2022 INSPIRED LIVING REPORT

THE FOSCHINI GROUP LIMITED
2022 at a glance 2
Our reporting suite and relevant frameworks 3
Getting to know TFG 4
Leadership messages 10
Our sustainability context 12
Governance and good corporate citizenship 20
Our sustainability strategy 23
ESG key performance indicators 28
Our value chain focus areas for 2023 38
Glossary and key definitions 39

“**We are strategic and purposeful when considering environmental, social and governance aspects. We aim for positive impact: the intersection between smart business and smart economic and social policy. Our investment in local sourcing capability is an example of this as it leads to job creation, a shortened supply chain and time to market, small enterprise support and the development of our communities. It strengthens our partnerships with government, industry and our customers. Ultimately, we contribute to better living.”**

Michael Lewis
Chairman

ABOUT OUR REPORT

The TFG strategy and sustainability teams developed this report in collaboration with management teams in TFG Africa, TFG London and TFG Australia.

In line with the global shift towards standardising ESG reporting and definitions, we have structured our reporting to separate the more data-driven quantitative metrics and governance from the write-up and communication of our initiatives, projects and their impact.

The context, governance and metrics will continue to be reported annually in this Inspired Living Report. The profile of our projects and their progress will be profiled on our sustainability website which can be found here.

In the current year, we have profiled 20 of these initiatives. Throughout this report, we will use the following icon to reference to these initiatives and provide a click through to our website where the profile is available:

Going forward, we will communicate these projects and their impact on our website as these occur. Annually, we will continue to measure and report on key performance indicators in this report.
Over the last year, we made significant progress in both new and existing areas to enhance the sustainability of our integrated value chain. In this report we will provide insights about how the realisation of our strategy is supported by this sustainability imperative, and ultimately how it is necessary to inspire our Customers to Live their Best Lives.

We increased local manufacturing capacity and further verticalisation in our homeware segment through acquisitions

- Granny Goose with its manufacturing facility, Cotton Traders
- Tapestry Home Brands
- House of Monatic, Trade Call Investments Apparel, Radeen Fashions and Playtex

73% of our total apparel manufactured locally in Southern Africa
65% of tier 1 local apparel suppliers mapped
1,520 manufacturing jobs and 607 contract work opportunities created in local supply chain
100% of textile waste from TFG Africa own manufacturing repurposed or recycled

Committed integrated energy plan - 633 stores completed since October 2021
Progressively shifting to 100% post-consumer plastic recyclate shopper bags
425 youth provided with workplace experience opportunities through the YES initiative

Multiple ranges with sustainable raw materials launched
Markham Flip UR Flop campaign to recycle old flip flops
Partnerships with the Clothing Bank and Gift of the Givers to extend the life of fashion and electronics through re-sale and enterprise development

Partnership with Upparel to ensure garments or trimmings that are not donated to charity, are repurposed, upcycled or recycled
Partnership with Thread Together to extend the life of products through donations

* Non-certificate code: FSC-N003990
### OUR REPORTING SUITE AND RELEVANT FRAMEWORKS

#### WHAT YOU NEED TO KNOW BEFORE YOU START READING

The report focuses on our environmental, social and governance (ESG) performance for the financial year ended 31 March 2022, including significant events after year-end up to 29 July 2022. The report was approved by the Supervisory Board’s Social and Ethics Committee on 29 July 2022.

This report will provide information regarding The Foschini Group Limited and its subsidiaries, collectively referred to as “TFG” or “the Group”.

### TFG consists of three business segments

#### TFG AFRICA

Refers to all operations on the African continent, through 22 established brands. The TFG Africa business segment is managed from the Group’s head office in Cape Town, South Africa. TFG Africa operates through retail outlets throughout South Africa, parts of Africa, and online.

#### TFG LONDON

Refers to the consolidated performance of the Phase Eight, Whistles and Hobbs brands. TFG London is managed by the local management team based in London, United Kingdom (UK). TFG London operates through retail outlets throughout the UK, internationally, and online.

#### TFG AUSTRALIA

Refers to the consolidated performance of the Connor, Johnny Bigg, Rockwear, Tarocash and yd. brands, collectively Retail Apparel Group (RAG). The TFG Australia business segment is managed by the local management team based in Sydney, Australia. They operate through retail outlets throughout Australia and New Zealand, and online.

We developed the content of the report in response to our materiality process (page 17), strategy development process (page 23) and by considering what our stakeholders find important (page 9). We also considered the readers of this report and what they value, particularly feedback from our customers, rating agencies, research analysts, and investors.

### REPORTING IMPROVEMENTS IN CURRENT PERIOD

In the 2022 financial year, we expanded our disclosure through the following additional reports:

- the Group’s first stand-alone report for disclosures according to Task Force on Climate-related Financial Disclosures (TCFD) recommendations
- CDP submissions for Forests and Water Security, in addition to our current Climate Change submission.

### Financial reporting

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<tr>
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<td>Results announcement</td>
<td>Reviewed by Deloitte &amp; Touche</td>
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### Governance reporting

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<td>TFG Corporate Governance and Supervisory Board Committee reports</td>
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<tr>
<td>King IV register</td>
<td>No external assurance</td>
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<tr>
<td>Notice of annual general meeting</td>
<td>No external assurance</td>
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### Environmental and social reporting

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<td>Inspired Living report</td>
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<td>TCFD report</td>
<td>No external assurance</td>
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<tr>
<td>CDP submission</td>
<td>No external assurance</td>
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<tr>
<td>Carbon Footprint report</td>
<td>No external assurance</td>
</tr>
<tr>
<td>B-BBEE credentials and scorecard</td>
<td>Assured by Honeycomb BEE Ratings Cape Town</td>
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### Integrated annual report: internal review

Readers are encouraged to consult the full reporting suite available online for a comprehensive view of TFG’s financial and non-financial performance.

We ensure the integrity, validity and accuracy of information by relying on internal systems of control and senior and executive management reviews. In future periods, we intend to obtain internal assurance over the Inspired Living report.

### NAVIGATION TIPS, FEEDBACK AND DEFINITIONS

This report is interactive and contains hyperlinks that will allow you to find the information you need easily, including additional detail where we reference the website.

We use the following classifications when making timeframe references:

- **Short term**
- **Medium term**
- **Long term**

| Current to one year | One to three years | Three to ten years |

This report contains certain forward-looking statements regarding the results and business activities of TFG, which, by their nature, involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur. Various factors could lead to actual results or business activities that differ materially from those implied by these forward-looking statements. Accordingly, these forward-looking statements have not been reviewed or reported on by the Group’s external auditors.

We value feedback as it helps us to improve the efficiency, transparency and intended outcome of our reporting. Please click here to complete a short survey regarding your experience with this report or to provide input with regards to the content of this report.

Alternatively, comments or further information enquiries can be sent to Investor_relations@tfg.co.za.
GETTING TO KNOW TFG

ABOUT US

TFG is a South African-based fashion retailer with a diverse portfolio of 30 brands. We offer clothing, jewellery, cellphones, accessories, cosmetics, sporting apparel and equipment, homeware, and furniture. Our brands cater for market segments from value to upper income while providing convenient shopping experiences in-store and online.

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 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 PURPOSE

We inspire our customers to live their best lives

OUR VISION

To create the most remarkable omnichannel experience for our customers

OUR STRATEGIC PILLARS

BUILD OUT

diversified, high brand-equity businesses

OPTIMISE

sourcing mix and supply chain efficiency

LEVERAGE

our assets – customer data, store footprint, talent and product assortment

TRANSFORM

into a true omnichannel retailer and platform play

OUR VALUES

We put our customers first

We work smart and fast

We do the right thing

Read more about our purpose and how this informs our strategy here.

Read more about our vision and values in our integrated annual report here.
OUR INTEGRATED VALUE CHAIN

We have a retail-driven value chain with global sourcing capabilities. From a sustainability perspective, the three business segments each have different value-chain priorities shaped by supply chain risks and opportunities, market demands and physical footprints.

We acknowledge that our supply chains are complex and require different skill sets and capabilities to bring our products from raw materials through to finished products. Despite this complexity, we are committed to sourcing commodities and input materials whilst trading responsibly. Critical to making this commitment and influencing upstream changes is our relationship with key suppliers who are, in many cases, the final stage of the manufacturing process.

### Raw materials
We are procuring increasing volumes of sustainably sourced materials as our production inputs, which consist of cotton, linen, wool, wood, polyester, leather, precious stones, silicon, aluminium, plastic, polymers and more. Each territory has now joined Better Cotton and set time-bound targets for sustainably sourced cotton. Both TFG Africa and TFG London source FSC® certified selected products where possible and TFG Africa is working towards all jewellery suppliers being members of the Responsible Jewellery Council. Further analysis and preparation is being made for targets to be set for other major commodities and input materials. Data analytics are also increasingly integrated into our procurement and production processes to optimise our resource use. In South Africa, we work with government to encourage local procurement and reduce import duties.

| Sustainability working groups that work to address this element of the value chain: |
|------------------|------------------|------------------|------------------|------------------|
| **TFG Africa:** | **TFG Africa:** | **TFG London:** | **TFG Australia:** |
| Product stewardship and supply chain | Environmental efficiency | Planet | Materials |

### Design, processing, production and manufacturing
The conversion of raw material into woven or knitted fabrics, homeware, shoes, jewellery or devices and more, relies on manufacturing facilities, mills, dye houses and tanneries. The conversion process includes design, modelling and patterning, cutting, stitching, sewing, assembling, finishes and packaging. First tier suppliers manage processing and production where facilities are not owned by the Group and might make use of secondary and tertiary sub-contractors. TFG Africa is increasing local manufacturing and design to 76% of the Group’s apparel purchases in the next five years. We continue acquiring manufacturing assets and preserving jobs across South Africa, with Prestige Clothing Proprietary Limited now being the largest apparel manufacturer in South Africa.

| Sustainability working groups that work to address this element of the value chain: |
|------------------|------------------|------------------|------------------|------------------|
| **TFG Africa:** | **TFG Africa:** | **TFG London:** | **TFG Australia:** |
| Localisation and job creation | People and communities | Manufacturing | People |

### Tier 1, 2 and 3 supplier definitions:

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<thead>
<tr>
<th>Tier 1 and 2 suppliers</th>
<th>Tier 1 and 2 suppliers</th>
<th>Tier 1 and 2 suppliers</th>
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<tbody>
<tr>
<td>Supplier that receives and manages the order</td>
<td>Main production site</td>
<td>Final stage production (garment production) – a factory that cuts, trims and/or sews</td>
</tr>
<tr>
<td>Primary process sub-contractor</td>
<td>Primary process sub-contractor</td>
<td>Inputs (fabric production) – fabric mills, dye houses, wash houses, labelling, hanger suppliers, cartons</td>
</tr>
<tr>
<td>Secondary process sub-contractor</td>
<td>Secondary process sub-contractor</td>
<td>Raw material suppliers</td>
</tr>
<tr>
<td>Raw material suppliers</td>
<td>Fabrics and components</td>
<td>Raw materials</td>
</tr>
</tbody>
</table>
at a glance

• We ask suppliers about their use of sub-contractors, recruiters and brokers in order to have visibility of supply chains.

