing management. They will undertake a two-year management development programme with a strong focus on Quick Response. The intent is to immerse candidates in the world of manufacturing, so that they are adequately equipped and skilled to be employed as junior production managers at the end of it. Furthermore, we recognise that our programme will benefit the wider manufacturing industry by increasing the pool of management skills.

YES to jobs

TFG joined the YES initiative and took on more than 475 young people in April 2021. The YES initiative is a collaboration between business and government to address youth unemployment, focusing on innovation and technology. The 12-month programme will help create a pool of employable young people for the retail industry and South Africa.

We followed a structured process over several months to advertise, screen, interview and carry out pre-employment checks on all candidates. Our target group was young people in the age group 18 – 29 who have not worked before. The 12-month contract provides them with work experience while coaching and mentoring help them with work readiness. Each YES participant received a smartphone that contains the digital content of their programme in modular, bite-sized chunks. The learning journey is completely digitised within a nurturing environment.

We focus on basic skills necessary for a formal working environment such as time management, communication and money management. Because we are trying to increase their employability, content includes interview tips and CV creation.

How we create shared value through YES:

- To unemployed youth, work experience is one of the most effective ways to secure long-term employment.
- As a South African business, it is evidence of our commitment to local job creation.
- To TFG, the investment is largely offset by overtime reduction, increased turnover and tax breaks, as well as improved performance on our B-BBEE scorecard.

“I’m settling in very well and really enjoying this experience as I’m learning new things every day.”

– Simbulele Ndungane, YES sales associate at The Fix, Promenade

“I am so happy and excited to be here – now I can learn and have a better future”

– Lerato, YES sales associate at Foschini Dihlabeng



A pipeline of graduates

Our graduate trainee programme is our longest-running investment in youth development. We invite young graduates with TFG-related scarce and critical skills, for example in buying, planning, information technology and design, to join our programme. With our commitment to localisation and ambitious local manufacturing targets, we are deliberately building a talent pipeline for design and manufacturing.

Of the 24 graduates who participated in the programme in 2020, five joined TFG on a permanent basis and 19 in contract positions. Only one graduate did not complete the training. All were equity candidates.

In 2021 we had an intake of 32 graduates, of whom 44% have design skills. All were equity candidates.

Our immersive development approach



Education opportunities update

Experience TFG on the inside

We bring degree and diploma graduates into the business on an internship that entails a 12-month contract to gain work experience and make them more employable. They also provide us with a pipeline of potential candidates for the graduate development programme. Interns are mainly employed at head office and selected for their ability to bolster scarce and critical skills.

In 2020 we took on more than 30 degree and diploma interns and, following Board approval to increase our investment in youth and education, we were able to take on another 47 in 2021.

We also partner with TVET colleges around the country to provide work-integrated learning opportunities for students studying towards N6 qualifications in business management, retail management, sales and marketing. These students typically need 18 months' work experience for their qualification and have already completed the theoretical component. This year we took on 386 interns into stores across TFG brands.



TFG's partnership with Learn to Earn

Our development partnership with Learn to Earn, a skills development and job creation organisation, aims to equip unemployed South Africans with practical skills and experience to secure a job and a successful career in the retail industry. 25 trainees completed the six-week on-the-job training in 2020. The training is based on a retail supply chain business model and involves working in stores, doing garment repair, and exposure to warehousing and distribution.

Learnerships for people living with disabilities

We partnered with the St Vincent School for the Deaf, iCan Corporate Disability Solutions, eDeaf SA, Related Education and Harambee for our learnerships for youth living with disabilities. In 2021 we were able to place more than 100 persons living with disabilities, who were previously unemployed, on learnerships at TFG. It was a cross-functional project with learnerships in stores, manufacturing, distribution centres and in the contact centre.

➤ [Read more about the group from St Vincent in the section on localisation from page 50.](#)

Our aim is specifically to target unemployed youth who did not have the opportunity to train or study at a higher learning institute. They work at TFG on a 12-month contract, where they receive 70% on-the-job work experience and 30% formal learning. At the end of the 12 months they graduate with an occupational qualification, while TFG absorbs as many as possible into permanent positions in the business. In this way we create jobs, contribute to empowerment and help communities reduce reliance on social grants.

2021 Progress continued**EMPLOYMENT EQUITY, DIVERSITY
AND INCLUSION**

We want to build a business that is diverse and inclusive within a culture of hard work, innovation, collaboration and transparency. Our current focus is on gender and race transformation for senior management and professional middle management, and a higher proportion of people living with disabilities.

To gain more traction we are involving our senior executives to incorporate transformation actively into their unit strategies. Whereas transformation accountability was previously with the human resource function, it has now been shifted to business units, where managers are expected to know their talent and be able to attract the right candidates. They are becoming the change agents to drive transformation, diversity and inclusion.

Our transformation journey is premised on a deep understanding of what diversity and inclusion entails, and we are working to address unconscious bias. We partnered with training providers and facilitators to work with key leaders in the business, as well as those tasked with digital marketing content, to encourage diversity and inclusion.

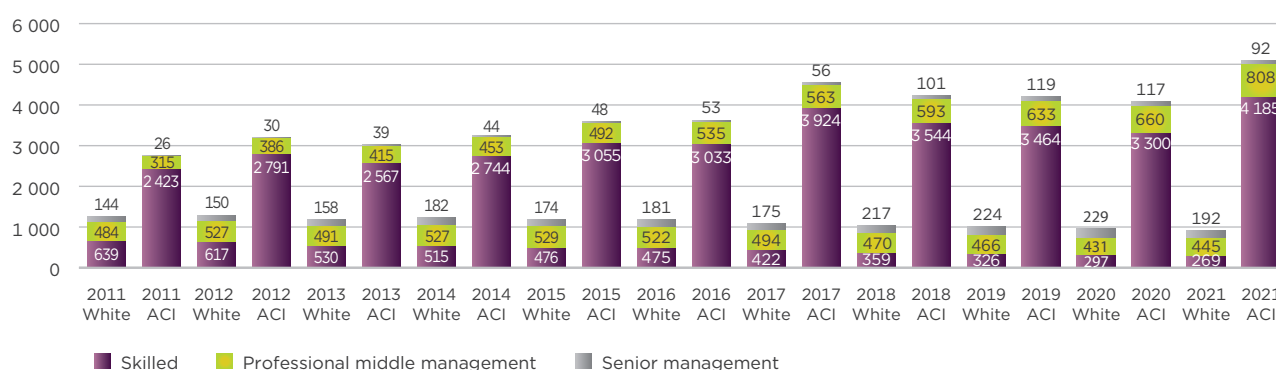
Our transformation focus delivered a sustained increase in the representation of Black employees within our senior and middle management teams, while retaining our focus on promoting gender diversity. At these levels, 32,4% of our workforce in TFG South Africa is made up of employment equity candidates, 6,7% of whom are African Black employees.

Our TFG South Africa employee composition as at 31 March 2021:

Occupational level	Male				Female				Foreign		Grand Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	
Permanent	6 472	1 621	247	327	12 810	4 521	478	691	22	20	27 209
Top Management				3	1		1	1		1	7
Senior Management	13	20	23	104	6	21	9	86	1	1	284
Prof Middle Management	112	163	68	146	140	245	80	288	9	2	1 253
Skilled Junior Management	871	320	52	42	1 793	1 011	138	220	3	4	4 454
Semi-skilled	5 187	968	94	32	10 227	2 566	247	93	5	10	19 429
Unskilled	289	150	10		643	678	3	3	4	2	1 782
Temporary	103	40			96	80	1	5			325
Grand Total	6 575	1 661	247	327	12 906	4 601	479	696	22	20	27 534

- 32,4% of our senior managers are employment equity candidates, 6,7% are African Black and 43,7% are female.
- 64,5% of professional middle managers are employment equity candidates, 20,1% are African Black and 61% are female.

This is how our employee demographic profile has changed since 2009 as we work towards achieving our EE targets across the business:



Group and divisional transformation targets are aligned with South Africa's economically active population. Our employment equity plan makes each division accountable for reaching specific targets per occupational level. The focus is on increasing the representation of African Black employees and employees living with disabilities within TFG.

Progress highlights this year:

- 74,7% of middle management appointments were employment equity appointments.
- 45% of senior management appointments were employment equity appointments.
- 50% of all appointments were female.
- 31% of the Supervisory Board is female and 31% Black

Diversity and inclusion updates

Donna elevates inclusive fashion

Our plus-size women's clothing brand Donna has always been aligned with the international call for enhanced body positivity and inclusivity. The recently launched Joy&Ash range was designed to reflect body positivity through a youthful, bold and brave look. Size curves include sizes 16 through to 32, breaking the mould of plus-size brands normally starting at size 20. Subsequent volumes and footcount increased substantially.



TFG London's commitment to more diversity and inclusivity

Following the global #BlackLivesMatter movement, TFG London recognised an opportunity and responsibility to make our workplace an environment where everyone is respected for who they are. We established an Inclusion and Diversity Board, comprising senior employees across our brands, whose focus is to work with in-brand teams and push our inclusion and diversity agenda.

To attract and retain a diverse team, we identified diversity gaps in our central and store teams and set goals to improve representation. All management responsible for hiring new employees will be trained to ensure our recruitment process is fair and without prejudice. All employees will receive training to address conscious and unconscious bias within the workplace and their communities. We are also committed to creating an open and safe means of communication for employees to share their views or raise any concerns.

In terms of our brands, our goal is to use models and brand ambassadors who reflect customers of different ages and ethnicities, while working towards broadening our representation of different body sizes. Brand stories will express a variety of voices and lived experiences. Our selection of charities and partners will also be reviewed to reflect our values and commitment to a more inclusive society.

“Social sustainability is about identifying and managing business impacts, both positive and negative, on people. Directly or indirectly, we affect what happens to employees, workers in the value chain, customers and local communities, and it is important to manage impacts proactively.”

– TFG London

2021 Progress continued**A HEART FOR COMMUNITY**

In South Africa, the TFG Foundation serves as the vehicle through which we channel Group corporate social investment activities in communities. It was established in 2000 and is governed by a trust deed. The Board of Trustees includes the CEO, CFO and a non-executive director. Beneficiaries include Gift of the Givers, University of the Western Cape, FEDISA and The Bookery.

To sustain growth, we look beyond our business and partner with communities for positive change. Over the last five years, the TFG Foundation, in partnership with TFG brands, invested around R103 million across various education initiatives, impacting over 900 000 lives. One of our key aims is to provide accessible, quality education to the youth of South Africa.

