The Framework introduced the 6 forms of capital that impact on value creation and diminution in a business. These comprise financial, manufactured, intellectual, human, social and relationship and natural capital.

The Group’s activities and performance relating to these capitals are covered throughout the report. The information contained in this report is consistent with the indicators used for our internal management and Board reports, and is comparable with previous integrated reports.

We have pleasure in presenting the 2015 integrated report for Mr Price Group Ltd and its subsidiaries. The report is aimed principally at our shareholders – the providers of financial capital – and the broader investment community, both locally and offshore. However, we recognise that several stakeholder groups influence our business, primarily but not limited to, our customers, shareholders and employees.

This report aligns with the requirements of the King Code of Governance for South Africa (King III) and the International Integrated Reporting Council’s Framework.

We have applied the requirements of the King Code of Governance for South Africa (King III) to this report. The information contained in this report is consistent with the indicators used for our internal management and Board reports, and is comparable with previous integrated reports.

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materiality

Our report focuses on issues which the Board and management believe are material to stakeholders and could impact value creation in the business. We have aimed to demonstrate the connectivity between these material issues and our business model, strategy, risks, key performance indicators, remuneration policies and prospects. The material issues are reviewed on an ongoing basis to ensure that they remain relevant and management assumes the responsibility for the approval of these material issues, which are then endorsed by the Board. All matters that are considered material to the business have been included in this report.

These matters have been identified and prioritised after taking into consideration:

- Our business model and values
- External factors that impact on the Group’s ability to create value in the short, medium and long term
- Strategic objectives and key business risks arising from the Group’s strategic planning framework
- Items that are top-of-mind to the Board and executive management
- Issues derived from key stakeholder engagement.

additional information

This integrated report aims to focus on material matters only. Where additional or ancillary information is available, this has been separately published on the Group’s website: www.mrpricegroup.com.

scope

This report provides a consolidated view of the Group’s financial, social, economic and environmental performance for the 52-week period ended 28 March 2015. It includes the financial results of Mr Price Group Ltd trading in South Africa, Botswana, Namibia, Lesotho, Swaziland, Ghana, Nigeria and Zambia and MRP Foundation (100% consolidated), MRP Mobile (55% consolidated), as well as the income received from franchise operations trading elsewhere in Africa. Our reporting complies with International Financial Reporting Standards, the Companies Act of South Africa (71 of 2008) and the JSE Listings Requirements. In terms of non-financial indicators, only South African operations are included, unless otherwise indicated.

boundary

The boundary extends beyond Mr Price Group to include the risks, opportunities and outcomes attributable to other stakeholders beyond the Group that have a significant impact on its ability to create value for its stakeholders over the short, medium and long term.

assurance

The Group’s consolidated Annual Financial Statements have been audited by the independent external auditor, Ernst & Young Inc. Their unqualified report can be found on page 87. In addition, the independent external auditor verified the information contained in the Remuneration Report on page 70.

The report is aligned with the King Code of Governance for South Africa (King III) and the International Integrated Reporting Council’s Framework.

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who we are

A high-growth, omni-channel, fashion-value retailer.

- Targeting younger customers in the mid to upper LSM categories
- Retailing predominantly own-branded merchandise
- +80% of sales are cash

fashion

How do we satisfy our customers’ need for fashion?
- Specialist trend teams, frequent international travel and thorough research
- Active dialogues through social and digital media
- Responding to customers’ changing fashion needs
- Product testing before making significant merchandise commitments
- Slow moving merchandise cleared to make way for fresh, new merchandise

value

Increasing sales + low overhead structure = acceptable operating margins
- Quality and fashion offered at the best price
- Lower mark-ups in order to offer “everyday low prices”
- Large order quantities and higher sales volumes to keep input prices low
- Maintain balance by incurring costs for future growth, often ahead of revenue generation
- Retail predominantly own-branded merchandise

cash

Remaining a cash driven retailer with cash sales > 80% of total sales

- A high cash sales component means:
  - Less impacted by the cyclical nature of retail
  - Not dependent on credit to drive sales, particularly during poor economic times
  - Less exposed to bad debt
  - Able to fund future growth without incurring debt
  - Strong cash flows will support future growth and maintain an appropriate dividend payout ratio
1,150 stores and online channels offering full product assortments

Market capitalisation of R64 billion, ranked 32nd on JSE

29-year CAGR in HEPS of 23.3% and DPS of 25.0%

Included in MSCI Emerging Markets Index

International shareholding of 53%

4th in Business Times Top 100 Companies, highest ranked retailer

Ranked 6th in Financial Mail 2014 Top Companies

Included in JSE Top 40 and Socially Responsible Investment Index
operations & footprint

