

EDCON United Nations Global Compact (UNGCC) Communication of Progress (COP)

The report covers the period 01 April 2018 ending 31 March 2019

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
1. Business should support and respect the protection of internationally acclaimed human rights.	EC7; LA2, LA13-14, HR1 -4, SO5
2. Businesses should make sure that they are not complicit in human rights abuses.	HR 1-9, SO5
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	LA4-5, HR1-3, HR5, SO5
4. Businesses should uphold the elimination of all forms of forced and compulsory labour.	HR1-3, HR7, SO5
5. Businesses should uphold the effective abolition of child labour.	HR1-3, HR6, SO5
6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	EC7, LA2, LA13-14, HR1-4, SO5
7. Businesses should support a precautionary approach to environmental challenges.	EC2, EN18, EN26, EN30, SO5
8. Businesses should undertake initiatives to promote greater environmental responsibility.	EN1-30, SO5, PR3-4
9. Businesses should encourage the development and diffusion of environmentally friendly technologies	EN2, EN5-7, EN10, EN18, EN26-27, EN30, SO5
10. Businesses should work against corruption in all its forms, including extortion and bribery.	SO2-6
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

Contact person:

Mercia Maserumule

Title: Executive: CSI & Sustainability - Transformation, Edcon

Telephone: +2711 495 6000

Email: MMaserumule@edcon.co.za

TABLE OF FIGURES

FIGURE 1: EDCON KEY RISKS
FIGURE 2: EDCON RISK MANAGEMENT PROCESS
FIGURE 3: BOARD GOVERNANCE & COMMITTEES
FIGURE 4: EDCON MANAGEMENT TEAM
FIGURE 5: EDCON'S CIRCULAR ECONOMY
FIGURE 6: EDGARS UNITE PROJECT IMPACT 2016 -2018
FIGURE 7: EDGARS UNITE PROJECT IMPACT 2018

TABLE 1: EDCON STAKEHOLDER CATEGORIES.....	7
TABLE 2: ETHICS OFFICERS TRAINING STATUS.....	11
TABLE 3:PROGRESS REPRESENTATION METER INSTALLATION,RMS ENERGY REPORT, MARCH 2019... 2Error! BOOKMARK NOT DEFINED.	
TABLE 4: ENERGY REDUCTION, RMS ENERGY REPORT, MARCH 2019.....	22
TABLE 5: CUMULATIVE ENERGY CONSUMPTION, RMS ENERGY REPORT, MARCH 2019.....	22
TABLE 6: 2018 EDCON R22 REPORT, RMS REPORT MARCH 2018.....	23
TABLE 7: THE DESIGNS INNOVATION CHALLENGE IMPACT: 2016 -2019.....	30

TABLE OF CONTENT

1. ORGANISATIONAL PROFILE.....	3
2. CHIEF EXECUTIVE OFFICER STATEMENT	7
3. GOVERNANCE	8
4. RESPONSIBLE SOURCING.....	15
5. ENVIRONMENTAL PERFORMANCE	19
6. PEOPLE.....	24
7. CORPORATE SOCIAL INVESTMENT	27

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 public unlisted company incorporated under the Companies Act. The company delisted from the Johannesburg Stock Exchange in 2007.

1.2 Employee Profile

Edcon Holdings Limited has approximately 40 000, employees across Africa.

1.3 Collective Bargaining Agreements

A recognition collective bargaining agreement was reached with the South African Commercial, Catering and Allied Workers Union (SACCAWU) in 2008 and a two-year wage collective bargaining agreement was reached in May 2017. A new two-year collective bargaining wage agreement was reached with SACCAWU in 2019 for the period 2019 – 2021.

1.4 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. The company has been in operation for 89 years and has expanded its footprint to 1194 stores and operates its business under four principal divisions throughout southern Africa and Ghana. This is inclusive of 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 goalsⁱⁱ.

1.5 Membership of Associations

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

- Proudly South African
- United Nations Global Compact (UNGC)
- SA Textiles Cluster
- SA Cotton Cluster (Cotton SA)
- NEDLAC
- BUSA
- UN HeforShe

1.6 Edcon Brandsⁱⁱⁱ

During the reporting period, Edcon operated its business under three principal operating divisions comprising nine key store brands, as well as mono-branded stores throughout southern Africa namely; the Edgars division, the Discount division and CNA division. The Edgars division included: Edgars and the Group's mono-branded stores, serves principally middle and upper income markets. Jet division includes serves principally middle to lower income markets and the CNA division is the Group's stationery, books, games, movies, hi-tech electronics and mobile retailer.

The Edcon Credit and Financial Services provides credit and insurance products to the Group's customers. Through the I "Thank U" loyalty programme, Edcon now has the largest retail customer database in South Africa, with more than 12 million customers (are these the latest figures), which enables it to provide customers with relevant offers across its suite of retail and financial services products; this programme includes all mono-branded stores in South Africa.

1.6.1 EDGARS DIVISION

EDGARS 

Edgars is South Africa's leading department store offering a wide variety of Fashion, Beauty and Homeware. Showcasing a portfolio of desired and recognisable international and local brands, Edgars enables South African to express themselves for all occasions. Edgars operates with 280 stores in South Africa and neighbouring countries with an average retail space of 703 000 square metres.

1.6.2. JET DIVISION



Jet addresses the lifestyle needs of the value conscious customer in clothing, home and beauty without compromising aspirations. Jet operates with 731 stores in South Africa and neighbouring countries with an average retail space of 604 000 square metres.


1.6.3. CNA DIVISION



CNA is a stationery store that offers a premium range of stationery, arts & craft lines, gifting solutions, interesting reads and much more.

CNA operates with 183 stores in South Africa with an average retail space of 64 000 square metres

1.6.4. THANK UDIGITAL DIVISION

	<p>Thank U Digital has 14 million cardholders, comprising thank U Insurance, thank U Credit, and thank U Loyalty and Rewards – is one of South Africa's largest customer-relationship programmes. The division is focused on enhancing the customer journey through convenient, personalise access to goods, services, credit and financial services through a variety of physical and digital sales channels. It includes the loyalty programme, “thank U”, which is one of the largest rewards programmes in sub-Saharan Africa.</p>
---	--

Source: Edcon website, www.edcon.co.za

1.8. 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

Twice per annum, DRMC representatives are requested to review and update their respective areas' top risks as per the Groups Risk Management Cycle.

Figure 1: Edcon key risks as at Dec 2018

The risk issues are managed and mitigated proactively with the business^{iv}.

