



EDCON United Nations Global Compact (UNGC) – Communication of Progress (COP)

The report covers the period April 2016 - March 2017



Chief Executive Statement

I am pleased to confirm that Edcon reaffirms its support and commitment to the Ten Principles of the United Nations Global Compact ("UNGC") in the areas of Human Rights, Labour, Environment and Anti-Corruption. We furthermore, renew our on-going commitment and intent to advance these principles within our sphere of influence.

Edcon has been a participant in the United Global Compact since 2011. In this Communication of Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations.

We commit to sharing this information with our stakeholders using our primary channels of communication.

Chief Executive Officer & Managing Director
Bernie Brookes

1/06/2017

UNGC Communication of Progress Report 1 June, 2017

Summary and synopsis of UNGC Principles and Sustainable Development Goals (SDG's) alignment to Global Reporting Initiative (GRI) reporting framework.

Global Compact Principles	GRI corresponding disclosure	Page number
1. Business should support and respect the protection of internationally acclaimed human rights.	EC7; LA2, LA13-14, HR1 -4, SO5	Pg. 30-32 Pg. 24 -26
2. Businesses should make sure that they are not complicit in human rights abuses.	HR 1-9, SO5	Pg. 34 -38
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	LA4-5, HR1-3, HR5, SO5	Pg. 5 and 17
4. Businesses should uphold the elimination of all forms of forced and compulsory labour.	HR1-3, HR7, SO5	Pg. 34 -38
5. Businesses should uphold the effective abolition of child labour.	HR1-3, HR6, SO5	Pg. 34 -38 Pg. 24 -26
6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	EC7, LA2, LA13-14, HR1-4, SO5	Pg. 34 -38
7. Businesses should support a precautionary approach to environmental challenges.	EC2, EN18, EN26, EN30, SO5	Pg. 30-32 Pg. 24 -26
8. Businesses should undertake initiatives to promote greater environmental responsibility.	EN1-30, SO5, PR3-4	Pg. 30 -32
9. Businesses should encourage the development and diffusion of environmentally friendly technologies	EN2, EN5-7, EN10, EN18, EN26-27, EN30, SO5	Pg. 30-32
10. Businesses should work against corruption in all its forms, including extortion and bribery.	SO2-6	Pg. 34- 38
Sustainable Development Goals(SDG)	GRI corresponding disclosure	
5. Achieve gender equality and empower all women and girls	102, 103, 202, 405,401, 404, 201, 203, 406,414	As above

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1. Organisational profile

1.1 Organisation name and headquarters

Edcon Holdings Limited

Registered address: Edgardale, 1 Press Avenue Crown Mines, Johannesburg 2092

1.1.1 Ownership and legal form

Edcon is a private company incorporated under the Companies Act. The company delisted in 2007 from the Johannesburg Stock Exchange (JSE).

Edcon Holdings Limited's shareholders are Edcon (BC) S.A.R.L, The Edcon Staff Empowerment Trust (the "Empowerment Trust") and ten further trusts. Edcon (BC) S.A.R.L is a société à responsabilité limitée incorporated in Luxembourg and holds 81% of the ordinary shares of Edcon Holdings Limited. The Empowerment Trust was created in July 2005 as part of our Black Empowerment Equity (BEE) program and its beneficiaries are predominantly black employees. The Staff Empowerment Trust holds shares entitling it in aggregate to 11% of the votes at any general meeting of Edcon Holdings Limited.

The remaining shareholders in Edcon Holdings Limited are the Founder Investor Trusts, Independent Investor Trusts, Secondary Investor Trusts and Tertiary Investor Trusts. These trusts, the beneficiaries of which include members of Edcon management and directors of Edcon who are considered to be related parties, collectively hold 8% of the shares of Edcon Holdings Limited.

1.2 Employee profile

Edcon Holdings Limited has 48 000, employees across Africa.

1.3 Collective bargaining agreements

A new two-year collective bargaining agreement was secured in May 2017 with the South African Commercial, Catering and Allied Workers Union (SACCAWU).

1.4 Supply chain

Edcon has prioritised the focus on increasing local content and developing a world-class sourcing department. The enterprise and supplier development programme is integral to achieving this objective.

1.5 Significant changes to the organization and its supply chain

The concentration on suppliers will increase as Edcon proceeds with the ongoing strategy to increase localisation by directing more of our spend to local and regional suppliers. Our total Direct Local / Regional vendor base consists of 119 vendors of which 101 are based in South Africa, with a share remaining consistent at 85%. Project Durban" was initiated in March 2017 with satellite office set-up to assist vendor base in greater Durban region with capacity management, on time deliveries and improve product capabilities.

External initiatives

- Sustainable Cotton Cluster Initiative through Cotton SA
- Edgars Unite campaign
- UN HeforShe campaign
- Celrose
- Proudly South African

1.6 Membership of associations

Edcon is signatory to a broad range of industry and corporate governance frameworks and associations, namely:

- United Nations Global Compact (UNGC)
- SA Textiles Cluster
- SA Fashion Council
- Cotton SA

1.7 Activities, brands and services

Edcon is South Africa's largest non-food retailer, with a market share of the South African clothing and footwear (C&F) market nearly twice that of its nearest competitor, trading through a range of retail formats. The Group has grown from opening its first store in 1929, to trading in 1542 storesⁱ in South Africa. The figure is inclusive of 213 stores in Botswana, Mozambique, Namibia, Swaziland, Lesotho, Zambia, Ghana and Zimbabwe. Edcon has been recognised in national surveys as one of the top companies to work for in South Africa and continues to make significant progress in its equity and transformation goals.ⁱⁱ

1.8 Edcon brandsⁱⁱⁱ

Edcon turnaround initiatives for the year encompassed improvements in space productivity, lower cost for GNFR, better sourcing, improved inventory, management, stronger management of markdowns and entry price points, development of a customer driven organization, renewed supplier engagement and the development of a world class IT and supply chain.

Edcon opened 76 new stores which, combined with store refurbishments, resulted in investments in stores of R200 million (excluding Edgars Zimbabwe), compared to the previous financial year, where 96 new stores were opened, resulting in an investment in stores of R354 million (excluding Edgars Zimbabwe).

1.9.1 EDGARS DIVISION



The leading retailer of clothing, footwear, textiles, cosmetics, accessories and cellular products in Southern Africa, with a wide assortment for everyone including local and international brands, as well as Edgars private label brands.

- 212 stores
- Average size 3 496sqm
- LSM 6-10, all ages



MAKE-UP • SKINCARE • FRAGRANCE



Speciality store with the widest range of national and international beauty, fragrance, cosmetics and skincare brands.

- 49 stores
- Average size 155 sqm
- LSM 5-10



Boardmans aims to provide the most complete home - living solution in the shopping mall, focusing on bedroom, bathroom, kitchen and home décor ranges for the discerning buyer.

- 40 stores
- Average size 910 sqm
- LSM 7-10.



Speciality store based on youthful lifestyle and brand conscious customers offering a selection of active and lifestyle clothing, footwear, accessories and cellular products across a wide range of aspirational, but affordable international brands.

- 182 stores
- Average size 402 sqm
- LSM 4-7

MONO-BRANDED STORES



Edcon brings iconic international brands through exclusive licences to the South African customer. These brands are found in Mono-branded stores and/or select Edgars stores around the country.

- TopshopTopman
- Tom Tailor
- Dune London
- T.M. Lewin
- Lipsy
- Lucky Brand
- Mac

1.9.2 JET DIVISION



Jet is a discount CFTA format selling fashion as well as cellular products to the entire family.

- 392 stores across Southern Africa
- Average size 911 sqm
- LSM 4-7





JetMart is a discount general merchandise format anchored in the Jet range, but expanded to include home, DIY, appliances and beauty products.

- 123 stores
- Average size 1 826 sqm
- LSM 4-7

1.9.3 CNA



Edcon is also the leading retailer of books and magazines in South Africa under the CNA division. There are 196 stores in the CNA division and an average retail space of 79 thousand square meters.

1.9.4 African Footprint

The Zimbabwe business is independently managed and reported. It accounted for 3.0% of total retail sales reported in the period ended 26 March 2016. For the same period, there were 53 stores and an average retail space of 40 thousand square meters. The rest of Africa makes up 185.

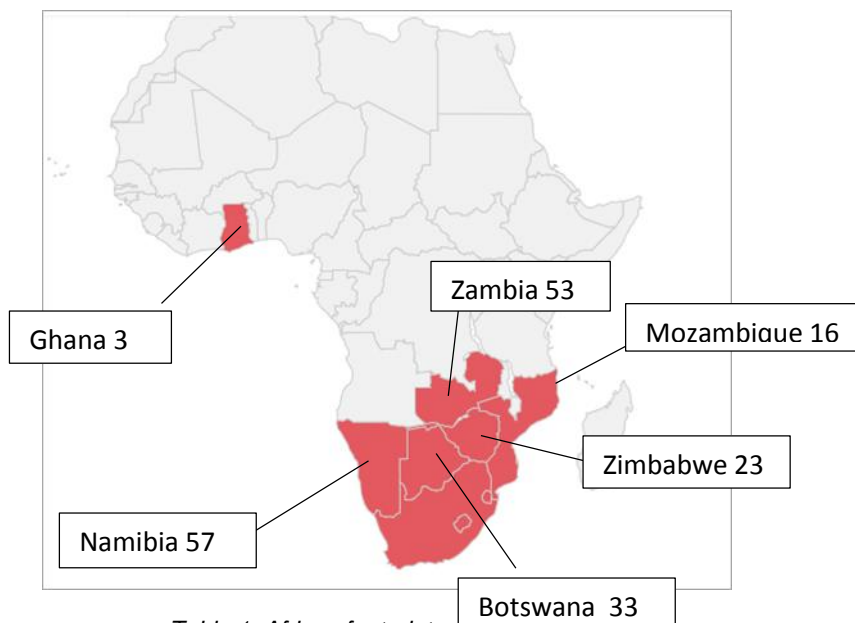


Table 1: African footprint

1.9 Key risks and impact

Edcon has a robust Enterprise Risk Framework and policy that identifies, reviews and updates enterprise risk, mapped against impact and likelihood. For the reporting period, the table below illustrates the top risks.

