



# 2024

SOCIAL AND ETHICS  
COMMITTEE REPORT

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TRUWORTHS  
INTERNATIONAL





# Introduction

The Group remains committed to the ongoing development of its role as a good corporate citizen for the benefit of all stakeholders. The Social and Ethics Committee (the committee) supports the board in this commitment by monitoring the Group's environmental, social and governance (ESG) performance, principally in South Africa where most of its operations are conducted.

The Chairman of the committee presents the following report to shareholders for the 2024 financial period, in accordance with the requirements of the Companies Act of South Africa, and the recommendations of the King IV Code on Corporate Governance™ for South Africa 2016 (King IV) (copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved).



## COMMITTEE COMPOSITION

In accordance with the King IV recommended practice, the majority of the members of the committee are independent non-executive directors, being Thabo Mosololi (Chairman) and Hilton Saven. The third member is executive director, Emanuel Cristaudo.

Standard attendees at committee meetings are the Chairman of the Truworths Ltd Transformation Committee, the Chairman of the Truworths Ltd Sustainability Committee, the Company Secretary, the Truworths Human Resources Executive and the Truworths Head of Legal, and the Director: Internal Audit, Legal, Governance and Risk, who acts as the secretary of the committee.

Shareholders will be asked to confirm the appointments of the committee members at the company's AGM scheduled for November 2024.

## RESPONSIBILITIES

The objectives and responsibilities of the committee are recorded in its charter and are aligned with the committee's statutory functions. The committee's responsibilities are also aligned with the King IV recommendations that it should have oversight of organisational ethics, responsible corporate citizenship, sustainable development and stakeholder relationships. In summary, the committee has a duty to:

- Monitor the social, economic, governance, employment and environmental activities of the Group.
- Bring matters relating to these activities to the attention of the board as appropriate.
- Report annually to shareholders on the matters within the scope of its responsibilities.

The specific activities required to be monitored by the committee include the Group's adherence to legislation, regulations and codes of best practice relating to:

- **Social and economic development**, including the Group's standing relative to the United Nations Global Compact Principles, the Organisation for Economic Co-operation and Development's recommendations regarding the combatting of corruption, and South Africa's Employment Equity Act and Broad-based Black Economic Empowerment (B-BBEE) Act.
- **Good corporate citizenship**, including the Group's positioning and efforts in promoting equality, preventing unfair discrimination, combatting corruption, the Group's contribution to the development of communities in which it operates and the Group's record of sponsorships, donations and charitable giving.
- **The environment, health and public safety**, including the impacts of the Group's activities and products on the environment and society.
- **Consumer relationships**, including the Group's advertising, public relations and compliance with consumer protection laws.
- **Labour and employment**, including the Group's standing relative to the International Labour Organization's protocol on decent work and working conditions, and the Group's employment relationships and contribution to the educational development of its employees.

In addition to its statutory functions, the committee's charter records its role in encouraging the board to adopt leading practise in relation to social and ethics matters by progressing beyond mere compliance and adding value in its oversight function, as recommended by King IV. An overriding principle guiding the committee is to ensure that all social and ethics matters are aligned with the Group's Business Philosophy and, where necessary, to propose modifications to the Business Philosophy to the board.





## FUNCTIONING

The committee met four times during the period under review and detail on meeting attendance is included in the Group's Report on Corporate Governance and Application of King IV Principles on the website <https://www.truworths.co.za/reports>.

At each meeting the chairpersons (or their delegates) of the Truworths Ltd Transformation and Sustainability committees reported on initiatives recently undertaken by these two committees, as well as the tools used to monitor and measure the Group's transformation and sustainability policies, activities and processes.

Members of management also made presentations to the committee on topics falling within the committee's monitoring mandate, as outlined below.

During the reporting period, at the committee's request, management continued to determine the focus of each of the committee's quarterly meetings based on a revolving schedule of topics. These topics are based on a comprehensive matrix of matters relating to the committee's areas of responsibility. This matrix is a key tool to ensure that the committee meets its monitoring obligations.

In addition to this revolving schedule of specific topics, management also arranges for presentations on topics requested by the committee members from time to time. Presentations or reports based on matters arising from the minutes of previous meetings, which are largely based on queries raised by the members of the committee, are also presented where required. This ensures that the committee members play an active role in determining the matters monitored.

## MONITORING

Key issues considered by the committee during the period and reported to the board included:

- The initiatives undertaken with a view to ensuring improved compliance by the Group's South African operations regarding its B-BBEE generic scorecard. As of the last verification the Group's B-BBEE score improved to a level 4 in 2024 (2023: level 5).
- The progress made by management in identifying potential beneficiaries for the supplier development strategy of the Group's South African operations, the assessment of various qualifying beneficiaries for supplier development funding, and the extension of financial assistance to such beneficiaries.
- The Group's submission for the 2023 Carbon Disclosure Project, noting that the B score achieved by the Group, which reflects its co-ordinated action on climate issues, was ahead of both the Global Discretionary Retail average and the overall Global average.
- A presentation by and engagement with management on change management processes within the business, highlighting the project to consolidated the Truworths, Barrie Cline and Bonwit design operations

into a single design division, as well as the structured approach to aligning operations, company principles and systems.