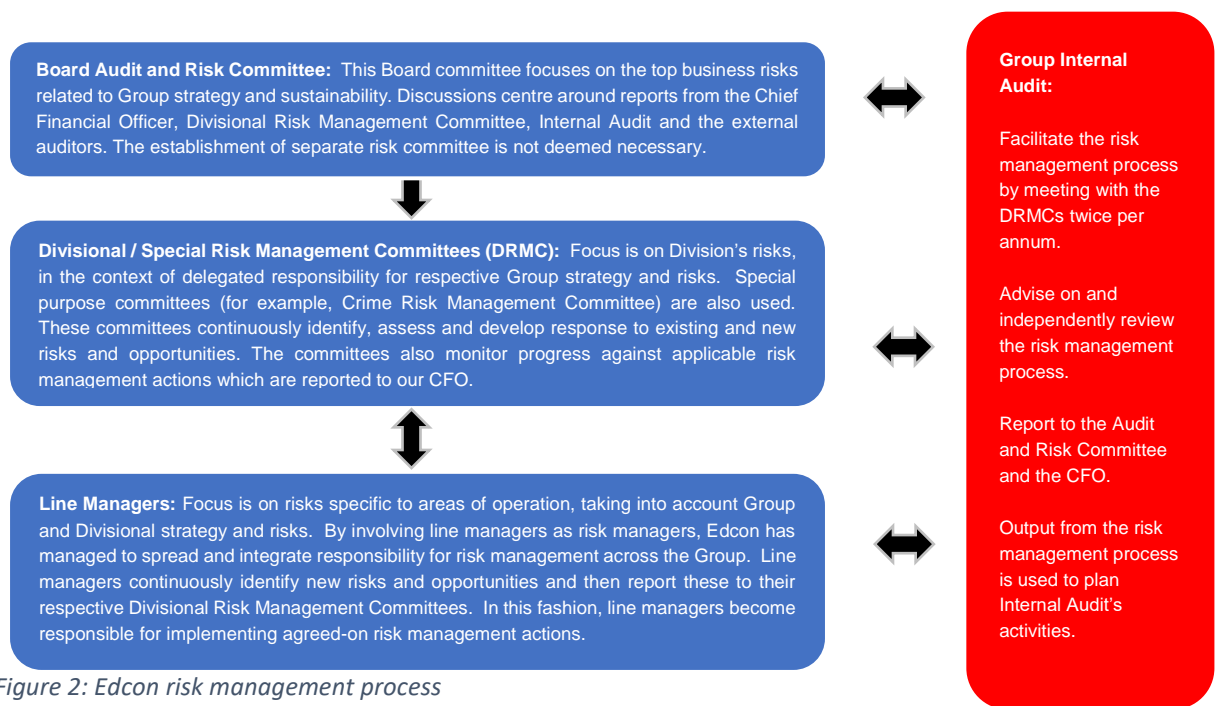


Figure 2: Edcon risk management process

1.10. Stakeholder Engagement

Edcon 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 categories:

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	<ul style="list-style-type: none"> • Newsletter • Town hall • Online communications
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
8. Customers	Lower, middle & upper income groups	Ongoing customer engagements	Club magazines, in-store radio, online platforms, TV, radio & print media

Table 1: Edcon Stakeholder Categories

2. CHIEF EXECUTIVE OFFICER STATEMENT



EDCON LIMITED

T: +27 (0) 11 495 6000
P.O.Box 100, Crown Mines, 2025
Edgardale, 1 Press Avenue, Crown Mines, Johannesburg, 2025
www.edcon.co.za

September 2019

Chief Executive Officer 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. The importance of transparency and accountability is at the cornerstone of the 10 principles. The ten principles are thus closely monitored by the Social and Ethics Committee as stipulated in the New Companies Act.

The role of ethics is central to Edcon's commitment to the 10 principles and the appointment of the Chief Ethics Officer and institutional rollout of ethic officers at all the operating divisions is an important process for accountability.

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 Nations 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.

Grant Pattison
Chief Executive Officer & Managing Director

EDGARS | JET | CNA

Chief Executive Officer: G.M. Pattison | Director: R. Vaughn | Group Secretary: C.M. Vakis
Edcon Limited | Registration No. 2007/003525/06 | Credit Provider Number: NCRCPe2

WHERE SUSTAINABILITY GOVERNS

GOVERNANCE

Like the seam that binds fabric together, so does corporate governance. Our business embeds our vision and values to promote the long-term interests of our people, customers, communities, environment and shareholders. We stitch together a sustainable future.

3. GOVERNANCE

Edcon is committed to a transparent governance process that provides stakeholders with a high degree of confidence that the Group is being managed ethically, within prudent risk parameters and in compliance with legal and regulatory requirements as well as international best practice. The board considers sound corporate governance as pivotal to delivering responsible and sustainable growth in the interests of all stakeholders. While the board is satisfied with its level of compliance with applicable governance and regulatory requirements, it recognizes that its practices can be improved and accordingly continues to review the Group’s governance framework against best practice and changing regulation.

3.1.1. Board Governance and Committees

Edcon has a unitary board structure comprising 11 directors: three executive directors and eight non-executive directors, four of whom are independent. Although half of our non-executive directors are not independent, as recommended by King III, as they represent the majority shareholder, the board is satisfied that the balance of power and objectivity of the board is sufficient. In line with best practice, the roles of chairman and chief executive officer are separate^v.

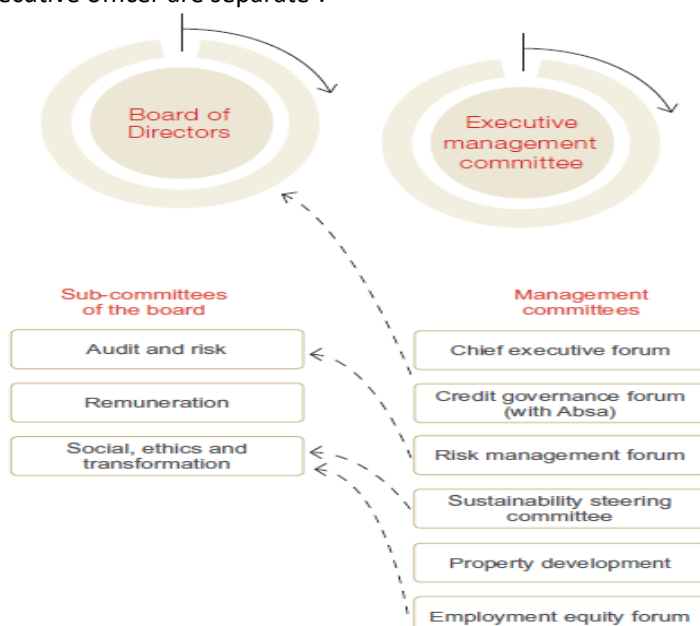


Figure 3: Board governance & committees

The Edcon board has been elected and appointed by the shareholders. The board structure comprises of 11 directors: three executive directors and eight non-executive directors, four of whom are independent. The board has delegated authority for the day-to-day affairs of the Group to the Executive Management Team, 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 direction, corporate governance and performance;
- Ensures ethical behaviour and compliance with relevant laws and regulations, audit and accounting principles and 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.

3.1.2. Risk Management

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 bi - annually at a board meeting. The board supports the following risk management plan structure that management has developed and maintains on an ongoing basis.

3.1.3. The Social, Ethics and Transformation Committee (SETC)

The Social, Ethics and Transformation Committee (SETC) meets twice per annum to monitor the company's activities regarding governance, 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. The committee also reviews and evaluates the group's progress on transformation, with specific reference to the five pillars outlined in the Revised Codes of Good Practise of the Broad Based Black Economic Empowerment, 2013 (the "B-BBEE Act"). The Social, Ethics and Transformation Committee also has oversight on the conflict of interest in the organisation.

3.1.4. Ethics Committee

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 role of the Ethics Officer has taken a key central role with the appointment of a Chief Ethics officer and the team has taken to capacitate themselves with training.

Name of Ethics Officer	Area Responsible	Training Date	Comments
Phuti Kgare	Chief Ethics Officer for Edcon	27 Nov - 1 Dec 2017	Training Completed and Passed. Await receipt of the formal Ethics Officer Certification: EO 841.
Kiran Kooverjee	Shared Services (HR, Finance, IT, Legal, etc.)	27 Nov - 1 Dec 2017	Training Completed.
Garrett da Silva	Thank U Digital and CNA	27 Nov - 1 Dec 2017	Training Completed.
Yusuf Dinath	Jet (including JetMart and Active)	27 Nov - 1 Dec 2017	Training Completed.
Stanley Govender	Celrose and Eddels Shoes	27 Nov - 1 Dec 2017	Training Completed.
Richard Kornau	Edgars (including Boardmans, Red Square, Kelso, International Brands and ALIVE).	13-17 August 2018	Still to complete his EOCP training
Qamrun Nahar Sohely	Bangladesh	7-11 May 2018	Training Completed.
Lucy Lu	China	7-11 May 2018	Training Completed.