1. Cash Flow
2. Credit
3. People
4. Product and assortment
5. Working capital
6. IT
7. Crime
8. Market conditions
9. Interest rates and forex
10. Legal compliance
11. Sustainability
12. Business continuity management
13. Customer centricity
14. Supply chain

Table 2: Key Edcon risks as at end of quarter 4 (Dec 2016)

The risk issues are managed and mitigated proactively within the business. The current market report to the industry discusses some of the key risks and the progress to date:

- Debt restructuring finalised with new ownership and third party debt significantly reduced
- The restructured balance sheet will provide a welcome relief with an annual reduced cash interest of ~ R600 million and gross debt of ~ R7 billion
- The macro-economic context has continued to remain challenging - 6% inflation annually, declining consumer confidence and almost no GDP growth
- Retail sales decreased by 6.7% to R25,343 million
- As a result of a challenging and competitive retail landscape, retail cash sales decreased by 2.4% while credit retail sales decreased 13.4%
- In-house trade receivables book grows in excess of 150%
- Proforma adjusted EBITDA in line with expectations, decreased by 45.0% to R1,383 million
- Spent R300m on clearance markdowns to clear aged stock ~230 basis points
- Controllable costs well managed

1.10 Stakeholder engagement

The organisation maintains a strong emphasis on quality stakeholder engagement at the heart of its communications and alignment with stakeholder expectations.

The organisation has a robust approach to stakeholder engagement with the Chief Executive leading and playing a key role in investor and client management.

Stakeholder	Type	Frequency	Channel of communication
1. International associations	Policy makers/industry partners	Ad -hoc	<ul style="list-style-type: none"> • Meetings • Industry forums
2. SA Government departments	Regulator/legislator/industry partners	Ad-hoc/prescribed	<ul style="list-style-type: none"> • Meetings • Reports
3. Clients	Investors/Suppliers	Quarterly	<ul style="list-style-type: none"> • Town hall • Investor briefs • Press releases
4. Industry bodies	Regulators/legislators	Ad-hoc Scheduled meetings	<ul style="list-style-type: none"> • Meetings • Industry initiatives • Industry forums
5. Edcon Staff	Employees	Monthly As need arises Quarterly	<ul style="list-style-type: none"> • CEO Newsletter • Town hall • Corporate Mail • Vibe Magazine
6. Board/shareholders	Governance structures	Quarterly/ As need arises	<ul style="list-style-type: none"> • Meetings
7. Labour	Labour representation	SACCAWU	<ul style="list-style-type: none"> • Meetings • Employee Forums



Figure 1: Edcon organisational milestones.

8. Executive statement

The last calendar year has been one of the most significant in the nearly 90-year long history of the Edcon Group. Edcon completely restructured the historical debt position, which is now considerably more manageable. This resulted in a new controlling shareholder group, which led to the appointment of a new board of directors. The Group has completely re-focused efforts on the planning and implementation of numerous initiatives to transform the group internally and in the way we serve our customers.

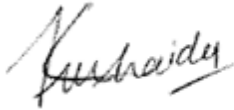
The importance of the United Nations Global Compact principles in the Edcon business cannot be underscored. I am pleased to confirm that Edcon reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

As Edcon reports on the progress made on the integration and initiatives to support the UNGC principles, the communication of progress is a visible expression of the organisation's commitment to sustainability and its stakeholders. Some of the key highlights from the business include the following:

1. Our Sustainability strategy – Edcon Stitch is affording us the opportunity to have a collective understanding of the principles underpinning the sustainability of our business. The elements of governance, sourcing, environment, people and culture are sustainability drivers. Sustainability highlights include:
2. From an Environmental perspective, the rollout of the energy management programme is critical for the business and seeks to ensure not only that our carbon footprint is appropriately measured, but also that Edcon begins to introduce new technology and cost saving measures.
3. Sourcing and the responsibility towards accountability in the supply chain process is integral to our business. Edcon is proud to be a participant in Cotton SA's Sustainable Cotton Cluster. Not only is the initiative bringing together the entire cotton value chain, but also allows the consumer and the industry as a whole to play a role in ensuring transparency in the supply chain process.
4. The commitment made to the Sustainable Cotton Cluster by Edcon to source cotton from farmers signatory to the initiative, is strategically important to our business. Further to that, Edcon commits to growing suppliers to manufacture and beneficiate this cotton; once again adding value back to the local retail industry revival. The growth of local content through enterprise and supplier development is a key focus of Edcon.

The Transformation agenda in South Africa is imperative; hence, the focus on women and gender forms part of the broader discourse and conversation on gender equality. The Sustainable Development Goals indicator on gender points to the importance of this and as an organisation, we have mainstreamed this into our strategy.

The importance of gender is also embedded in how we do business; integrating the socio-economic realities of the communities from which we draw our employees and customers. As part of our social responsibility, Edcon has committed to rolling out the Edgars Unite campaign, implemented in support of the UN UNiTE campaign. Our pledge as Thematic Champion of the UN HeforShe campaign represents our commitment to gender equity and the empowerment of women.



Chief HR & Transformation Officer

Melanie Naidu

31/05/2017



9. Governance

9.1 Sustainability in the organisation

The function for sustainability and the overall corporate responsibility agenda of transformation sits with the Chief Human Resources and Transformation Officer reporting directly to the Chief Executive Officer. The General Manager: Transformation, CSI and Sustainability heads up operationally the unit assisted by three executives focusing on CSI/Sustainability, Enterprise and Supplier Development (ESD) and Human Resources/Transformation.

Edcon has a Sustainability Vision. The proposed sustainability vision is “Efficient, Ethical, and Agility”.

- Efficient refers to the reduction of waste, optimization of material use and human potential. This would help to develop the organisation in line with the business strategy.
- Ethical refers to encouraging openness and transparency; by using our leverage (with suppliers) to promote a robust understanding of value, we are able to build trust with our stakeholders. This strengthens our core and contributes to building reputation.
- And, finally Agile refers to by ensuring sustainability initiatives contribute to internal skills, systems and partnerships that drive competitiveness, sustainability can contribute to strengthening and developing the organization

9.1.1 Management approach

In 2015, the business unit underwent strategy realignment from solely focusing on the Broad based Black Economic Empowerment (BBBEE) scorecard compliance, to embedding measurable and sustainable transformation within the business. The accountability and co-creation with business units was central to the realignment. This was achieved through a two-pronged approach:

- Firstly, changing the operational model from centralised to decentralised through creating a Centre of Excellence (CoE) model. The CoE goal^{iv} is to design, develop, drive, manage, maintain and monitor Edcon’s overall transformation implementation, which includes sustainability, B-BBEE, Supply chain integration and support overall business growth.

The overall objective is to ensure that the unit supports the economic transformation of the business and ultimately the sector by offering services to the business on best practice implementation.

- Secondly – weaving a sustainable future. The unit is responsible for the sustainability strategy roadmap of the organisation called Edcon Stitch. The roadmap is Edcon’s commitment to weaving a sustainable future. Edcon Stitch is made up of the following key sustainability pillars:



The Edcon Stitch seeks to embed the SDG's in the organisational operations and ensure integration and alignment with key imperatives within the business. The transformation progress, plans and strategies are presented at the Social and Ethics Committee (SEC) of Edcon.

Strategic projects, commitments, and progress to date

Commitment	2015	2016	2017
1. CoE model implementation	Adoption at SEC	100% training throughout business units	% BU transformation forum meetings held
2. (1) BBBEE scorecard improvement	Level 3 (CoGP)	Level 5 (RCoGP ¹)	Level 4 (RCoGP)

- (1) The unit has prioritised the following areas as critical in improving the overall Edcon
- enterprise and supplier development,
 - management control through equity reconfiguration and
 - skills development, in particular the reabsorption of leaner candidates as areas to improve the BBBEE compliance and driving the support in business units as they develop their own BBBEE scorecards.

9.2 Board level

The Edcon board has been elected and appointed by the shareholders. The board structure comprises of three executive directors, four non-executive directors and five independent non-executive directors. The board has delegated authority for the day-to-day affairs of the Group to the Executive Management Group, which includes the chief executive officer, the chief financial officer, and the chief executives of the Edgars and Discount divisions.

The board of directors focuses on the key elements of the corporate governance processes underpinning our operation. More specifically its role includes:

- Considers and adopts if appropriate, operating budgets and business plans proposed by management for achievement of the Group's strategic direction;
- Delegates authority for capital expenditure and evaluates investment, capital, and funding proposals reserved for board approval;
- Provide oversight of performance against targets and objectives;
- Provides oversight of reporting on our direction, corporate governance and performance;
- Ensures ethical behaviour and compliance with relevant laws and regulations, audit and accounting principles and our internal governing documents and codes of conduct;
- Acts responsibly towards Edcon's relevant stakeholders;
- Committed to the underlying principles of good corporate governance and ensure that compliance with corporate governance principles is reviewed regularly; and
- Ensures adequate systems of internal control.

The audit and risk committee evaluates any risk deemed necessary for discussion and evaluation by all directors, under board approved written terms of reference. The chairman of the audit and risk committee reports on the progress of how key risk issues are being addressed to the board while a risk profile is tabled annually at a board meeting. The board

¹ RCoGP- (Revised) Codes of Good Governance

supports the following risk management plan structure that management has developed and maintains on an ongoing basis:

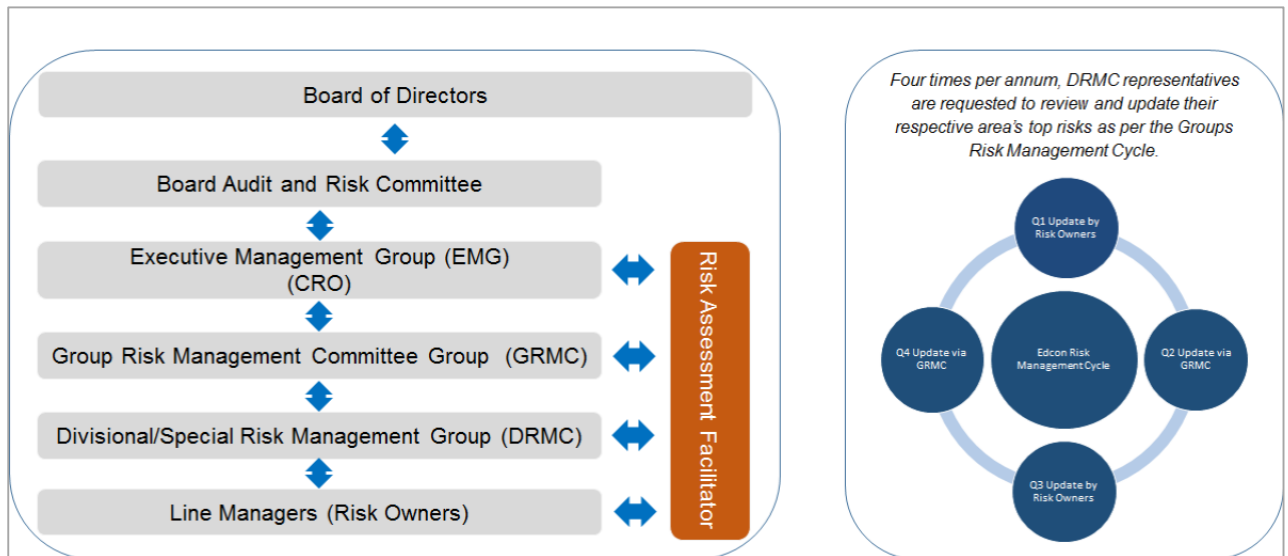


Figure 3: Edcon enterprise risk governance. Source: Internal audit, Investigation and Risk Management Services

The Social & Ethics Committee meets at least twice per annum to monitor the company's activities regarding social and economic development, good corporate citizenship, the environment, health and public safety, consumer relationships, labour and employment and to formally report to the shareholders on the performance of those functions annually; and review and evaluate the group's progress on transformation, with specific reference to the seven pillars outlined in the Codes of Good Conduct of the Broad Based Black Economic Empowerment Act, 2003 (the "BBBEE Act").