• We discuss payment schedules and margins with suppliers, and ensure we make payments on time.

• We know that unrealistic expectations about lead times can force suppliers to make trade-offs to meet high-pressure expectations from their customers. This can harm workers. As such, we make sure we understand what deadlines are realistically possible to meet.

• We ensure that any cuts on delivery speed and price are aligned to our procurement practices and policies.

• We discuss payment schedules and margins with suppliers, and ensure we make payments on time.

• We ask suppliers about their use of sub-contractors, recruiters and brokers in order to have visibility of supply chains.

Examples of how we ensure an ethical value chain:

1 Tier 1 suppliers

1 Tier and 2 suppliers

TFG Africa: Localisation and job creation

TFG Africa: Environmental efficiency

TFG London: Manufacturing

TFG Australia: Planet

Sustainability working groups that work to address this element of the value chain:

Supply chain logistics

We use a mixed model of own and outsourced transport between distribution centres, warehouses and outlets. We also use vendors with the latest vehicle and route optimisation technology to reduce emissions.

Our distribution capabilities include freight handling, order fulfilment and returns processing. We adopt new technology where the investment will ensure optimisation, for example in RFID tagging that provides live inventory information. This ensures efficient ordering and stock keeping, and minimises distance travelled per item. We are able to fulfil increasing volumes of online orders from distribution centres as well as directly from outlets.

During the year, the Group began a multi-year warehouse consolidation and rationalisation programme, and commenced the development of a multi-purpose distribution centre facility in Johannesburg that will further improve supply chain efficiency.

Retail

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. In outlets, we measure our environmental impact in terms of energy and water use, and waste, where possible. We aim for low impact and responsible materials for refits and new outlets.

During the year, we began a structured engagement with our landlords about existing availability of energy from renewable sources and planned investments in renewable energy production that could benefit the Group. In outlets, we measure our environmental impact in terms of energy consumption on a per square metre basis. Across some of our store footprint, the Group utilises energy meters to accurately track consumption and behaviours linked to abnormal energy usage.

Our unique portfolio of brands is increasingly adopting sustainability features and attributes, as illustrated by the new recycled wash care labels that are being adopted across all TFG Africa in-house fashion brands. In terms of packaging, we aim to have recycled or fully recyclable packaging in all outlets across the Group. During the year, TFG's Africa brands worked together to transition to a 100% post-consumer recyclate which is being introduced across all bags in South Africa. This will ensure no further virgin plastic material is used in these bags.

Use, extension and end-of-life

We work with partners to reduce the volume of fashion and lifestyle product waste sent to landfills. We currently extend the life of the garments by donating good quality unsold clothing and customer returns. In South Africa, significant donations of such clothing were made in relief of the KZN flooding in partnership with Gift of the Givers. In TFG Australia, unsold clothing is donated through partnerships with Red Cross and Thread Together, which provides relief in areas of need such as Lismore which had devastating floods in February 2022.

This is not the full circularity story yet. We are exploring a process of using our textile waste as inputs into new items. In addition, where appropriate, our brands promote care and repair to customers. Some of our brands have tailoring and repair services which we support and subsidise to promote repair over garments being discarded.

Across our brands we have piloted re-sale as well as product return incentive programmes. In South Africa, we have also partnered with an enterprise that shreds, compacts and transforms our manufacturing fabric waste into useable outputs while TFG Australia partners with Upparel for similar services.

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We provide more detail on TFG Africa’s manufacturing footprint in South Africa on the map here, on our TFG London manufacturing footprint here, and on our TFG Australia manufacturing footprint in their Modern Slavery report here.
OVERVIEW OF OUR VALUE CHAIN LOCATIONS – TFG AFRICA MANUFACTURING AND DISTRIBUTION LOCATIONS
OUR STAKEHOLDERS

By understanding our stakeholders, we can contribute to their improved experiences. 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.

Our stakeholders consist of 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 result in value erosion.

Our key stakeholders

Customers
Our customers are diverse in their spread across geographies, gender, age and income groups. They have specific expectations relating to in-store and online experiences and credit queries. They also engage with us regarding merchandise and fashion trends through our social media channels.

Shareholders
We have 14,098 shareholders, with 26.7% of shares held outside South Africa and 74.1% public shareholding. They require sustainable growth, accompanied by transparent and ongoing communication regarding ESG-related matters, our strategy, business model, approach to capital allocation and future prospects.

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, through to manufacturing, logistics and retail. As a fashion retailer, we are increasingly expected to focus on climate risk in the supply chain and mitigating this through renewable energy purchases, actively reducing our supply chain carbon footprint and improving material selection.

Employees
Our 38,328 employees are diverse in their spread across geographies, gender, age and skills profiles. Their expectations include training, development, career advancement, remuneration and performance management, change management in response to our digital transformation journey, safety, health and wellbeing.

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. Our suppliers expect oversight and transparent communication on various supply chain-related issues.

Government, legislators and regulators
This stakeholder includes revenue authorities, regulators and government departments in the countries in which we trade. They expect us to participate in growing the economy through job creation and by complying with all applicable regulatory requirements. Additionally, revenue authorities expect us to pay a fair, transparent and proportionate amount of taxation.

Non-profit organisations and communities
In many cases, the communities in which we operate face significant challenges. We have a responsibility to work to address these challenges, often with government or partners. Many of our other stakeholder groups are present, reside in and rely on the health and stability of these communities too.

Read more about our stakeholder groups, how we engage with them, and what matters to them in the integrated annual report.
The past year was characterised by different but equally challenging events across each of our territories. These included pervasive lockdowns and the rise of new COVID-19 variants, supply chain disruptions and steeply rising logistics costs, load shedding and the tragic loss of life and property due to floods, fires and civil unrest. These events were a strong reminder that our success is deeply interconnected with the economies and communities we operate in. Recognising this, we continued to significantly invest in our localisation strategy in South Africa, which we believe presents our best opportunity to improve the lives and livelihoods of the majority of our population. In the UK and Australia, we continued to pursue a range of initiatives to strengthen our supply chains from a social and environmental perspective. At TFG London we accelerated our transition to lower impact and more responsible materials, ensuring that fabric selection is made with circularity at the forefront and that we enable textile-to-textile recyclability or suitable reuse where possible. Both in London and Australia, we made great progress with tier 1 supplier traceability and now have 100% of our tier 1 suppliers traced.

We also recognise the very real threat of climate change, which will only exacerbate existing challenges related to human health and safety, food and water security, and socio-economic development. The unprecedented flooding in KwaZulu-Natal in South Africa, and in parts of Australia, which caused tremendous devastation and the tragic loss of lives, served as a stark reminder of this.

It should thus be clear as to why we support the global drive for climate action. In addition to ongoing initiatives to reduce our carbon emissions, we published our first Task Force on Climate-Related Financial Disclosures (TCFD) report this year. This enables our stakeholders to assess our commitment to and progress on addressing climate-related risks within our business. In addition to the Climate Change disclosure made under CDP, the Group also participated in the Forests and Water Security disclosures for the first time this year with commitments to progressive disclosure in subsequent years.

Within all our business segments, a key focus remains on ensuring fair, ethical and sustainable global supply chain practices. In particular, we are working hard to map the respective supply chains according to the priorities and maturity of each business segment. TFG Africa has commenced this and is focussing on tier 1 and tier 2 suppliers in South Africa. TFG London fully mapped tier 1 and tier 2 ‘primary process’ suppliers, and aims to map up to tier 5 suppliers. TFG Australia has fully mapped tier 1 suppliers and plans to map tier 2 in the next year.

TFG London continued its partnership with Anti-Slavery International and will be running risk assessments and training at its distribution centres in the upcoming financial year. Similarly, TFG Australia continues to find ways to reduce modern slavery risks in its supply chain and operations, supported by its partnership with Be Slavery Free.

Product stewardship remains a focus across the Group as we look to actively manage the responsible sourcing of commodities we use that are made from natural and synthetic resources such as cotton and polyester. Starting with our highest volume product, cotton, TFG South Africa became a member of Better Cotton this year, joining TFG London and TFG Australia. The Group is committed to a goal of sustainable sourcing with targets of 50% sustainably sourced cotton, including Better Cotton, by FY2026 in both TFG Africa and TFG Australia, and 100% sustainably sourced fibres, including Better Cotton, by FY2026 in TFG London. The Group is committed to sustainable sourcing of polyester and is establishing a baseline and exploring relevant certification. TFG South Africa also agreed a Promotional Licence Agreement with the Forest Stewardship Council® this year.

In the year ahead we will continue to monitor and report on our performance and progress against key ESG goals. We recognise the value of partnerships and collaboration to help us reach these goals and tackle complex social and environmental issues. We look forward to working together as a Group and with our stakeholders to reduce harm and accelerate positive impacts beyond our value chain.

A E Thunström
Chief Executive Officer
29 July 2022
TFG delivered a strong performance in a challenging year – ending on a record-high Group retail turnover of R43.4 billion, a 31.6% increase year-on-year. Our commercial success has not come at the expense of our environmental or social responsibility and we continued to invest in our three sustainability objectives this year, amongst others.

This included ongoing and significant investment in expanding our local supply chain, creating the right skills to support digital transformation and improve in-store customer experience and ramping up efforts to increase the transparency of our upstream operations. We also invested in several youth employment initiatives, which we believe are crucial in the South African context. This in part contributed to our significant achievement of being a Level 3 B-BBEE contributor, up from Level 6 in the prior year.

Our financial position remains strong and we are well-positioned to leverage the investments we have made in prior years to significantly scale our operations responsibly. This is absolutely essential to our expansion plans, as one of our key ambitions is to create meaningful and lasting employment.

An important part of future-proofing our business has been our investment in digital transformation, not only in terms of positioning us as a true tech omnichannel retailer but also bringing our employees along with us on this journey to ensure they can respond to the rapid pace of change in the retail environment. Our work practices at our head offices and regional offices have been adapted to support our hybrid working approach.

We also continued to invest in technology that supports and equips our in-store teams to best serve our customers.

Ensuring we have a talent pool for the future is also crucial. Accordingly, we ramped up our investment in youth employment this year. In addition to our participation in the YES initiative, we invested in learnerships, apprenticeships and internships (LAIs) targeted at young South Africans. 607 manufacturing LAIs were created this year and 2,283 non-manufacturing LAIs, inclusive of YES learners. This investment is done with clear intent to spend every cent effectively so that we can create skilled youth who can be absorbed into our operations.

