

SUSTAINABILITY REPORT

Introduction

Lewis Group recognises its responsibility as a group which forms part of society and which not only has rights but responsibilities towards society and the environment in which it operates. Sustainability for the Group, which has been in business for over 80 years, means creating value for stakeholders by:

- Offering affordable, exclusive and quality household goods to customers
- Supporting our employees, customers, and communities
- Creating long-term value for shareholders
- Ensuring that the business model remains sustainable
- Ensuring that it meets its responsibilities in sustaining the environment in which it operates.

The Group supports the Sustainable Development Goals (SDGs), the global objectives developed by the United Nations to achieve a better and more sustainable future for all.

This Report focuses on environmental and social aspects of sustainability, aligned with the SDG's where we believe we make a meaningful contribution.

Further detail on all initiatives supported by the Group can be found on our corporate social investment website, <http://www.lewiscsi.co.za>.

The Group's contribution to the social aspects of sustainability have been aligned to the following SDGs:



End poverty in all its forms everywhere

Funding is provided to uplift communities in which the Group trades through the support of schools, crèches, upliftment projects, vegetable growing projects and orphanages. This includes shelters that assist displaced or homeless people with assessment and reintegration into society. Funding is also provided to hospitals and centres caring for the aged.

Early childhood development initiatives are a main focus area for Lewis Group.

Children of the Dawn supports and reinforces rural community initiatives which focus on caring for HIV/AIDS orphans and vulnerable children in the country. Lewis sponsors 138 children in eight locations.

The sponsorship provides children with essential basic requirements, including education, nutrition, clothing, hygiene, transport, integration into the community as well as emotional and moral support.

During the Covid-19 pandemic, funding went towards providing food security through a large-scale food drive, as normal activities were interrupted.



End hunger, achieve food security and improved nutrition and promote sustainable agriculture

The Group supports feeding and nutritional initiatives for both children and disadvantaged communities. Through the Peninsula School Feeding Association (PSFA), Lewis continues to support its 11 adopted schools in the Western Cape, providing meals for approximately 1 200 children each school day.

PSFA's key focus areas are to reduce short term hunger through the provision of optimal nutritional meals to enhance children's ability to learn and to increase school attendance.

During the Covid-19 pandemic when children were unable to attend school, funding was used to provide food parcels to learners' families.



Ensure healthy lives and promote well-being for all at all ages

Lewis provides ongoing assistance to HIV/AIDS orphans, vulnerable and disabled children as well as old age homes on matters pertaining to health. This includes support of informal organisations which assist their local communities as well as hospices and home-based care programmes.

Projects funded by the Group include the Rape Crisis Centre in the Helderberg area which counsels rape victims from the Hottentots Holland Hospital in Somerset West and surrounding community, from young children to the elderly, including abused boys and men.

The Group also sponsors PATCH, a rape crisis centre for young children in Macassar in the Western Cape.



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Lewis partners with TSIBA Business School, an accredited higher education institution offering undergraduate and postgraduate business qualifications as well as short courses in leadership, entrepreneurship and commerce. The Group again provided funding for 10 scholarships and has committed a further 10 scholarships for the 2021 academic year. These graduates are then integrated into the Group's internship programme and on completion, many of them are placed in permanent positions across the Group.

The Group supports the Lesedi la Batho Centre in Mobopane, Gauteng, which provides unemployed people with skills from sewing to beadwork, computer skills and baking, allowing them to make and sell a range of merchandise to the public. A life-skills course is offered for young people who have not completed their formal education. Lewis purchases teddy bears from this organisation which helps to generate an income for approximately 20 ladies and their families. These bears are in turn donated to children in hospitals, hospices, children's homes and places of safety with over 3 400 bears having been donated to date.

Ongoing assistance is provided to Learn to Earn, an organisation training thousands of unemployed people in market driven skills. This year the Group supported woodwork, sewing, barista and Bake4Profit students. During the pandemic the Group supported the sewing skills programme by purchasing 1 600 face masks for employees and also funded various skills development courses.