The SEC also has oversight on the conflict of interest in the organisation. An Ethics Committee has been established. Its role is to consider any declarations of conflicts of interests brought to its attention or of which it may become aware, and to decide on an appropriate manner of dealing with such conflicts. The decisions of the Committee will be final and binding on all employees. The Committee is obliged to consider all written evidence submitted to it, and retain records of its decisions.

The newly appointed members are the following. Although the chairman cannot be classified as independent in terms of governance best practice criteria as he represents the majority shareholder,^v the board is of the view that the chairman brings valuable expertise, experience and skill to the board.



GARETH PENNY
(NON-EXECUTIVE CHAIRMAN)

Experience:

Gareth was educated at Diocesan College (Bishops) in Cape Town and at Eton College. He was a Rhodes Scholar at Oxford, graduating with a Masters in Philosophy, Politics and Economics. Gareth has worked in various forms of mining over the past three decades, and spent 22 years with De Beers and Anglo American, the last five of which he was Group CEO of De Beers. During his tenure, Gareth was instrumental in reshaping not only the world's largest diamond company, but also the diamond industry. He was the prime architect in the change to the De Beers business model, which replaced over 100 years of supply-side management in the rough diamond business, with demand-driven initiatives, including a retail model that generated significant value creation for that company and the diamond industry. Gareth serves as a director and in some instances chairman of South African and international mining and resource companies: he is also a non-executive Director of Julius Bär Group Limited, a listed Swiss bank focused on wealth management, and serves on the Senior Advisory Board of TowerBrook Capital Partners, a leading New York and London based investment firm.

**BERNIE BROOKES****Experience**

Bernie Brookes was appointed to the board as managing director and group chief executive officer on 30 September 2015. From September 2015 – April 2016, Bernie also held the position of chief executive for Edgars department stores. Previously, he was chief executive officer of Australia's largest retail department store group, Myer. Bernie has an extensive career in retail that spans over 40 years. Prior to Myer, where he spent nine years, Bernie spent twenty-four years with Woolworths Australia, which included three years working on projects in China, Hong Kong and India.

**RHIDWAAN GASANT****Experience:**

A qualified Chartered Accountant; Rhidwaan obtained an accountancy undergraduate degree through the University of South Africa (UNISA), and successfully completed a B.Compt in 1980. He spent time at Peat Marwick (now KPMG) as the first black professional to join the firm, and obtained a B. Compt, Honours degree in 1983, before passing the South African Chartered Accounting Board Examination in 1984. Rhidwaan initially joined Mobil Oil Southern Africa in 1986 as a Project Accountant and then as the Refinery Accounting Manager. He was later appointed to various financial roles within the Engen group and was appointed as the Chief Executive Officer of Energy Africa Limited. He is currently the Chief Executive Officer of

Rapid African Energy Holdings, which is a start-up oil and gas exploration company focused on Africa. He also serves as a director on boards of various companies.



DAPHNE MOTSEPE

Experience:

Daphne obtained her Master of Business Administration in 1996, a Baccalareus Rationis Degree in 1980, which she upgraded to a BCompt in 1982. She is a seasoned consumer finance executive who retired from ABSA in June 2012 as Chief Executive for the Unsecured Lending Cluster. Prior to this, Daphne was seconded to an assignment at Barclays in the United Kingdom, where she worked in the commercial and retail banking sectors. Her portfolio covered Small Business, Mass Market banking, Cards and Personal Finance. Daphne had held a number of senior finance and operational positions in the FMCG, petroleum and SME development sectors. Daphne currently serves on the boards of a number of companies.



MARTI P MURRAY

Experience:

Marti, an MBA and Certified Valuation Analyst, is the Founder and current President of Murray Analytics, a consulting firm providing financial advisory, valuation, and litigation support services. Over a 35-year career, Marti has served in a variety of leadership roles at both investment management and financial advisory firms. She was the Founder and President of Murray Capital Management, a distressed debt hedge fund firm that she led from 1995-2008. In 2008, the distressed debt business of Murray Capital was acquired by Babson Capital. Immediately prior to founding Murray Analytics in 2015, Marti was Senior Managing Director at Goldin Associates, leading a variety of financial advisory engagements. From 2001-2013, Marti served as Adjunct Professor at the NYU Stern School of Business where she taught Bankruptcy and Distressed Debt Investing, as well as Equity Analysis/Valuation. She has authored several articles on restructuring and risk management, and has been a frequent speaker at investor conferences worldwide on distressed debt and activist investing.



GRANT PATTISON

Experience:

Grant graduated from the University of Cape Town with a B.Sc. Hons in Electrical Engineering in 1992. After four years with the Anglo American Group and two years in strategy consulting

with The Monitor Group, Grant joined Massmart as Executive Assistant to the Executive Chairman in 1998. He held various positions within the Group, including Managing Director of Mass Discounters, Managing Director of Shield and Jumbo, Chairman Masscash and Group Commercial Executive. In 2005, he was appointed the Deputy Chief Executive Officer and Chief Executive Officer in July 2007. He left Massmart in May 2014: he was the key member of the team that executed the Massmart transaction that resulted in Wal-Mart Stores Inc. becoming the major shareholder, and integrating the operations and systems of the two retailers in South Africa and the rest of the continent. Grant serves on the boards of various companies.



KEITH WARBURTON

After qualifying as a Chartered Accountant, Keith started his business career at an audit firm, after which he embarked on abroad career in business and commerce. He has previously served as the Chief Financial Officer, Chief Operating Officer, and as an Executive Director of the Clicks Group. He has been involved in the retail industry since 1990 in the areas of super-marketing, fashion, health and beauty retailing, mail and direct order related retail and in conventional and cash and carry wholesaling, working for companies like Truworths, Score Supermarkets, Homechoice and the Metro Group, among others Keith also serves on the boards of various companies

9.3 Executive management

The Edcon Board has delegated authority for the day-to-day affairs of each of its divisions to the executive managers. The Executive Management Group (EMG) is mandated to assist in reviewing the operations of and performance of the Group and its subsidiaries, developing strategy and policy proposals for consideration by the Board and implementing the directives of the Board.












				BERNIE BROOKES Chief Executive Officer	
					
RICHARD VAUGHAN Chief Financial Officer	ANDREW LEVERMORE Chief Executive: Edgars	URIN FERNDALÉ Chief Executive: Jet	ANDY JURY Chief Executive: Specialty Stores	ANDREW THORNDIKE Chief Operations Officer	
					
MELANIE NAIDU Chief Human Resources & Transformation Officer	ANTHONY COELHO Chief Information Officer: Group Information Technology	MARIANNE JONES Chief Customer Officer, Investor Relations & Strategic Assignments	JASON JACKSON Chief Strategy Officer & Strategic Assignments	CHARLES VIKISI Chief Legal Counsel & Group Secretary	

Table 3: Edcon Executive Management

- **BERNIE BROOKES**

CHIEF EXECUTIVE OFFICER

- **ANDREW LEVERMORE**

CHIEF EXECUTIVE: EDGARS

Experience

Andrew was appointed as Edgars Chief Executive in April 2016. Andrew brings with him more than thirty years of significant and diverse retail experience having held local leadership roles in Woolworths, Clicks as well as Edcon in the early 90's. He also has international experience with House of Fraser and Walmart. Prior to joining Edcon, Andrew ran a consultancy providing specialist retail advisory services in Africa and Indian retail markets.

- **ANDY JURY**

CHIEF EXECUTIVE: SPECIALITY STORES

Education:

MBA (University of Oxford), B. Bus Sci (Honours) (University of Cape Town)

Experience:

Andy joined Edcon in August 2008 as a Strategic Assignment Executive, and was appointed as Managing Director: Group Strategy & Edgars Active in February 2014. In November 2015, he was appointed as Chief Executive: Strategy & Business Development, and 9 months later his appointment as Chief Executive for the Specialty Division followed (July 2016). Prior to joining Edcon, Andy worked for Accenture and The Seabury Group where he gained a wealth of knowledge and experience in consulting and business development, across a range of industry sectors.

- **DR URIN FERNDAL**

CHIEF EXECUTIVE: JET

Education:

BA, BA (Hons) MA (University of the Western Cape), DLitt et Phil (University of Johannesburg)

Experience:

Dr Urin Ferndale was appointed as Chief Executive for Jet in July 2016. Urin served as Joint Interim Chief Executive Officer at Edcon Holdings Limited and Edcon Limited from August 17, 2015 to September 29, 2015. Prior to that, he was the Chief Operating Officer of Edcon Holdings Limited from September 2009. He also served as the Chief Executive of Retail Operations of Edcon Holdings between September 2007 and September 2009, as well as its Group Human Resources Director since joining in 1999 to 2007. Urin has served as an Executive Director of Edcon Holdings Limited since 1999. Prior to Edcon, he was employed as Personnel Manager, Human Resources Manager and Labour Relations Manager at several listed companies and parastatal entities.

- **RICHARD VAUGHAN**

CHIEF FINANCIAL OFFICER

Education:

Chartered Accountant

Experience:

Richard joined Edcon in 2012 as Deputy Chief Financial Officer. Prior to joining Edcon,

Richard had a career in investment banking working for both Goldman Sachs and Deutsche Bank, advising on some of South Africa's largest Mergers and Acquisitions (M&A) transactions. Notably, Richard advised internet billionaire and astronaut, Mark Shuttleworth, on the sale of his business to VeriSign. Since joining Edcon, Richard has been instrumental in the various debt refinancing and restructuring of the group's lending facilities. In June 2016, Richard was appointed as the Group Chief Financial Officer.

▪ **MELANIE NAIDU**

CHIEF HUMAN RESOURCES & TRANSFORMATION OFFICER

Education:

Melanie has a LLM in Labour Law, LLB, BA (University of Natal)

Experience:

Melanie joined Edcon in December 2000 as Group Industrial Relations Advisor. In July 2001, she was appointed as the Head of Group Employee Relations, and in October 2007, was appointed as the Head of Human Resources for the Edcon Group. In 2011, Melanie was given the portfolio of Transformation and in 2016; she also took on the responsibility of Group Corporate Affairs and Communication. Prior to joining Edcon, Melanie worked for Barloworld. Melanie has exceptional skills and expertise in Strategic Human Resources, Organisational Development, Transformation and Labour Relations. Her experience in Mergers and Acquisitions together with "best-fit-people" processes in a challenging business environment, adds to her strength of expertise in Human Resources.