Total stores: 1,150
Total trading area: 583,559 m²

Average store size: 535 m²
Total trading area: 278,258 m²

Mrp: 438
Average store size: 635 m²
Total trading area: 278,258 m²

Mrp Home: 166
Average store size: 833 m²
Total trading area: 138,360 m²

Mrp Sport: 72
Average store size: 769 m²
Total trading area: 55,361 m²

Sheet Street: 278
Average store size: 181 m²
Total trading area: 55,361 m²

Miladys: 196
Average store size: 312 m²
Total trading area: 61,188 m²

South Africa: 392
153 Mrp Home
263 Mrp Sport
188 Sheet Street

Botswana: 20
3 Mrp Home
4 Sheet Street
2 Miladys

Namibia: 37
5 Mrp Home
2 Mrp Sport
8 Sheet Street
4 Miladys

Lesotho: 4
1 Mrp Home
1 Sheet Street

Swaziland: 7
2 Mrp Home
2 Mrp Sport
2 Sheet Street

Nigeria: 6
6 Mrp

Ghana: 5
3 Mrp Home

Zambia: 5
4 Mrp Home

Franchise: 8
3 Mozambique
1 Rwanda
2 Tanzania
1 Uganda
our vision

To become a top performing international retailer.

our purpose

To add value to our customers’ lives and worth to our partners’ lives, while caring for the communities and environments in which we operate.

our values

Passion

Passion means ordinary people doing extraordinary things. It’s our engine and the positive attitude and enthusiasm of all of our associates, who approach each day projecting a positive image – believing that work is fun!

Value

Value is the heart of our business. Our success has been built on our ability to add value to our customers’ lives. It is more than just price – it’s about quality, fashion, being in stock of the wanted item and delighting our customers by going the extra mile and always over-delivering.

Partnership

Mutual respect is integral to the culture of the Group. We therefore refer to our co-workers as “associates” and, once they own shares or share options, they are referred to as “partners”. Partnership is sharing the ownership and success of the Company with all of our associates and fostering solid and long-term relationships with our suppliers. Without our customers, we wouldn’t have a business, and they are one of our most valued partners. We also partner with our communities, by investing in strategic initiatives that will improve the lives of those who are less fortunate, particularly children and youth.
We understand that stakeholders’ perceptions affect our reputation in all the markets in which we operate, and that we need to deal with these proactively, while ensuring that we maintain a balance in our treatment of stakeholders. The Board retains oversight of stakeholder management, while the implementation and monitoring of stakeholder engagement is devolved to the various management teams in the Group.

We have prioritised our input and feedback based on the degree to which a particular stakeholder or group is affected by our activities or can influence the success of our business. The following criteria have been applied:

**Power** - This is the level of influence that the stakeholder has over the Group’s ability to make decisions and perform.

**Level of interest** – The extent of interest that the stakeholder has in the Group and is further divided into two key components, namely:

- **Proximity** – the degree of interaction, i.e. long-term relationship or dependency on day-to-day operations
- **Urgency** – the immediacy of the need to engage with a particular stakeholder.

Some of the key principles on which we base our stakeholder approach are:

- Openness and transparency
- Mutual respect
- Supportive and responsive interaction
- Regular and structured engagements that are constructive and co-operative
- Recognition that all stakeholders are also existing or potential customers.

Sustainable relationships form the foundation of Mr Price Group’s ability to create value over the short, medium and long term.
Although we have not listed the communities in which we operate, the media, our business partners or certain government departments with whom we have relationships, it is important to note that the Group acts in a responsible and compliant manner towards these stakeholders.

The following table illustrates our stakeholder engagement in more detail:

<table>
<thead>
<tr>
<th>stakeholder</th>
<th>why we engage</th>
<th>how we engage</th>
<th>what we engage in</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders and the investment community</td>
<td>• To create an informed perception of the Group</td>
<td>• Annual General Meeting</td>
<td>• Company performance, future prospects and strategy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Presentations to Investment Analysts Society, results roadshows and one-on-one meetings</td>
<td>• Retail market trends and issues</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Attendance at investor conferences</td>
<td>• Dividend policy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Annual Integrated Report</td>
<td>• Share price performance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Annual results booklet</td>
<td>• Share schemes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• SENS announcements, trading updates and press releases</td>
<td>• Economic, social and environmental risks</td>
</tr>
<tr>
<td>Customers</td>
<td>• To meet our customers’ needs and increase long-term loyalty</td>
<td>• In-store interaction</td>
<td>• Brand perceptions and expectations</td>
</tr>
<tr>
<td></td>
<td>• To enhance the mnp brand and thereby grow market share</td>
<td>• Traditional and social media</td>
<td>• Fashion trends</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Customer and market surveys and panels</td>
<td>• Product and quality feedback</td>
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<tr>
<td></td>
<td></td>
<td>• Product testing</td>
<td>• Customer service levels</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Inbound and outbound call centres</td>
<td>• E-commerce technical assistance, orders and queries</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Advertising campaigns and competitions</td>
<td>• Community support and fundraising through MRP Foundation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Live chat feedback on e-commerce sites</td>
<td>• Account queries and payment</td>
</tr>
<tr>
<td>Associates and partners (our people)</td>
<td>• Our associates are our most valuable asset and brand ambassadors, as their efforts drive our profitability and the effectiveness of our customer engagement</td>
<td>• Induction programmes</td>
<td>• Vision and values</td>
</tr>
<tr>
<td></td>
<td>• To enhance their sense of value, commitment and motivation</td>
<td>• Performance reviews, fireside chats and career planning discussions</td>
<td>• Business Code of Conduct</td>
</tr>
<tr>
<td></td>
<td>• To align thinking with the Group strategy</td>
<td>• Training and development</td>
<td>• Group strategy and financial performance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Culture and climate surveys</td>
<td>• Group policies and guidelines</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Internal media – Red Cap Radio and TV</td>
<td>• Individual and team performances</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Team meetings</td>
<td>• Remuneration, benefits and incentives</td>
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<tr>
<td></td>
<td></td>
<td>• Results presentations</td>
<td>• Transformation and employment equity</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Divisional events, including awards events</td>
<td>• People development and training</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Whistleblowers’ hotline</td>
<td>• Wellness programmes</td>
</tr>
<tr>
<td>Suppliers</td>
<td>• Suppliers are key to our performance and core to our strategic positioning</td>
<td>• Supplier days</td>
<td>• Health and safety</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Regular meetings</td>
<td>• Culture survey results</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Performance reviews</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>• Quality audits</td>
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<td></td>
<td></td>
<td>• Ethical and social audits</td>
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<td></td>
<td></td>
<td>• DC tours</td>
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<tr>
<td></td>
<td></td>
<td>• Factory visits and tours</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Whistleblowers’ hotline</td>
<td></td>
</tr>
</tbody>
</table>
Value creation through the use of capitals

