

**TRUWORTHS INTERNATIONAL LIMITED GROUP (“the Group”)
ENVIRONMENTAL POLICY AND MANAGEMENT SYSTEM
JUNE 2020**

Background

The Group is a JSE listed entity that carries on business as a fashion apparel and footwear retailer principally in South Africa and the United Kingdom. It is not directly involved in the process of manufacturing, however in South Africa it operates apparel design centres that outsource production to third party owned cut, make and trim (CMT) operators. The Group trades through more than 900 leased stores throughout these countries and in other European and sub-Saharan countries. It purchases its inventory stocks from South African, European and other foreign manufacturers/ suppliers. The Group operates two owned distribution centres in Cape Town, South Africa and leases two distribution centres in the United Kingdom, and utilises contracted freight operators to transport stocks to its store networks. The Group’s management is primarily located at its owned head office building in Cape Town.

Introduction

This document sets out the Group’s Environmental Policy and Management System (“EMS”) for the benefit of interested parties.

The EMS has been adopted by the board of Truworths International Ltd and applies to all the Group’s operations and activities, wherever located or carried on. The EMS is reviewed and updated periodically to take account of changes in stakeholder expectations, regulatory developments and business imperatives.

The EMS is founded on the Group’s business philosophy and strategy (as outlined in its Integrated Annual Reports and Social and Environment Reports), is aligned with its board-approved Sustainability Policy (as published on the Group’s website and intranet) and is based on its categorisation by the FTSE Russell Environment, Social and Governance (“ESG”) Index as a Medium Impact organisation in terms of the direct consequences of its operations on the environment.

According to the JSE, the ESG Index uses the environmental impact classification model adopted by its data provider and research partner FTSE Russell. In terms of this model the Group falls into the Apparel Retailers category, which has a medium environmental impact classification. This classification is based on the direct impacts of retailers on the key issues of air pollution, water pollution, waste, water consumption and climate change.

In conformance with the Group’s intention to subject its environmental management and measurement systems to internal and external audit processes, the Group has recently undertaken external verification of aspects of its ESG processes, thereby providing assurance to the Group’s stakeholders regarding the veracity of its systems and integrity of its environmental data

Environmental Policy

The Group’s board approved Environmental Policy is:

- To adopt and implement over time sustainable business practices that are driven by cost saving and risk management considerations and are appropriately responsive to environmental issues
- Pro-actively to manage, progressively to measure and systematically to reduce the direct material negative impacts of the Group's operations on the environment, such impacts being electricity usage and water consumption, in its store network and other premises, carbon emissions resulting in air pollution from the sea and air transportation of inventories and air travel of its employees, and waste materials resulting from inventory packaging, transportation, storage and handling.
- To engage increasingly and over time with inventory suppliers regarding the adoption of environmentally sustainable methods of raw material usage and apparel manufacture in their operations, with the aim of gradually reducing the Group's indirect negative impacts on the environment
- To create greater awareness amongst customers regarding environmentally responsible methods for the disposal of Group products and packaging with the aim of reducing the indirect negative impacts of the Group's products and packaging on the environment
- To sensitise and educate employees regarding responsible environmental practices in relation to energy usage, water usage and waste recycling through communication and training, and by providing opportunities in the workplace for these disciplines to be put into practice
- Over time and in a phased manner to subject its environmental management and measurement systems to internal and external audit processes with a view to providing assurance to the Group's stakeholders regarding the veracity of its systems and integrity of its environmental data
- Periodically to report to the Group's stakeholders through various internal and public media on the Group's environmental initiatives, as well as the targets set by management towards the reduction of negative environmental impacts and the performance achieved against such targets

The board has agreed that implementation of the Group's environmental policy is a medium to long term project, and that the pace of implementation will be dependent on business imperatives, availability of resources, the reasonable expectations of key stakeholders such as customers and shareholders and risk management considerations. It recognises that its South African operations are more developed in their sustainability journey and that the UK operations' sustainability initiatives are still in an early stage of development.

The board's expectation is that the Group should make steady measurable annual progress in the implementation of its environmental policy, whilst ensuring the Group remains an economically sustainable organisation in the long term.

Environmental governance

The board of Truworths International is primarily responsible for the design, implementation, monitoring and reporting in relation to the Group's environmental policy, and has delegated aspects of this responsibility to other structures within the Group, as follows:

- Truworths Ltd is the Group's principal operating subsidiary within which the Group's executive management, financial resources, human resources, information systems, distribution centres and operating systems are positioned. The board of this company has responsibility for all operational aspects of the Group and has direct responsibility for implementing the Group's environmental policy.