▪ **ANTHONY COELHO**

CHIEF INFORMATION OFFICER: GROUP INFORMATION TECHNOLOGY

Experience:

Anthony was appointed as the Chief Information Officer (CIO) in November 2015. He has over 20 years' experience across different retail industries, with over 15 of those in IT. Anthony has a wealth of experience with a customer centric approach to business technology initiatives and innovation. Prior to joining Edcon, Anthony headed up IT, Omni-Channel and Commercial Services at Myer, where he delivered organisational change across IT, to support the digitisation of the business.

▪ **MARIANNE JONES**

CHIEF CUSTOMER OFFICER, INVESTOR RELATIONS AND STRATEGIC ASSIGNMENTS

Education:

Diploma in Multimedia Studies at the Sydney Graphics College – 1999

Experience:

Marianne has diverse experience in blue-chip companies spanning retail, financial services and construction industries, and prior to Edcon was Head of Digital for Myer Department Stores in Australia. With over 25 years' experience, Marianne's expertise lies in digital strategy and marketing, omni-channel, customer experience, loyalty and customer segmentation, investor relations and business transformation. Since joining Edcon, Marianne has been a key contributor of the transformation team and is now leading the culture change towards a customer centric organization and responsible for investor relations activities.

- **JASON JACKSON**

CHIEF STRATEGY OFFICER: STRATEGIC ASSIGNMENTS

Experience:

Jason has extensive experience in providing consulting services, in operational and general management across Australia and New Zealand, including 13 years' experience with large retailers. During this time, Jason was responsible for change management for over 15 Mergers and Acquisitions; enabling business success through strong people, processes, customer and financial leadership.

- **CHARLES VIKISI**

CHIEF LEGAL COUNSEL AND GROUP SECRETARY

Education: BA (Hons), LLB, HDip in Compliance

Experience: Charles joined Edcon in October 2008 as General Counsel and Group Secretary. He remains actively involved in all Mergers and Acquisitions transactions of the Group, which include the sale of the credit book to Absa for R10bn, acquisition of ALIVE group of companies, sale of the Legit business, as well as the work relating to the Group capital structure, and recently the restructuring of the Group's debt. Charles serves as Trustee to the management equity scheme and advisor to the BEE Trust. Prior to joining Edcon, Charles worked in the financial services industry in legal, governance and compliance roles and consulted to various companies in the motor industry on legal and governance matters.



10. Responsible sourcing

10.1 Management approach

^{vi}Edcon utilises centralised procurement to capture scale efficiencies, increase direct sourcing and consolidate our vendor base. Offices in Shanghai (China) and Dhaka (Bangladesh) facilitate direct sourcing and we continue to increase the use of local and regional suppliers.

- Edcon acknowledges its responsibility to use its influence to encourage good environmental, social and governance practices in our supply chain.
- By directing more of its spend to local and regional suppliers, not only is this further entrenching the benefits of a quick response business model, it seeks to help to develop the economies in which our current and future customers live and work, including the more specific transformation goals.

The Group is establishing further links with the local clothing industry to investigate ways to increase commitment to local and regional sourcing. The Group is committed to increasing local and regional supply, as these initiatives will not only aid quick response, but also increase direct sourcing, an important commercial imperative.

As a Proudly SA member, Edcon and its associated brands can use the logo to showcase the local manufacturing and/or local brand. This can be done through the corporate brands, as well as on products including labelling, promotional material, in store promotions and campaigns.

Industry initiatives – best practice case study



Sustainable
Cotton Cluster

The Sustainable Cotton Cluster is a programme of Cotton SA. Cotton SA is made up of all role-players in the cotton industry. It operates as a non-profit company performing various essential functions, from providing information to overseeing the cotton sector strategic plan.

The rationale of the initiative: The South African context^{vii} cotton sub-national cluster has suffered significantly over the years. From an industry that has a rich tradition of sustained production and high employment, it is now one of the smaller national employers. In 2013, its production was judged to be less than 2% of total manufacturing, with total merchandise exports at less than 1%. The textile industry in general represents less than 1% of South African gross domestic product (GDP).

While there is sufficient production capacity available, lower import duties attracting cheap imports of both cotton and cotton products have eroded local production levels. This is coupled with rising fuel and electricity prices, and stagnating export levels.

Together, these conditions have created the perfect storm, presenting a gloomy outlook for the cotton industry in South Africa. By consolidating and pooling resources, coming together as an industry, and working together to improve the economic, social and environmental sustainability of the cotton sub-national cluster, we are convinced that we can help to halt and even reverse this downward slide.

The initiative seeks to focus on transparency in the procurement value chain of sourced cotton through a **traceability platform**, powered by technology. It allows both the retailer and the consumer to trace every bale of cotton to the source and have the social and environmental data available to make a conscious choice on purchase.³

Edcon's participation^{viii} in the Sustainable Cotton Cluster initiative is currently a pilot that began in 2016 and is currently running only in the South African market with SADC rollout dependent on the pilot.

As a responsible retailer and realising one of the key challenges affecting local sourcing for Edcon, is the lack of capability in manufacturing that was eroded over the past years. The initiative will place Edcon with other industry players in ensuring the revival of the industry and embedding sustainability practices in the business.

The direct economic benefits for Edcon will only be known in years to come as the programme rollouts and benefits are quantified.

The current commitment from Edcon is to source 600 tons of cotton from predetermined suppliers affiliated to the initiative and utilise this cotton to grow the manufacturing capability of predetermined and capable manufacturing suppliers in the Edcon supply chain. An exciting pilot is with the Celrose² manufacturing plant to manufacture chinos- bringing back the competency to the local industry.

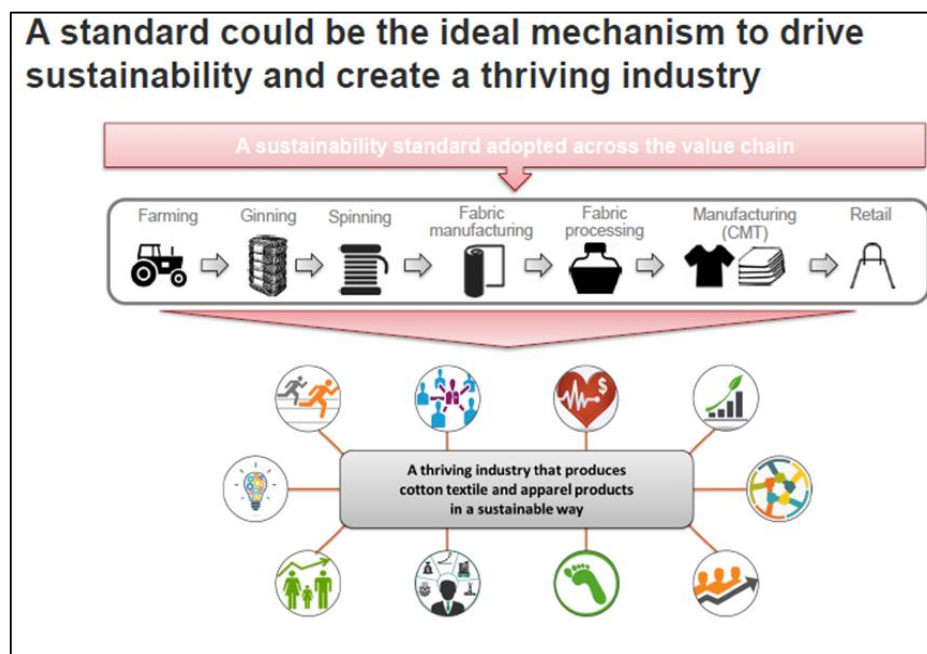


Table 4: Sustainable Cotton Cluster farmer to retailer model

The data derived from the traceability platform back into Edcon will allow for packaging data to be displayed as part of the shelf item in store. This will be a first for Edcon and in terms of committing to a sustainable sourcing journey with its customers; this begins to regain the trust that had been eroded in the past years with changing strategy and a volatile retail market.

² The Group owns a controlling stake in Celrose Proprietary Limited, which controls Eddels Proprietary Limited, which are manufacturing businesses. Celrose manufactures apparel whilst Eddels manufactures footwear.

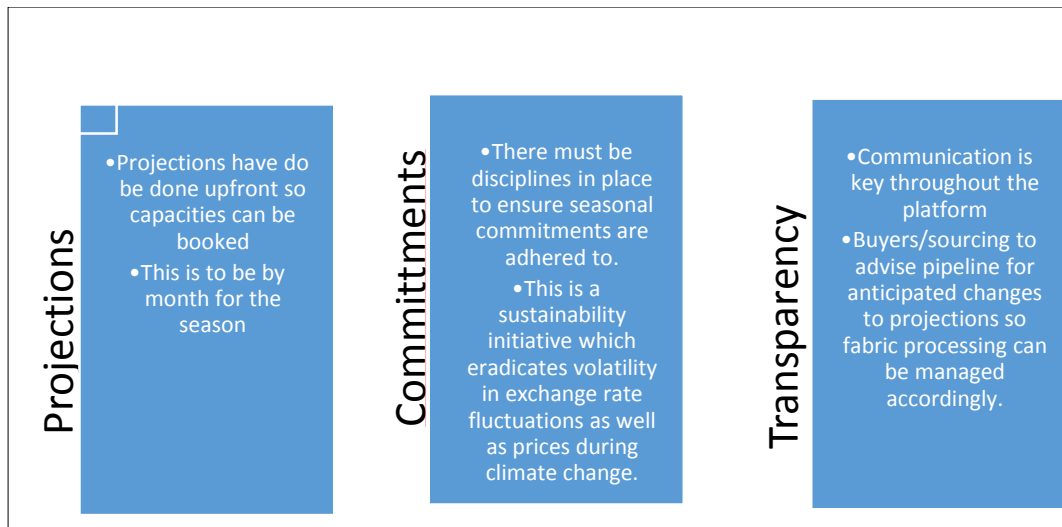
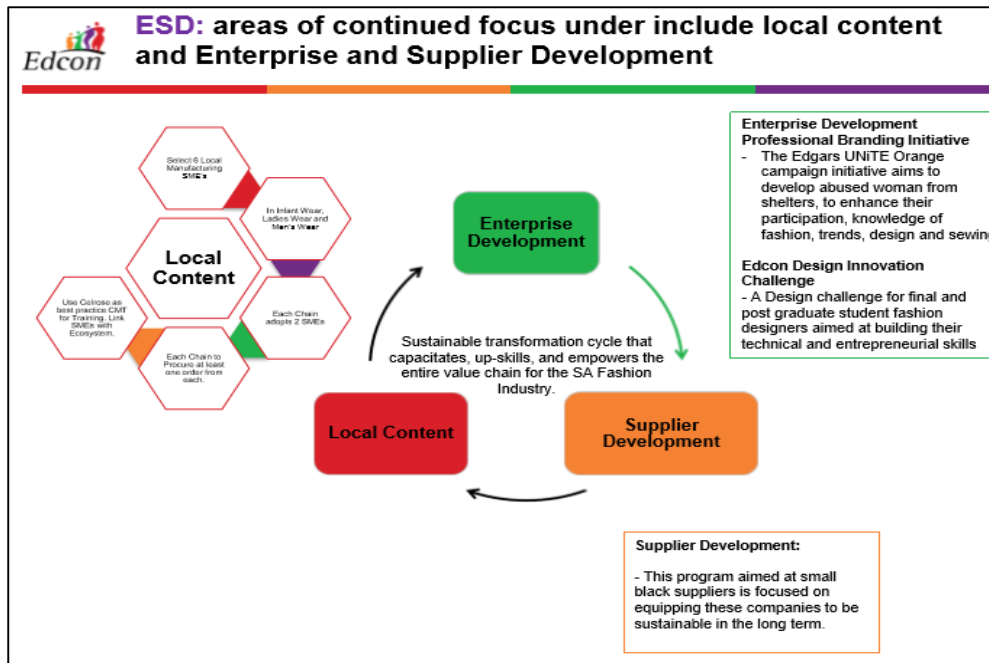