The International Integrated Reporting Council’s Framework requires organisations to, as a fundamental concept underpinning the Framework, report on the resources and relationships that it uses or affects, and the critical interdependencies between them. These resources and relationships are referred to as “the capitals”. The Group is committed to integrated reporting and, as such, has adopted the Framework. In the section below, we show the value that has been created through the use of the six capitals.

<table>
<thead>
<tr>
<th>capital</th>
<th>input</th>
<th>output for 2015</th>
<th>more information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td>The Group’s pool of funds consists of revenue generated, interest income and funds reinvested.</td>
<td>• Revenue of R18.1 billion&lt;br&gt;• R1.3 billion paid to shareholders as dividends&lt;br&gt;• R796.0 million paid in income taxes&lt;br&gt;• R999.3 million reinvested to finance future expansion and growth&lt;br&gt;• R88.0 million generated as interest income</td>
<td>• Divisional Reviews&lt;br&gt;• CFO’s report&lt;br&gt;• Annual Financial Statements</td>
</tr>
<tr>
<td>Manufactured</td>
<td>The stores, distribution network and general infrastructure throughout Southern and West Africa which enable us to procure, import, deliver and sell our products and services.</td>
<td>• Property, plant and equipment with a book value of R837.5 million&lt;br&gt;• Inventory to the value of R1.7 billion&lt;br&gt;• R1 billion paid to property owners as store rentals&lt;br&gt;• 76 new stores opened during the year&lt;br&gt;• 5.1% increase in weighted average trading space&lt;br&gt;• Full in-house credit management capability supported by established call centre</td>
<td>• Annual Financial Statements</td>
</tr>
<tr>
<td>Intellectual</td>
<td>Organisational knowledge, systems, protocols and intellectual property.</td>
<td>• Intangible assets with a book value of R328.2 million&lt;br&gt;• Trending and design capabilities&lt;br&gt;• Leading in-house brands&lt;br&gt;• Compelling credit offering&lt;br&gt;• Consistent customer experience through our omni-channel approach&lt;br&gt;• Registered trademarks</td>
<td>• Annual Financial Statements&lt;br&gt;• Our People Report&lt;br&gt;• Divisional Reviews</td>
</tr>
</tbody>
</table>
### Experienced, balanced and diverse Board with a strong commitment to corporate governance

<table>
<thead>
<tr>
<th>Human</th>
<th>Input</th>
<th>Output for 2015</th>
<th>More Information</th>
</tr>
</thead>
</table>
| The competencies, capabilities and experience of our employees. | The skill and experience vested in our employees that enable us to deliver our products and services and implement our strategy, thereby creating value for our stakeholders. | • An experienced, balanced and diverse Board with a strong commitment to corporate governance  
• Mature governance structure  
• Experienced, competent and cohesive management teams  
• Clearly defined company values  
• Performance management system  
• Ability to manage risk  
• 17,098 permanent employees  
• R1.9 billion paid to employees as remuneration  
• R38.5 million invested in training, resulting in 159,276 training hours for employees of which 95% were black | • Remuneration Report  
• Corporate Governance Report  
• Key performance indicators  
• Our People Report |

<table>
<thead>
<tr>
<th>Social and relationship</th>
<th>Social and relationship</th>
<th>Social and relationship</th>
</tr>
</thead>
</table>
| Stakeholder relationships and engagement, corporate reputation and values. | The key and long-term relationships that we have cultivated with customers, suppliers and business partners. | • B-BBEE rating at level 6  
• Ongoing effort in furthering enterprise and supplier development initiatives  
• R23.5 million donated to MRP Foundation  
• R3.0 billion (72.9 million units) of merchandise sourced from South Africa (31% of total)  
• R20.2 million in dividends paid to participants of Partner Share Scheme  
• Business Code of Conduct and Supplier Code of Conduct updated | • Our People Report  
• Sharing the Value Report  
• Social, Ethics, Transformation and Sustainability Committee Report  
• Remuneration Report |

<table>
<thead>
<tr>
<th>Natural</th>
<th>Natural</th>
<th>Natural</th>
</tr>
</thead>
</table>
| Environmental resources which impact the Group’s prosperity | The resources that are used in the production of goods. | • Sustainability team co-ordinates and integrates sustainability initiatives across the Group  
• Supply chain optimisation and monitoring of procurement practices  
• Ongoing initiatives including retro-fitting lighting to lower consumption units | • Key Performance Indicators  
• Sharing the Value Report |
group strategy

Our vision is to become a top performing international retailer.