Table 2: Ethics Officers training status

3.2. Board Members

The Edcon board has been elected and appointed by the shareholders. The members provide oversight for Edcon's strategic, financial, operational and governance activities to ensure the Group is managed and operated in terms of defined and agreed corporate management policies, and to provide guidance on strategic company issues.

The appointed board members are tabled below. Although half of the non-executive directors are not independent, as recommended by King III, as they represent the majority shareholder, the board is satisfied that the balance of power and objectivity of the board is sufficient. In line with best practice, the roles of chairman and chief executive officer are separate^{vi}.



**GARETH PENNY
(NON-EXECUTIVE CHAIRMAN)**

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.



GRANT PATTISON
EXECUTIVE DIRECTOR

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 Massdiscounters, 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.

Grant joined Edcon as Chief Operating Officer / CEO designate on 5 June 2017, joining Edcon's Executive Management Group. Grant was appointed as CEO in January 2018.



RHIDWAAN GASANT

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

Daphne obtained her Master of Business Administration in 1996, a Baccalaureus 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



KEITH WARBURTON

After qualifying as a Chartered Accountant, Keith started his business career at an audit firm, after which he embarked on a broad 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.



MATTHEW TURNER

Matthew Turner has served in senior leadership capacities for a number of companies. He has been operating in the financial, industrial and investment arenas for over 25 years. He has held a number of significant positions including International Head of Global Private Equity at Bank of America Merrill Lynch, designate CEO of Kaupthing Bank overseeing the successful restructuring post the financial collapse in Iceland and was also an investment director at Prudential. He has also served on the Boards of a number of companies across all sectors globally including Loyalty Partner, the preeminent loyalty marketing database in Europe and Veda, the leading Asia/Pacific Credit Bureau and currently serves on a number of Boards of fashion retail businesses.

3.3. Executive Management Group

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^{vii}.

<p>GRANT PATTISON CHIEF EXECUTIVE OFFICER</p>	<p>MIKE ELLIOTT CHIEF EXECUTIVE: EDGARS</p>	<p>DR URIN FERNDAL CHIEF EXECUTIVE: JET</p>	<p>RICHARD VAUGHAN CHIEF FINANCIAL OFFICER</p>
<p>JASON JACKSON CHIEF SHARED SERVICES OFFICER</p>	<p>SIBUSISO NKABINDE CHIEF INFORMATION OFFICER</p>	<p>JANE CANNY CHIEF EXECUTIVE: THANKU DIGITAL</p>	<p>CHARLES VIKISI CHIEF LEGAL COUNSEL AND GROUP SECRETARY</p>

Figure 4: Edcon Executive Management Team, Source: www.edcon.co.za

3.4. Corporate Sustainability & Transformation in the organisation

The function for corporate sustainability and transformation agenda sits with the Divisional Executive - Group Transformation and Government Relations reporting directly to the Chief Operations Officer.

Management approach

The Transformation Department strategy is based on a decentralised model and served as a centre of excellence (CoE) where the Broad Based Black Economic Empowerment (B-BBEE) scorecard compliance is means to embedding measurable and sustainable transformation within the business. The transformation progress, plans and strategies for Transformation, Enterprise and Supplier Development, Sustainability and Corporate Social Investment for 2018 to 2020 were presented and approved by the Social, Ethics and Transformation Committee (SETC) of Edcon.

The CoE goal is to design, develop, drive, manage, maintain and monitor Edcon's overall transformation implementation. The overall objective is to ensure that the operating divisions support the socio-economic transformation of the business and ultimately the sector, by offering services to the business on best practice implementation.

Strategic projects and commitments and progress to date

Commitment	2016	2017(2)	2018
1. CoE model implementation	100% training throughout business units	% BU transformation forum meetings held	<i>Realign CoE offering with new business model</i>
2.			
3. (1) BBBEE scorecard	Level 5 (RCoGP ¹)	Level 4 (RCoGP)	<i>Level 6 (RCoGP)</i>

(1) The Transformation department has prioritised the following areas as critical in improving the overall Edcon strategic imperatives:

- a) **Management Control** - through equity reconfiguration
- b) **Employment Equity** - promote equal opportunity and fair treatment of employment practices and ensure equitable representation in all occupational levels of the workforce, including a focus on the empowerment of black female employees.
- c) **Skills Development** – expansion of skills development programmes for previously disadvantaged employees and internships, inclusive of Persons with Disabilities, unemployed people and in particular absorption of leaner/intern candidates.
- d) **Employee Involvement** - involve employees in transformation through active debate, training & participation.
- e) **Enterprise and Supplier Development** - support the development of entrepreneurs in clothing retail through the Textiles Cluster and extensive localisation programmes through training, capacitating, lab testing, marketing and facilitating working capital.

Localisation and Preferential Procurement – source new SMEs into the Edcon Supply Chain pipeline to increase the use of local and regional suppliers through a centralised procurement approach. Facilitate the transformation of current strategic suppliers in terms of black ownership and/or black women ownership by procuring from suppliers with strong contributions to B-BBEE, including the development of 51% black owned and black woman owned small suppliers.

¹ RCoGP- (Revised) Codes of Good Practice

Progress note on 2018 targets:

- 100% Business divisions' transformation meetings occurred throughout the organisation.
- Edcon achieved B-BBEE level 6, based on the new Revised Codes of Good Practice due to company ownership restructuring in comparison to the 2017 assessment.

2019 Outlook:

- 1. Implemented a decentralised federal model that focuses on productivity and profitability of the core divisions namely; Edgars, Jet and, CNA**
- 2. Launched of new organisational values**
- 3. Implemented the new organisational marketing corporate identity with revamped logo**
- 4. Implemented a talent management initiative led by the CEO**



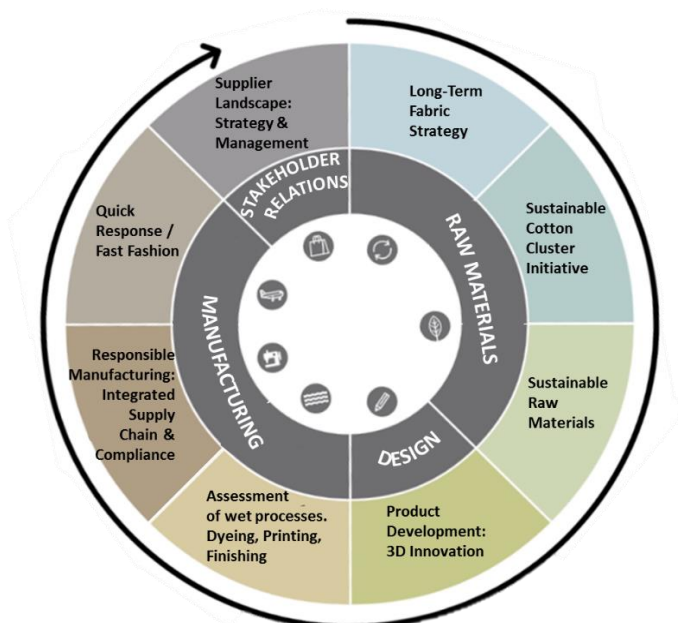
4. Responsible Sourcing

4.1. Management approach

^{vii}Edcon utilises and is driving a decentralised federal model where the operating chains contribute and collaborate in key initiatives, with impact on the clothing textile approach to sourcing and collaborations. Edcon acknowledges its responsibility to use its influence to encourage good environmental, social and governance practices in its 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 also seeks to help to develop the economies in which Edcon’s current and future customers live and work, including the more specific transformation goals such as enterprise and supplier development. Edcon Local manufacturing has increased to 53%.

^{viii}**Commitment to the excellence of products – Unpacking Edcon’s Circular Economy – Closing the Loop**



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



Figure 5: Unpacking Edcon’s Circular Economy

Long-Term Fabric Strategy

Review and identify areas of improvement and differentiation in line with each Operating Divisions value proposition. Standardize qualities on common fabrics and reduce the long fabric tail where possible, while also identifying opportunities for fabric consolidation and fabric cost reductions.