Table 5: High level overview of Edcon rollout expectations

Strategic projects, commitments, and progress to date

Commitment	2015	2016	2017	2018
1. (1) Increase local content sourcing	38%	43%	49%	53%
2. (2) Sustainable Cotton Cluster (SCC) Initiative	-	Agreement entered with SCC	600ton	tbc
3. Sustainable Cotton Cluster Initiative		Capacity review of suppliers	1 manufacturer developed	2 manufacturers developed
4. Sustainable Cotton Cluster Initiative			SA pilot rollout	SADC rollout
5. Improve local vendor performance		10%	20 %	50%
6. (3)Evaluate all suppliers through internal criteria	100%	100%	100%	100%

- (1) Local sourcing is viewed at a local and regional (rest of Africa) perspective and is merchandise sourced for the private labels. The SA vendors contribute 77% of the Local Regional volume, balance 23% placed with regional vendors (Botswana, Swaziland, Lesotho etc.)^{ix}. Edcon does not manufacture the majority of its own merchandise but instead works closely with a number of suppliers. During the fiscal year 2016, the largest supplier of the private-label apparel accounted for 3.5% of the total purchases, and the largest five suppliers accounted for 14.9% of such purchases.
- (2) The programme is in its pilot stage currently and the tonnage commitment will be dependent on the successful rollout of the pilot programme.
- (3) All Edcon suppliers are evaluated using internal criteria. The Supply Chain and Sourcing Department is committed to supporting the development of local industries, promoting and tracking ESG performance of the local supply base by reducing waste and energy across the supply chain. This will be done through ethical production, development of local industries and resource conservation.



10.2 Enterprise and Supplier Development (ESD) approach

The importance of growing local enterprises and suppliers is integral to the Edcon business, not only in supporting the Group's vision of streamlining its supplier base but also in ensuring diversification of its supplier base for true economic transformation of suppliers from marginalised communities and backgrounds. Edcon is also committed to promoting, accelerating and supporting the development of broad-based black economic empowerment (B-BBEE) compliant suppliers through the way we direct our procurement spending on goods and services, as well as through enterprise development initiatives. We aim to continue to support the development of local small to medium-sized enterprises (SMEs) and black empowered businesses.

Our enterprise development strategy aims to facilitate economic participation of historically disadvantaged communities (black people, women and persons with disabilities). The underlying objective of the strategy is to increase economic growth, create employment and develop skills while progressing towards our overall B-BBEE objectives.

10.2.1 Management approach^x

The approach to ESD is differentiated between the types of assistance a current supplier qualifies for based on the screening. The staggered approach screens existing suppliers on their current characteristics, namely:

- Retail readiness
- Sourcing experience and repeatability with Edcon/other retailers
- Capacity issues

Based on these criteria, a supplier can qualify for ED or SD assistance, with SD being a longer-term view and based on all the above criteria met. As an SD candidate – the product type and business model of the supplier operations must meet the requirements of the Edcon business unit for a successful and commercial beneficial relationship with the supplier being developed.

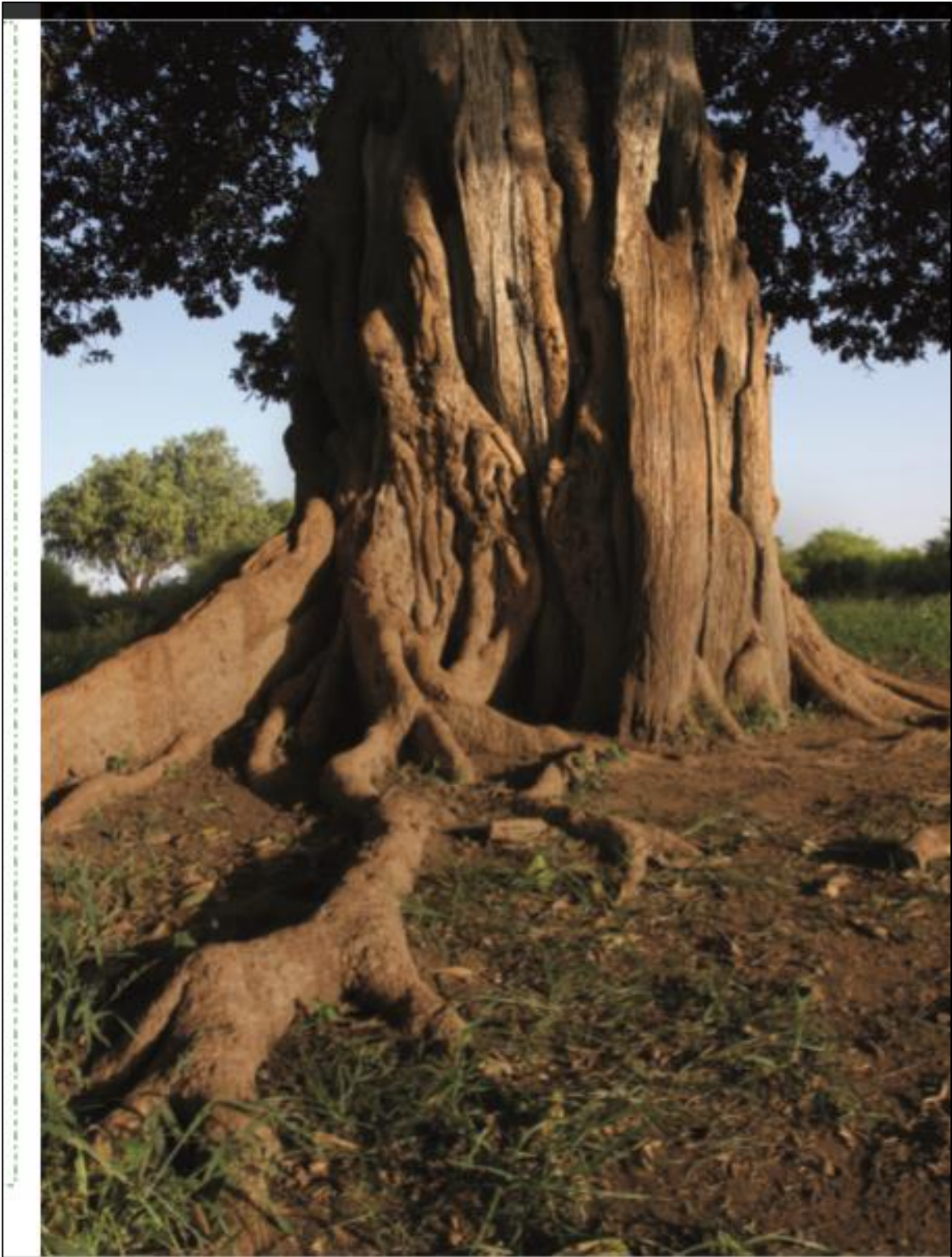
Edcon is currently exploring an incubation programme/model with potential suppliers such as Celrose to scale the intake of candidate suppliers to be developed over a period.

Strategic projects, commitments and progress to date

Commitment	2016	2017	2018
1. Develop 6 local CMT ³ into Edcon supply chain	1	2	3
2. (1) Develop toolkit for emerging suppliers	Tender issued	Toolkit developed	% of new suppliers trained
3. (2) Design Innovation Capsule	Revive capsule programme	2 exhibition held	2 exhibition held
4. Procurement policy review	Supplier database baseline	Review of policy	Implementation

- (1) The current development of the toolkit is being conducted through existing suppliers, developing them into higher tier suppliers within the Edcon Sourcing categories. The current development methodology being used will set the standard for future supplier development arrangements within Edcon.
- (2) The Edcon Design Innovation Capsule is to give young /emerging designers retail space to sell their collections. The use of Edgars stores for the capsules extends the Design Innovation Challenge, ensuring that emerging young designers have the opportunity for experiential learning within a retail environment.

³ CMT- Cut, Make, Trim



11. Environmental performance

11.1 Management approach

Edcon is committed to reducing its resource footprint and thereby managing its impact on the environment and contributing towards providing a healthy and safe environment for our employees and customers. As one of South Africa's largest retailers, we recognise that our business has both a direct and an indirect impact on the environment. Some of our direct influences include water and electricity consumption, waste disposal and the choice of merchandise, packaging and services we provide. Our indirect environmental influences stem from our partnership with suppliers and manufacturers of merchandise and packaging, transport contractors, property developers, landlords of business sites and the communities and projects we support. The Group's approach is guided by the Edcon environmental policy, which commits the Group to the reasonable and cost-effective management of its direct and indirect impacts on the environment and providing a healthy and safe environment for employees and customers.^{xi}

Edcon has begun a new energy management programme to ensure that the carbon footprint of the organisation is consistently measured through all the stores and all locations. As a retailer in an industry that consumes a considerable amount of energy, it was prudent to review our energy management.

We adopt a prudent and phased approach to the environmental challenges and opportunities focusing on high impact, low cost projects such as switching off all unused equipment, while undertaking regular maintenance of lighting, heating and cooling systems makes for optimal operations. Fundamental store refurbishment is in the longer-term plans, with implementation of more expensive energy-efficiency measures.

11.2 Energy management

- Edcon has instituted a new energy management programme as of the 1st of April 2016 in response to the rising costs of energy, the need to keep up with technology and finding alternative means of energy conservation.
- The energy management programme constitutes of the replacement of old meters with new smart meters that collate information to a central system. The collation of this information seeks to ensure there is reduced energy consumption, thereby not only saving money but also cutting on the carbon footprint.