The Group’s strategy requires sustainable value creation over the short, medium and long term. The Board of Directors reviews the appropriateness of the strategic objectives annually and performance against set targets regularly throughout the year. An integrated approach to strategy, risk management, performance and sustainability has been adopted and there is continued commitment to the alignment of ‘people, profit and planet’.

THE 5 PILLARS OF THE GROUP’S STRATEGY ARE ASfollows:

01 growth
Extend the Group’s earnings track record through local and international growth

02 customers
Delight our customers with our fashionable offering at great value

03 operations
Develop a world class infrastructure to enable the growth strategy

04 people
Create an energised environment with empowered and motivated people

05 sustainability
High standards of ethical behaviour and sustainable business practices
<table>
<thead>
<tr>
<th>Objectives</th>
<th>Performance against objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GROWTH – SOUTH AFRICA</strong></td>
<td></td>
</tr>
<tr>
<td>Increase market share</td>
<td>Our largest chains, mrp and mrpHome, have gained market share in their target markets. mrp gained 1.3%, with the largest increase of 2.1% coming from the menswear department. mrpHome increased its market share by 0.9%.</td>
</tr>
<tr>
<td>Introduce quality new space and exit from unproductive space</td>
<td>A net 71 new stores were opened during the period. Weighted average trading space increased by 5.1% with the highest growths in mrpSport (11.2%) and mrp (8.3%). Store expansions resulted in 4 370m² in additional trading space, while 8 168m² of unproductive space was reduced with positive impacts on store profitability.</td>
</tr>
<tr>
<td>Focus on cash sales growth</td>
<td>Cash sales growth was 14.9% compared with credit sales growth of 7.5%. Overall cash sales constituted 81.9% of total sales (2014: 80.8%).</td>
</tr>
<tr>
<td>Innovate – introduce new concepts</td>
<td></td>
</tr>
<tr>
<td>• Design and test mrp new age store</td>
<td>A new generation store was opened at V&amp;A Waterfront in August 2014 under the new mrp branding. The trading density of this store is higher than the divisional average, with store contribution and ROGA also above the new store averages.</td>
</tr>
<tr>
<td>• Online - Launch in mrpSport</td>
<td>mrpSport.com was launched successfully during the year. All trading divisions, with the exception of Miladys, are now trading online. mrp is trading online both locally and internationally, while the other divisions are currently focused on South Africa.</td>
</tr>
<tr>
<td>• Increase utilisation of mobile POS</td>
<td>Mobile POS usage was increased to reduce the pressure at conventional till points, especially over peak periods. These high technology devices have been well received by customers and the roll out will continue in the new financial year.</td>
</tr>
<tr>
<td>• Launch mrpMobile MVNO</td>
<td>mrpMobile was launched successfully into the existing credit base. The second phase will focus on broader market penetration and will include a prepaid offering.</td>
</tr>
<tr>
<td>Implement new operations structures, targeting improved customer service and operational efficiency</td>
<td>New operations structures were tested initially in the Western Cape by mrp and, due to the success thereof, are now being rolled out nationally. The new structures will result in a more customer-centric business.</td>
</tr>
</tbody>
</table>
### Objectives