8 DECENT WORK AND ECONOMIC GROWTH



Promoting sustained, inclusive, and sustainable economic growth, full and productive employment and decent work for all

Employment equity

The Group's employment equity plan focuses on increasing the representation of designated groups, mainly in the senior management and professionally qualified areas. Strategies have been developed to achieve internal employment equity targets, including the implementation of a comprehensive learning and development plan, in-service training of retail management students, granting bursaries, job profiling and performance assessments.

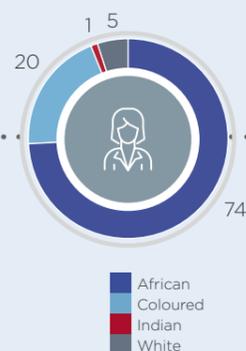
Management is committed to ensuring that the Group's employee profile is representative of the customer base it serves and the communities in which it trades. Black staff account for 95.2% (2020: 95%) of the staff complement, with females comprising 58.2% (2020: 58%).

The employment equity profile of the workforce in South Africa (excluding neighbouring countries) on 31 March 2021 is contained in the following table:

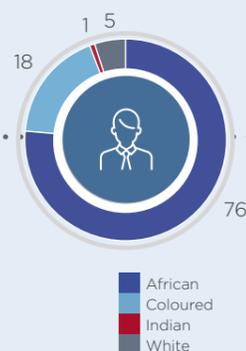
Occupational levels

Occupational levels	Female					Male					Grand total
	African	Coloured	Indian	White	Total	African	Coloured	Indian	White	Total	
Top management					-	2			3	5	5
Senior management	7	6	2	17	32	9	4	1	32	46	78
Middle management	27	30	7	40	104	56	27	5	46	134	238
Junior management	447	127	16	72	662	298	73	12	48	431	1 093
Semi-skilled	2 692	666	27	78	3 463	2 034	428	11	17	2 490	5 953
Unskilled	4	2			6		3			3	9
Non-permanent	125	44	1	3	173	40	30		10	80	253
Grand total	3 302	875	53	210	4 440	2 437	567	29	156	3 189	7 629

Grand total female employees (%)



Grand total male employees (%)



Black economic empowerment

The Group supports the principles and objectives of Broad-Based Black Economic Empowerment (B-BBEE) contained in the 2015 Amended Codes of Good Practice on B-BBEE. The board acknowledges its oversight role in driving transformation and empowerment across all elements of the B-BBEE scorecard.

The Group remains focused on improving its rating to meet the objectives of the B-BBEE Act and in 2021 achieved a rating of Level 8. This rating was verified by AQRate, an accredited empowerment rating agency.

B-BBEE element	Weighting	2021	2020	2019
Equity ownership	25	5.78	7.83	6.93
Management control	19	11.76	11.30	8.63
Skills development	20	17.00	16.71	14.96
Enterprise and supplier development	40	29.07	37.68	30.60
Socio-economic development	5	5.00	5.00	5.00
Total score		68.61	78.52	66.12
B-BBEE rating		Level 8	Level 6	Level 8

Training, talent and skills development

The Group's training and development programmes are geared towards creating opportunities for all employees from basic sales and product knowledge to training key talent for branch managers and management positions over time. The Group's training department is accredited with the Wholesale and Retail Sector Education and Training Authority and offers a range of classroom based and e-learning programmes in all aspects of retail, management and leadership training.

As part of the commitment to staff development, a central learning and development facility is used for the development of management for store operations in the five countries in which the Group operates.

Key outputs from the Group's training and development programme in 2021 include:

- 15 846 training interventions (2020: 12 263)
- Black staff accounted for 93% of total employees trained (2020: 92%)
- 152 employees enrolled on an adult basic education training course with a view to assisting these employees to obtain a grade 12 certificate (2020: 187)
- 37 interns/learnerships were absorbed and offered full-time positions (2020: 16)

Enterprise and supplier development

Lewis continues to support the local furniture industry through a focused enterprise development strategy to strengthen the local supply base and stimulate job creation in the domestic economy. Large volumes of locally sourced merchandise, goods and services are purchased from small businesses which are mainly black-owned.