SA Cotton Cluster

Edcon joined the Cluster in 2017 and committed to 600 tons of cotton lint (from SA cotton farmers and it has since increased its commitment to 2200 tons. The aim of the initiative is to implement a fully integrated Supply Chain “**from farm to shelf**”, creating sustainability in the pipeline, reviving the local cotton sector, promoting near sourcing and Quick Response and driving job creation in South Africa.

Sustainable Raw Materials

Long-Term focus to incorporate textiles that allow Edcon to reduce its environmental impact and protect biodiversity, such as organic cotton, which does not require fertilisers or chemical pesticides, and viscose where fibre has originated from wood in forests that are managed in a sustainable way.

Product Development: Fit For Purpose

Fit performance, styling and fabric performance can be analysed upfront on a full size curve and adjustments can be made prior to sampling.

Supplier Landscape: Strategy & Management

Edcon has made significant progress in reducing absolute supplier numbers, shifting more product to Local / Regional vendors and balancing the geo mix over the past 2-3 years.

Quick Response / Fast fashion

Quick Response is the ability of any business to respond quickly to actual consumer demand within a season through a well-planned testing and planning strategy.

Responsible Manufacturing: Integrated supply chain & compliance

Edcon will for the first time be able to rigorously supervise the manufacturing process for our products, from the acquisition of raw materials to the completion of the product ensuring compliance from start to finish through our on-site facility and product audits through to our in-house QA and lab test.

Assessment of wet processes

Edcon is committed to and takes a concerted effort to ensure that the production processes of its items from the selection of the components, to the finished product are completed in a safe and sustainable manner. This requires exhaustive knowledge of the supply chain and complete preparation and supervision of the facilities and the products used. The wet processes include dyeing, printing & finishing.

Preferential Procurement and B-BBEE (South Africa)

The Procurement Policy already includes provision for a set aside of procurement spend with Black Women Owned enterprises, Exempt Micro Enterprises and Qualifying Micro Enterprises (Section 10 of the Procurement Policy). Within the South African context, Edcon fully supports the Broad Based-Black Economic Empowerment (B-B-BEE) codes and encourages the increased participation of black-owned, black-women owned and designated groups in Edcon procurement activities.

Strategic projects, commitments, and progress to date

Commitment	2015	2016	2017	2018	2019
1. (1) Increase local content sourcing	38%	43%	49%	53%	54%
2. (2) SA Cotton Cluster (SACC) Initiative	-	Agreement entered with SCC	600 tons	1600 tons	2200 tons
3. SA Cotton Cluster Initiative		Capacity review of suppliers	1 manufacturer developed	2 manufacturers developed	
4. SA Cotton Cluster Initiative			SA pilot rollout	SADC rollout	
5. Improve local vendor performance		10%	20 %	50%	55%
6. (3) Evaluate all suppliers through internal criteria	100%	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 almost 80% of the Local Regional volume, balance 20% placed with regional vendors (Botswana, Swaziland, Lesotho etc.)^x.
- (2) As Edcon does not manufacture the majority of its own merchandise but instead works closely with a number of suppliers, 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.
- (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 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.

Progress note on 2018 targets:

- The targets for the Sustainable Cotton Cluster exceeded performance. Not only did Edcon attain the target, the 2018 commitment increased to 1600 tons and 2200 in 2019.
- The Chino fabrication by Edcon was the first under the Proudly South African brand to retail.
- Edcon continues with supplier development and screening of suppliers

4.2. Enterprise and Supplier Development (ESD) Approach

The Edcon Enterprise and Supplier Development Programme (Group ESD) operates as a Centre of Excellence (CoE) to the Edcon Divisions to achieve locally sourced and manufactured merchandise and products.

As a Centre of Excellence, Group ESD works in conjunction with the Chain Merchants, Sourcing and Quality Assurance to ensure that Small and Medium Enterprises (SMEs) with the relevant product or service are identified, trained and capacitated to deliver on the Chain's requirements. This is in line with the Group's Definition of Purpose of being a trusted, long-term partner of sourcing competitive local in-country manufactured product of fast fashion.

Edcon is also committed to promoting, accelerating and supporting the development of broad-based black economic empowerment (B-BBEE) compliant suppliers through the way it directs its procurement spending on goods and services, as well as through enterprise development initiatives.

Management approach^{xi}

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 three criteria, a supplier can qualify for enterprise development (ED) or supplier development (SD) assistance, with SD being a longer-term view and based on all the above criteria being 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.

Strategic projects, commitments, and progress to date

	2016	2017	2018	2019
1. Develop 6 local CMT² into Edcon supply chain	1	2	3	
2. Edcon Design Innovation Challenge		5 ladieswear designers' collection sold in Edgars stores	5 menswear designers' sold in Edgars stores	12 design interns 12 employment opportunities created
3. Procurement policy review	BEE Supplier database baseline	Review of policy	Monitoring of BEE expenditure patterns	Monitoring of BEE expenditure patterns

(1) The Edcon Design Innovation Challenge aims to give young /emerging South African designers technical and business acumen and the platform to develop and commercialise their designs. The young designers' merchandise collections are sold in selected stores in the Edgars division, further extending the design innovation challenge into the commercial retail market.

Progress note on 2018 targets:

- A review of the BEE suppliers and total preferential procurement spend.
- The procurement policy sits with Finance and full review will be underway in 2019

2019 Outlook:

1. Sourcing and key priorities are:

- the supplier database
- development of a preferred supplier list
- Implementation of Preferential Procurement throughout the business.

² CMT- Cut, Maker and Trimmer



5. Environmental Performance

5.1. Management approach

Edcon is committed to reducing its resource footprint and thereby managing its impact on the environment and contributing to providing a healthy and safe environment for its employees and customers. As one of South Africa's largest non-food retailers, Edcon recognises that its business has both a direct and an indirect impact on the environment. Some of the direct influences include water and electricity consumption, waste disposal and the choice of merchandise, packaging and services provided. Indirect environmental influences stem from partnerships with suppliers and manufacturers of merchandise and packaging, transport contractors, property developers, landlords of business sites and the communities and projects supported. 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^{xii}.

The energy management programme ensures that the carbon footprint of the organisation is consistently measured through its stores and all locations. The approach adopted to manage the environmental challenges and opportunities is in a prudent and phased manner with the focus 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 effective energy-efficiency measures.