Our socio-economic investment of R13,9 million this year contributed to:

The community and empowerment work done by non-profit organisations through donations of

R3,5 million worth of merchandise

Student bursaries to the value of **R1,2 million**

Face mask donations to over **300 000** learners at primary schools across South Africa

Distribution of **30 000** Sew Good blankets to communities in need over the last year

We have long-standing commitments to our two flagship projects:

Sew Good: A Group initiative that promotes skills development (NQF2) by teaching previously unemployed women how to sew, starting with purple blankets. The blankets are donated to communities in need via Gift of the Givers, via its distribution channels.

TFG Foundation Schools Project: A project that contributes by supporting school libraries, vegetable gardens and bursary funding.



2021 Progress continued

Corporate social investment updates

SEW WHAT spreading care

TFG Merchandise Supply Chain launched an employee initiative called SEW WHAT, to care for employees and the greater community where we work and live. The SEW WHAT Committee ensures open lines of communication with management and coordinates employee events. With a focus on poverty and hunger within our communities, they raise funds for charities employees choose to support, using their own time and resources.

Their main beneficiary is the Reegenboog soup kitchen in Tafelsig Mitchells Plain. Employees make monthly donations towards key essentials to assist in running the soup kitchen. Other charities they supported in the past two years include:

- Daniel and Friends
- The Children's Flight
- Operation Smile Recycling Lids
- Glendale Home
- St Vincent School of the Deaf
- Layla's project
- National Institute of the Deaf
- SA Children's Home

During the 2020 festive season charity drive they reached 700 individuals with care packages.

Masks for employees and their families

After the National Department of Health advised the general public to wear face masks during the COVID-19 pandemic, TFG provided each employee with two masks for their own use. At the start of July 2020, the TFG Foundation distributed a further two masks to employees to pass on to their loved ones. 93 524 masks were distributed to employees and their families. A total of 500 food parcels were also given to employees who returned to work to produce the much-needed face masks.



Taking care of primary school learners

We leveraged our core competencies, assets, products and partnerships to ensure primary school learners could return to school safely during the pandemic. In April 2020, 100 TFG employees returned to the Prestige Factory in Maitland to produce 500 000 face masks, of which a portion were donated by the TFG Foundation to the most vulnerable primary school learners. We partnered with the Department of Education (DoE) and Gift of the Givers to reach learners across South Africa.



Donations during COVID-19

- TFG supports the #nostudentleftbehindcampaign. R500 000 was donated to UWC to help 30% of its students who did not have access to laptops and data during the pandemic.
- 10 000 T-shirts were donated to the Department of Health field workers who travelled through communities across South Africa, providing information and testing for COVID-19.
- A number of TFG brands sold face masks in store, with profits donated to charities:
 - Markham to Sonke Gender Justice
 - Fabiani to the Red Cross Children's Hospital
 - Exact and The Fix to Ladles of Love



A helping hand in Zambia

In Zambia, we partnered with SOS Children's Villages to distribute 1 200 masks to five primary and two combined schools in the Copperbelt area. Following the outbreak of the COVID-19 pandemic, the Government of Zambia required all school children to wear masks. However, for many families and children masks were unaffordable. TFG Africa sourced a local supplier in Zambia to produce masks and assist in identifying schools that would benefit most.

TFG London responds to seafarer humanitarian crisis

Due to COVID-19 restrictions, large numbers of seafarers have had to extend their service on board ships. Crews came under increasing mental stress, with inadequate onboard representation, highlighting concerns about commerce taking precedence over seafarer welfare.

TFG London's supply chain depends on a stable and functioning logistics sector. We know that 90% of global trade is moved by maritime transport, and the industry depends on two million seafarers operating the merchant ships. As such, we joined with our transport partners in collaboration with the Ethical Trade Initiative (ETI) and the International Transport Federation (ITF) to address this issue.

Presented with the facts, we felt compelled to act. The issue was presented to the Board of Directors and the CSR and Sustainability team were given the green light to start an immediate investigation. A challenge we faced was that this was a segment of our global supply chain we were not so familiar with. Our main focus had always been merchandise suppliers and manufacturers through to raw material sourcing. Our logistics partners and the route of our vessels were not part of this map.

STEP ONE: The first step we took was to reach out to our transport partners to make them aware of the International Maritime Organisation (IMO) protocols, in relation to:

- joining a ship (from a seafarer's place of ordinary residence in one country via aircraft to join a ship in a seaport in another country), and
- leaving a ship and repatriation (from a ship in a seaport in one country via aircraft to a seafarer's place of ordinary residence in another country)

STEP TWO: We requested a detailed map of our logistics network and asked them what actions they were taking to support the IMO protocols that aims to protect seafarers during the pandemic.

STEP THREE: Our shipping agent came back with a map outlining our global logistics routes and vessels from 1st January 2020 to 1st June 2020. We approached the ITF to help us decipher the data and verify whether within this timeframe there had been any human rights infringements perpetrated on board of any of the vessels listed on the map. ITF compared our data with their own records and found that at least five vessels used by our company were roaming the ocean with no ITF agreements.

STEP FOUR: Presented with the data, we felt powerless to act, as we did not have any meaningful tools or leverage to respond to this crisis. We did not know, for instance, whether those vessels were transporting cargo owned by organisations with whom we had existing relationships or industry peers, to forge a collaborative approach to this issue. We were also lacking tripartite support in the form of NGOs or expert bodies who could meaningfully support advocacy.

We subsequently requested that our shipping agent agree to:

- Accept the Maritime Labour Convention 2006 and cascade it down to its own partners along the supply chain
- Accept the IMO Industry Recommended Framework Of Protocols For Ensuring Safe Ship Crew Changes And Travel During The Coronavirus (Covid-19) Pandemic
- Liaise exclusively with partner members of ITF in order to retain verifiable data access

STEP FIVE: We approached ETI to ask whether they could establish a member's working group on this specific issue as well as set up an Expert Support Network (ESN) aimed at providing a space for the exchange of expert advice and knowledge on human and labour rights in the logistics sector of MSI member supply chains. Finally, we requested that the ESN would start working on a tool or framework which could support members in applying due diligence to address the crew change crisis.

Our case study can be found in the United Nation Global Compact document titled 'Maritime Human Rights Risks and The Covid-19 Crew Change Crisis a Tool to Support Human Rights Due Diligence', published in April 2021 and for which TFG Brands provided comments and advice in the preparation of the tool.

2021 Progress continued

Creating learning spaces

TFG supported two schools in Soweto this year to refurbish their libraries. The Morris Isaacson High School and the Delrado Primary School saw a dramatic increase in the quality of the books, teaching and learning resources available. Benefits include the ability to better structure and encourage learners' reading skills.

"The library has become the highlight of the school ever since it opened. It is the focal point because it provides an important base and essential resource to address the dire need of the school to improve the reading ability and level of the learners. It provides a platform, service and facility to inculcate a love, passion and need to read and study."

– Mr T David, Principal, Delrado Primary School



Connecting communities and kids

Our hi brand identified the Sweetwaters community at Msunduzi Wards 1 and 2 in KwaZulu-Natal, and the iThemba project, a non-profit organisation, as the focus area and partner respectively for social impact and change. The community has one of the highest rates of HIV prevalence in the country.

iThemba uses a community-led approach with local volunteers driving many of the projects. It partners with the community to transform the next generation.

hi donated R255 000 Cell C data vouchers to iThemba Projects to provide connectivity to high school students as they prepare to leave school. The data could be used for finalising CVs, taking online computer courses and searching for jobs.

Three Markham initiatives

- Markham raised R340 000 for the Solidarity Fund through the MASK UP. MAN UP. SAVE LIVES. initiative launched in April 2020. R20 from the sale of each protective mask was used for donations. Since inception of the project during lockdown over 67 000 masks were sold and over R1,3 million has been raised and will be used to support vulnerable communities in the current COVID-19 pandemic.
- Markham also launched a lay-by drive in December. Our aim was to give customers a "random act of kindness" payment relief and settle their lay-bys with Markham, thereby earning loyalty and allowing our customers to celebrate the festive season. We paid off customer laybys to the value of R290 000.
- In support of Markham's continued stand against gender-based violence, we collaborated with a female artist on two T-shirt designs launched in stores in October 2020. R86 of each T-shirt sold was donated to Sonke Gender Justice to help keep the women and children of South Africa safe.



Taking care of primary school learners

We leveraged our core competencies, assets, products and partnerships to ensure primary school learners could return to school safely during the pandemic. In April 2020, 100 TFG employees returned to the Prestige Factory in Maitland to produce 500 000 face masks, of which a portion were donated by the TFG Foundation to the most vulnerable primary school learners. We partnered with the Department of Education (DoE) and Gift of the Givers to reach learners across South Africa.



Clothing for communities in need

TFG Australia supports Thread Together, an Australian organisation whose mission and focus is to source new and excess clothing from fashion retailers and redistribute items to those in communities most in need.

In 2020 TFG Australia committed funding to Thread Together to purchase a van fitted out to distribute clothing to those in need. TFG Australia made a four-year commitment for the operation and running costs for this vehicle.

All TFG Australia brands donate clothing to Red Cross and Thread Together on a continuous basis, and in specific cases such as natural disasters. This relationship also assists in reducing the amount of clothing that goes to landfill.

Total donations for the financial year amounted to 71 000 kilos which equals approximately 212 000 shirts.

TFG Australia have also tested repurposing aged items which cannot be donated including a large contribution this year of 5 700 kilos of aged and faulty inventory which could have alternatively ended up in landfill. This constitutes a saving of approximately 20 000 shirts.

TFG London donated a selection of samples and clothes to Smart Works UK, a charity that provides high quality interview clothes and interview training to unemployed women in need. These women are referred from organisations such as job centres, work programmes, prisons, care homes, homeless shelters and mental health charities.

WHAT WE CAN LOOK FORWARD TO IN 2022

- Maturing our change management initiatives to enable employees to be more customer-facing and efficient, supported by digital tools, skills development opportunities and a culture of support.
- Integrating Jet through a structured onboarding and training programme.
- Scaling our commitment to create opportunities for youth employment through the YES programme.
- Rolling out a range of diversity and inclusion training interventions.
- Focusing on employee engagement and retention to reduce regrettable high-performing losses, especially for equity employees.
- Launching an employee volunteering platform. TFG will be the first South African retailer to do this, encouraging and mobilising our employees to give back to our communities.