Finally, we need to provide brands that resonate and inspire our customers. Our new purpose, vision and values provides a clear message about what we want to achieve as a business and how we will get there. In particular, our purpose demonstrates our commitment to listen to our customers so that we can offer them the products they want. This goes beyond the item itself but also includes how we produce those products to ensure zero-harm for people and the environment. We are ramping up our efforts across the Group to develop fair and ethical supply chains, source sustainable materials, improve the energy-efficiency of our operations and reduce our waste and water use.

In the year ahead we need to find even more opportunities to do things better. The world around us is not going to get any less challenging and we anticipate that we will need to find ways to remain resilient despite supply chain disruptions, social, environmental and geopolitical instability, climate change and more. As a Group, we will continue to invest in brands, jobs and people as we believe this is how TFG can contribute to improving the lives and livelihoods of the communities we operate in.

B Ntuli
Chief Financial Officer
29 July 2022
Our sustainability context

TOWARDS A SUSTAINABLE BUSINESS MODEL

**INPUTS**

Our business requires a range of resources and relationships to operate, spanning our entire supply chain. Defined under the six capitals, these include:

- **Natural resources** such as fibres as input for the production and manufacturing of our products, and energy and fuel to distribute and sell our goods. We also rely on water for key processes in our supply chain.
- **Physical assets and infrastructures** such as factories, roads, ports, outlets and offices.
- **The people we employ and develop** and the communities we engage with and support.
- **Financial capital** to operate our business, invest in growth areas, pay dividends, and provide credit to consumers.
- **Our social licence and legitimacy** as a business depend on collaboration and meaningful engagement with all stakeholders, including government and regulators.
- **Intellectual capital** which comes from extensive retail experience, investment in brands and sound governance and risk systems.

Read more about these capitals in the section on our integrated value chain on page 5.

**OUTPUTS**

Our retail brands offer clothing, jewellery, cellphones, accessories, cosmetics, sporting apparel and equipment, homeware and furniture. TFG Africa also offers customers a range of value-added services such as magazines, insurance products, mobile airtime and access to our loyalty programme, myTFGrewards.

**BY-PRODUCTS AND WASTE**

The majority of our environmental impacts are found beyond our retail and head offices; further up our supply chain (farming, dyeing, printing and manufacturing) and downstream (washing, drying and disposal of products). While we implement resource efficiency measures at our head offices, retail outlets and distribution centres, we also work extensively with our suppliers to drive sustainability best practice. This ranges from fair treatment of employees to producing garments on demand to reducing waste.

**THE OUTCOMES OF OUR BUSINESS MODEL**

The outcomes of our business activities include the positive or negative internal and external consequences for our stakeholders and capitals, and collectively result in the value that we create, preserve or erode over time.
EXAMPLES OF TRADE-OFF DECISIONS

- Our localisation strategy at TFG Africa demands significant financial investment which may, in some cases, result in a higher cost per manufactured unit, but we can substantially reduce transportation time and supply chain related risk. From a social perspective, another key benefit is the number of families we are able to support through the provision of local jobs at these facilities.

- With the acquisition of Jet and the build-out of our value segment offering in relation to both products and brands, the Group naturally procures higher overall levels of commodities made from natural and synthetic resources such as cotton and polyester. The production of these resources is not infinitely renewable and thus we aim to progressively shift into more sustainable alternatives. Starting with our highest volume product, cotton, TFG South Africa became a member of Better Cotton this year, joining TFG London and TFG Australia. The Group is committed to a goal of sustainable sourcing with targets of 50% sustainably sourced cotton, including Better Cotton, by FY2026 in both TFG Africa and TFG Australia, and 100% sustainably sourced fibres, including Better Cotton, by FY2026 in TFG London. The Group is working towards a commitment for recycled polyester and is currently establishing a baseline and exploring relevant and appropriate certifications.

- Purchased electricity accounts for 56% of the Group’s carbon emissions, with 91% of this coming from our store footprint. Within South Africa, around 85% of electricity supplied by Eskom is being generated from coal. Consequently, there is a trade-off between the growth ambitions for the Group through the expansion of the store footprint in South Africa, and the environmental impact of electricity generation. The Group embarked on an integrated energy plan in South Africa aimed at reducing the Group’s consumption and ensuring business continuity in the context of load shedding. Projects include store lights, solar for campus lights, energy meters and landlord engagement on green energy. The first initiative implemented was the retrofitting of halogen lighting with LEDs across outlets in South Africa.

FUTURE RISK AND SCARCITY IN OUR BUSINESS MODEL

There are numerous interconnected risks that can affect our business model now and in the future. The rising cost of inputs, such as oil and other raw materials, due to scarcity and geopolitical uncertainty may continue to impact our production costs. During times of conflict and extreme weather, costs can spike which dramatically changes our input costs forcing us to either absorb these where possible (which in turn impacts profitability), or to pass those costs onto our customers.

These rising costs combined with a growing population whose incomes do not increase at the same rate often lead to social unrest. Geopolitical uncertainty often compounds the unrest, as can be seen in the recent incident in South Africa, and also in numerous other parts of the world.

As climate change worsens, we expect to continue to see extreme weather conditions and changing weather patterns that have a range of impacts across our business model. Floods and fires such as those in Australia have varying consequences on our business model, from being able to grow raw materials to being able to transport goods.

Some risks can be mitigated by diversifying our supply chain. In the UK and Australia where it is not cost-effective to produce locally, we are dependent on international suppliers. However, China still maintains a stronghold in the global apparel sector resulting in a degree of dependence that is difficult to move away from.

Geopolitical instability coupled with climate change has resulted in labour migration. In South Africa, we see an influx of people coming from other parts of Africa and record-high unemployment rates. In contrast, we recorded record low unemployment rates in Australia which resulted in labour shortages. Due to the COVID-19 lockdowns, people from other countries wanting to work could not enter the country to do so.

Lagging social and environmental government policy around human rights and environmental due diligence, for example, also poses a threat to our business model. Though we make considerable efforts to screen our suppliers, do site visits, and encourage responsible and sustainable business practices, we cannot see everything. Thus, we need strong local governments to implement policies that are in line with good business practice.
VALUE ADDED IN 2022

**SUPPLIERS**
Suppliers received 12.9% more financial value while TFG also invested in local supplier development and manufacturing. We help suppliers grow their businesses and managed merchandise orders better in response to customer demand.

**EMPLOYEES**
Employees earn remuneration, receive training, brand discounts, access to wellness initiatives, and are encouraged to achieve their personal best in a high-performance culture.

**LENDERS**
Lenders received 33.7% less in finance charges due to continued active debt management from TFG. TFG remains a quality client with a strong repayment track record and sustainable operations.

**SHAREHOLDERS**
Dividend payments to shareholders resumed this year at a higher cover than in previous years.

**GOVERNMENT**
Government received 143.4% more in tax this year as operations returned to more normalised conditions post the COVID-19 pandemic. TFG is a reliable corporate taxpayer that supports the economy by providing jobs, infrastructure and goods.

**REINVESTMENT IN BUSINESS**
TFG used its funds to grow the business during the past year. We continued to prioritise cost-saving initiatives across all our operations while investing for the future.
THE TRENDS SHAPING FASHION RETAIL

We continuously scan, monitor and obtain research on retail-specific trends. This is important, as retail is dynamic and fast-changing. Some of these trends are quick to emerge and bring permanent, structural change to the industry.

**Competition for skills:** Working from home has changed the employer/employee compact leading to new levels of competition for skills, particularly in technical fields. Most fashion executives expect a hybrid working model to continue.

*Source: McKinsey, State of Fashion 2021*

**Focus on health, wellness and self-care:** Similar to trends in global merger and acquisition activities, local retailers turned to health categories for growth. At-home fitness spend increased, including outdoor fitness equipment, whereas fitness establishments and gyms struggled. Brands using direct-to-customer strategies benefited most in terms of sales and lower brick-and-mortar dependency and cost.

*Source: LEK Consulting LLC Research*

**Green sells:** Environmental aspects are becoming key decision drivers for younger consumers who are willing to pay more for sustainable packaging and energy use. 76% of South African respondents think it is now more important for businesses and brands to do more for the environment.

*Source: Nielsen and MasterCard Research*

**Size matters:** Global scale retailers have now all settled in South Africa. The winner-takes-all effect has become increasingly magnified and is now entrenched in the competitive capabilities necessary to survive.

*Source: McKinsey, State of Fashion 2021*

**The polarisation effect:** Mid-market retail is increasingly under threat with a polarisation toward luxury and value. Although this is evident in other markets too, it is particularly challenging for South Africa with its shrinking tax-paying middle class. This means increasing competition for their share of wallet.


**Data is gold:** The value of customer data will only increase as we base all strategic investments on data, whether online or offline. Data insights and quality will enable the best customer experience.

*Source: Pointillist research and Forbes*

**Disruptions are becoming dysfunctions:** The non-linear results of the so-called Butterfly Effect in the supply chain is an increasing global risk. Freight rates increased up to 400% in the past year. Most companies are looking at diversifying their sourcing and investing in near-shore solutions to create more certainty and control.

*Source: Wall Street Journal*

**Buy Now Pay Later (BNPL):** This trend is gaining traction with merchants and consumers as digital solutions allow smaller instalments for any size transaction, online and in-store. This is particularly attractive for younger shoppers as it empowers them to budget and gives them more flexibility to pay for immediate use. Corporate transactions are increasing in this space, with Afterpay, an Australian BNPL service, recently acquired by Jack Dorsey’s payments fintech business.

*Source: Quartz*
THE DEVELOPMENTS IN SUSTAINABILITY

SOUTH AFRICA – SPECIFIC DEVELOPMENTS

JSE Sustainability and Climate Change Disclosures: In June 2022, the JSE published its guidance on Sustainability Disclosure and Climate Disclosure. The aim is to guide listed companies on best practices in disclosure and is a combination of the leading sustainability frameworks, standards and guidelines. It offers a local context layer, in particular around social and Just Transition dimension.

$8.5bn green-energy transition finance: South Africa is the world’s 15th largest carbon emitter, and coal powers 85% of our electricity. South Africa received $8.5bn in financing commitments to help install more clean energy and cushion the blow to workers through this transition.

Future exogenous pressures on South African exports: The European Union (EU) is intending to launch a carbon border tax adjustment which aims to address the risk of carbon leakage caused by asymmetrical climate policies of non-EU countries.

It is expected to negatively affect South African exports due to the intensive use of coal generated power.

Living wages: Living wages are becoming an increasingly topical matter, especially given economic difficulties in South Africa. South Africa, however, also has unique challenges such as the potential trade-off that exists between job creation and wage elevation, that would require consideration.

