

26 February 2019

Dear Parents and Guardians

SCHOOL CLOTHING NOTIFICATION

The cost of school clothing has, for the past several years, been a topic of much discussion in the media and among parents and others in the education sector.

Curro has been at the forefront of expanding private schooling in Southern Africa and has played a pro-active role in minimising the cost of school clothing, in order to assist parents, bearing in mind the need to ensure good quality and distinctiveness in line with the Curro brand. To this end, Grit Procurement Solutions (Pty) Ltd (“**Grit**”) was created in 2012 as a new school clothing supplier and appointed under an exclusive agreement with Curro. Curro and Grit believe that under this model the cost of school uniforms at Curro schools has decreased and that this new model has curtailed price and cost increases and has ensured the consistent quality of school uniforms across Curro’s growing umbrella of schools. In addition, Grit’s innovative e-commerce platform provides parents with the convenience of ordering school uniform items online and having those items delivered to their door or to their school.

Prior to 2015, the Competition Commission (“**Commission**”) received complaints from parents and school uniform suppliers regarding the high cost of school uniforms in South African schools and exclusive agreements preventing suppliers from entering the market. Parallel to its investigation, the Commission also undertook advocacy initiatives to address these concerns, including engagements with various schools and school groups, as well as the National Department of Basic Education.

As a result of these engagements, Curro and Grit previously embarked on various changes to the school clothing procurement process. These included implementing a comprehensive Curro clothing corporate identity, simplifying Curro school uniforms by reducing the number of unique items and standardising them across different schools within the Curro group. In addition, Grit implemented a competitive bidding process in respect of its suppliers, with a view to limiting increases in school uniform costs.

Following the Commission’s investigation into the South African school sector and, specifically, into the procurement and pricing of unique school uniform items, the Commission in January 2017 initiated a complaint against a number of schools, including Curro, as well as school uniform manufacturers and suppliers, including Grit.

While we are confident that we have not breached either the letter or the spirit of the Competition Act, 1998, we agree with the Commission that it is essential that school clothing be affordable, considering the relevant circumstances of each school. Curro and Grit have therefore, without admitting to any wrongdoing or liability, entered into a consent agreement with the Commission to settle the above complaint and to agree on future conduct aimed at reducing the cost of school clothing to parents and stimulating competition. This consent agreement was confirmed by the Competition Tribunal at a hearing on Tuesday, 26 February 2019. Neither the complaint, nor the consent agreement has resulted in any penalties or fines whatsoever being imposed on Curro or Grit, both of whom deny any wrongdoing.

Curro is committed to complying with the code of conduct set out in the consent agreement, which provides, *inter alia*, that:

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- (i) school uniform items must be as generic as reasonably possible so that they can be obtained from multiple suppliers;
- (ii) where this is not reasonably possible, exclusivity should be limited to such items that the school regards as being necessary to get from the pre-selected supplier. In other words, the number of unique school uniform items and unique sport uniform items that form part of the basic compulsory school uniform should be limited;
- (iii) Curro or, where applicable, Grit shall engage in a competitive bidding process when sourcing a supplier of Curro school uniform items;
- (iv) where reasonably possible, Curro or, where applicable, Grit shall have more than one supplier of school uniform items, with the aim of stimulating competition but keeping prices as low as reasonably possible; and
- (v) any contract entered into to supply school uniform items by Curro or, where applicable, by Grit must be for a limited duration of not more than 5 years after which a new competitive bidding process is required. The current agreement between Curro and Grit is due to expire in December 2021.

It is hoped that the commitment shown by Curro in entering into the consent agreement will, in keeping with the spirit of the Commission's advocacy, form part of a new benchmark for schools throughout the country.

In addition to the requirements imposed under the consent agreement (a copy of signed agreement available on www.curro.co.za), Curro will, in any event, continue to seek to implement innovative measures to manage the cost of school uniform items. As part of this process, Curro has already established second hand uniform shops at most of its schools or in the vicinity of those schools.

It is hoped that the above measures will assist in limiting increases in the cost of school clothing despite the inflationary environment in which we operate. Should you have any questions in this regard, please discuss with the leadership team at your school or email engage@curro.co.za.

Kind regards



Andries Greyling

Chief Executive Officer