07

ENVIRONMENTAL EFFICIENCY

ENVIRONMENTAL EFFICIENCY

THE CHALLENGE

Fashion retail depends on a long and complex supply chain that requires water, materials, chemicals and energy from its point of origin in agriculture to petrochemical production (for fibre production), manufacturing, logistics and retail. It is widely acknowledged that the global fashion industry is one of the most polluting ones. Whether this be from chemical dyes, water use and pollution, microplastics, GHG emissions or textile waste, there are multiple challenges to tackle.

Fashion retailers are increasingly focusing on climate risk in the supply chain and mitigating this through renewable energy purchases, actively reducing supply chain carbon footprints and improving material selection.

OUR COMMITMENT

We commit to working towards a zero-waste business and value chain, to reduce emissions and increase customer awareness of environmental issues by being transparent and inspiring customers through our brand initiatives. We recognise that we can make a positive difference by increasing our resource efficiency. Although our direct environmental impacts are low, it is still important that we measure and reduce our requirements 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. At this time, our most significant focus has been on improving resourcing efficiency and reducing waste at our manufacturing facilities, distribution centres and stores. We purposefully invest in world-class automation and energy-efficient manufacturing equipment in our factories.



Customer & employee obsession



Profit

SUPPORTING POLICIES AND GOVERNANCE

Our performance according to the goals and KPIs for this pillar is reported to the Supervisory Board's Social and Ethics Committee.

In South Africa, environmental aspects are operationalised by the Green Committee and managed by the property, facilities management, transport and engineering, and sustainability teams.

In the current year, we have appointed a permanent lead for the Green Committee who will proactively drive this agenda – particularly through our now centralised non-merchandise procurement function.

TFG submits a carbon footprint report to CDP annually. We started including TFG London in our carbon footprint reporting in 2017 and TFG Australia in 2020.

We have also started preparing climate-related financial information according to the TCFD and will start reporting on these disclosures from FY22.

TFG Australia has an environmental policy for head office that will be extended to stores and our extended supply chain. For head office the policy focuses on energy efficiency, paper use, packaging and waste management.

➤ [Read more about sustainability governance and accountability on page 38.](#)

FOCUS AREAS, INDICATORS AND TARGETS

Key focus area	Goal	KPI*	FY21 Target	Performance
Work towards a zero-waste business and value chain	Reduce business waste	% waste recycled across all TFG sites	85%	82%
	Reduce production waste	% textile waste recycled	100%	90%
	Reuse supplier cartons to distribute all inventory to stores	Increase use of supplier cartons to avoid buying additional cartons	95%	91%
	Reduce the use of plastic protective inner packaging for all online orders	Eliminate use of plastic protective packaging (bubblewrap/air pockets/ plastic cushioning)	70%	65%
	Plastic Pact 1 – Taking action on unnecessary and problematic packaging and plastic products through design, innovation or alternative delivery models	Various specific targets in terms of a Plastic Pact list	50%	60%
	Plastic Pact 2 – 100% of plastic packaging to be reusable, recyclable or compostable.	% plastic packaging reusable or recyclable or compostable	100%	100%
	Plastic Pact 3 – 70% of plastic packaging effectively recycled	% of plastic packaging recycled	100%	100%
	Plastic Pact 4 – 30% average recycled content across all plastic packaging	% of post-consumer recycled content across all plastic packaging	50%	20%
	Plastic carrier bags and plastic flat bags must be made from post-consumer recycle from 1 January 2023. (Government Gazette 43601 (Notice no. 869) published 7 August 2020).	% post-consumer recycle	50%	20%
	Agree on a plastic bag masterplan for all the brands which sets out a clear choice and roadmap to an end-state	Agree on a plastic bag masterplan for all the brands which sets out a clear choice and roadmap to an end-state		Phase 1 findings presented. Implementation in FY22
Reduce emissions in line with climate change science	Improve energy efficiency	% reduction in kw/h per square metre (stores)	-5%	-14,80%
Become more transparent and inspire customers	Transparency in own operations	Publish annual carbon footprint report – inclusive of all operations	Yes	Yes
		Implement sustainability dashboard/integrated analysis tool	Yes	Tool selected and implementation in FY22

* KPIs, performance and targets are for TFG South Africa only

➤ Read more about TFG London's sustainability pillar, focus areas and actions related to the environment in the appendix on page 108.

2021 PROGRESS

We actively track a set of environmental efficiency targets at TFG Africa, predominantly focused on areas of impact in our direct operations at our manufacturing facilities, stores, distribution centres and head office.

CONTENTS

Our carbon footprint

Working towards zero waste

Contributing to the Plastic Pact

In the current year we opted to refine the focus areas to those where we make the most material environmental impact, and de-prioritise some head office targets. Our environmental efficiency strategy will thus focus on electricity, water, recycling and plastic. We also included a supply chain perspective that will focus on ethical sourcing, sustainable fashion and eco labelling, which entails:

- 1 Ethical sourcing, organic raw materials, sustainable design process, upcycling and recycling of textile waste and green certifications and partners.
- 2 Circular thinking around textile waste, plastic and packaging, waste and marketing collateral. Brands will also be engaged to drive circularity initiatives and collaborate with partners for impact.
- 3 Education by facilitating masterclasses on e.g. circular fashion and design, cause marketing, recycling and upcycling information.
- 4 Sustainability innovation driven by exploring industry and supplier collaboration and work with the THINK teams internally to create leading solutions for sustainable business problems.

	2018	2019	2020*	2021
Scope 1 (this includes emissions from sources owned or controlled by TFG, such as generators or air conditioning units)	4 564	4 672	5 215	3 750
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)	162 192	153 097	166 655	175 863
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)	72 598	66 650	75 193	61 216
Outside of scope	1 935	2 542	2 743	1 362

* Scope 1 stationary fuel was restated in FY2020



	2018	2019	2020 ¹	2021
Intensity: emissions per employee (FTE)	10,76	10,02	10,61 ⁴	9,60
Intensity: emissions per m ² (including stores ²)	Not reported	0,15	Not reported	0,115
Intensity: emissions per Rm EBITDA	40,68	30,51	20,19	27,57
Purchased electricity (kilowatt) ³	175 636 062	174 055 466	172 568 048	182 673 178.11⁵

¹ 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.

² Accurate area data was unavailable for TFG London, thus it was not reporting in some years.

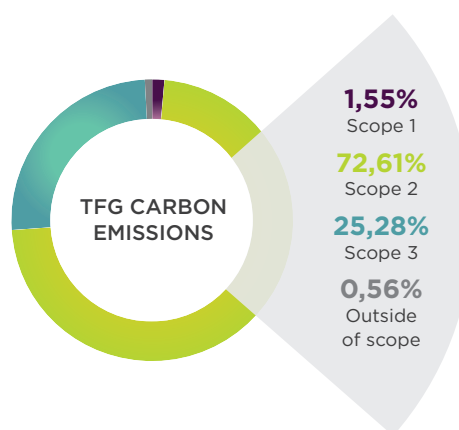
³ Kilowatt hours exclude renewable energy.

⁴ Scope 1 stationary fuel was restated in FY2020.

⁵ Inclusion of Australia and Jet this year.

OUR CARBON FOOTPRINT

We want to reduce emissions by improving energy efficiency in our buildings and stores. New buildings all feature motion sensors and daylight harvesting whereas stores improve design by tracking and analysing energy use.



2021 Progress continued

Emission reduction initiatives update

Measuring and managing energy use

The majority of our buildings feature motion sensors and daylight harvesting. In our stores, lighting is an important part of the retail experience and can enhance the customer journey. However, we need to be as efficient as possible in terms of the watts per m² we consume. Online metering monitoring is currently in place for numerous of our stores across the country and we continue to monitor lighting and efficiency gains through better store design and lighting selection. This year we also relocated meters to new locations where out-of-line consumption was detected, to better understand these trends. With the Jet acquisition, there is an opportunity of rolling out a lighting project to retrofit and install LED lights in Jet stores.

All our new and future stores are lit using the latest LED technologies available in retail lighting solutions within South Africa.



Optimising our store footprint

COVID-19 brought a complete review of our physical infrastructure as footfall patterns changed, shopping moved online and employees worked from home. During initial lockdown periods, we negotiated rental relief, and started rethinking most of our space and property contracting aspects. With the acquisition of Jet, we took over several store leases and will be assessing energy efficiency opportunities in these stores. Stores remain our biggest user of electricity.

COVID-19 changed our energy demand patterns

The shift to working from home, combined with load shedding, changed our energy demand patterns. The temporary lifting and shifting of computers from offices to homes has become more formalised, including developing the necessary support and mobility solutions.

Our backup plans for load shedding also expanded into permanent arrangements. We now have our own storage facilities for generator diesel to sustain the business for seven days at COVID-19 alert level 4. Our solar energy expansion plans were delayed by COVID-19 this year but, in the areas where it is installed, such as the Prestige manufacturing facility in Caledon, it provides effective and cost-efficient alternative energy.

We are looking at solar solutions for the distribution centres and investigating optimising municipal time-of-use tariffs.



The most efficient transport model

TFG outsources transport between distribution centres, warehouses and stores. Current and projected volumes still confirm this as the best option. We negotiate the best possible rate with transport providers who are then able to optimise loads and routes. With the projected growth in the use of couriers due to online sales, we are exploring other delivery options to ensure we have the most efficient cost and emission structure.








We make sure our vendors use the latest technology in trucks and vehicles, maintaining and running these as efficiently as possible.

To optimise our future network, we are setting up nodes in Johannesburg, Cape Town and Durban. Projects such as RFID tagging will minimise the distance travelled per item. The acquisition of Jet provided us with additional capacity in KwaZulu-Natal, where we invested significantly in the past year to implement systems and processes and to add infrastructure and automation for future expansion.

WORKING TOWARDS ZERO WASTE

We are working towards a zero-waste business and value chain. Our areas of greatest impact are in the use of supplier cartons, online packaging and plastic. All four sustainability pillars contribute towards a reduction in waste in all areas of our operations.

Areas of positive impact per pillar:

	 Localisation and job creation	 Product stewardship and supply chain	 Environmental efficiency	 People and communities
 Offices			✓	
 Stores			✓	✓
 Factories, distribution centres and warehouses	✓	✓	✓	
	By increasing local manufacturing and quick response capability we reduce lead times, unsold inventory (waste) and transport distances.	Our focus on product stewardship and the supply chain contributes to zero waste through recyclable materials and more sustainable sourcing.	Our environmental efficiency focus areas contribute to zero waste through recycled textile and business waste. We reuse supplier cartons and reduce online order packaging. We are committed to the Plastic Pact.	By focusing on people and communities we help contribute to recycling waste as our brands create awareness of better clothing use and disposal habits. Through our donation of merchandise returns to various NGOs, we reduce waste and divert potential clothing going to landfill.