GLOBAL DEVELOPMENTS

Pressure on government and boards to enhance their ESG skills: Globally, there has been a significant increase in shareholder activism and votes against directors – particularly for lack of credible climate action plans.

Government and corporate leaders are under pressure to strengthen their ESG skills and integrate sustainability into their policy and planning strategies.

Assessment of Natural Capital and Biodiversity: There is an increasing focus on protecting biodiversity and nature. The newly formed Taskforce on Nature-related Financial Disclosures sets out those relevant standards and metrics. The use of preferred materials is one way of managing biodiversity impact, but apparel and fashion businesses remain under pressure to act where they don’t always have proper transparency of their value chains.

Divestment versus Engagement: The debate has intensified around whether responsible asset managers seek meaningful engagement with problematic ESG investees, or just negatively screen and disinvest. The criticism of negative screening is that those investments can and often do just land up in the hands of investors with less focus on ESG.

Convergence or Fragmentation: In 2021, there were 34 regulatory bodies and standard setters in 12 markets undertaking official consultations on ESG.

In some areas there is a move towards convergence, however in other areas the need for regional focus and tailoring is leading to fragmentation.
OUR MATERIAL MATTERS

The world is experiencing a variety of disruptions, new technologies and changing consumer demands. To avoid a fragmented and short-term response, we identified those matters that are most likely to affect TFG’s ability to create sustainable value. We took a holistic approach and considered direct and indirect short-, medium- and long-term impacts. We viewed material matters in terms of our integrated value chain and across all the territories we operate in.

TFG’s material matters are a combination of risks, opportunities and issues that are identified continually but are formalised as part of the enterprise risk cycle. These factors are both internal and external and shape our response in terms of strategy formulation, performance expectations and stakeholder engagement.

MATERIALITY ASSESSMENT 2022

In our integrated annual report, we report on our material matters from a risk and opportunity perspective. In this report, we focus on TFG’s impact, which can be positive or negative, on people, society and the environment. We took an inside-out view but have not yet quantified potential impacts regarding enterprise value.

The diagram below shows the seven material matters (included in the integrated report) and the overlap with the six impact material matters set out in this report.
We define the six material impact matters below, and indicate whether the trend for each is increasing, remaining stable or decreasing, and 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 sustainability working groups respond to the relevant material matter.

### A challenging trading environment

Slow economic recovery, upward inflation curves and continued global supply chain disruptions are examples of factors that make it difficult for businesses to flourish. The COVID-19 pandemic illustrate the extent of economic, political and social upheaval that can result from such a crisis, with the global economy experiencing the deepest downturn since the 2008 financial crisis. TFG needs a healthy, stable and well-functioning trading environment to be able to create jobs, pay taxes, develop suppliers and contribute to community welfare. A strong, competitive business can help address social instability and inequality while supporting industry and government efforts to mitigate the impact of global risks.

We are driving positive impacts by diversifying our business model and increasing accessibility through a growing footprint. Through our credit score models, we encourage responsible credit behaviour and support customers that are under pressure through collection advice and options. A resilient balance sheet allows us to take advantage of opportunities to expand our footprint and increase our manufacturing capacity, thereby creating jobs and economic growth opportunities.

<table>
<thead>
<tr>
<th>Sustainability working groups that respond to this element of the value chain:</th>
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<tbody>
<tr>
<td><strong>TFG Africa:</strong> Localisation and job creation</td>
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<td><strong>TFG London:</strong> Manufacturing</td>
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<td><strong>TFG Australia:</strong> Community</td>
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<td>Short to medium</td>
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### Continued change in consumer behaviour and expectations

As a fashion retailer with a global scale and strong brands, we aim to meet, exceed and influence consumer expectations. We know that consumers want remarkable, secure and seamless omnichannel experiences on top of quality and convenience. They are also increasingly scrutinising retailers’ practices regarding ethical sourcing, textile waste and sustainable fabrics. We contribute to their increasing awareness and promote changes in behaviour to support sustainability and environmental efficiency. Our sustainability relies on providing them with relevant choices, such as value retailing and casualisation.

We are flexible in our responses to retain their loyalty. By using a mix of channels, we engage for impact that creates brand affinity. We also work with our suppliers to ensure ethical and sustainable practices in our supply chains. Our localisation strategy brings us closer to our customers as we are able to respond quickly to new or changing preferences.

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<thead>
<tr>
<th>Sustainability working groups that respond to this element of the value chain:</th>
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<td><strong>TFG Africa:</strong> People and communities</td>
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<td></td>
<td>Short, medium and long</td>
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</table>
Continuity of our supply chain

TFG suppliers rely on us to create demand for their products, distribute these effectively, and accurately forecast sales for optimised production. Supply chain disruptions affect global demand patterns, the availability of raw materials and the flow of goods, resulting in wasted time and additional costs for all participants in the chain. The effects of climate change further exacerbate these challenges. TFG can mitigate these risks by understanding the potential impacts and safeguarding assets, for example by investing in local manufacturing. It is in our interest to ensure that suppliers have sustainable access to water, business continuity plans and that their facilities can withstand extreme weather events. We engage with suppliers to ensure they operate in an ethical and sustainable manner.

Sustainability working groups that respond to this element of the value chain:

| TFG Africa: Localisation and job creation | TFG Africa: Product stewardship and supply chain | TFG Africa: Environmental efficiency | TFG London: Manufacturing |

Reliance on IT

The digital transformation of our business expands our responsibility to protect the privacy of employee and customer data. We want customers to enjoy omnichannel experiences while trusting us with their information. While we innovate, we also need to protect and ensure compliance. TFG relies increasingly on IT systems for data, transactions, automation, tagging, inventory and much more. We have disaster recovery plans in place and rely on our governance structures to ensure the appropriate controls are in place.

Sustainability working groups that respond to this element of the value chain:

Trend Term

| TFG Africa: Localisation and job creation | TFG London: Manufacturing | TFG Australia: People |

Ability to attract, retain and develop talent

As an employer of choice, TFG has access to various pools of talent. However, the business competes for scarce skills in all territories, such as digital, data, and manufacturing. We make a significant contribution to skills development for the fashion retail industry through our digital incubator, bursaries, graduate development programmes, learnerships and e-learning facilities. By making these available we can prepare youth for employment, make more people employable and meet our needs for internal resources that can contribute to TFG’s growth. We thereby also contribute to B-BBEE in South Africa. Through operations in different territories, we create talent pipelines and enable employees to explore different career paths while developing our leadership to drive performance in new ways of working. We are leveraging technology to enhance our employee experience.

Sustainability working groups that respond to this element of the value chain:

| TFG Africa: People and communities | TFG Africa: Localisation and job creation | TFG London: People | TFG Australia: People |

| Trend Term |

Cyber and information security

The number of cyber security incidents continue to escalate. Combined with the impact of the COVID-19 pandemic, conflict in Ukraine, socio-political upheavals and ongoing financial stress, this is likely to create more exploitable opportunities for cyber criminals. As we mature our disaster recovery capability, our ability to be proactive, predict, respond and protect, become more sophisticated. Our continued investment in cyber security systems and governance enable us to protect employees, customers, jobs and facilities and continue operating even under threatening conditions.

Sustainability working groups that respond to this element of the value chain:

| TFG Africa: People and communities | TFG London: Manufacturing | TFG Australia: People |

| Trend Term |

| Short, medium and long | Short, medium and long | Short, medium and long |
GOVERNANCE AND GOOD CORPORATE CITIZENSHIP

TFG’s purpose and values are the foundation of our governance framework, with our Enterprise Risk Management and combined assurance frameworks being critical elements within our governance ecosystem. Combined, these form the cornerstone of TFG’s approach to responsible oversight of ESG matters that ensures business sustainability and enables our stakeholders to live better lives.

We have a stakeholder-inclusive approach to governance. ESG risks and opportunities are integrated into governance structures, processes, policies and frameworks. Our performance against the goals and KPIs for our sustainability pillars are reported to the Supervisory Board’s Social and Ethics Committee. The diagram alongside highlights some of the pertinent ways in which we integrate and provide oversight of sustainability priorities.

Five committees assist the Supervisory Board with discharging its duties. Each committee is governed by a formal charter, which guides the committee in terms of its objectives, authority and responsibilities. The charters incorporate the requirements of the Companies Act of South Africa and King IV, as required. The Operating Board is responsible for day-to-day management and operations of the business.

As part of our governance structure in South Africa, we have four sustainability working committees with relevant representatives from the functional areas in the business. These committees track progress against targets and include:

- **Localisation and job creation**
- **People and communities**
- **Environmental efficiency**
- **Product stewardship and supply chain**

In TFG Africa, the sustainability team forms part of the strategy function that reports to the Chief Strategy Officer, who in turn reports to the CEO. At TFG London, the sustainability team reports to the CFO or the CEO, as is currently the case while the CFO position is being filled. At TFG Australia, the sustainability team reports to the CFO with responsibilities and engagement across brands and functions, including external stakeholder projects.
POLICIES, FRAMEWORKS AND INFLUENCE

The TFG Supervisory Board is ultimately accountable for governance at TFG and has oversight of the development, approval and updating of significant policies and frameworks related to economic, environmental and social impacts. The executive teams in each geography are responsible for the implementation of such, including compliance and controls. Each geography also has to consider local regulatory requirements and policy focus areas.

We participate in and comply with a range of projects, regulations and initiatives throughout our value chain in each territory. These affiliations increase our ability to contribute to developments and the sustainability of the ecosystem.

### TFG AFRICA
- Anti-corruption policy
- Board and Board Committee charters
- Code of Ethical Conduct
- Diversity & Inclusion policy
- Human Rights statement
- Manufacturer Code of Conduct
- Supplier Code of Conduct
- Various employee-specific policies

### TFG LONDON
- Anti-Bribery Policy
- Compliance Handbook
- Equal Opportunity Policy
- Ethical Trade policy
- Homeworkers Policy
- Maritime Labour Convention 2006
- Migrant Workers Employment Policy and Implementation Guidelines
- Neptune Declaration on Seafarers Wellbeing and Crew Change
- Supplier Code of Conduct
- Whistleblowing Policy
- Young Worker and Child Labour Policy

### TFG AUSTRALIA
- Supplier Code of Conduct, aligned with ETI base code and Elements of the SAI SA1000 Standard: 2014
- Grievance resolution and whistleblowing disclosure policy
SUSTAINABILITY IN ACTION

We implement the initiatives that support our sustainability objectives in a structured way. As such, we hold each other accountable for progress and performance, and for delivering the outcomes that will bring better living for our stakeholders.

FASHION THAT CONNECTS PEOPLE AND THEIR PASSION

TFG 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.

We are also committed to people development and to create opportunities where people can live out their passion. As such, we identify partnerships where we can collaborate, for example to develop and equip youth and employees with the skills required to innovate and to fulfill their potential. Each partnership is formally approved by the Chief People and Culture Officer based on a business case that is presented, and attendees are selected based on pre-determined criteria.