Divisions		Total Stores	Total Stores Online	% Total Stores Online	Pipeline Status
Corporate (COR)		-	-	-	-
Edgars (EDG)	All Edgars stores	262	215	82%	18%
Discount (DISC)	Jet (JET)	400	344	86%	14%
	Jet Mart (JMT)	123	111	90%	10%
Specialities (SPEC)	Active (Act)	180	149	83%	17%
	Legit (LGT)	221	191	86%	14%
	Red Square (RS)	48	43	90%	10%
	Boardman's (BM)	40	33	83%	18%
	C.N.A (CNA)	192	179	93%	7%
	International Brands (INTBR)	68	13	19%	81%
	Cellular (CELL)	-	-	-	-
Edcon Group Totals		1 534	1 278	83%	17%

Table 6: Energy meter installation status 2016. Source RMS baseline report (July 2016)

The methodology used to ultimately calculate energy usage is through baseline data and readjustments^{xii}. Post the baseline projections, the electricity consumption will be monitored and results reported to ensure that the ECM (Energy Conservation Measure) is managed according to the original intent i.e. cost savings.

11.3 Lighting

Lighting is the second highest consumption area for Edcon facilities and projects are in place for the maintenance and upgrade of our systems, keeping abreast with the latest technology. The features of the retrofitting in stores entail the following:

- Easy to install, relatively cost-effective and very effective, efficient LED light bulbs use 90 per cent less energy than traditional incandescent bulbs and can last 40 times longer.
- To reduce lighting costs even further, sensors triggered by daylight or movement can contribute to saving energy and have been installed. Daylight sensors, switch on when it becomes dark, a feature which is particularly valuable in conserving energy such as in unused meeting rooms, illuminating signage, toilets, etc.

Building Management System (BMS) switch lights on escalators/lights etc. The programme started in Sep/Oct 2016. A number of stores have been equipped with BMS RTU's. These units control a number of relays that typically controls the lighting and air-conditioning systems on a time schedule.

The BMS RTU can be programmed remotely through the Edcon PNPSCADA system interface, which is the interface used for the smart meter data management. The BMSRTU roll out forms part of the after-hours consumption project and is intended to ensure that the after-hours consumption is limited to essential services only. The after-hours period is defined as from 19h00 to 07h00 every day.

Table 17: 7pm to 7am after hours' energy consumption (kWh) for South Africa

kWh (Kilo-Watt hour): Non - Working Hours (7pm to 7am)					
PERIOD (April 2015 - March 2016)	Division 1 (COR) - Total	Division 2 (EDG) - Total	Division 3 (DISC) - Total	Division 4 (SPEC) - Total	Edcon Total
TOTALS	-	25609554.58	19207015.35	7 264 534.00	52081103.93

Table 18: 7pm to 7am after hours' energy consumption (kWh) per province

kWh (Kilo-Watt hour): Non - Working Hours (7pm to 7am)									
PERIOD (FY 16)	Gauteng	Free State	Eastern Cape	Kwazulu-Natal	Limpopo	Mpumalanga	Northern Cape	North West	Western Cape
Division 1 (COR)	-	-	-	-	-	-	-	-	-
Division 2 (EDG)	11578262.6	254074.83	1079948.68	3813916.6	1345614.2	1632409.09	323193.03	1117351.43	4138486.62
Division 3 (DISC)	6118681.35	876271.46	1238319.2	2945565.06	1997543.41	1961342.19	851779.52	1594030.34	1640436.8
Division 4 (SPEC)	2886818.1	231615.69	605726.48	1277865.4	595454.671	1129744.54	273479.56	612491.965	1153255.8

International:

Table 19: 7pm to 7am after hours' energy consumption (kWh) for international countries

CO ₂ (Carbon-Dioxide): Non - Working Hours (7pm to 7am)			
PERIOD (FY 16)	Botswana	Namibia	Lesotho
Division 1 (COR)	-	-	-
Division 2 (EDG)	232678.40	432515.55	-
Division 3 (DISC)	282862.59	116656.51	6815.01
Division 4 (SPEC)	72278.02	214699.79	-

Table 7: Illustration of the baseline data currently collected by the BMS RTU

The status of the BMSRTU rollout includes 375 Edcon stores. By default, all of the non-essential services controlled by the BMSRTU are switched off between 19h00 and 07h00. Stores may request that these times be adjusted when required for after hour's in-store activities, such as retail or stock-taking.

11.4 Cooling appliances

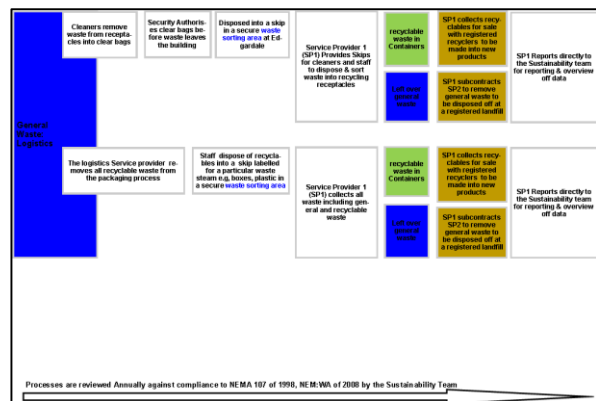
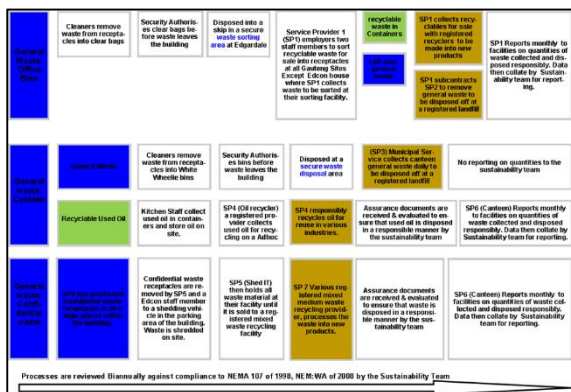
Edcon is cognisant of the impact of R22 Gas use in air conditioning units placed in stores and buildings. R22 Gas or HCFC-22 is established as an ozone-depleting substance. R22 is a powerful greenhouse gas with a global warming potential that is 1810 times as powerful as carbon dioxide. Edcon has proactively decided to phase out the R22 gas from the business starting in 2016 to the event of being completely R22 Gas free.

Over the past five decades, R22 gas has been used as a refrigerant in various refrigeration, industrial cooling, air conditioning, and heating applications. However, amongst other gases, R22 is scheduled for eventual phase-out under the Montreal Protocol. In replacement of the R22 refrigerant, the R407C refrigerant will be used as a substitute. Many R22 systems can be retrofitted for use with R407C in air-conditioning, heat pump applications and refrigeration applications, to allow existing equipment to continue to operate safely and efficiently, even after R22 is no longer available.

11.5 Waste management:

Edcon has a waste management solution for its headquarters. The organisation utilises the services of Emmunah Waste (Pty) Ltd to collect its waste and report.

The following diagrams illustrate the waste removal cycle that Emmunah Waste utilises, which has also been utilised in educating staff on the waste management process.



Strategic projects, commitments, and progress to date

Commitment	2015	2016	2017	2018
1. Building energy audits	-	50%	100%	
2. (1) Building Management System rollout/meter installation	20%	40%	60%	100%
3. Lighting retrofit rollout	20%	40%	70%	80%

(1) The current fitting of meters is rolling out in the South African stores



12. People

12.1 Management approach

Without top-quality people, our business cannot be sustainable. We rely on our dedicated employees to identify and secure top quality fashion brands and merchandise, to execute the Group's strategy and to build our brand through giving our customers excellent service. Employees are also significant shareholders, owning 10.6% of the issued share capital of the Group.

Our sustainability framework ensures we develop a high performance culture in support of national development goals. This includes a focus on diversity and inclusion through our various transformation initiatives. We are committed to a progressive talent management strategy focused on attracting, developing, rewarding and recognising the required capabilities and competencies to drive a high performance organisation. Our human resources practices, policies and objectives are aligned to the organisation's strategic goals through an integrated performance management, skills development, employment equity, remuneration and benefits programme.

In executing its mandate, the unit in 2015 switched over to the Centre of Excellence (CoE) in support of embedding sustainable transformation into the business. Below is the detailed overview of the model and the services offered.

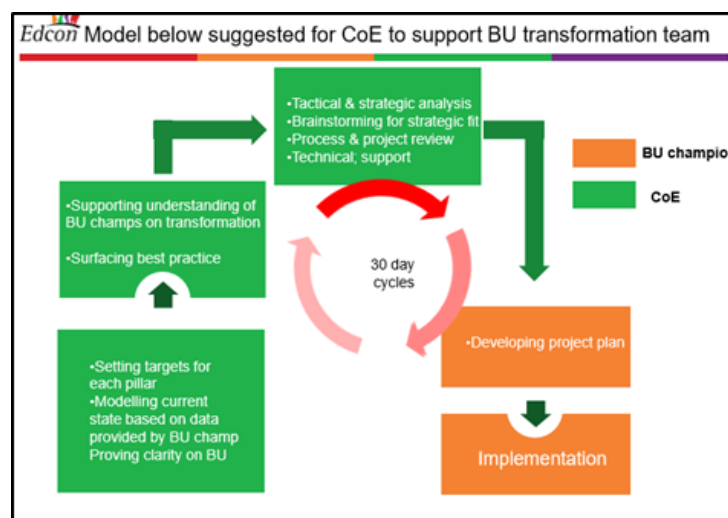


Table 8: Business unit operating model

12.2 Objectives

In driving Transformation, one of the key tools at the disposal of business is the measurement of Employment Equity (EE). A three-year employment equity plan is devised by the organisation as per requirement of the Department of Labour in response to the challenges and opportunities for Edcon to create not only an equitable work environment but contribute to the meaningful transformation of the retail sector.