5.2. Meter Installation Progress

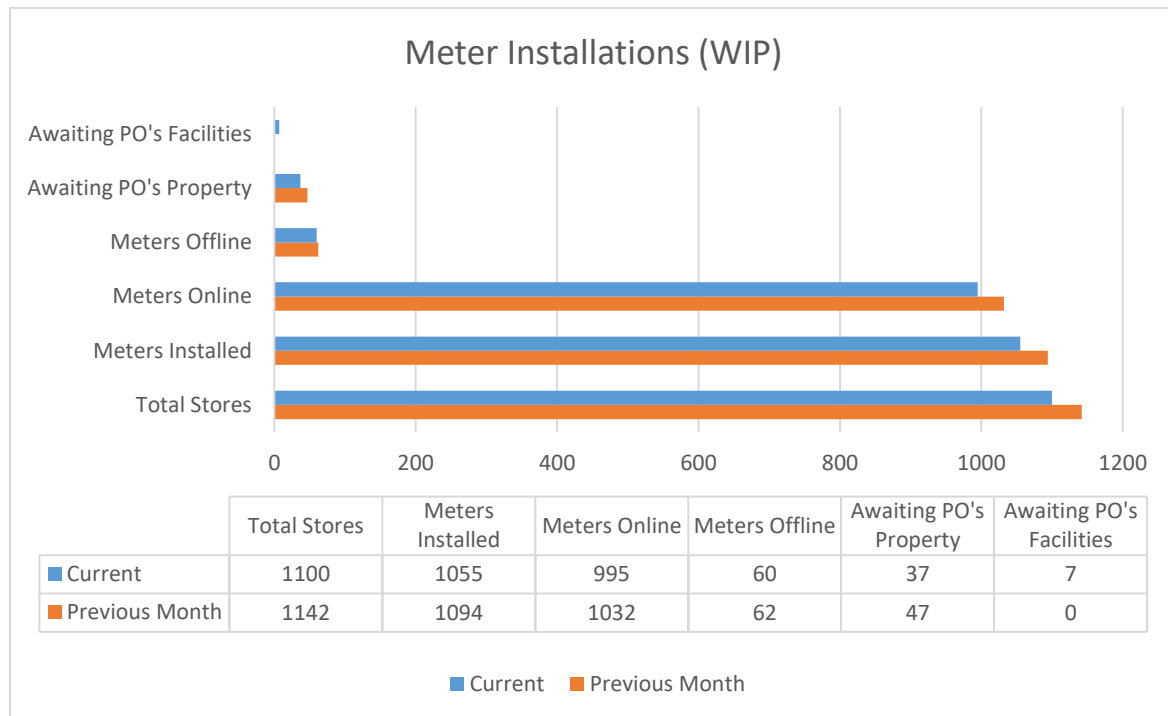


Table 3: Progress representation of meter installation, Source: RMS Energy Report, March 2019

5.3. Energy management

- Edcon instituted a new energy management programme as of the 1st of April 2016. The rising costs of energy and the need to keep up with technology, has seen Edcon seek alternative means of energy conservation.
- The energy management programme constitutes the replacement of old meters for 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 reducing costs, but also cutting down on the carbon footprint.

The methodology being used to ultimately calculate the energy usage is through baseline data and readjustments^{xiii} due to there being no direct way of measuring electricity use savings, as electricity meters cannot measure the absence of electricity use or demand. However, the absence of electricity use or demand can be calculated by comparing measurements of electricity use and/or demand from before and after the implementation of an electricity cost savings measure.

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 and carbon footprint reduction.

Edcon Group Energy Management Reduction: All Edcon

kWh (Kilo-Watt hour)						
	Division 1 (COR) - Total	Division 2 (EDG) - Total	Division 3 (DISC) - Total	Division 4 (CNA) Total	Edcon Total	% inc/dec YoY
Month (FY 2018)						
April	1,898.15	8,409,726.14	6,099,031.61	834,878.50	15,343,636.25	
May	3,967.68	7,888,259.83	5,743,577.80	797,129.32	14,428,966.95	
June	4,457.52	7,219,822.65	5,160,379.63	737,027.92	13,117,230.20	
July	3,981.83	7,247,800.13	5,300,130.30	728,939.28	13,276,869.71	
August	3,545.29	7,354,116.45	5,212,853.89	727,940.16	13,294,910.50	
September	2,003.37	7,857,018.78	5,642,670.45	735,832.15	14,235,521.38	
October	2,152.21	7,996,345.48	5,969,315.34	775,570.16	14,741,230.98	
November	1,755.64	8,437,556.74	6,342,016.20	815,388.72	15,594,961.66	
December	1,567.95	9,134,412.13	7,338,197.48	866,874.91	17,339,484.52	
January	1,829.14	8,953,749.12	6,967,729.30	903,798.49	16,825,276.91	
February	1,675.68	7,907,373.61	6,293,377.00	790,278.60	14,991,029.21	
March	1,817.97	8,487,944.36	6,618,947.55	809,171.27	15,916,063.18	
TOTALS	30,652.43	96,894,125.42	72,688,226.55	9,522,829.48	179,105,181.45	
Month (FY 2019)						
April	2,080.19	7,843,828.41	5,786,412.41	804,461.87	14,434,702.69	-6%
May	3,622.55	7,253,627.00	5,465,516.75	781,555.61	13,500,699.36	-6%
June	4,359.92	6,534,284.92	4,893,475.55	708,761.30	12,136,521.77	-7%
July	5,088.94	6,597,527.16	4,974,554.41	702,872.34	12,274,953.91	-8%
August	2,998.72	6,775,696.01	5,113,290.17	694,892.48	12,583,878.66	-5%
September	2,263.79	7,137,878.22	5,358,080.82	711,845.52	13,207,804.56	-7%
October	2,771.19	7,857,566.92	5,868,600.54	782,185.20	14,508,352.66	-2%
November	3,760.65	8,080,927.64	6,252,479.34	771,849.06	15,105,256.04	-3%
December	3,192.00	9,085,163.35	6,978,680.13	857,131.47	16,920,974.95	-2%
January	3,422.56	8,773,195.78	6,837,353.52	849,021.61	16,459,570.91	-2%
February	3,334.97	7,629,667.44	6,095,767.47	730,105.76	14,455,540.67	-4%
March	2,879.83	8,058,158.50	6,475,624.06	774,916.61	15,308,699.17	-4%
TOTALS	39,775.31	91,627,521.35	70,099,835.17	9,169,598.83	170,896,955.35	
% inc/dec YoY		-5%	-4%	-4%	-5%	-5%

Table 4: Progress on energy reduction, Source: RMS Energy Report, March 2019

Cumulative savings energy management

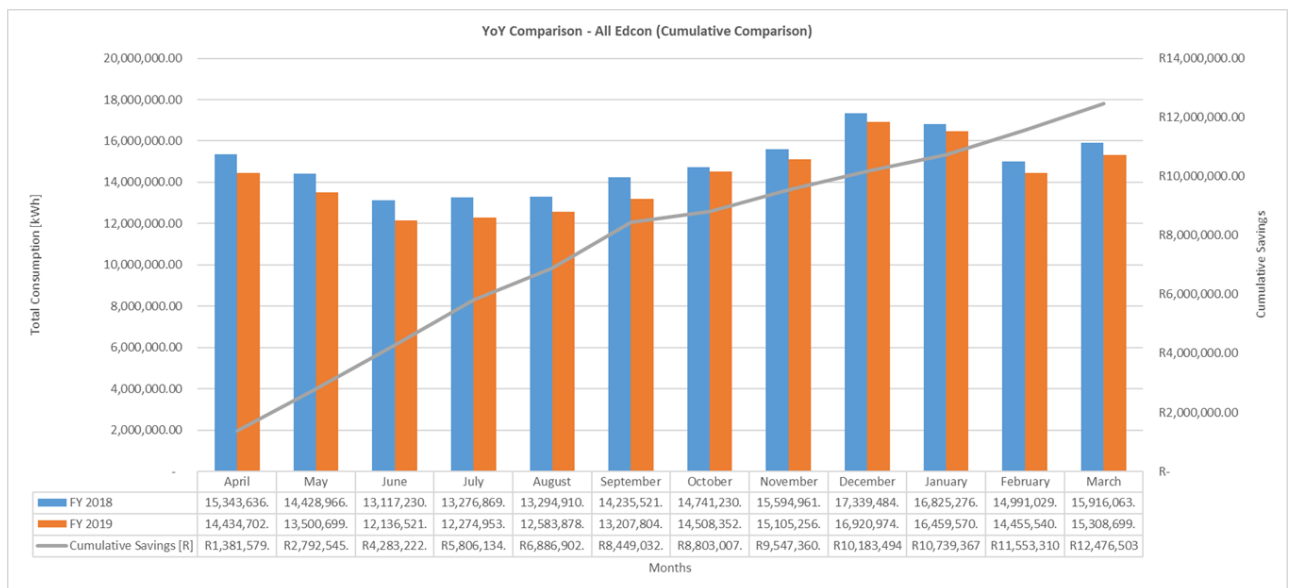


Table 5: Cumulative energy consumption savings, Source: RMS Energy Report, March 2019

5.4. Lighting

- Lighting is the second highest consumption area for Edcon and its facilities department has projects in place for the maintenance and upgrade of its systems, especially in keeping abreast of the latest technology solutions. 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 in areas such as unused meeting rooms, illuminating signage, toilets, etc.