Each business segment has a centralised human resource function with set responsibilities, policy frameworks and structures to support our employees. These functions support line managers and provide increasingly digitised employee services. In the past year the employee onboarding process was a focus area: line managers now have clear duties with HR support defined, including the involvement of other key departments. We continue to improve communication with employees and how they are able to access information. Employee aspects related to remuneration fall within the mandate of the Supervisory Board's Remuneration Committee.

People-related policies include the TFG Code of Ethical Conduct, Diversity, Equity and Inclusion policy, Hybrid Work Model policy, the Human Rights Declaration for Employees and Anti-corruption policy.

Find these and more policies on our website.

FASHION THAT SHARES THE BENEFIT OF ENTERPRISE

All suppliers are required to comply with the UNGC principles as part of their supplier 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 our standard terms and conditions that include compliance with all applicable legislation and laws regarding the manufacturing 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.

All TFG Africa and TFG London suppliers are required to be registered on the SEDEX platform for monitoring and reporting on supplier ethical and social compliance. Local suppliers are required to fulfill the same onboarding and compliance requirements as international suppliers. A formal process evaluates existing and potential suppliers and monitors supplier performance. This process includes supplier visits and audits to confirm adherence to our Supplier Code of Conduct.

In South Africa, local suppliers are also required to disclose their B-BBEE status and 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.

Enterprise-related policies include the TFG Africa’s supplier Code of Conduct, TFG London’s Modern Slavery Statement and TFG Australia’s Modern Slavery Statement.

Find these and more policies on our website.

HELP US DO THE RIGHT THING

TFG is committed to ethical business practices. The TFG Code of Ethical Conduct guides how we do business, maintain a workplace free from discrimination and ensure fair and ethical practices for all employees. The code also guides how TFG interacts with external stakeholders and broader society.

The Group has a zero-tolerance approach to fraud, corruption and other forms of crime or dishonesty. A whistle-blowing facility has been in place since February 1998. Whistle-blowing is encouraged through the outsourced Deloitte & Touche tip-off anonymous line, which is promoted among employees and suppliers.

Reports are submitted to the Group Forensics department for investigation. The Audit Committee reviews material items to ensure appropriate follow-up and remedial action is taken. Significant issues, including fraud, are reported to the Supervisory Board.

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 whistle-blowing 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.

THE FOSCHINI GROUP | INSPIRED LIVING REPORT 2022
OUR SUSTAINABILITY STRATEGY

TFG's new purpose and vision were defined over the course of the year by intensive engagement sessions with internal stakeholders.

The purpose and vision are ultimately brought about and enabled through our Group Strategy acronym “BOLTS” which is set out below.

The incorporation of the letter “S” for Sustain references the integrated nature of ESG in our corporate strategy, and indeed how it is fundamental to the realisation of those other strategy components.

Three sustainability objectives were defined to explain what we seek to achieve for our business and for our stakeholders through a more sustainable business model. These objectives are shared across our three territories and align with the various working groups and initiatives in each region.

We continued defining our sustainability strategy and approach:

1. We integrated sustainability with the business strategy to create BOLTS (Build out, Optimise, Leverage, Transform, Sustain).
2. We sought stakeholder input to test the robustness of our approach and did extensive research to understand the changing global sustainability reporting landscape.
3. We considered investor preferences, information requirements and focus areas.
4. We compared our focus areas with local and global peers to test for any gaps.
5. We consulted with experts on emerging requirements such as TCFD.

Read more about the indicators we use to track progress in the ESG section.

TFG London also launched a new sustainability strategy this year. This enabled the team to further evolve how they address and prioritise sustainability. The new strategy aims to support the business to reorient itself, putting people and the planet first and working towards a low impact future.

The TFG London sustainability vision is to be radically inclusive, using their unique Group position and collective leverage to accelerate impact mitigation throughout their operations, directly and in supply chains, with the ultimate goal of working towards net-zero, while bringing external stakeholders along on the journey for the betterment of the fashion industry.

Four focus areas will shape decision-making and action plans:
- People
- Manufacturing
- Materials
- Planet
FASHION THAT CONNECTS PEOPLE AND THEIR PASSION

We want people to live better lives, and live up to their full potential. By having a clear purpose, TFG can inspire people, enabling them to find their passion and improve their wellbeing. As such, we can all contribute to a better world.

Social and economic inequality limits people’s ability to live better lives. This is evident across the globe, spanning areas from healthcare to technology and employment. We know that wellbeing is closely linked to social factors, including education, employment status, income level, gender and ethnicity.

Called to the forefront during the COVID-19 pandemic, inequality is also an increasingly concerning symptom and outcome of climate change events.

In South Africa, slow progress with economic empowerment and endemic corruption, combined with the impact of COVID-19, civil unrest, load shedding and floods, 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.

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 focussed on impact.

We believe fashion can play a role in connecting people and their passion.
FASHION THAT SHARES THE BENEFIT OF ENTERPRISE

The clothing, sports, homeware and other lifestyle manufacturing industries are significant employers, albeit part of complex global value chains. With fashion seasons becoming shorter, long import lead times and high shipping costs negatively affect value, brand relevance and customer satisfaction. Ethical concerns in global supply chains also carry a significant reputational risk for fashion brands.

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 materials, ageing infrastructure, and a skills shortage. Job losses have also been severe. Furthermore, South African retailers had to start competing with an expanding offering from global brands entering the market.

Sustainability working groups that work to address this element of the value chain:

TFG Africa: Localisation and job creation
TFG London: Manufacturing
TFG Australia: Community

Our commitment

We believe in partnerships as the most impactful way to optimise supply chains, support small businesses and drive localisation. We are also committed to developing ethical and transparent supply chains that source commodities responsibly.

In South Africa, we are committed to growing a strong local manufacturing sector that can effectively respond to shifts in consumer demands, ensure convenience, and support immediate fulfilment. Over the last five years, TFG has been working with the South African government and the Department of Trade Industry and Competition (the 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. This includes developing enterprises and diversifying our supplier profile in support of B-BBEE.

FASHION THAT RESTORES OUR RELATIONSHIP WITH NATURE

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. From chemical dyes, water use and pollution, microplastics, greenhouse gas emissions or textile waste, there are multiple challenges to tackle.

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

Sustainability working groups that work to address this element of the value chain:

TFG Africa: Product stewardship and supply chain
TFG Africa: Environmental efficiency
TFG London: Planet
TFG London: Materials
TFG Australia: Planet

Our commitment

We want to practise responsible product stewardship in the way we design, manufacture, sell and dispose of products to minimise environmental impact.

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.

Current focus areas include improving energy efficiency within our own operations and the establishment of a circular solution pertaining to our textile waste.
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 detail on our indicators per target in the table from page 28.

In South Africa, we also support the 2030 National Development Plan, which aims to eliminate poverty and reduce inequality by 2030.
### OUR COMMITMENT TO THE UNITED NATIONS GLOBAL COMPACT (UNGC)

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

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<tr>
<th>AREA</th>
<th>BUSINESS SHOULD</th>
<th>PROGRESS</th>
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<tbody>
<tr>
<td>Human rights</td>
<td>• Support and respect the protection of internationally proclaimed human rights</td>
<td>• Human rights declaration for employees in place</td>
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<tr>
<td></td>
<td>• Make sure they are not complicit in human rights abuses</td>
<td>• Human rights statement for suppliers in place</td>
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<td></td>
<td></td>
<td>• All suppliers are required to comply with UNGC as part of the onboarding process</td>
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<tr>
<td></td>
<td></td>
<td>• Code of Ethical Conduct in place</td>
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<tr>
<td>Labour</td>
<td>• Have the freedom of association and effective recognition of the right to collective bargaining</td>
<td>• The UNGC declaration is supported by related and relevant TFG HR policies and procedures</td>
</tr>
<tr>
<td></td>
<td>• Eliminate all forms of forced and compulsory labour</td>
<td>• Bargaining is done collectively within the unionised countries e.g. Zambia, Lesotho and South Africa</td>
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<tr>
<td></td>
<td>• Abolish all child labour</td>
<td>• A Group Human Rights Declaration is available to employees on the intranet and is circulated annually, which states the following under the Forced Labour and Child Labour section:</td>
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<tr>
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<td>• Eliminate discrimination in respect of employment and occupation</td>
<td>- Employees will not be subjected to any forced labour</td>
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<td>- Employees have the right to freedom of movement and accordingly their movements will not be unreasonably or unnecessarily restricted</td>
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<td>- TFG does not employ children below the age levels set out in any applicable national law</td>
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<td>• There are procedures in place for employees to report any unfair discrimination and to lodge grievances regarding unfair discrimination without fear of victimisation</td>
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<td></td>
<td>• There is a Code of Ethical Conduct in place which applies to all employees and contractors to TFG</td>
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<td></td>
<td>• The standard supplier terms and conditions amended to include UNGC principles</td>
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<td></td>
<td></td>
<td>• TFG London and TFG Australia published modern slavery transparency statements</td>
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<tr>
<td>Environment</td>
<td>• Support a precautionary approach to environmental challenges</td>
<td>• The environment is formally recognised as a material stakeholder</td>
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<td></td>
<td>• Undertake initiatives to promote greater environmental responsibility</td>
<td>• TFG published an annual carbon footprint report and for the first time this year, completed the Forests and Water Security questionnaires for CDP in addition to the Climate Change questionnaire. The Group is reporting under the TCFD for the first time with commitments to progressive disclosure under this reporting framework in subsequent years.</td>
</tr>
<tr>
<td></td>
<td>• Encourage the development and diffusion of environmentally friendly technologies</td>
<td>• Our forum for environmental efficiency provides oversight and develops responses to environmental challenges and issues</td>
</tr>
<tr>
<td>Anti-corruption</td>
<td>• Work against all forms of corruption, including extortion and bribery</td>
<td>• Addressed in TFG Code of Ethical Conduct and supplier Code of Conduct</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Anti-corruption policy and whistle-blowing facility in place. See detail on page 22</td>
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</tbody>
</table>
### TFG AFRICA: PILLARS, KEY FOCUS AREAS AND ACTIONS