- Truworths International Ltd Social & Ethics Committee is a statutory committee of the board of Truworths International Ltd established in terms of a written charter and comprising non-executive directors, with a monitoring and reporting responsibility across a wide range of matters, including adherence with legislation and regulation relating to the environment, and the impacts of the Group's activities and products on the environment, and the responsibility to bring warranted matters in this sphere to the attention of the board.
- Truworths Ltd Sustainability Committee is a committee of executives, chaired by a divisional director and established by Truworths Ltd under a written charter with a responsibility amongst others to promote the adoption by Group management of environmentally sensitive and sustainable business practices, to monitor the development and implementation by management of strategies aimed at mitigating the Group's impact on the environment and on climate change, to encourage the adoption and utilisation by management of suitable environmental impact measurement systems, and to benchmark the Group's environmental performance measures.
- Office Holdings Limited is the Group's subsidiary based in the United Kingdom with a store network in the UK, Germany and Ireland. The executive management team of Office is responsible for driving its sustainability strategy, initiatives and reporting, taking guidance from the Truworths Ltd Sustainability Committee.

Environmental management

The board of Truworths Ltd has responsibility for implementing the Group's environmental policy. It does so through its strategies, policies and procedures, and through allocating specific roles and tasks to certain managers or committees who are accountable to the board in relation thereto.

Managers

Key executives and managers of Truworths Ltd who are responsible for implementing the Group's environmental policy and executing the board's environmental strategies include:

- The Divisional Director for Store Design and Properties, who chairs the Sustainability Committee, co-ordinates the activities of Committee members, supervises the work of the store and head office re-lamping project teams, and promotes the adoption of environmentally sensitive store architecture and the reduction of electricity intensive merchandise displays in stores
- A Project Manager, who has responsibility for developing and implementing the Group's smart shipping strategies, and methodologies to measure carbon emissions in the Group's supply chain and through the air travel of its employees
- The Distribution Centre Manager, who has responsibility for electricity reduction programmes in the distribution centres, the plastic hanger recycling initiative and the cardboard box recycling and disposal projects

- The Facilities Manager who is tasked with reducing electricity and water usage, and ensuring waste recycling, at the Group's head office buildings through technological innovation, process change and the creation of employee awareness

Sustainability Committee

The board has tasked the Truworths Ltd Sustainability Committee as a specialist grouping to assist it in fulfilling its environmental policy implementation responsibility. The Sustainability Committee reports formally to the Truworths Ltd board and the Truworths International Ltd Social & Ethics Committee at their quarterly meetings, on its promotional, developmental, monitoring and benchmarking activities in relation to environmental matters, amongst others.

To facilitate the fulfilment of its responsibilities, the Sustainability Committee has

- Developed the Group's Sustainability Dashboard, which inter alia tracks the material sustainability indicators and records agreed targets and performance against such targets, enables periodic progress updates to be noted and facilitates reporting to the board and Social & Ethics Committee
- Engaged sustainability consultants to assist with the development of environmental measurement systems, review the Group's sustainability initiatives and policy, verify the veracity of the Group's environmental measurement methodologies and assist with the Group's Carbon Disclosure Project (CDP) submission
- Established methods of collaboration with the Group's marketing team so as to publicise key environmental sustainability initiatives through communication channels within the business and develop employee awareness of responsible environmental practices

The Sustainability Committee comprises members from diverse areas of the business, selected to ensure that all aspects of the business are considered from an environmental perspective. In brief, each member is responsible in relation to his/her area of the business, to:

- 1) Identify areas of environmental engagement.
- 2) Motivate for change aimed at reducing the impact and consumption
- 3) Once approved, working with management to implement the change.
- 4) Monitoring adherences and measuring savings
- 5) Establishing targets and ensuring compliance.

Environmental impacts and targets

The following material direct environmental impacts of the Group have been identified by the Sustainability Committee. For each of these impacts an appropriate measurement system has been developed, historic impacts have been determined and verified and targeted reductions have been agreed and in some instances already achieved.

1. Electricity usage

Electricity usage, emanating mainly from our electrical lighting and air conditioning in our retail operations accounts for 75% of our electricity usage. Our head office and

distribution centre lighting, plant, lift and plant infrastructure account for the balance of electricity usage.

2. Logistics

The logistics of transporting the Group's merchandise inventory from sources of manufacture in Asia, Europe and Africa by sea and air to distribution centres, as well as from its distribution centres to stores by road, sea and air result in high levels of air pollution (carbon emissions) from the combustion of liquid fuels in the engines of trucks, ships and aircraft.

The Group is developing initiatives to reduce in-transit times, costs and carbon emissions. The Group has developed an information system which can measure the carbon emissions (CO² per kg of cargo moved) from every port/airport of origin to final destination. This has enabled the Group to participate in reporting to the Carbon Disclosure Project (CDP) since 2010

Air travel by Group employees, especially on overseas business, is also a contributor to air pollution (carbon emissions). By working together with its travel management service provider the Group has been able to develop a reliable measure of the Group's air travel carbon emissions. The Group has established base line carbon emissions in relation to such travel, and has commenced setting reduction targets in the short to medium term.