The Building Management System (BMS) switch lights on escalators/lights, etc. The -programme started in 2016 and has generated over R12m savings in Diesel consumption.

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.

5.5. Cooling appliances

Edcon is cognisant of the impact of R22 Gas use in air conditioning units placed in its 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. The following tables below is a report on R22 gas. Information has been supplied to RMS by Edcon^{xiv}:

Division	Branch	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	March	Total
Edgars	Edgars	397.00	355.90	173.60	134.30	252.40	206.90	425.80	286.70	287.50	349.00	478.00	489.80	3,816.70
Discount	Jet	41.00	257.90	189.80	54.60	408.70	237.00	46.70	383.80	443.60	380.80	373.00	309.70	3,126.60
	Jet Mart	139.00	164.80	58.00	9.00	103.90	46.30	76.50	1,309.10	466.00	186.00	324.50	213.40	3,096.50
Specialities	Red Square				5.00		14.00			4.00	18.00			41.00
	C.N.A	6.00		7.50	12.50	18.00	16.00	42.10	70.80	51.00	61.00	4.00	61.50	350.20
	Edgars Active	4.00	36.90	8.00	18.00	48.50	0.50		5.00	84.00	15.00	380.00	5.00	604.90
	Boardmans		16.00											16.00
	Brands													-
Total		587.00	831.50	436.90	233.40	831.50	520.70	591.10	2,035.20	1,336.10	1,009.80	1,559.50	1,079.20	11,051.90

Table 6: Edcon R22 Reporting, Source: RMS Energy Report, March 2019

3.1 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 is a sample illustration of the waste removal cycle that Emmunah Waste utilises, which has also been utilised in educating staff on the waste management process.

Strategic projects and commitments and progress to date

Commitment	2016	2017	2018	2019
1. Building energy audits	50%	100%		
2. (1) Building Management System rollout/meter installation (stores)	40%	60%	100%	100%
3. Lighting -LED project	Business case	20%	40%	50%

The current fitting of meters is rolling out in South African stores.

Progress note on 2018 targets:

- The building energy audits and BMS projects were achieved with the meter rollout exceeding target. Cost savings of R12m from an R4m investment has been realised through this project.
- Targeted campaigns are ongoing to sensitise Store level employees on energy saving and wastage performance trends of their respective stores.



A Culture of Simplicity, Customer Centricity & People Empowerment

OUR PEOPLE

Our people, the stich that holds the fabric of our organization together and created a culture where diversity and inclusivity are seamlessly bound. We strive for a workplace that develops employee skills, leadership, innovation and a green culture.



4 People

4.1 Management approach

Without top-quality people the Edcon business cannot be sustainable – rephrase that Edcon has a strong Executive team leading the organisation. Edcon relies on its dedicated employees to identify and secure top quality fashion brands and merchandise, to execute the Group’s strategy and to build its brand through giving its customers excellent service. Employees are also significant shareholders, owning 10.6% of the issued share capital of the Group.

Edcon’s sustainability framework ensures the development of a high performance culture in support of national development goals. This includes a focus on diversity and inclusion through the various transformation initiatives. The Group is 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. 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 HR department switched over to being the Centre of Excellence (CoE) in support of embedding sustainable transformative human capital practices into the business.

4.2 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, 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 2018 - 2021 Edcon Employment Equity (EE) plan include the following:

- Eliminating any unfair discrimination
- Dismantle any barriers to Employment Equity
- Ensure representation of designated groups at all occupational levels
- Skills Development /Training

Skills development at Edcon aims to:

- Provide learning and career development opportunities for all 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 the 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 Wholesale & Retail SETA (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)

4.2.1 Functional skills

Edcon spending on functional skills as of March 2019 is apportioned towards women employees, which is in line with the strategic objectives of the organisation.

Total Spend	Number	Expenditure
Male	38 053	R 13 904 201,00
Female	93 926	R 33 272 754,00

4.2.2 Learnerships, internships and academic programmes

The importance of developing critical skills is that it begins to address some of the areas of transformation that Edcon and the retail sector is required to address. A total of 116 Learners and 185 interns were targeted for 2019, leveraging on Seta funding.

4.3 Ethical behaviour

Consistency is recognised as the foundation of ethical behaviour.

In an organization the size of Edcon, consistency can be a challenge, but the challenge can be overcome by having clear policy direction at a Group level to inform the various Operating Divisions on ethical behaviour in order to ensure an orderly workforce.

Having moved most of the discipline and performance management functions to the Operating Divisions to reside with Line Managers, the ER department still plays an important role to ensure the continued and consistent application of discipline and performance management by providing expert advice to Line Manager and HR Business Partners against the backdrop of a wide variety of policies which informs principles relating to misconduct and incapacity.

The risk associated with external labour disputes are still managed at a Group level, as is collective bargaining with the recognized unions in the various countries.

The continued focus on fair employment practices, compliance with employment legislation in contracts and policies and maintaining strong relationships with important stakeholders, like unions, ensure a stable labour climate which is required at a time when the business is fully focused on its turnaround strategy.

4.4 Employee communications

- The Employment Equity report is displayed for any employee to view. Not only is this prescribed by the Labour Relations Act, but it ensures that with the operating divisions engage robustly on the issues.
- The Employment Equity Forum has representatives 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 intranet and newsletter

Strategic projects, commitments, and progress to date

Commitment	2018	2019	2021
1. Gender management awareness	100% Awareness Training/Monitoring	Monitoring	Monitoring
2. Gender policy development	Policy final	Monitoring	Monitoring
3. Disability management strategy	Disability strategy in place	Sensitization 4 workshops	Monitoring

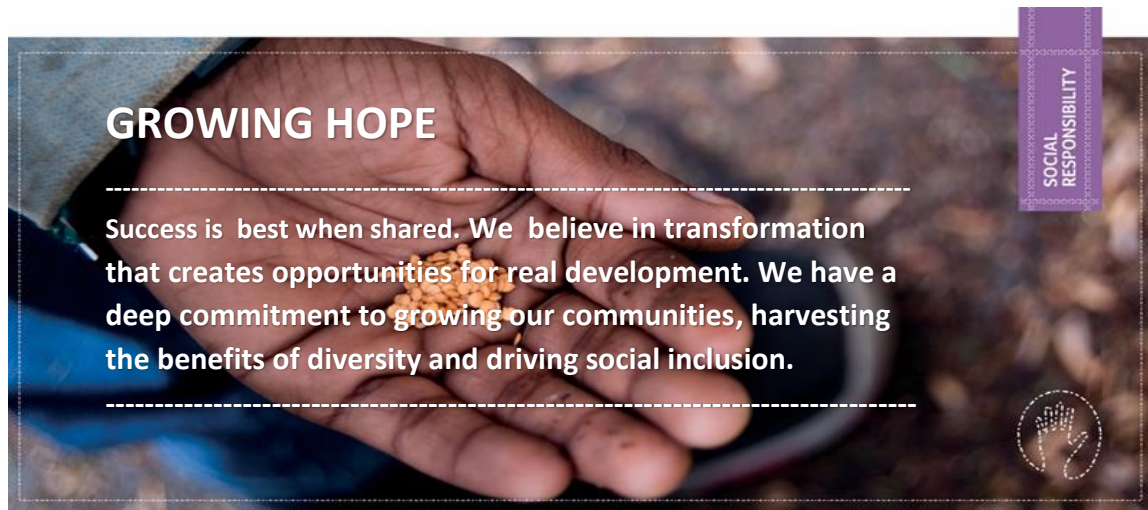
Progress note on 2018 targets:

- Gender and Disability strategies in place
- Sexual harassment campaign launched
- Gender and Disability committees in place
- 2019 plans within each Operating Divisions in place with key initiatives identified

2019 Outlook:

1. Progress report on the new three year plan being presented in July 2019.
2. Continuation of operating divisions' divisional EE committee meetings to assess progress on initiatives
3. Key focus on
 - PWD Sensitization workshops
 - Driving the "Say Something" campaign to create further sexual & gender harassment & violence awareness
 - Career pathing and talent development of identified race and gender at specific EE categories as per the talent manager plan and process

¹ Employment Equity Plan: Edcon (Pty) Ltd 1 April 2018 - 31 March 2021



5 Corporate Social Investment

5.1 Management approach

Edcon acknowledges that environmental, social and governance issues have an impact on its operations and similarly the Group's activities have an impact on the environment and society in which it operates. The Group understands that failing to address issues of non-financial sustainability ultimately affects its business through challenges that may include escalating utility costs, declining staff productivity, regulatory fines or reputational damage.