**LOCALISATION AND JOB CREATION FOCUS AREAS, INDICATORS AND TARGETS**

<table>
<thead>
<tr>
<th>AREA</th>
<th>GOAL</th>
<th>KPI</th>
<th>FY21 ACTUAL</th>
<th>FY22 TARGET</th>
<th>FY2022 ACTUAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase Localisation</td>
<td>Merchandise spend (all categories) on own or local suppliers</td>
<td>% of total apparel manufactured locally in South Africa</td>
<td>42.3%</td>
<td>38.4%</td>
<td>46.9%</td>
</tr>
<tr>
<td></td>
<td>Total apparel units manufactured locally (million)</td>
<td></td>
<td>27.0</td>
<td>34.5</td>
<td>44.7</td>
</tr>
<tr>
<td>Increase quick response (QR output)</td>
<td>% apparel on a QR timeline</td>
<td></td>
<td>87%</td>
<td>95%</td>
<td>90%</td>
</tr>
<tr>
<td>Local job creation</td>
<td>Create jobs within TFG factories</td>
<td>Manufacturing: Number of jobs created (excl LAIs)</td>
<td>56</td>
<td>1 526</td>
<td>1 037</td>
</tr>
<tr>
<td></td>
<td>Create non-manufacturing jobs</td>
<td>Non-manufacturing: Number of jobs created</td>
<td>192</td>
<td>280</td>
<td>607</td>
</tr>
<tr>
<td></td>
<td>Create jobs within TFG value chain</td>
<td>Jobs created at strategic non-owned CMTs</td>
<td>40</td>
<td>467</td>
<td>483</td>
</tr>
<tr>
<td>B-BBEE</td>
<td>Invest in Enterprise and Supplier Development and develop local enterprises and suppliers</td>
<td>1% NPAT in ED</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2% NPAT in SD</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td></td>
<td>Bonus point: At least 1 job created in an ESD beneficiary</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td>Bonus point: At least 1 ED beneficiary graduated to SD status</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
</tr>
</tbody>
</table>

* KPIs, performance and targets are for TFG South Africa only
### PEOPLE AND COMMUNITIES FOCUS AREAS, INDICATORS AND TARGETS

<table>
<thead>
<tr>
<th>KEY FOCUS AREA</th>
<th>GOAL</th>
<th>FY21 ACTUAL</th>
<th>FY22 TARGET</th>
<th>FY2022 ACTUAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Development</strong></td>
<td>Invest in training and development</td>
<td>10,0</td>
<td>12,5</td>
<td>16,7</td>
</tr>
<tr>
<td></td>
<td>SD target set per B-BBEE scorecard (out of 25)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Transformation</strong></td>
<td>A diverse and inclusive workforce</td>
<td>3,68</td>
<td>4,67</td>
<td>4,62</td>
</tr>
<tr>
<td></td>
<td>EE target set per B-BBEE scorecard (out of 10)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Disability targets set by B-BBEE scorecard (out of 2)</td>
<td>0,44</td>
<td>0,79</td>
<td>0,74</td>
</tr>
<tr>
<td></td>
<td>SED target set per B-BBEE scorecard (1% of RSA NPAT)</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
</tbody>
</table>

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

### ENVIRONMENTAL FOCUS AREAS, INDICATORS AND TARGETS

<table>
<thead>
<tr>
<th>KEY FOCUS AREA</th>
<th>GOAL</th>
<th>FY21 ACTUAL</th>
<th>FY22 TARGET</th>
<th>FY2022 ACTUAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Work towards a zero waste business and value chain</strong></td>
<td>Reduce business waste</td>
<td>% waste recycled across all TFG sites</td>
<td>82%</td>
<td>87%</td>
</tr>
<tr>
<td></td>
<td>Recycle production waste</td>
<td>% textile waste from TFG own manufacturing sites recycled or repurposed</td>
<td>90%</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>Re-use supplier cartons</td>
<td>Increase use of supplier cartons to avoid buying additional cartons</td>
<td>91%</td>
<td>95%</td>
</tr>
<tr>
<td></td>
<td>% Consumer waste content in plastic bags</td>
<td>% post consumer recyclate</td>
<td>20%</td>
<td>50%</td>
</tr>
<tr>
<td></td>
<td>Reduce emissions in line with climate change science</td>
<td>Improve energy efficiency</td>
<td>% reduction in kw/h per square meter (outlets)</td>
<td>(14,8%)</td>
</tr>
</tbody>
</table>

* KPIs, performance and targets are for TFG South Africa only
PRODUCT STEWARDSHIP FOCUS AREAS, INDICATORS AND TARGETS

<table>
<thead>
<tr>
<th>KEY FOCUS AREA GOAL</th>
<th>KPI</th>
<th>FY21 ACTUAL</th>
<th>FY22 TARGET</th>
<th>FY2022 ACTUAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compliance in the supply chain</td>
<td>Supplier compliance with SEDEX membership</td>
<td>Percentage of compliant top 100 suppliers</td>
<td>91%</td>
<td>90%</td>
</tr>
<tr>
<td>Supplier adoption of Code of Conduct</td>
<td>Percentage of compliant top 100 suppliers</td>
<td>84%</td>
<td>90%</td>
<td>94%</td>
</tr>
<tr>
<td>Bargaining Council Compliance (local suppliers only)</td>
<td>Percentage of compliant suppliers</td>
<td>80%</td>
<td>85%</td>
<td>54%</td>
</tr>
</tbody>
</table>

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

KEY INSIGHTS FOR 2022:

Localisation and job creation: We acquired several local factories, some in financial distress, and were able to successfully integrate them into our supply chain. By investing in physical infrastructure and equipment we enabled these businesses to stabilise as well as grow. We are pleased to be in partnership with the dtic to support the R-CTFL masterplan to catalyse growth in the clothing manufacturing sector.

People and communities: Within our people and communities strategy we have various partnerships and programmes to support youth and previously unemployed individuals, resulting in 2,890 contract work opportunities being created in the past year.

We established TFG Labs, our technology division, as a tech employer of choice to attract the best tech talent in the country. At March 2022, TFG Labs had 159 engineers, product managers, data scientists, logistics and operations specialists and digital marketers. We also launched the TFG Labs Incubator Programme to create first-time employment for high-calibre engineering graduates and individuals with unconventional coding backgrounds.

For employees we launched the new TFG hybrid work model in February 2022. We also launched the Paymenow app in 2021 to assist vulnerable employees with their financial wellbeing.

After the civil unrest in KwaZulu-Natal in July 2021 and floods in April 2022 that affected 198 outlets our security teams, employees and supply chain partners worked tirelessly with local law enforcement, unions, property managers and other relevant parties to minimise damage and losses. The Group worked with our partner Gift of the Givers to make a donation of R12.4 million of apparel that was distributed to communities in the province as part of their disaster efforts. A further cash donation of R1.5 million was made towards food relief and rebuilding efforts in KwaZulu-Natal after the July civil unrest. The Group also supported a number of smaller initiatives as they were identified.

Product stewardship and supply chain: 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 our environmental impact. This year the Group made another shift towards more sustainable material choices. New sourcing metrics and commitments were introduced for cotton, wood fibre products and jewellery in South Africa. TFG South Africa also became a member of Better Cotton, joining TFG London and TFG Australia, and signed a Promotional Licence Agreement with the FSC®.

Our designers and merchants have championed sustainability through eight high profile, and successful collections with specific sustainability characteristics. They call out new concepts, designs and fabrics that speak to our purpose and sustainability commitments. Our environmental efficiency: We completed a preliminary, and high-level evaluation of the climate change risk landscape in the geographies where our suppliers and operations exist. In the process we identified a number of physical and transitional risks and opportunities across our value chain that could potentially have a financial and/or strategic impact on the business, including increasing environmental efficiency. The potential risks include sustained increases in product costs, tariffs and potential price shocks, lower margins and losses relating to owned production facilities and CMTs due to acute weather events such as floods and fires. We identified climate-related opportunities that include lower cost and increased margins due to recycled inputs and sustainably sourced fibres and fabrics, higher revenues from innovative substitute fibres and sustainable design attributes, longevity and quality of products.
## TFG LONDON: PILLARS, KEY FOCUS AREAS AND ACTIONS

<table>
<thead>
<tr>
<th>PILLAR</th>
<th>FOCUS AREA</th>
<th>ACTION</th>
<th>FY2022 ACTUAL</th>
</tr>
</thead>
</table>
| **Manufacturing** |  | • Accelerate the transition to lower impact manufacturing methods and standards touching each stage of the manufacturing process.  
• Embrace radical transparency to support wider industry goals and increase stakeholder trust.  
• Reduce the risk of human rights abuses and mitigate environmental impacts by implementing onshore production. | 40%           |
|         |  | • The implementation of the SEGURA platform was completed across the entire business.  
• 40% of audits were recorded and managed on the SEDEX platform.  
• We collaborated with ETI members and the International Transport Workers’ Federation to establish a member Expert Support Network (ESN). ETI’s Logistics ESN was set up to map and address issues arising in the logistics supply chain. This allows us to take a stepped approach by looking at the various components of how goods are transported.  
• We started collating information on our suppliers’ environmental performance and initiatives related to manufacturing and their product proposition. |               |
| **Materials** |  | • Accelerate our transition to lower impact and more responsible materials, mitigating issues with quality, availability and increased price.  
• Ensure fabric selection is made with circularity at the forefront, ensuring textile-to-textile recyclability or suitable reuse. | 41%           |
|         |  | • We accelerated our transition to lower impact and more responsible materials, mitigating issues with quality, availability and increased price.  
• We achieved outer fabric sustainable uptake of 41%.  
• We focused on making progress in the following material categories: animal-derived materials, plant-based fibres, man-made cellulosic fibres and synthetic materials.  
• We set new annual strategic sustainable fibre targets up to 2030 that include climate change mitigation aims and considerations. |               |
| **Planet** |  | • Enable climate change mitigation by cutting our carbon footprint and reducing the environmental impact of logistics and packaging, while empowering product longevity. | c.90%         |
|         |  | • About 90% of our purchased energy comes from renewable sources.  
• We continued developing new solutions to ensure all packaging can be easily recycled.  
• We continued transitioning e-commerce bags, currently made with a minimum of 30% recycled materials, to more sustainable paper.  
• We continued working with our supplier partners to ensure all cardboard boxes to ship goods use an appropriate level of ply and contain recyclable material. Current boxes are fully recyclable. |               |
| **People** |  | • Continue to protect the human rights of those who help make and sell our products and services, promoting decent work conditions and labour standards.  
• Empower the women in our supply chains through capacity building and champion diversity and inclusion in our workplace. |               |
|         |  | • We developed operational policies based on the UN Guiding Principles on Business and Human Rights and the Ethical Trading Initiative Base Code and Human Rights Due Diligence Framework.  
• We participated in an event hosted by the Confédération des Travailleurs des Secteurs Public et Privé, a Mauritian trade union, to drive collaborative approaches to protect workers and promote safe migration of workers to Mauritius.  
• We continued monitoring and analysing our maritime supply chain and are addressing concerns following the Russian invasion of Ukraine on how this is affecting Ukrainian nationals at sea, on board vessels transporting our goods. We identified the conflict as a specific human rights risk for seafarers, particularly in the context of the ongoing crew change crisis. We engaged with charterers, suppliers of services and maritime transport providers, and presented feedback on our efforts at the UN Global Compact round table on Modern Slavery.  
• In response to the Russian invasion and ongoing conflict in Ukraine and subsequent mass displacement of the population, TFG London, together with Anti Slavery International, ETI, International Organisation for Migration (IOM), Business and Human Rights Research Centre (BHRRC) developed a document which provides guidance for suppliers on how to support the employment of refugees and displaced people with secure, decent, safe and fair work. It also outlines measures to reduce the risk of exploitation and abuse of workers who may be in a vulnerable situation.  
• We continued our partnership with Anti Slavery International and work with the Coalition to End Uyghur Forced Labour. |               |
KEY INSIGHTS FOR 2022:

Supply chain oversight: We improved visibility in our supply chain. Using the SEGURA platform, we extracted real-time detailed information which allowed us to be prepared for conflict management and supplier compliance. This year we managed to get all three of our brands on the platform. Having pre-identified our supply chain risks helped us respond quickly and appropriately when the Ukraine crisis began. We are now also starting a programme to map beyond tier 2 suppliers. The platform will also capture other data such as sustainable attributes for products (e.g. recycled polyester) which will help us ensure that all claims we make are fully audited.