3. Waste

The Group's principal source of waste is cardboard cartons and boxes and plastic packaging involved in the inbound and outbound transportation of its merchandise inventory, and the plastic hangers used to transport apparel merchandise and display it and store it effectively in stores.

The Group's objectives as regards this waste material are to:

- Re-use cardboard cartons where possible without compromising on the secure transportation of inventory, and minimising the risk of in-transit pilferage and damage
- Ensure the effective recycling of damaged cardboard cartons at the distribution centres, and to the extent possible and practical aim to recycle cardboard cartons at stores through collaboration with shopping mall management
- Salvage undamaged plastic clothes hangers for resale or re-use, and in the process generate employment opportunities and sundry income for the Group
- Recycle plastic packaging and damaged plastic clothes hangers as far as possible and practical at the distribution centres and stores.
- Reduce the packaging used in transporting garments from original to final destination

- Reduce the amount of waste sent to landfills through recycling waste at its head office buildings
- Ensure that no surplus clothing or fabrics need be sent to landfills by managing inventory levels carefully and by partnering with various charitable organizations to repurpose garments and fabrics.
- Adhere to high merchandise quality standards to ensure products are durable and last, rather than producing “throw away fashion” items

4. Climate change

The board of Truworths Ltd, aided by the Sustainability Committee, periodically considers the risks associated with climate change on the Group’s business. This is hardest felt in the supply chain as the Group is fully reliant on the efficient and effective delivery of merchandise into stores. The Group’s outsourced and dominantly foreign based merchandise supply base presents exposure to climate change risks.

The impacts of climate change include weather-related disruptions to shipping schedules, regulatory changes aimed at mitigating climate change, and changing customer expectations in terms of the Group’s response to climate change.

Climate change risks and opportunities are assessed by the Sustainability Committee through a discussion process including employees, suppliers and external sustainability consultants. The findings are fed back to the board of Truworths Ltd and the Truworths International Ltd Risk Committee.

The Group is committed to increasing engagement on the subject of climate change and will work towards mitigating activity that can resourcefully be undertaken towards reducing the Group’s climate change impacts.

The Group has participated in the Carbon Disclosure Project (CDP) since 2010 and this has facilitated the process of determining and more reliably measuring the Group’s carbon emissions. This participation serves to illustrate the sense of responsibility with which the Group approaches the subject of climate change.

Environmental audit and assurance

The Group’s objective is to subject its environmental management and measurement systems, as well as its environmental data and reporting, to internal and external audit processes over time and in a phased manner, with a view to providing assurance to the Group’s stakeholders regarding the veracity of its systems and integrity of its environmental data.

Currently assurance of a limited nature is provided through the measurement and/or endorsement by independent external consultants of the Group's environmental processes and data. In particular the Group's sustainability consultant has endorsed the Group's CDP submissions over the past two years. In addition the Group's electrical engineering consultant has verified the measurements of the electricity usage reductions achieved at the group's head office and distribution centre.

Further limited assurance has been provided by the internal audit department of the Group's freight forwarding service provider regarding the measurement systems and methodology used to calculate the carbon emissions resulting from the transportation of the Group's imported merchandise inventories.

The Group intends making use of its internal audit department and external verification agencies to provide assurance regarding various aspects of the group's environmental initiatives in the short to medium term, and envisages utilising external auditors to provide assurance in the medium term in relation to the Group's publicly disseminated reporting on sustainability and environmental matters.

Environmental communication and training

The Group has embarked on a number of initiatives as regards internal communication of environmental policy and initiatives, and the training of employees in regards to environmental matters.

In this regard the Group's Sustainability Policy is available on the Group's intranet and on the Group's website.

Training of employees and creation of awareness on environmental matters takes place periodically with signage displayed in the head office encouraging employees to "Save Energy" and "Save Water". Training of store staff in procedures aimed at minimising electricity usage in stores through the switching off of lights, air-conditioners and geysers when not in use, has been conducted through retail operations management and via electronic communication to stores.

Employees specifically involved in environmental measurement systems, such as the monitoring of electricity usage, as well as employees involved in cardboard carton and plastic hanger recycling processes, have received specific on-the-job training aimed at ensuring they are suitably familiar with the Group's policies, standards and operating procedures.

The Group appreciates that communication with and training of employees is an on-going prerequisite to ensure the Group's environmental policies are understood, endorsed and effectively implemented.

Environmental policy and management system review

The board of Truworths Ltd acknowledges that environmental governance, management and reporting are subject to continuing development, and are influenced by stakeholder expectations, regulatory changes and technological advancements.

Accordingly the board is committed to engagement with stakeholders on this topic and will carry out periodic reviews of its environmental policy and management system to ensure that they remain appropriate for the Group and its stakeholders and are aligned with the group's strategy and business model.

Cape Town
24 August 2020