The objectives of the 2015 - 2018 Edcon Employment Equity (EE) plan include the following:^{xiii}

- Prioritise equity at top and senior management levels through the talent management strategy and ensuring women are represented.
- Talent retention especially EE candidates
- Empowerment of disabled employees
- Addressing gender equity

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	2	0	1	0	0	1	0	4	1	9
Senior management	13	16	20	52	9	6	16	51	11	3	197
Professionally qualified and experienced specialists and mid-management	620	124	166	102	671	272	191	211	13	12	2382
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	792	118	64	11	1545	337	137	32	2	5	3043
Semi-skilled and discretionary decision making	7188	396	206	9	19594	1528	364	55	16	29	29385
Unskilled and defined decision making	0	1	0	0	0	0	0	0	0	0	1
TOTAL PERMANENT	8613	657	456	175	21819	2143	709	349	46	50	35017
Temporary employees	5	0	0	0	12	2	0	1	0	0	20
GRAND TOTAL	8618	657	456	175	21831	2145	709	350	46	50	35037

Table 9: Edcon workforce demographic profile –Dept of Labour submission, January 2017

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	2	1	0	0	1	0	0	4
Professionally qualified and experienced specialists and mid-management	2	1	5	2	1	1	0	4	0	0	16
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	6	0	0	1	2	2	2	1	0	0	14
Semi-skilled and discretionary decision making	54	4	2	2	39	4	0	3	0	0	108
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	0
TOTAL PERMANENT	62	5	7	7	43	7	2	9	0	0	142
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	62	5	7	7	43	7	2	9	0	0	142

Table 10: Edcon disability demographic profile- Dept of Labour submission, January 2017

12.3 Skills Development /Training

Skills development at Edcon aims to:

- Provide learning and career development opportunities for all our employees.
- Ensure a sustainable supply of talent to meet current and future business needs.
- Develop learning and career paths for critical and scarce skills.
- Design and implement flagship skills development programs aligned to the group talent and resourcing plan and defined capabilities.
- Support Edcon's Transformation agenda, thus improving our BBBEE rating on skills development for Edcon.
- Ensure compliance with Skills Development legislation, such as Workplace Skills Plan (WSP), Annual Training Report (ATR), Pivotal Planning, etc.

- Maintain Edcon's accreditation as a Private Training Provider.
- Lead and influence the W&RSETA regarding the retail sector, environment and skills needs
- Position Edcon as the leader in retail skills development
- Leverage Skills development opportunities in positioning Edcon as the Employer of Choice
- Forge strategic partnerships with the external market to compete for the best available talent in the retail industry, in partnership with HET Institutions (universities & colleges)

12.3.1 Functional skills

Edcon spending on functional skills as of December 2016 is apportioned towards women employees, which is in line with the strategic objectives of the organisation.

Total Spend	Number	Expenditure
Male	46 238	R 32 000 315,00
Female	120900	R 86 689 520,00

12.3.2 Learnerships and internships

The importance of addressing critical skills is that this focuses attention on some of the areas of transformation that Edcon and the sector is required to develop.

Critical Roles	Learning Programme	SETA funded
Buyers & Planners	Merchandising Development Programme NQF 5	26
People with Disabilities (PWD)	Retail Ops Learnership NQF 3	15
Retail Associate	OMDP (Retail Operations Learnership NQF 4)	37
Retail First Line Managers	Management in Action NQF 4	23
Retail Associate	Internship – 12 months	24
Retail Associate	Internship 6 months	15
Retail Associate	FET N6 - Internship 18 months	102
Corporate Head Office	HET Degree - Internship 12 months	48
TOTAL		290

12.3.3 Academic programmes

Learning Programme	SETA funded	Edcon Funded
Masters – NQF 9	3	7
Degree – NQF 8		2
Degree – NQF 7	29	
National Diploma – NQF 6	14	
National Diploma – NQF 5	12	
National Diploma – NQF		12
TOTAL	58	21

12.3.4 International leadership programmes

Programme	Number	Spend
International Leadership Development Programme - ILDP	1	R 300 000
Retail Management Development Programme - RMDP	0	0
Insights Profiles	156	R 1 694 800
Executive Coaching	42	R 2 268 000
Group Coaching	23	R 115 000

12.4 Ethical behaviour

Edcon fully supports the rights of its employees, customers, and the community as a whole. Edcon has put several processes/policies in place to facilitate these rights, as well complying with Government Legislature.

There is an Employee 'Rights Handbook' that clearly stimulates the rights of the employee. This handbook is given to all new Employees, and is readily available in all our stores, facilities, offices and on our intranet. We have suggestion boxes and a customer call-centre available throughout our business for employees and customers to voice their opinions. The Employee Relations Department addresses all injustices/grievances and is committed to complying with and supporting all constitutional rights, which apply, to its relationships with employees and the interactions between employees. This department helps ensure that a good working environment is created within the workplace amongst employees.

The HR Policies are designed with the intention to support and ensure the rights and dignity of Employees.^{xiv}

The employee relations and wellness department provides a confidential, impartial process, which facilitates fair resolutions to specific complaints that remain unresolved by the normal process. The Edcon team will endeavour to resolve disputes or assist in solution referral. The ER department provides confidential assistance and protects individuals from improper or unfair treatment. ER acts as a source of information, referral, and is impartial to both sides of the dispute. ER assists in the resolution of disputes for petitioners.

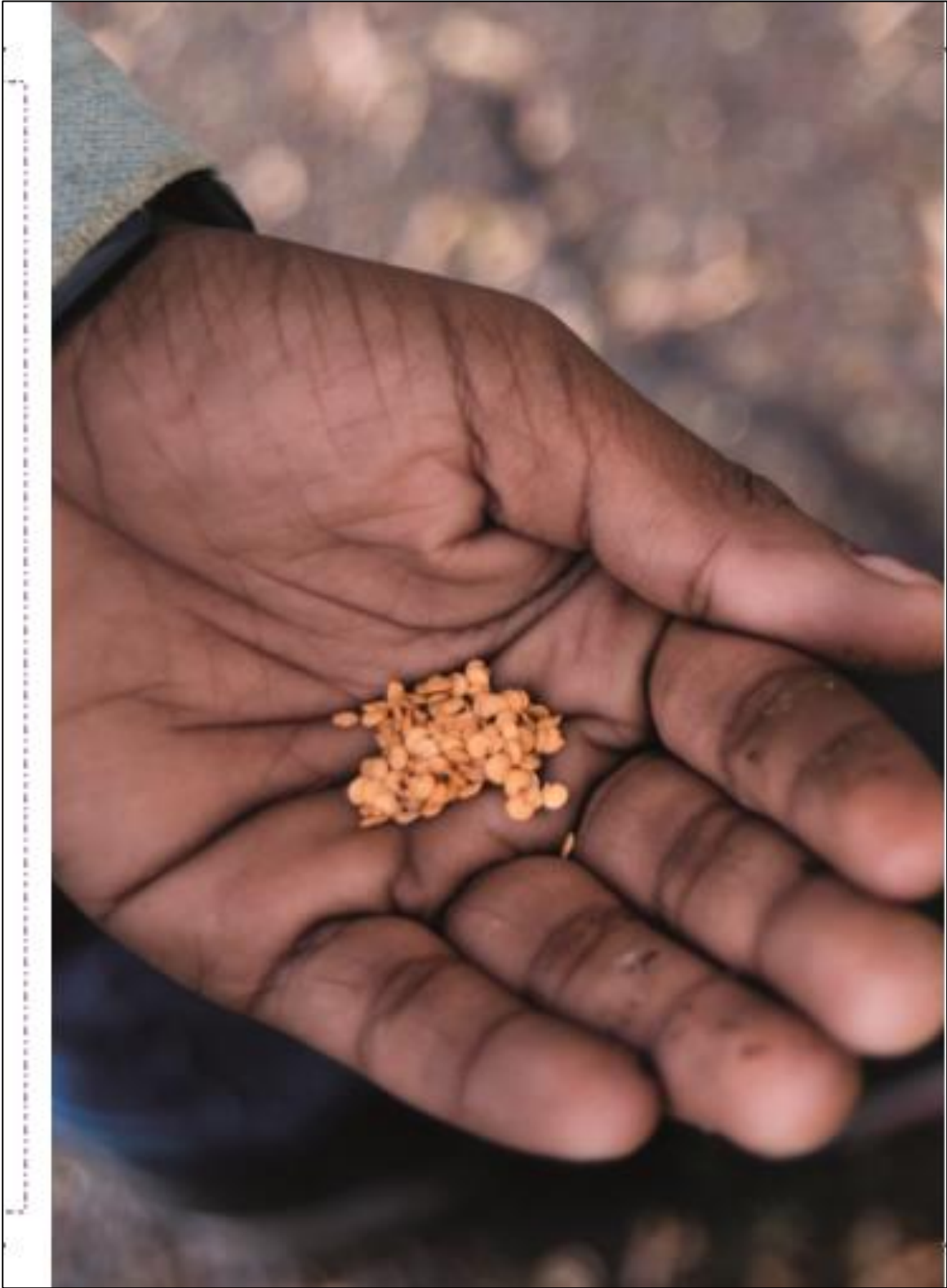
The interests and rights of all parties who might be involved are taken into account. The ER office is committed to receiving and managing employee complaints, in a sensitive, impartial and prompt manner. The ER operates on the authority of the CEO. The office of the ER reports to the Chief HR & Transformation Officer. Honouring the value Edcon places on human rights at the end of the 2015, Edcon has placed individual manager accountability for promoting human rights at each chain level.

12.5 Employee communications

- The EE report is displayed in the organisation for any employee to view, not only is this prescribed by the Labour Relations Act but it ensures that with the new CoE model, business units began to engage robustly on the issues.
- The employment equity forum has representative from various business areas and labour representatives. These representatives' feedback to the various employee groups as mandated.
- Any pertinent information is transmitted via the Edcon newsletter

Strategic projects, commitments, and progress to date

Commitment	2015	2016	2017
1. Gender management strategy	Baseline and mainstreaming	Awareness training	implementation
2. Gender policy development	Baseline and mainstreaming	Training/awareness	Policy final
3. Disability management strategy	Baseline and mainstreaming	5 provinces training conducted	4 province training



13. Social performance

13.1 Management approach

Edcon acknowledges that environmental, social, governance issues have an impact on operations and similarly, the Group's activities have an impact on the environment and society in which it operates. We understand that failing to address issues of non-financial sustainability ultimately affects our business through challenges that may include escalating utility costs, declining staff productivity, regulatory fines or reputational damage. We are involved in a number of social and environmental initiatives where we aim to enhance the communities in which we trade and build a more sustainable future. Our sustainability focus areas are based on the understanding that a sustainability strategy helps the Group innovate to drive competitiveness in a rapidly changing market.

The responsibility towards the development and upliftment of its communities, while pursuing its business objectives and is committed to contributing towards making a sustainable difference. Corporate Social Investment is an integral part of Edcon's transformation strategy and the Group is committed to making a positive, impactful and sustainable contribution in society.