Supply chain engagement: In 2021 we worked with the International Transport Workers’ Federation on the seafarer’s crisis when we learned about human rights transgressions for seafarers during the COVID-19 pandemic. This year we continued to monitor and analyse our maritime supply chain and data. Read more on our website here. In May 2022 we presented our pioneering efforts at the UN Global Compact round table on modern slavery to raise awareness. We also continued our partnership with Anti-Slavery International and will be running risk assessments and training at our distribution centres in the upcoming financial year. We will also continue our engagement work with the Coalition to End Uyghur Forced Labour. Full details of our efforts will be outlined in our upcoming Modern Slavery Report available here.

We have been working with Anti-Slavery International and the Ethical Trading Initiative to convene all Apparel and Textile members to collectively play our part in the Ukraine crisis. Our action plan includes increased engagement with suppliers based in neighbouring countries to Ukraine, including communicating key policies around discrimination, recruitment and child remediation, sharing of workers’ rights information and access to remedy. We are also addressing our concerns regarding Ukrainian nationals at sea who are on board vessels transporting our goods.

Sustainable materials: For the past five years we have been working to incorporate more sustainable materials into the garments we produce, aiming for all our products to carry fully verified responsible attributes. Each decision we make is a reflection of our commitment to defining what a low-impact wardrobe might look like. In the last financial year, we accelerated our transition to more responsible materials, mitigating issues with quality, availability, and increased price.

We continuously strive to ensure the fabric selection is made with circularity at the forefront, ensuring textile-to-textile recyclability or suitable reuse where possible. TFG London’s target is to achieve a minimum of 91% sustainable fibres by 2025. We refer to materials grown and produced to certified standards that reduce water, carbon, and waste while promoting animal welfare and labour standards as more responsible.

Read more on our website.
## TFG AUSTRALIA: PILLARS, KEY FOCUS AREAS AND ACTIONS

<table>
<thead>
<tr>
<th>PILLAR</th>
<th>FOCUS AREA</th>
<th>ACTION</th>
<th>KEY PERFORMANCE INDICATOR</th>
<th>2022</th>
<th>TARGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community</td>
<td>Clothing donations</td>
<td>Made a four-year funding commitment to Thread Together to purchase a specialised van to facilitate distribution of clothing to those in need.</td>
<td>Total value of commitment (AUD)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Transparency and traceability</td>
<td>Work done with our independent third-party auditor to collect information from our suppliers to map our tier 1 and 2 factories which we can monitor through a tailored dashboard.</td>
<td>% tier 1 suppliers traced</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

In January 2020 we made a four-year commitment of $160 000. Three of the four years have now passed.
### TFG Australia: Pillars, key focus areas and actions continued

<table>
<thead>
<tr>
<th>PILLAR</th>
<th>FOCUS AREA</th>
<th>ACTION</th>
<th>KEY PERFORMANCE INDICATOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>People</td>
<td>Modern slavery training</td>
<td>Internal training opportunities for head office employees on ethical sourcing and modern slavery.</td>
<td>% of head office team members trained on modern slavery</td>
</tr>
<tr>
<td>People</td>
<td>Whistle-blower and grievance policies</td>
<td>Improved worker grievance mechanisms including an anonymous grievance hotline for our tier 1 workers. All factories received hotline instructions which they must display in specified factory locations around their factory which are easily accessible by workers. Workers can contact our hotline by free phone, WeChat or email. Our hotline service is operated by an independent third party who then reports findings to RAG to develop corrective action plans where necessary.</td>
<td>Total number of communications received</td>
</tr>
<tr>
<td>Planet</td>
<td>Reduce clothing waste to landfill</td>
<td>Work with Upparel, who repurposes clothing fibres, to reduce clothing waste that goes to landfill.</td>
<td>Kg sent to Upparel</td>
</tr>
<tr>
<td>Planet</td>
<td>Better Cotton sourcing</td>
<td>Increase our sourcing as Better Cotton.</td>
<td>% of cotton sourced as Better Cotton</td>
</tr>
<tr>
<td>Planet</td>
<td>Recycled polyester</td>
<td>Increased use of recycled polyester. By the end of 2021 Rockwear made 23% of tights and 19% of its sports bras from recycled polyester. All other brands have trialled recycled polyester and are placing initial orders.</td>
<td>% total polyester that is recycled</td>
</tr>
<tr>
<td>Planet</td>
<td>Packaging efficiency</td>
<td>Continually improve packaging efficiency across the business.</td>
<td>Transition from plastic to paper shopping bags</td>
</tr>
<tr>
<td>Planet</td>
<td>Packaging efficiency</td>
<td></td>
<td>Min % recycled material in shopping bags</td>
</tr>
<tr>
<td>All</td>
<td>Baptist World Aid report grade</td>
<td>The report grades companies across several categories including: policies and governance, transparency and traceability, supplier relationships, worker empowerment and environmental sustainability</td>
<td>Grade achieved (A being best)</td>
</tr>
</tbody>
</table>
KEY INSIGHTS FOR 2022:

**Better Cotton:** In 2021 TFG Australia calculated that about 55% of our raw materials are cotton, 21% polyester and the remainder was made up of viscose, polyurethane, linen and leather. We recognise the challenges of growing cotton which are water and pesticide-intensive. Cotton is also difficult to trace because of the way it is traded. Because cotton is by far our largest input material, we needed to make sure it is sourced responsibly. This led us to become a member of Better Cotton. Better Cotton trains cotton farmers on human rights, living wages and environmentally sustainable farming practices which grows the pool of responsibly grown cotton that we can buy from. We have reached our annual target for the year of 10% of our total cotton as Better Cotton.

**Packaging:** We investigated using biodegradable online packaging but found that our infrastructure in Australia does not have the necessary infrastructure for home composting. This means our packaging would still end up in landfill sites. As an interim measure we have moved from 80% recycled input materials to 100% and will focus on improved messaging so that customers become aware that they can put the packaging in soft plastic bins.

We also have a paper packaging strategy underway in which plastic bags will be taken out of our supply chain and replaced with a paper solution. We also have an initiative to remove millions of pieces of plastic from our outlets per year. We started by focussing on plastic pieces found on accessories. In the coming months, we will also look at the plastic clips on socks, underwear, ties, etc.

**Reducing waste to landfill:** We have a clear strategy across our Australian team to reduce the amount of clothing waste sent to landfills. We try to sell items by moving them to an alternative store or we sell them online by tracking demand trends. Should this be unsuccessful, we will send the item to a charity if it is of a suitable standard. Alternatively, it will go to an organisation that breaks textiles down into fibres that can be used as input materials.

**Recycled polyester:** We are beginning to trace linen and polyester in our tier 3 suppliers and have traced most of our linen, the majority of which comes from Western Europe, and we know which farms it is coming from. We are slowly moving toward recycled polyester to reduce our virgin plastic requirements, and because traceability becomes easier. Rockwear is leading the way in 2021, 23% of their tights and 19% bras were made up of recycled polyester.
## TFG CONSOLIDATED: ESG DATA PERFORMANCE TABLE

### ECONOMIC

**Performance indicators**

<table>
<thead>
<tr>
<th>Performance indicator</th>
<th>% change</th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail turnover (Rm)</td>
<td>31.6%</td>
<td>43,370.3</td>
<td>32,950.3</td>
<td>35,322.3</td>
<td>34,101.4</td>
<td>28,519.5</td>
</tr>
<tr>
<td>Operating profit (loss) before finance costs (Rm)</td>
<td>769.2%</td>
<td>4,812.5</td>
<td>(719.2)</td>
<td>4,684.7</td>
<td>4,882.6</td>
<td>4,047.1</td>
</tr>
<tr>
<td>EBITDA (Rm)</td>
<td>40.1%</td>
<td>9,126.8</td>
<td>6,514.8</td>
<td>8,513.3</td>
<td>8,531.8</td>
<td>4,792.6</td>
</tr>
<tr>
<td>Headline earnings excluding acquisition costs (Rm)</td>
<td>442.4%</td>
<td>3,254.7</td>
<td>600.1</td>
<td>2,717.4</td>
<td>2,745.1</td>
<td>2,528.2</td>
</tr>
<tr>
<td>Earnings per ordinary share excluding acquisition costs (cents)</td>
<td>246.9%</td>
<td>1,009.0</td>
<td>197.9</td>
<td>1,029.3</td>
<td>1,187.9</td>
<td>1,124.1</td>
</tr>
<tr>
<td>Headline earnings per ordinary share excluding acquisition costs (cents)</td>
<td>409.9%</td>
<td>500.0</td>
<td>0</td>
<td>335.0</td>
<td>780.0</td>
<td>745.0</td>
</tr>
<tr>
<td>Distribution declared per ordinary share (cents)</td>
<td>119.9%</td>
<td>12,685.7</td>
<td>5,770.1</td>
<td>11,256.4</td>
<td>11,558.5</td>
<td>9,732.1</td>
</tr>
<tr>
<td>Value added (Rm)</td>
<td>1.6%</td>
<td>4,351</td>
<td>4,284</td>
<td>4,083</td>
<td>4,085</td>
<td>4,034</td>
</tr>
</tbody>
</table>

### ENVIRONMENT

- **Scope 3**: 182.7% (2022: 1,601, 2021: 1,362, 2020: 2,743, 2019: 2,542, 2018: 1,935)
- **Intensity: emissions per m² (including outlets)**: -
- **Water consumption (kilolitres)**: 1,842.5% (2022: 1,246,869, 2021: 61,900, 2020: 65,933, 2019: 58,648, 2018: 44,988)

#### TFG Africa head offices and distribution centres

<table>
<thead>
<tr>
<th>TFG Africa head offices and distribution centres</th>
<th>73.4% (2022: 88,557)</th>
</tr>
</thead>
<tbody>
<tr>
<td>TFG Africa stores</td>
<td>71.3% (2022: 1,470.9)</td>
</tr>
<tr>
<td>Total TFG Africa</td>
<td>1,470.9% (2022: 802,414)</td>
</tr>
</tbody>
</table>

#### TFG London

<table>
<thead>
<tr>
<th>TFG London</th>
<th>15,554.4% (2022: 435,861)</th>
</tr>
</thead>
<tbody>
<tr>
<td>TFG Australia</td>
<td>(16.8%) (2022: 8,595)</td>
</tr>
</tbody>
</table>

Refer to our Carbon Footprint Report for further detail around TFG's environmental information.