Our sustainability pillars all support our drive towards zero waste

2021 Progress continued

Zero-waste initiatives update

Coordinating efforts

We established a packaging steering committee this year to coordinate a previously fragmented brand approach. Our intent is to review packaging for merchandise and non-merchandise across the supply chain. We are measured in our approach, and will base future packaging decisions on science and research, taking into account shopping occasions, customer behaviour for our different target markets, and the full range of alternative packaging options available.



Recycled wash care labels

We started the process of rolling out, over the next two years, new wash care labels made from recycled PET bottles for all garments in Africa. The wash care labels reduce our environmental impact without compromising the aesthetics or performance of the label it replaces. The labels provide us with an opportunity to review our messaging to customers, and are more cost-effective than conventional wash care labels.

Keeping cartons in the system

Since 2015, we have been reusing over 3 million supplier cartons annually. This ensures that cartons in our supply chain do not end up in landfills prematurely after a single use. We work with our suppliers to provide better-quality cartons, so we can reuse these to send inventory from our distribution centres to our stores. We are currently reusing 91% of cartons against a target of 95%. Suppliers who are not supplying cartons according to the agreed specifications are penalised. We also contract with vendors who collect waste cartons, and we then buy recycled cartons from them once carton waste has been processed. Our aim is to limit the use of new cartons.

Plastic Pact

As the Group consistently introduces sustainable packaging across the business, the current primary focus with regards to Target 4 is the alignment with government regulations pertaining to post-consumer recycled material. One of our initiatives pertains to the store plastic bag. Currently, the Jet bags, which represent 20% of our store plastic bag volume, consist of 70% post-consumer recycled content. Through the Group's strategic partnerships we are looking to roll this out across our other retail brands to a minimum of 50% post-consumer recycled content by 2023, 75% by 2025 and 100% by 2027.

Turning textile waste into opportunities

Since 2015 Whistles worked with NewLife, a charity partner dedicated to providing support, care services and medical equipment to people living with disabilities and terminally ill children and their families. They provide medical research and recycling services, whilst offering a range of volunteering opportunities. With Phase Eight joining this programme in 2020, clothing is donated to the NewLife stores across the UK to support this fundraising – giving clothes a new lease of life.

CONTRIBUTING TO THE PLASTIC PACT

In 2020 TFG signed up to the South African Plastic Pact, the first African Plastic Pact to join the Ellen MacArthur Foundation's global Plastic Pact network of national and regional initiatives. The Pact brings together businesses, governments and NGOs behind the common vision of the New Plastics Economy. Common national targets and actions for South Africa are:

Plastic Pact target 1:

Taking action on unnecessary and problematic packaging and plastic products through design, innovation or alternative delivery models

Plastic Pact target 2:

100% of plastic packaging to be reusable or recyclable or compostable* by **2025** (*applicable only in closed loop and controlled systems with sufficient infrastructure available or fit-for-purpose applications)

Plastic Pact target 3:

70% of plastic packaging effectively recycled by **2025**

Plastic Pact target 4:

30% average post-consumer recycled content across all plastic packaging by **2025**

The Group is working towards these targets as driven by the Green Committee.

Plastic initiatives update

TFG Australia brand initiatives

TFG Australia is in the design stages for a fully recycled and recyclable hanger solution. This is in collaboration with one of the leading innovators in this field. TFG Australia currently purchases over five million single-use hangers a year and recognises the importance of developing a more sustainable solution. We are currently on track to commence the roll out for all brands in FY22.

@home phasing out plastic

As part of an internal innovation campaign called Think, head office employees were issued with a challenge to find alternative solutions to plastic last year.

The campaign was a huge success and the following initiatives were implemented this year:

After the announcement of the winners, @home immediately started implementing Geami packaging in all their stores. Geami is a recyclable paper mesh concept that replaced bubble wrap. The Geami machines, paper and training manuals were rolled out to all @home stores within three months after the end of the competition.

Packaging for online delivery

With the significant increase in online orders, we identified the need to ensure responsible packaging in the delivery process. Our fashion brands had to revisit the purpose, need and alternatives for tissue paper, protective plastic, bubble wrap and various other protective internal packaging elements. As a result, we reduced all carton packaging and internal fillings for all brands except @home down to the courier bag, with no cartons, wrap or protective gear. Clothing items are packed into sleeves to protect against oil or dust during the delivery process. This drastically reduced all packaging. @home still requires some box and protective gear as products are segregated into fragile and non-fragile items.

At TFG London, packaging for online delivery comes from recycled and recyclable sources. The store bags are non-plastic, are fully recyclable and from Forest Stewardship Council certified sources. Substantial progress has been made in swapping out all garment bags to 50% recycled LDEP material.

At TFG London we are also in the process of reviewing the entirety of our packaging programme from picking to shipping to eliminate online bags and reduce all packaging to the minimum.



2021 Progress continued

WHAT WE CAN LOOK FORWARD TO IN 2022

- We are committed to making further progress against the Plastic Pact targets specifically with regards to the store plastic bags which the Group is reviewing.
- The packaging steering committee will coordinate and accelerate efforts to positively impact our reduction, reuse and recycling efforts across the supply chain.
- We plan to start disclosing information on the impacts of climate change according to the requirements of TCFD. This includes the risks and opportunities presented by rising temperatures, climate-related policy and emerging technologies.
- We are intending to weight environmental factors as part of the non-merchandise procurement evaluation criteria for the new central capability.







08

PRODUCT STEWARDSHIP AND SUPPLY CHAIN

PRODUCT STEWARDSHIP AND SUPPLY CHAIN

THE CHALLENGE

Fashion lifestyle retail supply chains have become more complex as they respond to new patterns of trade, raw material availabilities and new source markets. There is wide recognition that supply chains need to improve transparency and avoid waste, while addressing ethical concerns and mitigating economic risk.

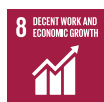
In our strategy review we deliberately adopted an extended value-chain perspective so as to consider and start responding to the upstream impacts of our choices, for example in relation to textile production and the fact that virgin resources continue to be extracted as inputs to production. Downstream, we are also responding to the reality that huge quantities of clothing ends up in landfill – and in the current year have looked at meaningful partnerships aimed at extending the life of clothing, and recycling textile waste.

Related material matters:



OUR COMMITMENT

We are committed to developing an ethical and transparent supply chain that sources commodities responsibly. This includes developing enterprises and diversifying our supplier profile in support of B-BBEE. We want to practise responsible product stewardship in the way we design, manufacture, sell and dispose of products to minimise environmental impact.



**Customer
& employee
obsession**



Profit



Growth

SUPPORTING POLICIES AND GOVERNANCE

Our performance according to the goals and KPIs for this pillar is reported to the Supervisory Board's Social and Ethics Committee.

In South Africa, product stewardship and supply chain aspects are managed by TFG's sustainability, merchandise procurement, design and manufacture, and buying communities. Enterprise and supplier development is a specific focus area for the committee.

The TFG Merchandise Supply Chain division oversees responsible management and quality assurance of our TFG Africa procurement practices. A formal process evaluates existing and potential suppliers and monitors supplier performance. This process includes supplier visits and audits to confirm adherence to our code of business principles.

All suppliers are required to comply with the UNGC principles as part of the onboarding process. Prospective suppliers also have to declare whether they or any of their owners, directors, shareholders or members have any relatives or family members employed by TFG. Suppliers agree to terms and conditions that include compliance with all applicable legislation and laws concerning the manufacture and distribution of the goods wherever TFG trades or conducts business. This includes all applicable environmental legislation, labour and workplace legislation, and international laws, principles or recommendations governing human rights, the environment, labour and corruption.

The TFG supplier code of conduct was reviewed and rolled out in August 2020, with 84% of local suppliers signing the code.

➤ [Read more about our human rights commitment on page 93.](#)

At TFG London the sourcing department (composed of technical, buying, merchandising and design teams) manages the brands' supply chains. The corporate social responsibility and sustainability team works across the UK group to support its sphere of influence, collaborating with the sourcing department to ensure that product and raw material suppliers are selected based on ethical and sustainable credentials, together with commercial criteria.

Collectively, TFG London manufactures products through a global network of 147 external suppliers (of which 37 are shared) across 20 countries and in 314 first tier production sites (of which 44 are shared).

Further to our first tier suppliers, TFG London has fully mapped second tier 'primary process' suppliers providing processes such as stitching, cutting, quality control and packing. The brands do not have direct relationships with these suppliers and are managed via their first tier suppliers. All brands source their fabrics, components, and raw materials through the same network and in-house. Representing 95% of

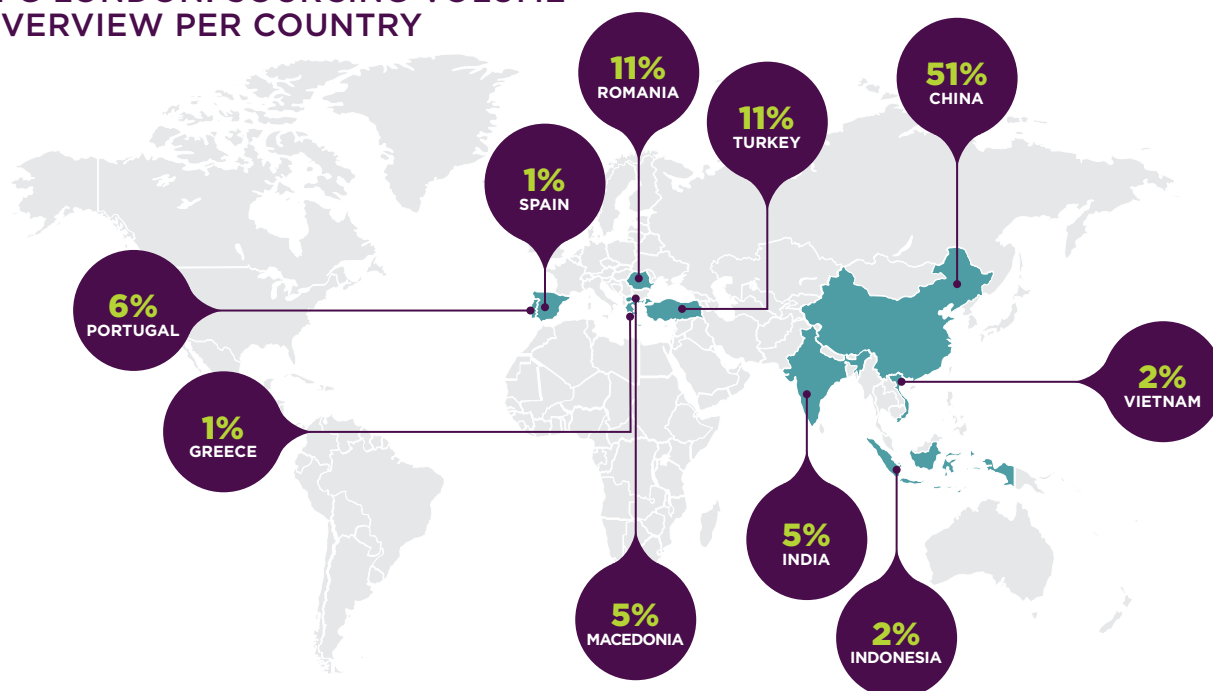
purchased volumes during the 2020-2021 financial year, TFG London's top 10 sourcing countries are China, Turkey, Romania, Portugal, Macedonia, India, Indonesia, Vietnam, Spain and Greece. TFG London has a set of policies that guarantee we respect, protect and remedy the human and labour rights of all who work on our behalf. These policies include our supplier code of conduct, the Migrant Workers' Employment policy and implementation guidelines and the Young Worker and Child Labour policy. Find our modern slavery statement at <https://tfglondon.com/pdf/TFGBrandsLondonLimited-ModernSlaveryAct2015TransparencyStatement2020-2021.pdf>