<table>
<thead>
<tr>
<th>GROWTH – SOUTH AFRICA (continued)</th>
<th>Performance against objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Enhance shoppers’ online experience</strong></td>
<td>There has been intense focus on the calibration of shoppers’ online and physical store experiences this year. Results have been positive with complimentary feedback received from customers. The navigation on the online site has also improved resulting in an easier shopping experience.</td>
</tr>
<tr>
<td><strong>Tight cost control</strong></td>
<td>Costs were well controlled during the current year. Total costs increased by 12.4% compared with revenue growth of 13.9%. Selling expenses increased by 7.4% despite weighted average trading space increasing by 5.1% and inflation averaging approximately 5%. Administrative expenses increased by 11.3% and constituted 6.4% of retail sales and other income compared with 6.5% last year. Refer to the CFO’s Report (page 28) for further details.</td>
</tr>
<tr>
<td><strong>Capital expenditure of R3.5 billion planned over the next 5 years.</strong></td>
<td>Future objective</td>
</tr>
<tr>
<td><strong>GROWTH – AFRICA</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Increase contribution to total sales</strong></td>
<td>African sales (excluding South Africa) grew by 24.3% and constituted 8.5% of total sales (2014: 7.9%).</td>
</tr>
<tr>
<td><strong>Acquire key franchise operations and continue West African expansion, focusing on value and channels to market</strong></td>
<td>The Zambian franchise operations were acquired effective 2 June 2014 (4 mrp and 1 mrpHome store). In Nigeria, 2 new stores were opened while 1 new store was opened in Ghana. Retail sales for these stores has increased by 31.0%. The full operational performance of the West African stores is discussed in the CFO’s Report (page 28).</td>
</tr>
<tr>
<td><strong>Conduct further research to identify appropriate African markets and formats for the expansion of the mrp brands – Apparel, Home and Sport</strong></td>
<td>Ongoing research into other potential markets is being performed. The Mozambiquan and Tanzanian franchise contracts expire in December 2015 and consideration will be given to establishing corporate-owned stores in these territories as well as Mauritius.</td>
</tr>
<tr>
<td><strong>Roll out an online platform in Nigeria</strong></td>
<td>Rolled out and meeting expectations.</td>
</tr>
<tr>
<td><strong>GROWTH – BEYOND AFRICA</strong></td>
<td></td>
</tr>
</tbody>
</table>
| **Conduct marketing test of mrp.com (online) in Australia** | Test completed and highlighted brand acceptance:  
- 85% of increase in online sales was from new customers  
- Returning customers’ basket size double the average online basket  
- Expected better response relative to spend-cost of customer acquisition is high, requires ongoing investment |
| **Conduct further research to identify appropriate international markets and formats for the expansion of the mrp brands – Apparel, Home and Sport** | Based on the online marketing test results described above and further detailed research undertaken, mrp will be opening 2 test stores in Australia in October 2015. The mrpHome international expansion strategy is currently in progress while research in mrpSport has yet to commence as this remains a longer term prospect. Research is also being undertaken regarding an appropriate international company structure. |
Key risks and mitigation strategies:

<table>
<thead>
<tr>
<th>Description of risk</th>
<th>Risk mitigation</th>
</tr>
</thead>
</table>
| Economic climate in South Africa                 | • Focus on fashion-value business model, including trend and design capabilities, systems, logistics and suppliers to maintain cost structures and value positioning  
  • Continue international expansion strategy  
  • All international growth to be cash-based. Group cash sales to remain >80% of total sales |
| Increasing competition, including growing presence of international retailers in South Africa | • Focus on fashion-value business model. New entrants primarily compete with higher priced credit retailers  
  • Development of the trend and merchant teams  
  • Raised level of pre-season planning  
  • Improved supply chain and resourcing processes  
  • Key associate retention policies  
  • Be at the forefront of retail technology |
| Investment in wrong market or format             | • Clearly defined risk appetite  
  • Multi-channel approach in order to overcome limited availability of quality retail space  
  • Intensive research and test strategy for new markets and channels  
  • Stringent feasibility requirements and approval processes  
  • Primary focus on logistics, pricing and competition  
  • Focus on effective people and management structures |
| Social, political and legislative landscape of Africa | • Continued focus on making the work environment more productive and effective to ensure continued employee engagement  
  • Continue to adopt and advance the spirit of good governance and transformation that goes beyond compliance  
  • Continue international expansion strategy |
<table>
<thead>
<tr>
<th>Objectives</th>
<th>Performance against objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintain focus on LSM 6-10 (Sheet Street 5-8)</td>
<td>Focus on the target market has been maintained. In mrp, 91% of customers fall within the targeted LSM range, with mrpHome at 93%.</td>
</tr>
<tr>
<td>Maintain fashion-value positioning</td>
<td>Ingoing markup decreased by 0.1%. Over the last 5 years, the merchandise GP% has not varied significantly which is key to maintaining our price positioning.</td>
</tr>
<tr>
<td>Offer fashionable/contemporary own-branded merchandise at “everyday low prices”</td>
<td>Comparative shops and trading performance confirm that this objective has been achieved.</td>
</tr>
<tr>
<td>Advance the Group’s CRM strategy</td>
<td>The Group’s call centre has been relocated, there is a new consolidated reporting structure in place, and new management has been appointed. Available call centre technology has been researched and a single, integrated platform has been selected for implementation in F2016.</td>
</tr>
<tr>
<td>Research and implement appropriate CRM strategy to enable growth and increased competitive advantage</td>
<td>Future objective</td>
</tr>
<tr>
<td>Offer a consistent brand experience across formats, channels and markets</td>
<td>There has been intense focus on the calibration of the store and online environments. In the other African territories there is strong focus on value, which will be further enabled by supply chain enhancements.</td>
</tr>
<tr>
<td>Increase the role of technology</td>
<td>Further rollout of mobile POS. Future objectives are to introduce Tap’n Go functionality to improve transaction times and to upgrade the store communication network.</td>
</tr>
</tbody>
</table>