The organisation is involved in a number of social and environmental initiatives that aim to enhance the communities in which it trades and build a more sustainable future. The sustainability focus areas are based on the understanding that a sustainability strategy helps the Group innovate to drive competitiveness in a changing world.

The responsibility towards the development and upliftment of its communities, while pursuing its business objectives remains a key a commitment to contributing towards making a sustainable difference. Corporate Social Investment (CSI) is therefore an integral part of Edcon's transformation strategy.

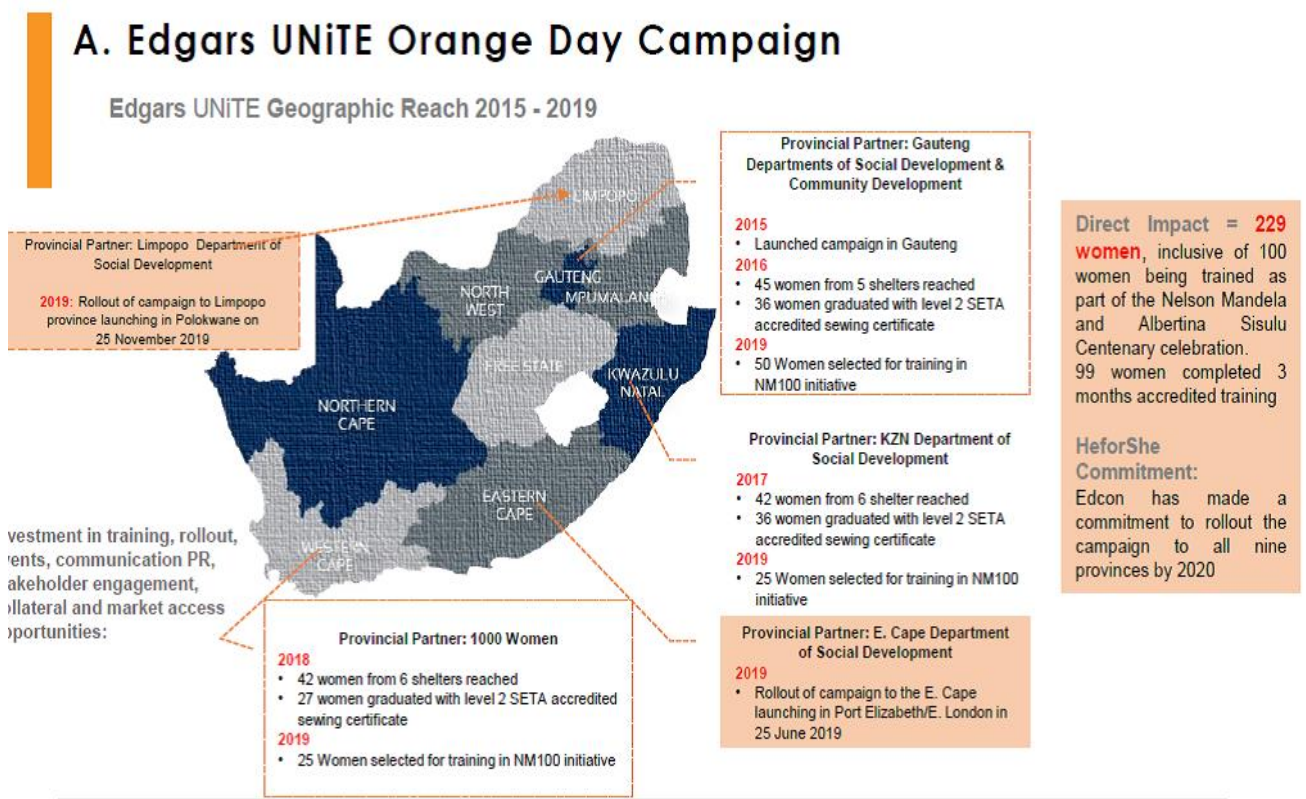
5.2 Strategic Focus Area

The Edcon CSI 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. The organisation is involved in a number of social development initiatives that aim to enhance the economic empowerment of women, youth and persons with disabilities and employee volunteerism, such as Edgars UNiTE Orange Day Campaign, the Design Innovation Challenge, Casual Day Campaign for persons with disabilities and the Edcon Growing Hope Employee Volunteer Programme.

5.2.1 Edgars UNiTE Orange Day Campaign

In conjunction with the Edgars division, the organisation is rolling out the Edgars UNiTE Orange Day campaign to not only underpin the importance of women and gender based violence, but also to address the development of a new women-owned supplier base into the business. The Edgars UNiTE Orange Day Campaign is a partnership with UN Women, the South African provincial Departments of Social Development, with a planned staggered rollout into the country’s nine provinces. It forms part of Edcon’s commitment towards the UN UNiTE Campaign and the UN Women HeforShe initiative.

The programme seeks to interpret the key aspects of the drivers of gender based violence through integrated skills, economic and psychosocial model designed to address and advocate for the economic empowerment of women survivors of gender based violence. The Edgars UNiTE “Orange Dialogues” are used to bring the gender conversation into the consumer space.

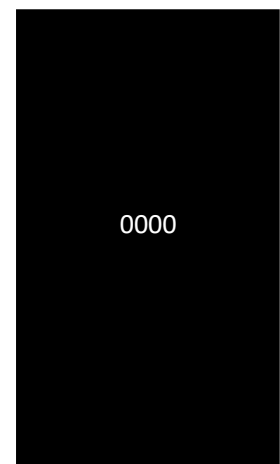
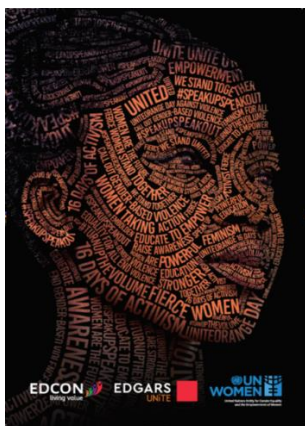


vestment in training, rollout, events, communication PR, stakeholder engagement, bilateral and market access opportunities:

PRIVILEGED & CONFIDENTIAL



Figure 6: Edgars UNiTE Project impact 2016 -2018



Edgars UNiTE Campaign rolled out to 3 provinces (Gauteng, KZN & Western Cape), 229 women survivors of gender-based violence have undergone a 12months intervention including accredited training in sewing and design. Additionally, 100 of these women were selected to received accredited training in sewing to commemorate Nelson Mandela and Albertina Sisulu Centenary year. 90% of the women are deriving additional income from the sewing skills gained. +/- 60 % of the women are “**Paying it forward**” teaching other women sewing at church groups, community centres etc.

In the lead to the Global Citizen festival held in Johannesburg in December, 2019, Edgars UNiTE Orange Day Campaign partnered with UN Women in a side event hosted by UN Women Execucitive Director, Dr Phumzule Mlambo-Ngcuka, presenting UN Women Goodwill Ambassador Danai Gurira. An exhibition of the campaign formed part of the Nelson Mandela Foundation “*Isithunzi Sabafazi: The Dignity of Women Dialogue Session*” with Oprah Winfery and Mrs Gracç Machel, held in Johannesburg as part of the Nelson Mandela Centenary.