MAPPING OUR HUMAN RIGHTS FOOTPRINT

TFG London sources from 21 countries. A risk assessment is carried out across the manufacturers and non-inventory suppliers according to the supply chain. This is defined as follows:

Tier	Definition	Example	Hobbs	Phase Eight	Whistles
1	Main production site	CMT factory shipping product directly to brand	Fully mapped	Fully mapped	Fully mapped
2	Primary process sub-contractor	Provider of one or more processes e.g. stitching, cutting, packing, QC and hopping to tier one supplier	Fully mapped	Fully mapped	Fully mapped
3	Secondary process sub-contractor	Provider of one or more processes e.g. stitching, cutting, packing, QC and hopping to tier two supplier	Partially mapped	Partially mapped	Partially mapped
4	Fabrics and components	Fabric mills, tanneries, hardware and trims	Partially mapped	Not mapped	Partially mapped
5	Raw materials	Textile fibres, natural and synthetic materials	Partially mapped	Not mapped	Partially mapped

TFG LONDON: SOURCING VOLUME OVERVIEW PER COUNTRY



Supporting policies and governance continued

TFG London's supplier code of conduct is aligned with the ETI base code, with elements of the SAI SA1000 Standard:2014. It outlines the minimum social and environmental standards we expect each factory to meet and our expectations regarding the conditions in which our products should be manufactured.

Whistleblowing facility for suppliers

TFG values integrity. If you become aware of any fraudulent (or potentially fraudulent) activity or any actual or potential abuse of human rights committed by TFG employees or suppliers, please report the matter through our independent whistleblowing facility managed by Deloitte Tip-offs Anonymous.

Contact details: +27 (0) 11 678 0822, tfg@tip-offs.com and www.tip-offs.com. All reports will be treated in the strictest confidence.

TFG London is committed to respecting, protecting and advocating for the human rights of all stakeholders who are involved in our operations. As such, we accept our responsibility to support transparency and integrity, to be proactive in resolving problems and to collaborate with others to protect the human and labour rights of workers.

TFG Australia collaborates with suppliers to ensure the working environments in which our products are made are compliant with our Responsible Sourcing policy and align to TFG Australia's Responsible Sourcing Principles that specifically address modern slavery. Find our modern slavery statement at <https://www.rag.net.au/modern-slavery-statement/>.

TFG Australia established a sourcing committee with key representatives from each brand who meet once a month to review KPIs, analyse current hot topics in relation to ethical sourcing risks and procedures, and discuss supplier diversification.

➤ [Read more about sustainability governance and accountability on page 38.](#)

FOCUS AREAS, INDICATORS AND TARGETS

Key focus area	Goal	KPI*	FY20	FY21 target	Performance
Sustainable buying practices	Establish a Sustainable Buying Forum	Recognised and functioning by year end		Yes	Yes
Compliance in the supply chain	Supplier compliance with SEDEX	Percentage of total spend with compliant suppliers		55% supplier spend	91% supplier spend
	Supplier adoption of Code of Conduct	Percentage of compliant supplier population		54%	84%
	Bargaining Council Compliance (local suppliers only)	Percentage of compliant supplier population		57%	80%

* These metrics exclude Jet. Jet will be included in FY22.

➤ [Read more about TFG London's sustainability pillar, focus areas and actions related to supply chains in the appendix on page 108. TFG Australia's key focus areas and indicators for ethical sourcing are set out on page 109.](#)

2021 PROGRESS

By optimising our supply chain, we can offer customers a wider range of in-demand, in-season products within an expanding footprint.

CONTENTS

Supply chain transitions and shifts

Product stewardship through innovation

Supply chain visibility and transparency through Sedex

SUPPLY CHAIN TRANSITIONS AND SHIFTS

TFG's strategic focus on localisation and digitisation were drivers of significant change in our supply chain this year. Change initiatives were also accelerated by COVID-19 as demand patterns shifted and online sales spiked. The impact of the Jet acquisition on our supply network will only become visible in the next year as we start integrating and optimising the manufacturing and flow of goods.

Major initiatives this year:

Remapping our sourcing footprint

The strategic decision to increase local sourcing to 60% by 2025 demands agility and verticalisation in our supply chain. We anticipate the reduction in imports will bring sufficient margin improvement and will better spread our risk – an important lesson from the COVID-19 lockdown when we had to deal with significant volumes of fabric on the water. Imports will remain critical for some brands, but the composition of our network will change dramatically.

We realised we have to be more strategic in our procurement. We are reducing single reliance per commodity and per country, and we have identified a smaller number and better balance of strategic suppliers.

We are also moving away from indirect imports, where we previously procured from a local wholesaler with imported goods. By importing directly we improve supply chain transparency and margins, and can better manage compliance. Directly sourced product has grown by 44,7% in this financial year and directly sourced product contributes 23% of clothing, footwear and accessories. To assist in this transition, offshore vendor partners help to address challenges. We are also engaging with our independent importers to ensure they are validated to be an authorised economic operator (AEO), as part of the South African Revenue Service (SARS) AEO programme to facilitate the international movement of goods according to set supply chain security standards.

Strategic supplier management

TFG has a diverse portfolio of 29 leading fashion retail brands offering clothing, jewellery, cell phones, accessories, cosmetics, sporting apparel and equipment, and homeware and furniture from value to upper market segments. This has resulted in a fairly fragmented supply chain and management approach.

This year we changed our segmentation model in the trading divisions, and aggregated this to a Group level to arrive at a holistic overview of focus areas and key requirements. This enabled us to leverage Group scale. It also clearly indicated strategic areas where we could reduce vendors and spend more time and energy with a smaller group. We can now navigate a complex and dynamic landscape more proactively.

We are also becoming more forward-looking in our approach.

2021 Progress continued**Conformance and compliance**

Our increased focus on local sourcing means we also need to shift our compliance focus. In 2020 we launched a local compliance roadmap to ensure we are strategically positioned to benefit from national R-CTFL Masterplan incentives.

Our local compliance strategy is shaped by three pillars:

- 1 Ensuring bargaining council compliance
- 2 Committing to the TFG vendor code of conduct
- 3 Participating in Sedex

All three requirements have to be met before a supplier can be onboarded.

Digitising the supply chain

We are rapidly transitioning to automation for certain areas of our supply chain. Previous manual processes – for example, international trade management and estimated landed costs – have been automated.

We are working on an electronic storage solution for import documents and are achieving improved compliance through tariff management. Benefits are expected to be realised in the next financial year, and will result in cost savings, as we have much better visibility of all aspects of the supply chain. Efficiency is already improving as there is less manual capturing, better tracking of orders and more accurate reporting – all leading to reduced financial and supply chain risk.

We adopted 3D technology and trialled this in four trading divisions. By using three-dimensional digital models of physical products, we are able to reduce the time and cost of sample approvals and product development. Our short-term focus is on creating digital assets to have a full catalogue of styles for internal customers to access and explore through virtual simulations. Our first target is to have 100% of Exact styles available by next year, with the other brands to follow.

Supply chain updates

Ethical trading for TFG London

TFG London is a member of ETI, an alliance of companies, trade unions and NGOs that promotes respect for workers' rights around the globe. All corporate members of ETI agree to adopt the ETI code of labour practice, which is based on the standards of the ILO. Hobbs was the first TFG brand to join the ETI in 2014. Whistles followed suit in 2015 and Phase Eight in 2019. The TFG London joint membership was converted in 2020.

Living wages for TFG Australia suppliers

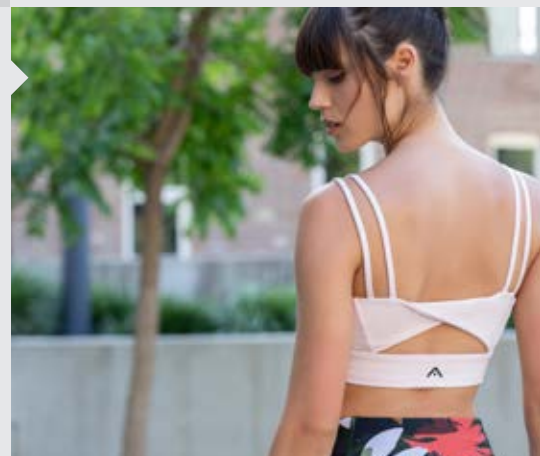
In line with our Responsible Sourcing policy, TFG Australia respects the right of workers to earn appropriate compensation and benefits. We are actively studying local living wage standards for our suppliers and analysing this against actual wages earned, which supports the living wage goal. We have completed a draft living wage assessment for Ningbo, China in accordance with the Anker Methodology. COVID-19 delayed further progress this year.

Anti-slavery partnership for TFG London

TFG London initiated a long-term partnership with Anti-Slavery International (ASI). Founded in 1839, ASI is the oldest international human rights organisation in the world. Today, ASI draws on its experience to work towards eliminating all forms of slavery and slavery-like practices throughout the world. ASI supports our efforts to eradicate modern slavery and provides expert advice and support for our advocacy work.