- A presentation on skills development based on the Group's Business Philosophy which includes its Purpose, Values and Vision for stakeholders. The Values pillar includes the critical value 'embracing the power of inclusive teams'. This approach was detailed in the roll-out in South Africa of the Wholesale and Retail Sector Training and Education Authority (W&RSETA) accredited learnership programme. The Group registers between 600 and 650 learnership candidates annually.

- A presentation on the enterprise development initiatives, which had been carried out in relation to Darling Manufacturers. Through the Truworths supplier development programme, the Group was able to grow employment, create much-needed skills development training at the small garment cut-make-trim (CMT) facility, and improve working conditions and occupational health and safety at the site. Darling Manufacturers has 140 permanent employees and is managed by Truworths.

- A presentation by and engagement with management on compliance with competition legislation in the Group. The presentation considered the Competition Act 89 of 1998 of South Africa and the practical application of the law in the Group.

- A presentation on the corporate social investment (CSI) initiatives carried out, which included an overview of the three trusts which jointly held a total invested capital of R267 million. This investment income was used to fund CSI initiatives through The Truworths Social Involvement Trust, The Truworths Community Foundation and The Truworths Chairman's Foundation. The trusts principally carry out work in the following broad focus areas: health, education, social development and empowering women. More detail is included in the Group's Environmental, Social and Sustainability Governance Report 2024 on the website [www.truworths.co.za/reports](https://www.truworths.co.za/reports).

- An update was provided on the social impact of investments by the Group, noting Darling Manufacturers, Truworths Africa Design Division, supplier support and the impact of the new distribution centre on the community in the surrounding area and the creation of job opportunities.

- The ongoing implementation of measures in retail stores in South Africa to ensure the reduction in carbon emissions resulting from electricity usage and to achieve cost savings, including the use of energy-efficient and LED lighting fixtures and the further installation of meters to monitor electricity usage against adopted benchmarks. Store electricity consumption averaged 15.52kwh per m<sup>2</sup> in the 2024 financial period, down from 15.72kwh per m<sup>2</sup> in the prior period. More detail is available in the Group's

Environmental, Social and Sustainability Governance Report 2024 on the website [www.truworths.co.za/reports](https://www.truworths.co.za/reports).

- Presentations by management on steps taken in the Group's South African distribution centres to ensure compliance with occupational health and safety legislation, including training of firefighters and first aiders, usage of protective clothing, a review of fire prevention measures and fire equipment testing, adherence to hot work permit procedures, a review of emergency and security standard operating procedures and infrared scanning of the electrical installation.

- The continuation in South Africa of recycling and income-generating activities at the Group's distribution centres in relation to plastic hangers, including the granulation of scrap hangers and the sale of such plastic granules for extrusion of new hangers, as well as the recycling and reuse of in-bound as well as outbound cardboard cartons and inserts. Also noted were the waste recycling initiatives at the head office, the recycling of cardboard cartons and plastic packaging at stores in collaboration with the logistics service provider, and the introduction of sustainable merchandise and sustainable shopping bags and hangers in stores. The Group recycled 74.1 tonnes of plastic hangers, down from 84.6 tonnes in the prior period and reused 4.4 million hangers.

## MATTERS BROUGHT TO THE ATTENTION OF THE BOARD

The committee continues to deliver on its objectives in line with its statutory obligations highlighting key initiatives with regard to social and economic development, good corporate citizenship, the environment, health and public safety, consumer relationships, and labour and employment. During the reporting period, the committee brought the following key matters to the attention of the board through the committee Chairman's reports at board meetings:

1. The committee had continued its oversight and monitoring to cover the broad scope of its mandate as required by legislation, King IV and the committee charter.
2. Management was taking suitably appropriate actions with regard to enhancing the Group's level of compliance with the B-BBEE scorecard applicable to its South African operations.

# FOCUS AREAS FOR 2025

During the 2025 financial period, the committee will continue to base its monitoring activities on the revolving schedule of topics determined by its charter, as supplemented by issues proposed by its members and by relevant external factors facing the Group.

The committee will also monitor that progress is made on an annual basis with regard to the Group's ESG performance, including in relation to the Group's operations outside of South Africa. Office recently embarked on its ESG programme, with the development of a strategy and set of initiatives that are currently being applied.

## CONCLUSION

No material non-compliance with legislation and regulations, nor material regulatory fines or penalties relevant to the areas within the committee's mandate, have been brought to its attention during the reporting period.

The committee's monitoring activities continue to show that steady and sustainable progress is made annually with regard to the Group's ESG performance.



**Thabo Mosololi**

Chairman  
Social and Ethics Committee  
27 September 2024



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