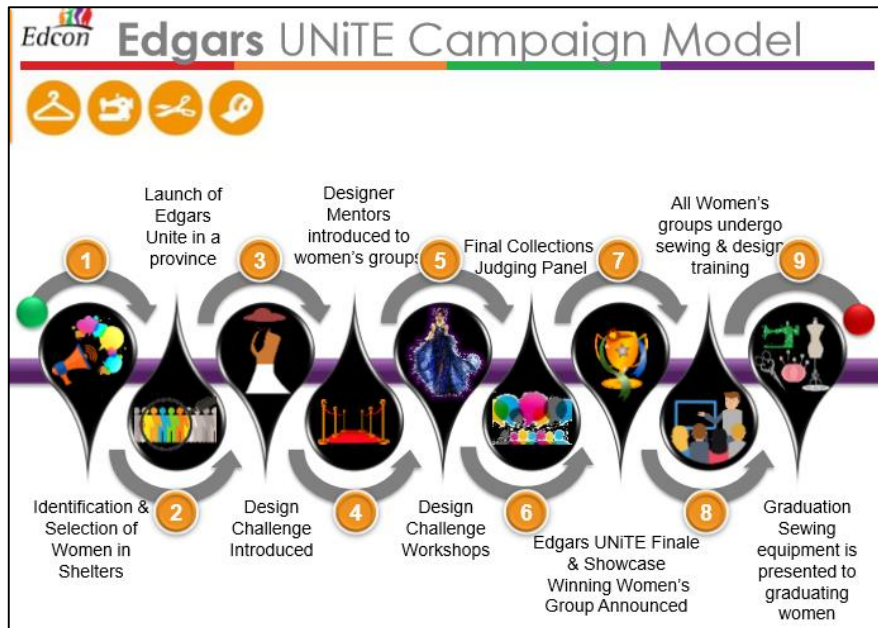
13.2 Strategic Focus Area

Our Corporate Social Investment programme is driven strategically in alignment with the CoE model. Embedding sustainable practices into the business is critical and underpins vertical and horizontal integration in the business strategy.



13.2.1 Edgars Unite Orange Day Campaign

The Edgars Unite campaign is implemented in support of the UN UNiTE Campaign to create awareness on violence against women and girls and being rolled out nationally by Edcon. Edgars Unite not only underpins the importance of women empowerment against gender-based violence, but also addresses a new supplier base into the business through its integrated skills and enterprise development framework.



The programme is a partnership with provincial departments of Social Development in the provinces with staggered rollout. The programme forms part of Edcon’s 2020 commitments to the UN Women HeforShe campaign and our CEO, Bernie Brookes has championed the project in addition to his role as a HeforShe Thematic Champion. Edgars Unite seeks to interpret key aspects of the drivers of gender-based violence through an integrated model that drives awareness, while also empowerment women survivors of gender based violence through accredited skills training in sewing and fashion design.

Edgars Unite will also form part of Edcon’s Sustainable Cotton Cluster initiatives in the future, integrating the manufacturing elements for the benefit of the women participating in the campaign. This will tie in with the organisation’s enterprise development and the growth of home grown suppliers for a localised supply chain.

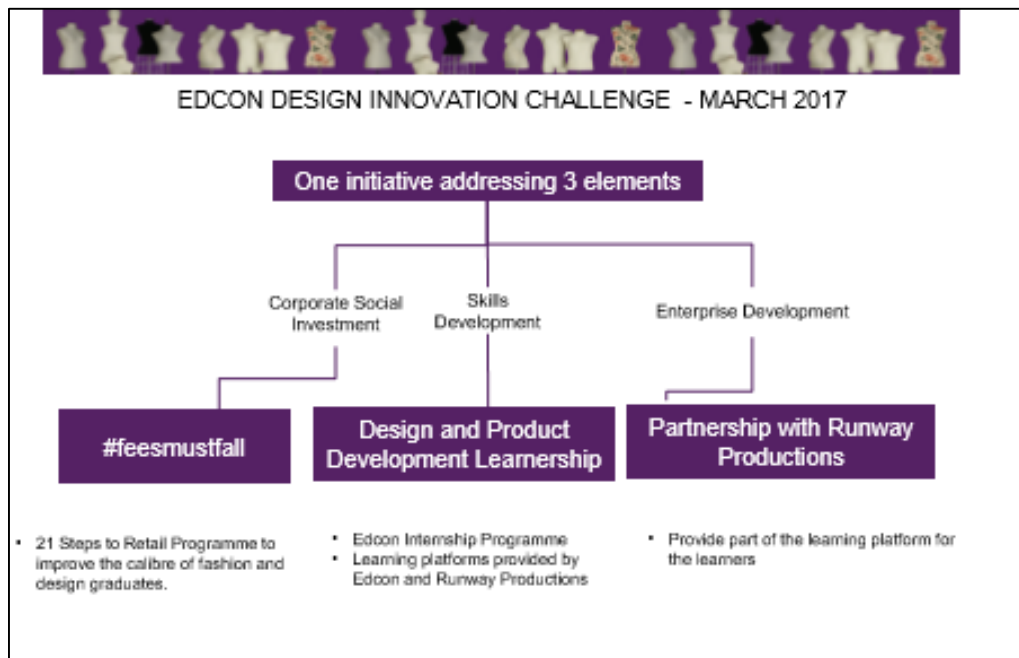


Table 11: Edgars Orange Unite accredited training

13.2.2 Edcon Design Innovation Challenge

The increasing trend away from global brands to locally sourced product requires Edcon to start building a pipeline of young emerging designers, strengthening customer proximity, reducing stock, and increasing product momentum.

The Edcon Design Innovation challenge takes a two-pronged approach - utilising the experiential one-year internship that all fashion design students need to undertake with the absorption required by the retail industry. In Edcon's benefit, this adds to the skills intake and addressing critical skills shortage in the business. Further, the absorption of interns enhances BBBEE compliance.



13.2.3 Disability support

One of the successful initiatives supported by Edcon is the Casual Day campaign, an annual national fundraising and disability awareness initiative of the National Council for Persons with Disabilities that supports disability organisations in South Africa.

Edcon has championed the campaign as anchor sponsor since 2013, using our expansive store footprint in South Africa to gunner customer support and raising over R12million in customer donations. A 40% allocation from the funds raised by Edcon stores is earmarked for donations towards skills training, enterprise development, basic education, mobility devices, etc. to organisations for persons with disabilities co-selected by Edcon and the National Council for Persons with Disabilities

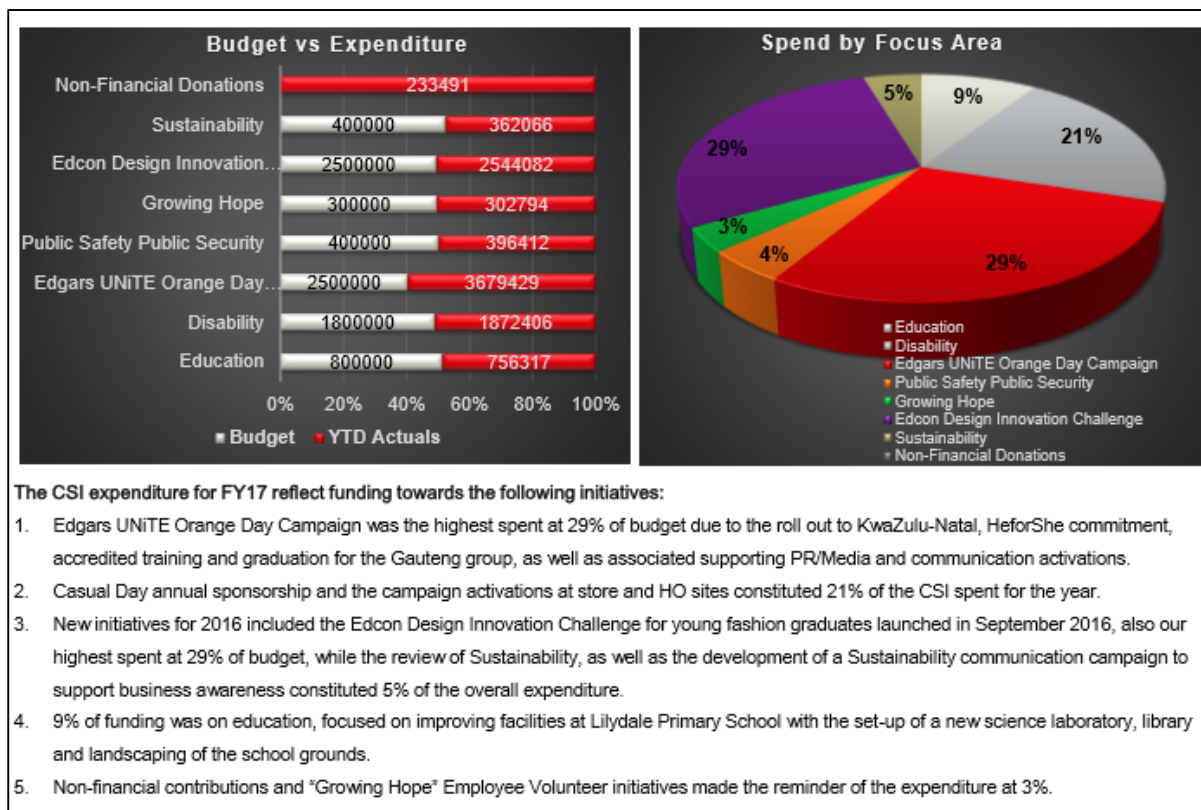
13.2.4 Edcon Growing Hope Programme – employer volunteerism

Employee engagement through volunteer actions improves employee motivation and retention, while enhancing stakeholder and customer relations and building brand loyalty.

Edcon's objectives, policy and volunteerism approach leverages employee involvement to social and business objectives to enhance bottom up involvement in transformation - encouraging staff involvement in local charities, community projects and voluntary organisations.

13.3 The level of social responsibility donations

Despite the financial challenges, funding commitments are managed closely as most are multiyear as opposed to yearly.



Strategic commitments and progress to date

Commitment	2015	2016	2017
1. Orange Unite provincial rollout	Gauteng	KwaZulu-Natal	Western Cape
2. Design Innovation Challenge	Approved business case	15 graduates placed	tbc
3 Increase volunteering - Casual day (sales plus sponsorship	R4.5m	R4.9m	R5.5m

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- ⁱ Annual Report. Edcon Holdings Limited. For the 52 weeks ended 26 March 2016. www.edcon.co.za
- ⁱⁱ Source: <http://www.edcon.co.za>
- ⁱⁱⁱ Source : <http://www.edcon.co.za>
- ^{iv} Interview: Elelwane Pahlana 12/5/2017. Additional resources: Transformation –new way to work presentation and Transformation overview –April 2017.
- ^v Edcon website - governance section. www.edcon.co.za
- ^{vi} Edcon website - sourcing section. www.edcon.co.za
- ^{vii} Source: <http://cottonsa.org.za/sustainable-cotton-cluster/the-south-african-context/>
- ^{viii} Interview: Seelan Gounden. Sourcing Specialist. 23/5/2017
- ^{ix} Interview: Dawid Deetlefs and Paulina Urban. Sourcing Department. 22/5/2017
- ^x Interview: Mmathebe Zwobo. Executive-E9999nterprise and Supplier Development 13/5/2017
- ^{xi} Edcon website-environment section. www.edcon.co.za
- ^{xii} RMS management report. July 2016. Supplied by Mark Ferreira- Facilities
- ^{xiii} Employment Equity Plan: Edcon (Pty) Ltd 1 April 2015- 31 march 2018
- ^{xiv} Edcon COP draft