

# OUR STAKEHOLDERS



The Supervisory Board is the ultimate custodian of the corporate reputation of TFG and its relationships with stakeholders. Therefore, the Board acknowledges the importance of proactive engagement.

Our stakeholder engagement approach is based on the principle of shared value. We want to create partnerships with a strong focus on public/private sector collaboration, knowing that our ability to succeed as a business is based

on partnerships, including relationships with national employer bodies, trade unions, government ministries, higher education and revenue services, and relationships with our various suppliers. By working effectively with these stakeholders, we will not only contribute towards improving the lives of our customers, but also enhance our supply chain – particularly in support of our sustainability strategy focus on localisation – and its ability to support the competitive advantage of our brands.

We believe that value creation depends on the interactions of many stakeholders. Our intent in engaging with our primary stakeholders is summarised as follows:

## Customers

***Engagement intent: To understand and respond to their preferences through a strong customer relationship management focus, our Rewards & More programme and online platforms, and to enhance our insights of our customers through the use of intelligent data.***

Our customers are a strategic priority, as they provide our income through the sales of our products and services. We aim to offer them a diverse range of fashion, lifestyle and homeware offerings through brand experiences that encompass their channel of preference.

We address their concerns through our call centre, digital media and in-store assistance. Customers' most frequently raised specific issues relating to in-store experiences or credit queries. They also engage with us regarding merchandise and fashion trends.

Customers form part of communities, which we support through our extensive social investment projects and, in South Africa, through our supplier and enterprise development programmes.

## Shareholders

***Engagement intent: To maintain a positive relationship with current and potential investors through our transparent reporting, and to ensure consistency in our trading performance and return on investment.***

Shareholders, as our major source of capital, require sustainable growth. We meet their expectations through consistent performance delivery and dividend payments, and by implementing a strategy that creates shared value and ensures sustainability. We engage with shareholders and lenders through presentations, roadshows and meetings where we receive feedback and discuss their matters of interest.

## Employees

**Engagement intent: To maximise employee productivity, innovation and efficiency, and to retain talent by investing in training and development. We want to provide a rewarding work environment with market-related remuneration, attractive incentive schemes and supportive environments that contribute towards making us an employer of choice.**

We engage with our 23 470 employees daily to facilitate employee empowerment (one of our sustainability focus areas) by driving transformation, leadership and skills development, and to promote a sustainable employee pipeline through learnerships, bursaries and workplace

experiences. We invest in people through training and skills development, technology upgrades, market research and brand support, and by opening new outlets. Read more about our people and our various employee-focused initiatives on page 38 and about remuneration in the Remuneration Committee report on page 119.

Employee engagement focus areas include communication about human resource policies, remuneration and performance management. As per our Leadership strategic pillar, we are committed to embedding a performance-based culture that attracts, retains and develops the best talent in the industry.



## Suppliers

**Engagement intent: To actively engage with suppliers to maximise buying efficiencies, improve speed to market and reduce potential external risks while remaining cost-effective.**

TFG's suppliers consist of merchandise suppliers and non-merchandise suppliers, including service providers, landlords and concession partners. Partnerships with our suppliers are key in ensuring that we deliver merchandise of high standards, at the right price, in locations convenient to our customers.

TFG's primary sustainability focus is on local supply chain development. This enables economic empowerment, job creation and socio-economic improvement, and also supplies us with a sustainable source of quality merchandise.

Through supplier take-on procedures and audits, and international supplier societal audits, we ensure that we source ethically and that suppliers are able to invest over the long term.

The TFG Merchandise Procurement division oversees and ensures responsible management of, and quality assurance in, procurement practices. A formal process is in place to evaluate existing and potential suppliers, and to monitor supplier performance. Further information on our local supply chain development and ethical sourcing can be found in our Sustainability overview report on our website as well as in our Social and Ethics Committee report on page 109 of this report.



## Government and regulators

**Engagement intent: To maintain constructive relationships with key government departments, closely monitor policy developments and submit comments on new legislation, either directly or through industry bodies.**

Government requires businesses to participate in growing the economy, to create jobs and to comply with all applicable regulatory requirements. We engage with government through industry associations such as the Retail Association and the National Clothing Retail Federation of South Africa. We provide input into

proposed legislation and attend meetings at Parliament, attend workshops and adhere to all relevant laws in the applicable countries.

Engagement with our stakeholders provides valuable input into what TFG considers as material. We believe that continued engagement with our stakeholders will ensure that we remain a competitive, sustainable business.

Read more about our material matters on page 48.



## OUR STAKEHOLDERS CONTINUED

The table below sets out the value added per stakeholder group according to our 2017 financial results – a measurement that illustrates the monetary value created, for example, by remuneration, taxes and

finance charges. TFG creates non-financial value for stakeholders by providing lifestyle brands, information sharing, training and various other forms of products, services and support.

### Value-added statement

	NOTE	2017		2016	
		Rm	%	Rm	%
Retail turnover		<b>23 548,7</b>		21 107,5	
Paid to suppliers for goods and services		<b>(15 489,0)</b>		(13 729,9)	
Value added		<b>8 059,7</b>	<b>100,0</b>	7 377,6	100,0
<b>Applied as follows:</b>					
<b>Employees</b>					
Remuneration to employees		<b>3 669,8</b>	<b>45,5</b>	3 210,8	43,5
<b>Providers of capital</b>					
To lenders as finance charges		<b>607,4</b>	<b>7,6</b>	509,0	6,9
To shareholders as dividends		<b>1 509,0</b>	<b>18,7</b>	1 327,6	18,0
<b>Taxation</b>					
Taxation		<b>845,9</b>	<b>10,5</b>	954,8	13,0
<b>Reinvested</b>					
Reinvested in the Group to finance future expansion and growth	1	<b>1 427,6</b>	<b>17,7</b>	1 375,4	18,6
Employment of value added		<b>8 059,7</b>	<b>100,0</b>	7 377,6	100,0
<b>NOTES TO THE VALUE-ADDED STATEMENT</b>					
<b>1. Reinvested in the Group to finance future expansion and growth</b>					
Depreciation and amortisation		<b>540,3</b>	<b>6,7</b>	464,7	6,3
Deferred taxation		<b>44,9</b>	<b>0,6</b>	82,3	1,1
Retained income		<b>842,4</b>	<b>10,4</b>	828,4	11,2
		<b>1 427,6</b>	<b>17,7</b>	1 375,4	18,6
<b>2. State taxes</b>					
Direct taxation as above		<b>845,9</b>		954,8	
Net value-added taxation		<b>650,4</b>		515,0	
Employees taxation		<b>564,5</b>		473,3	
Channelled through the Group		<b>2 060,8</b>		1 943,1	