The support provided to enterprise development partners includes financial and administrative business support, raw material sourcing, product development and design, quality control, and administrative business support.

During 2020 due to the Covid-19 pandemic and associated lockdowns, beneficiaries experienced shortages of raw materials which delayed the production and supply of certain products. Our procurement team worked closely with factories finding alternative solutions, ensuring that the impact was minimal.

We honoured all merchandise orders placed with beneficiaries during this time and offered payment holidays on all funding provided.

SUSTAINABILITY REPORT

CONTINUED



Camphill Village West Coast



Learn to Earn Bake4Profit



Learn to Earn Mask Sewing Project



South African Education Projects



Lesedi la Batho Teddy Bear Project



Lesedi la Batho Teddy Bear Project

Addressing climate change

The Group recognises the need to introduce and maintain environmentally sustainable business practices.

The Group's environmental practices will evolve, guided by environmental principles, economic drivers and the commitment to be a responsible corporate citizen.

Practices are guided by the Group's environmental policy and the environmental management system.

The Group appointed consultants specialising in environmental and climate risk to assist with the formulation of a climate risk framework.

The consultants will commence with the identification and management of climate related risks under the Task Force on Climate-related Financial Disclosures (TCFD) framework in the 2022 financial year, with the Group aiming to implement the recommendations over the next five years.

The Group currently measures electricity and fuel consumption as part of the monitoring of its carbon footprint. Further performance indicators will be identified and monitored in the next two years.

Environmental performance indicators

Consumption totals		2021	2020
Fuel	(kℓ)	6 830	7 690
Electricity	(MWh)	26 881	34 794

The main reason for the decline in consumption relates to the impact of Covid-19 trading restrictions when all stores were closed for six weeks.

Carbon footprint

The Group's carbon footprint has been calculated in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition).

Scope 1 emissions are emissions from company operations, which in the case of the Lewis Group comprise fuel combustion in all company-owned vehicles. The Group has an extensive fleet of delivery vehicles which undertake all deliveries from stores to customers.

Scope 2 emissions are associated with the use of electricity consumed at the Group's stores and head office.

Scope 3 emissions are those from external suppliers or customer operations and other activities including business travel and employee commuting. Only selected scope 3 emissions were quantified in this assessment.

Lewis Group emissions breakdown

Source	2021	2020
Scope 1		
South African fuel	14 105	16 401
International fuel	1 958	2 321
	16 063	18 722
Scope 2		
South African electricity	21 456	28 556
International electricity	1 756	2 401
	23 211	30 957
Total scope 1 and 2	39 274	49 679
Scope 3		
Fuel- and energy-related activities	13 190	16 395
Upstream transportation and distribution	9 869	7 329
Business travel	24	301
Employee commuting	4 033	4 317
Total scope 3	27 116	28 234

The Group's total scope 1 and scope 2 emissions are calculated at 39 274 tCO₂e for the 2021 financial year, with the South African operations contributing 91% to this total.

The results show a 21% decrease in emissions, with a 14% and 25% decrease in scope 1 and 2 respectively when compared to the 2020 emissions. The reduced emissions can primarily be attributed to the Covid-19 restrictions which impacted operations.

Scope 3 fuel and energy related activities decreased by 20% as a result of the decreased fuel and electricity usage across the Group.

Upstream transportation and distribution increased from 7 329 tCO₂eq in 2020 to 9 876 tCO₂eq in 2021, which is in line with the annual increase noted in previous assessments and is a result of increased stock purchases and resulting movement. Emissions from air travel decreased by 91%, due to a significant decline in flights as a result of Covid-19. Car hire emissions similarly decreased. Employee commuting emissions decreased due to Covid-19 restrictions and enforced store closures as well as the head office being closed for a major portion of the year.