### GOVERNANCE

- **Number of environmental, health and safety and/or governance legal incidents**: zero
- **Number of independent directors on the Supervisory Board**: 10 (2021: 10, 2020: 8, 2019: 8)
- **Number of female directors on the Supervisory Board**: 4 (2021: 4, 2020: 4, 2019: 3)

---

1. Increased scope for TFG Africa to include new manufacturing facilities
2. Water from TFG Africa stores reported for the first time in FY 2022
3. Increased scope for TFG London to include additional head office and distribution centre facilities

N/R: not reported as data was not available
## SOCIAL

### Performance indicators

<table>
<thead>
<tr>
<th>Performance indicators</th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of employees</td>
<td>38 329</td>
<td>34 891</td>
<td>29 776</td>
<td>29 121</td>
<td>27 825</td>
</tr>
<tr>
<td>Permanent full-time employees</td>
<td>20 898</td>
<td>18 708</td>
<td>17 443</td>
<td>16 555</td>
<td>16 223</td>
</tr>
<tr>
<td>Permanent part-time employees</td>
<td>1 518</td>
<td>1 821</td>
<td>2 455</td>
<td>2 837</td>
<td>2 848</td>
</tr>
<tr>
<td>Flexitime employees</td>
<td>11 116</td>
<td>10 010</td>
<td>6 884</td>
<td>6 370</td>
<td>5 634</td>
</tr>
<tr>
<td>Contract employees</td>
<td>2 403</td>
<td>1 932</td>
<td>1 254</td>
<td>1 622</td>
<td>1 472</td>
</tr>
<tr>
<td>Casual employees</td>
<td>2 394</td>
<td>2 420</td>
<td>1 740</td>
<td>1 727</td>
<td>1 648</td>
</tr>
<tr>
<td>Employee turnover (excluding contractors) %</td>
<td>31.5</td>
<td>22.6</td>
<td>24.3</td>
<td>30.1</td>
<td>35.1</td>
</tr>
</tbody>
</table>

### Employment equity (% representation of previously disadvantaged groups among permanent employees)

South Africa only

<table>
<thead>
<tr>
<th>Employment equity (% representation of previously disadvantaged groups among permanent employees)</th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top management</td>
<td>-</td>
<td>29</td>
<td>29</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>Senior management</td>
<td>6.3%</td>
<td>34</td>
<td>32</td>
<td>34</td>
<td>35</td>
</tr>
<tr>
<td>Specialists and middle management</td>
<td>6.3%</td>
<td>68</td>
<td>64</td>
<td>60</td>
<td>57</td>
</tr>
<tr>
<td>Skilled technical and junior management</td>
<td>1.1%</td>
<td>95</td>
<td>94</td>
<td>92</td>
<td>91</td>
</tr>
<tr>
<td>Semi- and unskilled employees</td>
<td>-</td>
<td>99</td>
<td>99</td>
<td>99</td>
<td>99</td>
</tr>
</tbody>
</table>

### Investment in employee training and development

<table>
<thead>
<tr>
<th>Investment in employee training and development</th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total expenditure (Rm)</td>
<td>(4.7%)</td>
<td>135.1</td>
<td>141.7</td>
<td>162.2</td>
<td>150.2</td>
</tr>
<tr>
<td>% of payroll</td>
<td>3.0</td>
<td>2.3</td>
<td>2.5</td>
<td>2.4</td>
<td>2.9</td>
</tr>
<tr>
<td>Total number of training interventions</td>
<td>13.5%</td>
<td>256 627</td>
<td>226 166</td>
<td>146 276</td>
<td>140 886</td>
</tr>
</tbody>
</table>

### Work-related fatalities

| Work-related fatalities                        | zero   | zero   | zero   | zero   | zero   |

### Number of classified injuries

<table>
<thead>
<tr>
<th>Number of classified injuries</th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of days lost</td>
<td>(30.9%)</td>
<td>2 062</td>
<td>2 982</td>
<td>3 567</td>
<td>3 653</td>
</tr>
<tr>
<td>Number of incidents</td>
<td>31.7%</td>
<td>490</td>
<td>372</td>
<td>502</td>
<td>916</td>
</tr>
<tr>
<td>Number of incidents where days off were three or less</td>
<td>31.2%</td>
<td>363</td>
<td>292</td>
<td>379</td>
<td>654</td>
</tr>
</tbody>
</table>

### Number of workdays lost due to industrial action

<table>
<thead>
<tr>
<th>Number of workdays lost due to industrial action</th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of workdays lost</td>
<td>zero</td>
<td>zero</td>
<td>zero</td>
<td>zero</td>
<td>zero</td>
</tr>
</tbody>
</table>

### CSI total spend (Rm)

| CSI total spend (Rm)                           | 94.2%  | 27.0   | 13.9   | 22.1   | 25.1   | 22.1   |
Our Value Chain Focus Areas for 2023

**Raw materials**
- Increase our portion of sourcing from better cotton and recycled polyester
- Trace raw linen by end of 2023

**Design and processing**
- Increase the contribution of sustainably certified raw materials in our products
- Roll out of sustainable design training programme

**Production and manufacturing**
- Create further jobs and increase our local manufacturing through the addition of 10 manufacturing business units in FY23
- Continue tier 1 and 2 mapping of South African suppliers
- Map beyond tier 2 suppliers
- Run Modern Slavery Risk assessments and training at our distribution centres
- Improve tier 2 supplier traceability
- Rolling out of modern slavery factory training programme

**Supply chain logistics**
- Reducing risk of human rights abuses and mitigate environmental impacts through implementing onshore production
- Transitioning of our e-commerce bags to FSC certified paper
- Investigate more efficient processes in head office and warehouses to reduce our carbon footprint
- Implementation of a head office volunteering schedule to engage and contribute more to Thread Together

**Retail**
- Align and improve disclosure in line with JSE Sustainability and Climate Disclosure Guidance
- Continued job creation, focussing on youth, through LAIs
- Science-based target setting
- Training and communication to enhance inclusivity and celebrate diversity in our workforce
- Continued participation and enlargement of YES initiative
- Continued focus on employee development

**Use, extension and end-of-life**
- Increase the contribution of sustainably certified raw materials in our products
- Working with supplier partners to ensure cardboard boxes used to ship goods are FSC certified
- Further roll-out of the integrated energy plan
- Continued effort to recycle textile waste through partnerships with SMEs
- Continued participation and enlargement of YES initiative

**Upstream**
- Address climate change where our suppliers are located through closely working with our suppliers to increase collaboration and support a more accelerated transition
- Map beyond tier 2 suppliers
- Run Modern Slavery Risk assessments and training at our distribution centres

**Own operations**
- Enhance and refine key strategic sustainability performance targets and indicators
- Align and improve disclosure in line with JSE Sustainability and Climate Disclosure Guidance
- Continued participation and enlargement of YES initiative
- Continued focus on employee development
- Science-based target setting
- Training and communication to enhance inclusivity and celebrate diversity in our workforce

**Downstream**
- Transitioning of our e-commerce bags to FSC certified paper
# Glossary and Key Definitions

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>B-BBEE</td>
<td>Broad-Based Black Economic Empowerment</td>
</tr>
<tr>
<td>BOLTS</td>
<td>Build out, Optimise, Leverage, Transform, Sustain. BOLTS refers to The Foschini Group’s business strategy</td>
</tr>
<tr>
<td>BNPL</td>
<td>Buy Now Pay Later</td>
</tr>
<tr>
<td>CEO</td>
<td>Chief executive officer</td>
</tr>
<tr>
<td>CFO</td>
<td>Chief financial officer</td>
</tr>
<tr>
<td>CMT</td>
<td>Cut, make and trim</td>
</tr>
<tr>
<td>Concessions</td>
<td>In addition to their own stand-alone stores, TFG London and TFG Australia have concession arrangements with key department store partners from whom they occupy an agreed floor space area (referred to as “mat”) dedicated to their product</td>
</tr>
<tr>
<td>CO₂</td>
<td>Carbon dioxide</td>
</tr>
<tr>
<td>CO₂e</td>
<td>Carbon dioxide equivalent</td>
</tr>
<tr>
<td>dtic</td>
<td>The Department of Trade Industry and Competition</td>
</tr>
<tr>
<td>ESG</td>
<td>Environmental, Social and Governance</td>
</tr>
<tr>
<td>FSC</td>
<td>Forest Stewardship Council</td>
</tr>
<tr>
<td>JSE</td>
<td>Johannesburg Stock Exchange</td>
</tr>
<tr>
<td>kW</td>
<td>Kilowatts</td>
</tr>
<tr>
<td>kW/h</td>
<td>Kilowatt hours</td>
</tr>
<tr>
<td>m²</td>
<td>Metres squared</td>
</tr>
<tr>
<td>NPAT</td>
<td>Net profit after tax</td>
</tr>
<tr>
<td>Outlets</td>
<td>TFG London and TFG Australia trade through a combination of stand-alone stores and concession arrangements resulting in their presence being referred to as outlets rather than the traditional stores</td>
</tr>
<tr>
<td>RAG</td>
<td>Retail Apparel Group</td>
</tr>
<tr>
<td>R-CTFL</td>
<td>Retail, clothing, textile, footwear and leather</td>
</tr>
<tr>
<td>R-CTFL masterplan</td>
<td>An initiative by the Department of Trade Industry and Competition that aims to grow the South African retail industry with focus on clothing, textile, footwear and leather in collaboration with retailers, manufacturers, workers and government</td>
</tr>
<tr>
<td>Rm</td>
<td>Millions of South African rands</td>
</tr>
<tr>
<td>RSA</td>
<td>Republic of South Africa</td>
</tr>
<tr>
<td>SDGs</td>
<td>Sustainable Development Goals</td>
</tr>
<tr>
<td>TCFD</td>
<td>Task Force on Climate-Related Disclosures</td>
</tr>
<tr>
<td>TFG</td>
<td>The Foschini Group</td>
</tr>
<tr>
<td>UK</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>UNGC</td>
<td>United Nations Global Compact</td>
</tr>
</tbody>
</table>