Recognition Awards

The Edgars UNiTE Orange Day Campaign was nominated and has received several recognition awards including: Mbokodo Humanitarian Award, Global Entrepreneurship Network Compass Award, the Public Private Partnership category of the Gauteng Premier’s Service Excellence Awards and Best Contribution to the Reputation of the Profession Award.

5.2.2 The 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.

Edcon has committed itself to driving localisation and as part of this commitment; the Group launched the Edcon Design Innovation Challenge - a combined CSI, skills development, and enterprise development initiative in September 2016 that seeks to nurture and develop a pipeline of young talent for not only Edcon employment but also possible integration into the Group supply chain. The young designers’ merchandise collections was sold in selected Edgars stores extending the design innovation challenge into the commercial retail market. The Edcon Design Innovation Challenge is fully endorsed by Proudly South African - as a Proudly South African Initiative. The Edcon Design Innovation Challenge is an initiative that seeks to address a two pronged approach – a 21 Steps to Retail programme that facilitates transition from fashion design graduate students to retail experience and an experiential one-year internship for with the opportunity for absorption into Edcon employment or other the retail industry players. This initiative contributes and adds to Edcon’s employee intake and the attraction critical skills into the business and further, enhances the BBBEE compliance through absorption into the organisation.

PROGRAMME IMPACT 2017 - 2019

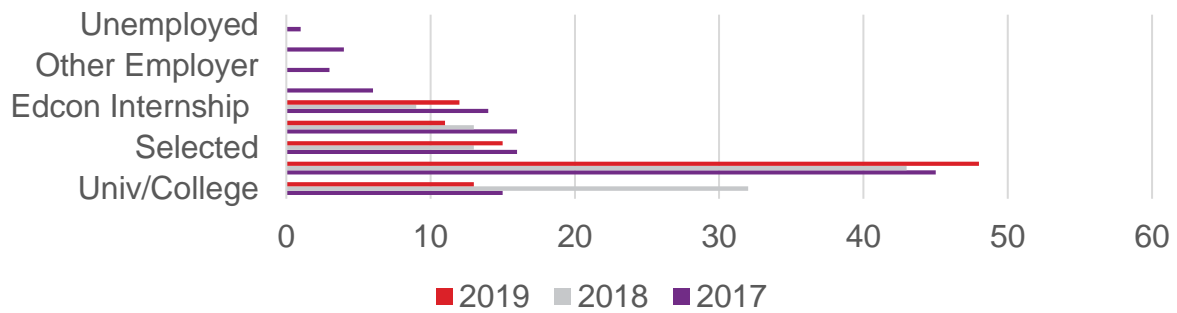


Table 7: The Designs Innovation Challenge impact: 2016 -2019



Designs by interns in the Edcon Design Innovation Challenge

Brics Fashion Forum

Edcon participated in the 2018 BRICS Fashion Forum held in Johannesburg, South Africa, sharing a case study on inclusive growth, localization and its impact as experienced through the implementation of the Design Innovation Challenge and shared inputs on building sustainability into the value chain.

5.2.3. Casual Day Campaign

One of the successful initiatives that has garnered employee participation and support is the annual Casual Day Campaign – an initiative of the National Council for Persons with Disabilities South Africa (NCPDSA) that raises awareness and funding for organisations for and working with persons with disabilities. Edcon has been an anchor funder of the Casual Day campaign for six (6) years ending 2018, contributing over R25million over this period to the cause and continues to support the initiative through its retail stores.

Casual Day drives the NCPDSA mandate for social change, which is in line with Edcon CSI, transformation and Sustainability.

5.2.4. Edcon Growing Hope Employee Volunteer Programme

The Edcon Growing Hope programme forms part of the organisation’s objectives and approach to charitable giving and a policy of encouraging employee involvement in local charities, community projects and voluntary organisations. A platform to actively engage and involve employees in social issues where Edcon is able to share its human resources capital (Hope Growers) to build relationships that position its brands and sub-brand in a favourable position with beneficiary organisations, governments and communities. Leverages non-cash assets (product, employee time & expertise/skills or other company assets) to enhance staff morale and loyalty.

5.3 The level of charitable donations

Despite financial challenges, Edcon has retained its CSI budget, which has been steady and commitments are managed closely as most are multiyear, as opposed to yearly and impact driven.

Strategic commitments and progress to date

Commitment	2015	2016	2017	2018	2019
1. Edgars UNiTE Orange Day Campaign provincial rollout	Gauteng	KwaZulu-Natal	Western Cape	Eastern Cape	Free State & N. Cape
2. Edcon Design Innovation Challenge		14 fashion design graduates	12 fashion design graduates	9 fashion design graduates	12 design graduates
3. Casual Day Campaign (store sticker sales plus sponsorship)		R4.9m	R5.5m	R1.4m	R1.2m

Progress note on 2018 targets:

- Edgars UNiTE Orange Day Campaign reached an overall of 229 beneficiaries, 199 of whom successfully completed their accredited training in sewing with SEW Africa College.
- The Design Innovation Challenge achieved targets with 34 designers’ participants successfully completing the 18 months programme and seven (7) absorbed as permanent employees by Edcon, two designers running successful businesses and the remainder employed elsewhere or pursuing other opportunities.
- Casual Day Campaign targets achieved with R1.4million raised for persons with disabilities through store sticker sales and the programme continues to be a highlight at Store level with high customer participation.
- Continues to improve the Group’s Disability status working in collaboration with the National Association of Persons with Disabilities providing over 200 unemployed individuals with disabilities with training and funding to four (4) social enterprises run by persons with disabilities
- Edcon’s partnership with e-Deaf and the National Council of Persons with Disabilities South Africa has strengthened Edcon’s involvement with persons with disabilities and has provided workshop training of 70 e-Deaf unemployed learners.
- Planned partnership with e-Deaf and the National Council of Persons with Disabilities South Africa to prioritise the employment of persons with disabilities.

2019 Outlook:

- 1. Rollout of the Edgars UNiTE Orange Day Campaign into Free State and Northern Cape provinces.**
- 2. SMME skills training for Edgars UNiTE and Design Innovation Challenge candidates**
- 3. Explore partnership opportunity on a national flagship programme for persons with disabilities**
- 4. Opportunities for young designers in the business value chain.**

- ⁱⁱSource: Edcon website - www.edcon.co.za
- ⁱⁱⁱ Source: Edcon website – www.edcon.co.za
- ^{iv}Source: Edcon website - Governance section. www.edcon.co.za
- ^v Source: Edcon website – Governance section. www.edcon.co.za
- ^{vi}Source: Edcon website - Governance section. www.edcon.co.za
- ^{vii}Source: Edcon website – Governance section. www.edcon.co.za
- ^{viii}Source: Edcon Sourcing section, March 2019
- ^{ix}Source: QA Strategic Plan – Sustainability & Circular Economy
- ^xSource: Edcon Sourcing section - Quality Assurance & Strategic Sourcing.
- ^{xi}Source: Edcon Enterprise and Supplier Development, Edcon Transformation Strategy, March 2019
- ^{xii} Source: Edcon Environment section - supplied by Group Facilities, March 2019
- ^{xiii}Source: Edcon Environment section –Energy Management Report, March 2019, supplied by Group Facilities
- ^{xiiii} Source: R22 Gas Replacement – RMS Energy Report, March 2019
- ¹ RMS Management Report, March 2019, Supplied by Edcon Group Facilities
- ¹ Employment Equity Plan: Edcon (Pty) Ltd 1 April 2018 - 31 March 2021
- ¹ RCoGP- (Revised) Codes of Good Practice