### Key risks and mitigation strategies:

<table>
<thead>
<tr>
<th>Description of risk</th>
<th>Risk mitigation</th>
</tr>
</thead>
</table>
| Compelling and seamless omni-channel shopping experience                           | • Research and effective implementation of CRM strategy  
• Continuous training and adoption of the ‘one brand’ approach  
• Engagement with customers                                                                 |
| Brand positioning                                                                 | • Development of the trend and merchant teams  
• Raised level of pre-season planning  
• Strategic relationships with suppliers  
• Continued focus on value pricing  
• Improved quality assurance structures, processes and partnerships                                                                 |
| Product assortments and allocations                                               | • Continued focus on market research, trend and design  
• Continued focus on simpler and more effective planning, assortment and allocation processes                                                                                                           |
## Objectives

<table>
<thead>
<tr>
<th>RESOURCING</th>
<th>Performance against objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continue to build a sustainable and reputable supply base to meet our increasingly complex requirements</td>
<td>All trading divisions are progressing well on the building of a sustainable and reputable supply base. Improvements have generally been noted in supplier grading and delivery performance. Increased supplier visibility, quick response model, Sedex and ETI initiatives have progressed as expected with 80% of mrp, mrp Home and Sheet Street trade suppliers being members at the year end. This imperative is expected to span a number of years. The process has commenced in mrp Sport and Miladys. The Supplier Code of Conduct has been aligned with the ETI Base Code and all suppliers are required to uphold the spirit of the code.</td>
</tr>
<tr>
<td>Achieve consistent progress on factory direct and trading relationships</td>
<td>Direct imports are tracking well within divisional targets, with factory direct imports having increased from 9.9% to 20.1% of the total order book during the year. (45% of mrp’s imported merchandise).</td>
</tr>
<tr>
<td>95% of imported merchandise to be factory direct by F2020</td>
<td>Future objective</td>
</tr>
<tr>
<td>SUPPLY CHAIN</td>
<td></td>
</tr>
<tr>
<td>Optimal international logistics network blueprint established (including consolidation centres, bond store utilisation and direct shipments, reduction of double duties)</td>
<td>Bond store is currently more efficient due to increased volumes. The 2015 target of foreign stores incurring single duty on 17% of inputs has been achieved.</td>
</tr>
<tr>
<td>Conduct limited tests of direct shipments from China to Nigeria</td>
<td>Direct shipment to Nigeria tested. The test was successful, but will not be rolled out until there are sufficient volumes.</td>
</tr>
<tr>
<td>Reduce lead time to Nigeria and Ghana</td>
<td>Lead time reduced by 56 days due to improved documentation and processes at origin and destination.</td>
</tr>
<tr>
<td>Establish the potential of bringing the fulfilment of online sales in-house</td>
<td>All divisions with an online offering will be testing store fulfilment in the new financial year.</td>
</tr>
<tr>
<td>DISTRIBUTION CENTRE</td>
<td></td>
</tr>
<tr>
<td>Obtain necessary approvals for new DC and achieve project milestones</td>
<td>All necessary approvals have been obtained.</td>
</tr>
<tr>
<td>New DC to be operational in August 2017</td>
<td>Construction is expected to commence in June 2015, with completion by May 2017 and all divisions operating from the new DC by August 2017. Plans are in place to handle the December 2016 festive season peak.</td>
</tr>
</tbody>
</table>
## Objectives

<table>
<thead>
<tr>
<th>ERP SYSTEM IMPLEMENTATION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>mrpSport live on new ERP system by January 2016</strong></td>
</tr>
</tbody>
</table>

Performance against objectives:

- Just Enough replenishment and core Oracle ERP completed. Next phases are to deliver JE planning modules and commence integration. Test division now planned to go live in first half of F2017.

## Control capital expenditure to within budget

The total expected cost of the project is R245 million.

## Minimisation of new non-critical project requests and scope creep

This has been a focus with current projects being prioritised and new projects being minimised.

## Key risks and mitigation strategies:

### Description of risk

- **Sustainability of supply and availability of procured merchandise**
- **Increased direct exposure to exchange rates may cause volatility in selling prices and gross margin %**
- **Distribution centre capacity may be insufficient to cope with peak trading throughputs and future growth**
- **Alignment of systems and business requirements or a problematic implementation disrupts the business**
- **Volume and impact of significant change (including on business critical systems)**
- **Ineffective supply chain capabilities to support a global business**

### Risk mitigation

- Improved supplier performance and grading processes
- Outsourced and on-site quality assurance processes which provide insight into the quality and deliverability of merchandise
- Key suppliers strategy, engagement and development
- Continued focus on building factory direct relationships
- Enterprise and supplier development strategy
- Increase in direct imports to be phased in over a few years
- Hedging strategy in place controlled by active treasury committee
- Selling prices routinely checked against competitors
- Focus on process flow and stock-flow optimisation
- Use of off-site facilities during peak periods
- New DC project has been set up as a major initiative, with a focused team, appointment of specialists, sound project governance structures and processes
- mrpWorld team well established and continue to ensure alignment with business requirements and Group strategy
- Involvement of senior resources, appointment of IT specialists and independent advisors
- Effective IT governance structures and processes, including Executive Steering Committee and oversight by the Main Board
- Phased implementation plan, commencing with smaller division
- Effective change management processes
- Effective change management processes
- Business continuity plans, disaster recovery facilities and back-up processes in place
- Effective IT governance structures and processes, including Executive Steering Committee and oversight by the Main Board
- Continued focus on the design and implementation of an international supply chain blueprint
## Objectives