TFG Australia partners with Be Slavery Free

TFG Australia collaborates with the Australian organisation Be Slavery Free. Be Slavery Free is led by a coalition of civil society, community and other organisations working together to prevent, abolish and disrupt modern slavery in Australia and around the world. The partnership enables TFG Australia to have access to first-hand expertise on understanding and analysing the risks of modern slavery within our supply chain as well as expertise in developing our sustainability strategy and remediation plans.



Increasing procurement from empowered suppliers

We are actively shifting more non-merchandise procurement spend to small Black-owned and Black women-owned enterprises. This includes, for example, sourcing of jewellery boxes, stationery, materials for below-the-line marketing, till rolls and paper bags. In particular our efforts to take a more sustainable approach to print and visual media resulted in significant savings.

The work done with our print partner company, and digital first approach, means that we have a major opportunity to reduce, reuse, and/or recycle similar items across the TFG brands in the next year.

We source potential vendors through our existing base of suppliers or from the market and run competitive bids with a higher weighting given to transformed suppliers. We support these small suppliers through our supplier development tools and programme.

Supply chain transparency and ethics at TFG Australia

TFG Australia's first modern slavery statement, published in December 2020, is available at <https://www.rag.net.au/modern-slavery-statement/>. 85% of our team members have received training on modern slavery tailored to their specific roles. Full transparency of the supply chain remains an ongoing initiative. We are in the process of analysing the risk of modern slavery within our store fixtures suppliers and our logistics supply chain to develop procedures if necessary.

TFG Australia also developed a compliance dashboard to monitor ethical sourcing KPIs. We initiated projects around third tier cotton risk assessment and traceability investigations.

For 2021 our target is to roll out a social and ethical code of conduct to our warehouses aligning to our modern slavery statement 2021, which we will publish in September 2021.

Human rights violations in China

TFG London is committed to respecting, protecting and advocating for the human rights of all stakeholders who are involved in our operations, from field to store. We are a signatory to the End Uyghur Forced Labour Call to Action, a commitment to exit the Uyghur Region and prevent use of forced labour of Uyghur and other Turkic and Muslim-majority peoples.

Human rights violations in the Xinjiang Uyghur Autonomous Region (XUAR) in the North West of China emerged this year and included, alongside forced labour, torture, forced separation of families and the compulsory sterilisation of Uyghur women. As this area accounts for 20% of the world's cotton production, there is near certainty that any brand sourcing apparel, textiles, yarn or cotton from the XUAR will be profiting from human rights violations, including forced labour. Read more about our commitment to protect human rights in the modern slavery statement at <https://tfglondon.com/pdf/TFGBrandsLondonLimited-ModernSlaveryAct2015TransparencyStatement2020-2021.pdf>.

TFG London now on the Open Apparel Registry

TFG London published its consolidated first tier factory list on the Open Apparel Registry (OAR). The OAR maintains a neutral and publicly accessible database of every factory in the global apparel and footwear sector to enable industry collaboration and improve identification of factories. Collaboration through OAR helps clothing companies navigate the complex landscape of ethical trade as the OAR provides a platform where multi-stakeholder initiatives, brands and retailers can convene to celebrate successes and collectively use their leverage to challenge complex issues. We collaborated with our supplier partners in publishing TFG London's list.

Better Buying for Whistles

Whistles has been an active participant in Better Buying since 2017. The global initiative provides retailers, brands and suppliers with a cloud-based platform to obtain data-driven insights into purchasing-related activities. Better Buying's transparency promotes working alongside our suppliers to reduce financial risks and create opportunities for reinvestment in socially and environmentally relevant activities. We invited our suppliers to answer an anonymous survey about our buying practices and related workflow. During the past three rating cycles the survey results were analysed for trends. The feedback process of this partnership helped us improve the business relationship with our supply chain partners, creating shared goals and sustainable partnerships.



2021 Progress continued**PRODUCT STEWARDSHIP THROUGH INNOVATION**

Product stewardship is a shared responsibility to manage products or materials in a way that reduces their impact, throughout their life cycle, on the environment and on human health and safety. It focuses on the product itself, and everyone involved in the lifespan of the product is called upon to take responsibility to reduce its environmental, health, and safety impacts.

We are making progress on our journey towards product stewardship, waste and recycling management. One initiative is to ensure that every garment at TFG Africa will have a recycled wash care label made from recycled PET bottles within the next two years. We partnered with intelligent label specialists, ITL, to roll out labels similar to the roll-out of RFID tags.

Highlights**Better denim: less water and fewer chemicals**

Sportscene's Redbat denim range is produced according to one of the world's largest cotton sustainability programmes whose goals aim to promote measurable and continuing improvements for the environment, farming communities and the economies of cotton-producing areas. We are actively working on using less water and fewer chemicals for our summer 2021 offer, clearly highlighting to the customer that Redbat is a conscientious brand on a journey to protect the environment and the social wellbeing of the customer. Suppliers are recycling water and using the same water across multiple batches, saving on average 600 litres of water compared to conventional denims. Harmful potassium permanganate in the spray has been replaced by laser finishes. Certain styles within Sportscene's fashion denim will in future be made from 100% recycled yarn which will come from shredded denim fabric as well as using alternative natural fibre yarns such as hemp and bamboo.

#dowhatsright for products

Product stewardship has been on our #dowhatsright agenda since the launch of The Fix. We drive this by offering products that speak to our customers' lifestyles and the issues they care about, such as mental health, LGBTQTI pride and gender-based violence. This year we explored a recycled fabric option as an alternative to the current fabric bases we source. We launched a knit featuring handwriting with a gender-neutral look, and we plan to expand our portfolio of recycled fabrics.



Product stewardship, supply chain and other sustainability highlights at @home

Bed and Bath

- 100% of our Egyptian cotton duvet covers and sheeting, which is the biggest category in Bed and Bath, has been moved onshore for local manufacturing.
- @home has been expanding environmentally friendly fabrics and materials in its ranges. We have a bamboo cotton range in towels and duvet covers. The bamboo towelling makes up 23% of our total towel offering.
- 100% of our Egyptian cotton linen supports the Better Cotton Initiative.
- We offer a duvet inner in Tencel fibre options as an all-natural, hypoallergenic and eco-friendly choice.
- In November 2021, we are also launching the first phase of our plastic-less packaging for our Egyptian cotton, bamboo/cotton bedding and luxury cotton bedding. Based on this roll out, we will also move to plastic-free packaging in other areas, including curtains.
- In June 2021, @home will launch a new Jacquard Bedding, which is made from 50% recycled yarn and 50% virgin yarn.

Kitchen

- @home introduced Geami packaging to replace all bubble wrap. Geami is a recyclable paper mesh concept that protects fragile items. This has replaced all bubble wrap used in @home stores.
- We use bamboo as a material across a wide range of kitchen and dining items.
- We also introduced reusable, platinum-silicone stasher storage bags in the kitchen and dining department to reduce the use of single use plastic.
- All our cookware is free of perfluorooctanoic acid (PFOA), which means the harmful chemical was not used in the manufacture of the non-stick coating.
- 'Hip', which is a sustainably crafted cutlery set made from OceanBound plastic, was launched to encourage customers to use reusable utensils.
- We also offer Nespresso coffee pod recycle bins in 5 flagship stores

Decor

- 78% of candles are produced locally.
- 100% of lamp shades are produced locally.
- Bamboo items into the bathroom accessories category currently makes up 5% of the total range, with potential to grow.

Awareness and education in our South African business

During the year we facilitated an awareness and knowledge transfer seminar, facilitated by external sustainability experts and our colleagues from our UK business. They spoke to our merchant community around practical and viable fabric substitution actions that can be made so as to trade into sustainable alternatives. (e.g. recycled polyester, organic cotton/BCI, fibre sustainable/man-made viscose, traceable wool).

Textile analysis and baselining

Our inventory analytics team performed a fibre analysis across our full apparel portfolio to understand the current as-is composition of our entire purchases. This complex task will form the baseline for improvements and target commitments looking forward.

Furniture

- Furniture is made 17,6% locally in South Africa. Key areas to highlight are:
 - Mattresses and base sets are 100% locally made
 - Outdoor accessories are 100% locally made
 - 73% of Outdoor living items are made in South Africa
 - 47% of Outdoor dining items are made in South Africa
 - 23% of Couches are made in South Africa

Home furnishings

- In 2020, @home introduced a range of ten "washable carpets" which can be fully recycled at the end of their life cycle.
- @home also introduced a range of four indoor/outdoor carpets, which are made from recycled polyester yarns, and can be recycled at the end of their life cycle. One indoor/outdoor rug of 160 x 230 cm contains 243 recycled plastic bottles of 0,5 litre; the ideal eco-friendly alternative when looking for an affordable but trend forward, durable area rug.
- WE make a big local contribution in this area:
 - 93,5% of scatter cushions are manufactured in Cape Town, South Africa
 - 86,7% of curtains are manufactured in South Africa
 - 20,8% of our fragrance and bath & body ranges are manufactured in Cape Town, South Africa
- Our locally made sanitiser range is part of our CSI initiative, where R10 of every sale goes into our heart of @home fund. We have been able to contribute R1 540 000 to that fund in the last financial year through the sales of sanitisers alone.

Promoting slow fashion options

By slowing down the end-of-life stage of fashion items, we help clothing last longer, reduce waste and contribute to a circular economy mindset. This is also an area of opportunity for small enterprises. Sportscene partnered with a small black-owned business called Walk Fresh that offers high quality sneaker cleaning, shoe repair and refurbishing services. This gives old sneakers a second life and customers enjoy a unique experience through shoe revamping. Walk Fresh offers "Sneaker Laundry" stalls inside two Sportscene stores.

Markham also encourages the extension of product lifecycles through repairs and repurposing while supporting small enterprises. In-store tailoring services are offered in three stores. Markham also invited a traditional barbershop, Mr Barber, to set up shop in one of their Cape Town stores, adding to a holistic brand experience.

2021 Progress continued

YAGA collaboration – product re-sell

A joint collaboration between the Foschini brand and Group Sustainability, we partnered with YAGA, an ecommerce start-up, to encourage customers to re-sell their used garments on their platform with the launch of this campaign in June 2021. For every item re-sold, Foschini will reward customers for extending the life of their products.

Product re-sale is the fastest growing segment within the broader retail landscape and our partnership was aimed to show how the fast-fashion characteristics of some brands can be “slowed-down” through reuse and an extended value chain.

Understanding product stewardship at TFG London

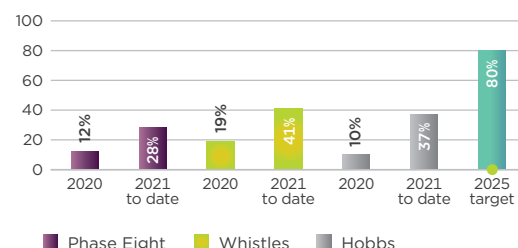
To practise product stewardship, an important first step was to look at our core fibres and understand their social and environmental impacts. Our core fibres are virgin polyester, conventional cotton, generic viscose and animal-derived fibres and materials such as merino wool, cashmere and leather. We have strategic objectives in place to transition our conventional materials to more circular and sustainable alternatives, addressing key issues such as traceability, land management and agriculture, biodiversity, animal welfare, and decent work. These include:

- Replacing virgin polyester with recycled polyester
- Replacing generic viscose with responsibly sourced alternatives including Lenzing™ ECOVERO™
- Switching conventional cotton to, organic and recycled alternatives, and also sourcing our cotton via the Better Cotton Initiative's mass balance system
- Replacing conventional merino wool with certified Responsible Wool Standard wool
- Implementing fully traceable cashmere, back to the farm
- Increasing the number of Leather Working Group certified tanneries

To drive the transition to more sustainable alternatives, we have time-bound sourcing targets across our top three fibres – polyester, viscose and cotton – to reach a minimum of 80% sourced sustainably by 2025.

We know we will face many challenges during this journey. This may be because of the lack of current material innovation or because we choose to stand by our existing supply chain partners, as their own sustainability journey evolves. However we are committed to change and do better, so each year, we will share our progress towards our goals.

See TFG London's progress below



We will also be expanding solutions to those outside of our core mix and have accelerated our efforts to reduce the impacts of dyeing, printing and finishing processes across all materials, including leather and are working towards eliminating inherently unsustainable materials such as faux fur and PVC. We believe there are sustainable alternatives for every component of our products, such as threads, buttons, zips and labelling, which are often overlooked.

Sustainable trainers

Whistles launched a sustainable shoe project to redefine new standards from design concept to end of life. Focusing on trainers, we are combining innovative materials with circularity, while deploying Portuguese localised supply chains for manufacture.

Made in Portugal, our range of trainers is crafted in a factory that upholds a Business Social Compliance Initiative (BSCI) standard A rating, a reflection of the accountability and investment our supplier has put into embedding principles of ethical manufacturing. Trainers feature biodegradable leather and suede, regenerated wool and a blend of recycled polyester specialty yarn for the upper, together with recycled and recyclable rubber for the soles. They also have recycled insoles and organic cotton laces. Water-based adhesives were used in the construction of the shoe and the trainers do not contain any metal parts, which simplifies the recycling process.

The Jessica Shacket

Phase Eight's designers and buyers are working hard to increase sustainable materials in our collections. Our shacket (looks like a shirt but layers like a jacket) is a good example of the variety of elements that have to be considered, including the outer fabric, lining and trims.

Providing the perfect weight and texture for a shacket, the main fabric is crafted from regenerated and renewable fibres. These fibres help reduce greenhouse gas emissions by using existing materials that would otherwise end up in landfill. They also use viscose derived from certified renewable wood sources.

The shacket has 100% natural Corozo buttons derived from the seed of a tropical palm tree in Ecuador and made in the UK. They are of a similar consistency to hard resin and have a unique pattern that means no two buttons are alike.

For a resilient but light lining, virgin polyester was substituted with fabric made from recycled materials derived from post-consumer waste, such as plastic bottles.

Recycled material for TFG Australia

TFG Australia is in the process of calculating raw material consumption to develop a third tier supplier strategy from an ethical, quality and environmental perspective. We are investigating becoming a member of the Better Cotton Initiative this year. The Rockwear brand developed and is currently in the process of trialling tights made from 100% recycled polyester.

Prohibited practices and materials

TFG Australia's Responsible Sourcing Principles prohibit child and forced labour and harassment. They require payment of a legal minimum wage, provision of a healthy and safe working environment, freedom of association and collective bargaining, and compliance with all applicable laws and regulations in the countries where the factories operate. In addition, by signing up to these principles, suppliers and sourcing agents agree not to use prohibited raw materials that include Uzbekistan cotton AZO dyes or Angora, or prohibitive garment treatments such as sandblasting, in any of our products.

TFG Australia acknowledges that sourcing products in an ethically and socially responsible manner will involve a long road of continuous improvement, but we have started along that road and are committed to the journey.

SUPPLY CHAIN VISIBILITY AND TRANSPARENCY THROUGH SEDEX

In our Group, TFG Australia is the leader in terms of supply chain management and transparency. TFG Australia achieved full transparency across first tier suppliers and has more than 80% of second tier mills traced. TFG Australia is working towards complete traceability by the end of the financial year.

TFG Africa joined Sedex, one of the world's largest collaborative platforms for sharing responsible sourcing data on supply chains, in December 2018. To date, 76% of all our first tier local manufacturers, representing 91% spend, have joined as Sedex members. It is compulsory for suppliers to all brands and divisions, except jewellery, to join Sedex, as we use the platform to monitor our suppliers' compliance with leading labour, health and safety, environmental and business ethics standards. It also helps us understand our supply chain risks and how to mitigate these.

Our TFG London brands, Whistles, Phase Eight and Hobbs, are also members of Sedex.

Our internal supplier scorecard for TFG Africa supplements Sedex information and 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. As at 31 March 2021, 76,7% of suppliers were ranked A or B.

We are working towards onboarding second tier suppliers through memorandums of understanding and the strategic relationships we are developing.

Supply chain visibility initiative

A platform for transparency

TFG London will be joining the Segura Systems platform at the start of the new financial year. The platform enables the integrated management of suppliers across three functions: purchase orders, transactional data and supplier management. This will streamline efforts to increase transparency, improve and harmonise our purchasing practices and expand our robust supply chain mapping.

The implementation of Segura will further address reporting obligations for our buying, technical and merchandising teams in terms of the Modern Slavery Act 2015.

WHAT WE CAN LOOK FORWARD TO IN 2022

- Increased visibility of supply chain through systems integration and digitisation in all territories.
- Sustainable alternatives for sourcing of products, for example Better Cotton Initiative cotton, reduced-water cotton and dyes not tested on animals.
- Formal workplan for the Merchant Sustainability Forum in South Africa
- Target setting in relation to core fibres in the South Africa business
- We will also look to partner with other innovative sustainability startups to leverage our impact – particularly downstream and as it relates to the post-consumer opportunity space.

OUR B-BBEE PERFORMANCE

Our commitment to transformation yielded a Level 6 rating, with a score of 72,25 points out of 109. We achieved a recognition rating of 60% and earned Empowering Supplier status in terms of the dtic's B-BBEE scorecard.

Highlights of the Group's B-BBEE performance and achievements for the year include:

B-BBEE element	Maximum	2021 achieved	2020 achieved	2019 achieved	2018 achieved
Ownership	25	17,50	15,34	13,91	11,15
Management control	19	10,69	9,54	10,30	6,65
Skills development	20	9,98	9,29	16,24	15,32
Enterprise and supplier development	40	29,08	30,96	25,12	21,93
Socio-economic development	5	5	5	5	5
Total	109	72,25	70,13	70,57	60,05
B-BBEE contributor level		6	6	6	7
Empowering Supplier		Yes	Yes	Yes	Yes

OWNERSHIP

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

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.

SKILLS DEVELOPMENT

The Group continues to support the government's strategy of job creation and skills development by investing in key skills required to sustain and grow the retail sector and its own workforce. This year, the Group undertook to make a significant investment in Skills Development to support the employment, particularly of youth, through learnerships, internships and with a critical focus on people living with disabilities.

During the year the Group committed to and prepared to join the Youth Employment Service as from April 2021. The YES initiative is a collaboration between business and government to address youth unemployment. Through this partnership, young people who have never been employed before, will be placed on 12-month work experience contracts. This initiative will enhance the existing recruitment roll-out within the rural areas of South Africa where youth unemployment is rife and geographic location has been a barrier to employment in the past.

ENTERPRISE AND SUPPLIER DEVELOPMENT

Preferential procurement remains a focus across both merchandise and non-merchandise categories. In the last year, the centralisation of non-merchandise spend has brought about a more formalised inclusion of these criteria in the evaluation of sourcing activities.

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 business development support.

SOCIO-ECONOMIC DEVELOPMENT

During the government enforced lockdown as a result of COVID-19, the Group pivoted a portion of its idle manufacturing capacity to produce over 300 000 fabric masks. These were donated in partnership with the Department of Education and the Gift of the Givers, reaching learners across South Africa to support them in safely returning to school. The Group also produced many more masks which were distributed to staff and their families to keep them safe.







09

APPENDICES

APPENDICES

DATA PERFORMANCE TABLE

Performance indicator	% change	2021	2020	2019	2018
ECONOMIC					
Retail turnover (Rm)	(6,7%)	32 950,3	35 323,3	34 101,4	28 519,5
Operating profit before finance costs and acquisition costs (Rm)*	(67,0%)	(1 411,4)	4 684,7	4 327,8	4 126,5
EBITDA (Rm)	(23,5%)	6 514,80	8 513,3	5 171,9	4 872
Headline earnings excluding acquisition costs (Rm)	(77,9%)	600,1	2 717,4	27 43,4	2 528,2
Earnings per ordinary share excluding acquisition costs (cents)	(166,3%)	(614,0)	925,7	1 141,7	1 105,5
Headline earnings per ordinary share excluding acquisition costs (cents)	(80,8%)	197,9	1 029,3	1 187,1	1 124,1
Distribution declared per ordinary share (cents) 3,5 745,0	(100,0%)	0,0	335,0	780,0	745,0
Value added (Rm)	(48,7%)	5 770,1	11 256,4	11 558,5	9 732,1
Total number of outlets	4,9%	4 284	4 083	4 085	4 034
TFG Africa outlets	13,7%	2 929	2 577	2 631	2 652
TFG London outlets	(17,6%)	801	972	971	935
TFG Australia outlets	3,7%	554	534	483	447
Total number of TFG Africa insourced distribution centres	14,3%	8	7	8	8
Number of environmental, health and safety and/or governance legal incidents		zero	zero	zero	zero
SOCIAL					
Total number of employees	17,2%	34 891	29 776		
Permanent full-time employees	7,3%	18 708	17 443	16 555	16 223
Permanent part-time employees	(28,4%)	1 821	2 543	2 915	2 848
Flexitime employees	47,0%	10 010	6 811	6 370	5 634
Contract employees	54,1%	1 932	1 254	1 622	1 472
Casual employees	39,1%	2 420	1 740	1 737	1 648
Employee turnover (excluding contractors) (%)	(6,8%)	22,6	24	30,1	35,1
Employment equity (% representation of previously disadvantaged groups among permanent employees)					
South Africa only					
Top management	16,0%	29%	25%	25%	10%
Senior management	(5,4%)	32%	34%	35%	33%
Specialists and middle management	5,8%	64%	60%	57%	54%
Skilled technical and junior management	2,5%	94%	92%	91%	90%
Semi and unskilled employees	(0,0%)	99%	99%	99%	99%
Investment in employee training and development					
Total expenditure (Rm)	(12,6%)	141,7	162,2	150,2	143,5
% of payroll	(10%)	2,3	2,5	2,4	2,9
Total number of employees trained	54,6%	226 166	146 276	140 886	134 166
Work-related fatalities		zero	zero	zero	zero
Number of classified injuries					
Number of days lost	(16,4%)	2 982	3 567	3 653	1 968
Number of incidents	(25,9%)	372	502	916	1 101
Number of incidents where days off were three or less	(23,0%)	292	379	654	1 036
Number of work days lost due to industrial action					
	0,0%	zero	zero	zero	zero
Corporate social investment - TFG Africa					
CSI total spend (Rm)	(37,1%)	13,9	22,1	25,1	22,1
Merchandise donations for the benefit of the Feel Good Project (Rm)	(99,8%)	0,7	2,9	8,1	7,4

* Operating profit before finance charges excludes the impact of acquisition costs.