<table>
<thead>
<tr>
<th>Performance against objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remuneration structures across all levels to be reviewed to ensure that they are still relevant to those whom they impact and continue to act as a strong motivator to drive future growth.</td>
</tr>
<tr>
<td>Significant steps have been identified and taken to improve culture survey results across all divisions. An internal analysis of pay equity is in progress and external pay benchmarking is ongoing.</td>
</tr>
<tr>
<td>The remuneration and benefits review, conducted in partnership with PwC, has commenced. Areas highlighted to date are being assessed by the committee overseeing this project.</td>
</tr>
<tr>
<td>More effective workplace and employee engagement</td>
</tr>
<tr>
<td>Dayforce has been implemented in all divisions. An Employment Optimisation Committee is in place to identify and drive improvement areas, and derive intended benefits. Cornerstone core system rolled out in F2015. Currently being used effectively as a training administration management tool, still to derive the true benefits of Learning and Development facilitation and career management.</td>
</tr>
<tr>
<td>HCM rolled out across the Group.</td>
</tr>
<tr>
<td>Investment in training and development to be increased</td>
</tr>
<tr>
<td>Investment increased from R33.8 million to R38.5 million with 159 276 hours of training being provided. For more information, refer to Our People Report on page 46.</td>
</tr>
<tr>
<td>Continued investment in e-learning to facilitate training across a widespread footprint</td>
</tr>
<tr>
<td>R5.1 million spent on e-learning in the current year (R29.7 million spent to date). This technology makes training available to associates on a daily basis regardless of where they are geographically located.</td>
</tr>
<tr>
<td>Focus on leadership development, including EE</td>
</tr>
</tbody>
</table>
| • Leadership NEXT designed, launched and underway for top 30 divisional executives. This development initiative includes strategy and operating in a global marketplace.  
• Recruitment interventions in progress for key vacancies |
| Achievement of EE targets and B-BBEE compliance levels |
| EE targets achieved (refer page 53) and B-BBEE compliance level of 6 obtained (2014: level 5) |
| Improve retention of specialised skills and recruitment of top talent through improved remuneration structures |
| The turnover of key associates in F2015 was well below the Group average. Key executives have been identified with divisional MD’s in succession plans, with development and retention plans largely in place, including participation on Leadership NEXT. People Managers have identified key associates for retention. |
### Key risks and mitigation strategies:

<table>
<thead>
<tr>
<th>Description of risk</th>
<th>Risk mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Group may not be able to attract and retain critical skills</td>
<td>• Brand profiling and talent search strategy, including intern and graduate programmes</td>
</tr>
<tr>
<td></td>
<td>• Improved recruitment processes and information</td>
</tr>
<tr>
<td></td>
<td>• Ongoing focus on skills development in order to create suitable talent pools, particularly around merchandise skills</td>
</tr>
<tr>
<td></td>
<td>• Continued focus on embedding of Group culture and enhancing the work environment</td>
</tr>
<tr>
<td>Leadership capacity and capability for the future</td>
<td>• Executive development initiatives include strategy and operating in a global marketplace</td>
</tr>
<tr>
<td></td>
<td>• Board oversight of performance to strategic KPI’s</td>
</tr>
<tr>
<td></td>
<td>• Robust succession planning</td>
</tr>
<tr>
<td>Loss of key people</td>
<td>• Succession plans in place for all key executives</td>
</tr>
<tr>
<td></td>
<td>• Competitive remuneration and incentive structures offered to enhance retention</td>
</tr>
<tr>
<td></td>
<td>• Development programmes to enhance pool of leadership skills</td>
</tr>
</tbody>
</table>

Executive development initiatives include strategy and operating in a global marketplace
<table>
<thead>
<tr>
<th>Objectives</th>
<th>Performance against objectives</th>
</tr>
</thead>
</table>
| Promote ethical practices in the Group’s supply chain that are aligned to the Group values and international standards | • The Group’s Supplier Code of Conduct, which is aligned to the Group’s values, was updated during the year to bring it in line with international standards, with the assistance of the Ethical Trading Initiative (ETI).  
• 82% of the Group’s tier 1 trade suppliers have become members of Sedex. A large portion of these global suppliers have completed the self-assessment questionnaire that enables the Group to assess the supplier risk from an ethical perspective.  
• ETI buyer training took place across the Group. |
| Enhance sustainable business practices and partnerships in the local market to promote socio-economic development | • In 2015, the Group sourced 72.9 million units totaling R3.0 billion (31.1% of total) from local suppliers. This is a 33.8% increase on last year.  
• Level 6 B-BBEE compliance was achieved, which was externally verified by BEESCORE (Pty) Ltd (a SANAS accredited organisation).  
• The relationship with a local footwear manufacturer to the Group continued to yield positive results. The units purchased from this supplier has more than doubled over the last 5 years.  
• The JumpStart Manufacturing Programme, piloted in collaboration with certain key suppliers, has proved to be very successful in addressing the needs of unemployed youth and business in South Africa by equipping youth with the necessary skills to access jobs and future careers in the clothing and textile manufacturing industry. This initiative is expected to unlock more efficient and Quick Response capable suppliers.  
• The JumpStart Retail Programme, in collaboration with the JobsFund, continues to achieve its objective of promoting the participation of unemployed youth in the retail sector.  
• The Group has been a founding member in the development of two competitiveness improvement clusters in the country namely the South African Sustainable Textiles and Apparel Cluster and the Regional Footwear and Leather Goods Cluster.  
• The Group has continued to support the national priorities of the country through its social investment into the MRP Foundation over the past 10 years, which continues to support the local market. |
| Improve resource efficiencies and address climate change                  | • The Group’s energy consumption has been reduced through improved energy usage behaviour and retrofitting stores with lower energy intensive lighting. The reduction in the consumption of electricity resulted in a saving of R22.3 million over 2014 and 2015. This has a positive impact on the reduction in carbon emissions.  
• Other initiatives to reduce waste disposal have also yielded positive results. |