Performance indicator	% change	2021	2020	2019	2018
ENVIRONMENT					
Environmental matters – TFG Africa (including Jet)					
Purchased electricity usage (kilowatt hours) (stores, distribution centres and offices) (millions)	2,1%	168 917 717,5	165 371 680,0	166 542 769,7	172 142 641,1
Environmental matters – TFG London					
Purchased electricity usage (kilowatt hours) (stores, distribution centres and offices) (millions)	(68,1%)	2 292 380,2	7 196 368,0	7 513 145,5	4 570 809,0
Environmental matters – Australia					
Purchased electricity usage (kilowatt hours) (stores, distribution centres and offices) (millions)	0,0%	11 463 080,4			
Carbon footprint (tonnes CO₂e) – TFG Africa					
Total emissions	(3,7%)	227 758	289 526	220 829	1 726 770
Scope 1	(27,0%)	3 664	5 016	4 483	4 563
Scope 2	1,1%	166 663	164 816	150 959	1 650 585
Scope 3	(23,1%)	56 069	729 35	62 843	69 687
Non-kyoto	(50,3%)	1 362	2 742	2 542	1 934
Water consumption (kilolitres) (head offices and distribution centres)	16,0%	51 078	44 016	54 372	44 988
Carbon footprint (tonnes CO₂e) – TFG London					
Total emissions	(66,7%)	1 210	4 296	6 130	4 518
Scope 1	(56,8%)	86	199	187	0
Scope 2	(71,0%)	534	1 839	2 137	1 606
Scope 3	(64,2%)	589	2 258	3 805	2 911
Non-kyoto	0,0%	0	0	0	0
Water consumption (kilolitres) (head offices and distribution centres)	0,0%	2 784			
Carbon footprint (tonnes CO₂e) – TFG Australia					
Total emissions		13 224			
Scope 1		0			
Scope 2		8 666			
Scope 3		4 558			
Non-kyoto		0			
Water consumption (kilolitres) (head offices and distribution centres)	0,0%	10 327			
Group					
Total emissions		242 191	249 806	226 961	241 290
Scope 1		3 750	5 215	4 672	4 564
Scope 2		175 863	166 655	153 097	162 192
Scope 3		61 216	75 193	66 650	72 599
Non-kyoto		1 362	2 743	2 542	1 935
Water consumption (kilolitres) (head offices and distribution centres)	0,4%	64 190	639 33	54 372	44 988
Intensity: emissions per m ² (including stores)	(31,5%)	0,1	0,2	0,2	0,2

The tracking of the TFG Australia carbon footprint data and the inclusion into the Group report commenced in FY21.

TFG GROUPWIDE SUSTAINABILITY PILLARS SUMMARY

Group pillars	Localisation and job creation	People and communities	Environment efficiency	Product stewardship and local supply chain
TFG LONDON PILLARS		Wellbeing	Environment	Supply chain and communities
TFG LONDON - FY21		<ul style="list-style-type: none"> • Fitness and wellbeing weeks established • Establishment of the Diversity and Inclusion Board 	<ul style="list-style-type: none"> • Review core materials to understand impact • Sourcing targets set, aiming to meet at least 80% low-impact alternatives • Low-impact freight methods • Packaging review, increasing the amount of recycled materials addressing the Extended Producer Responsibility legislation • Forecast to reach 32% low-impact materials by end of year • Contributor to the TCFD • Carbon footprint reporting 	<ul style="list-style-type: none"> • Supply chain transparency to tier 2 achieved • Contributor to the Fashion Revolution transparency report • Signatory to the UK government modern slavery pledge • Group joined Segura • Participation in the UNGC addressing the seafarers crisis • Signed the End Uyghur Forced Labour call to action • Implemented capacity building programme with Quizrr supporting factory workers to know their rights
TFG LONDON - LOOKING AHEAD		<ul style="list-style-type: none"> • Continue our work on mental health and wellbeing • Define inclusion and diversity targets • Implement new inclusion and diversity policy framework and outcome of training programmes 	<ul style="list-style-type: none"> • Implement environmental profit and loss framework • Sustainability reporting launch • Achieve a minimum of 45% low-impact materials • All packaging materials sourced from renewable sources 	<ul style="list-style-type: none"> • Capture and report on human rights due diligence in our supply chain and add strategic suppliers on a growth ladder • Increase development of homeworking communities in India • Focus on advocacy work for vulnerable workers at sea and on land • Expand our philanthropic engagement



TFG AUSTRALIA: KEY FOCUS AREAS AND INDICATORS FOR ETHICAL SOURCING

Group pillars	Localisation and job creation	People and communities	Environment efficiency	Product stewardship and local supply chain
TFG AUSTRALIA PILLARS		Wellbeing	Environment	Supply chain and communities
TFG AUSTRALIA - FY21		<ul style="list-style-type: none"> Achieved top grade in Baptist World Aid COVID Edition report Creation and roll out of a Grievance Hotline Updated supplier code of conduct 	<ul style="list-style-type: none"> Hangers – developed a strategic plan for a sustainable solution All plastic bags are made from a minimum of 80% recyclable materials 	<ul style="list-style-type: none"> Published our first Modern Slavery Statement Development of a structured ethical sourcing toolkit Development of a TFG Australia sourcing committee structure with key representatives from each brand who meet once a month to review KPIs, analyse current hot topics in relation to ethical sourcing risks and procedures, discuss diversification strategy, etc. Trained more than 85% of team members on Modern Slavery and TFG Australia's risks/procedures and strategy Trial run of fully recycled polyester tights
TFG AUSTRALIA - LOOKING AHEAD		<ul style="list-style-type: none"> Develop deeper relationships with our community partners including volunteer days 	<ul style="list-style-type: none"> Commence roll out of bio-degradable online packaging Understanding our current carbon footprint to build a future strategy to reduce our carbon footprint All consumer-facing single-use plastics to be biodegradable or recyclable in three years 	<ul style="list-style-type: none"> Roll out of fully recycled and recyclable hangers Investigating membership with Better Cotton Initiative Develop a framework for our tier 1 and 2 suppliers Full traceability of second tier Investigate more sustainable raw material sources Target 100% traceability of our tier 2 supply chain in 2022 Begin tracing our linen and polyester in tier 3 Continue to monitor our compliance on a regular basis with regular risk and procedure review and analysis

OUR CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

SDG 8: DECENT WORK AND ECONOMIC GROWTH

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 is 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

	Target	What we achieved in 2021	 or 
Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value-added and labour-intensive sectors	Quick response contribution to total units manufactured >70%	86%	
	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		
	Supplier development spend 2% of South African net profit after tax*	2%	
	Enterprise development spend 1% of South African net profit after tax*	1%	
By 2030, achieve full and productive employment and decent work for all women and men, including young people and persons living with disabilities, and equal pay for work of equal value.	Employment equity targets – 4,67 points*	4,12	
	Skills development targets – 10,78 points*	9,98	
By 2020, substantially reduce the proportion of youth not in employment, education or training	Socio-economic development – 1% of South African net profit after tax*	1%	








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

SDG 9: INDUSTRY, INNOVATION AND INFRASTRUCTURE

By investing in local manufacturing and supplier development we can contribute to sustainable industrialisation. This includes an investment in technology to promote innovation and improve efficiencies, especially in the use of natural resources. Local development will bring economic empowerment, create jobs and make sure we build stable and resilient communities.

Global targets

TFG's annual targets and achievements

	Target	What we achieved in 2021	 or 
Promote inclusive and sustainable industrialisation, and by 2030 significantly raise industry's share of employment and GDP	45% of our total apparel procured locally in South Africa	42,3%	
	50 jobs created in TFG factories	95	
Increase the access of small-scale industrial and other enterprises, to ensure integration into value chains and markets	1% of NPAT invested in enterprise development	1%	
	2% of NPAT invested in supplier development	2%	











SDG 12: RESPONSIBLE CONSUMPTION AND PRODUCTION

Achieving economic growth and sustainable development requires us to 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

	Target	What we achieved in 2021	 or 
Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	2 x Social and Ethics Committee meetings	2	
	4 X Sustainability Steering Committee meetings	4	
	4 x Green Committee meetings	4	
By 2024, substantially reduce waste generation through prevention, reduction, recycling and reuse	Achieve 85% recycling at all our sites	82%	
By 2024, achieve the sustainable management and efficient use of natural resources	Electricity consumption in store 5% reduction in kW/h per m ²	-14,80% reduction	

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

@home
THE HOMEWARE STORE

@homelivingspace
THE HOMEWARE STORE

AMERICAN SWISS
FINE JEWELLERS SINCE 1898

ARCHIVE

CONNOR

donna

EXACT

FABIANI

FIX

FOSCHINI

GALAXY*CO

G-STAR RAW

hi

HOBBS
LONDON

Jet

Johnny
BIGG
BY PARAGON

MARKHAM

Phase Eight

RELAY
JEANS

RFO
RENEGADE FASHION
OUTLET

ROCKWEAR
ACTIVEWEAR SINCE 1991

SNEAKER
FACTORY

SODA BLO

sportscene

STERNS
1896

TAROCASH

TOTALSPORTS

WHISTLES

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