Refer to the Sharing our Value Report on page 50 for more information regarding the Group’s sustainability performance.
Key risks and mitigation strategies:

<table>
<thead>
<tr>
<th>Description of risk</th>
<th>Risk mitigation</th>
</tr>
</thead>
</table>
| Insufficient engagement with or consideration of business input into new or changed legislation may result in onerous compliance requirements | • Continuous involvement in national and retail forums and considered input into proposed changes  
• Engaging and building positive relationships with regulators  
• Group’s compliance philosophy  
• Sustainability strategy |
| Although the Group insists that suppliers uphold the standards set in the Code of Conduct it is possible that this may be breached by suppliers, and may cause undue reputational risk to the Group | • Enhanced Supplier Code of Conduct and supplier’s annual declaration process  
• Supplier relationships and engagement  
• Member of the ETI and Sedex to encourage socially responsible practices  
• Partnership with independent quality assurance provider  
• Consistent and direct response to known breaches |
| Poor education levels and a lack of skills may result in a further decline in the manufacturing industry which is already struggling with competitiveness | • Supplier and enterprise development plans by the merchandise, resourcing and sustainability teams aimed at improving supplier sustainability and quick response capabilities in South Africa  
• MRP Foundation participation in skills development with strategic suppliers in the footwear and apparel manufacturing sectors (JumpStart Manufacturing). Refer page 54 |
| Non-compliance with the Amended B-BBEE Codes                                       | • Compliance with the Amended B-BBEE Codes will initially not be possible. Refer page 52.                                                  |
Key Performance Indicators

The following key indicators have been identified to measure the Group’s economic, social and environmental progress:

<table>
<thead>
<tr>
<th></th>
<th>Unit</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Economic</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>R’m</td>
<td>18 099</td>
<td>15 892</td>
<td>13 800</td>
<td>12 122</td>
<td>10 973</td>
</tr>
<tr>
<td>Headline earnings per share</td>
<td>cents</td>
<td>919.7</td>
<td>765.1</td>
<td>634.8</td>
<td>503.0</td>
<td>418.9</td>
</tr>
<tr>
<td>Operating margin</td>
<td>%</td>
<td>17.1</td>
<td>16.0</td>
<td>15.0</td>
<td>14.4</td>
<td>13.1</td>
</tr>
<tr>
<td>Dividends per share</td>
<td>cents</td>
<td>580.0</td>
<td>482.0</td>
<td>398.0</td>
<td>314.0</td>
<td>252.0</td>
</tr>
<tr>
<td>Share price (closing)</td>
<td>Rand</td>
<td>251.96</td>
<td>166.01</td>
<td>116.99</td>
<td>94.34</td>
<td>63.38</td>
</tr>
<tr>
<td>Return on net worth</td>
<td>%</td>
<td>45.7</td>
<td>47.6</td>
<td>46.4</td>
<td>43.8</td>
<td>42.2</td>
</tr>
<tr>
<td>Cash sales as a % of total sales</td>
<td>%</td>
<td>81.9</td>
<td>80.8</td>
<td>79.9</td>
<td>81.4</td>
<td>83.8</td>
</tr>
<tr>
<td><strong>Social</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total number of people employed</td>
<td></td>
<td>17 098</td>
<td>18 104</td>
<td>19 384</td>
<td>17 894</td>
<td>17 887</td>
</tr>
<tr>
<td>Staff turnover²</td>
<td>%</td>
<td>32.7</td>
<td>20.1</td>
<td>21.5</td>
<td>22.6</td>
<td>22.1</td>
</tr>
<tr>
<td>Black staff as a % of total permanent staff</td>
<td>%</td>
<td>93</td>
<td>91</td>
<td>94</td>
<td>91</td>
<td>89</td>
</tr>
<tr>
<td>Promotions of black people as a % of total promotions</td>
<td>%</td>
<td>91</td>
<td>82</td>
<td>87</td>
<td>85</td>
<td>78</td>
</tr>
<tr>
<td>Investment in people learning &amp; development</td>
<td>R’m</td>
<td>38.5</td>
<td>33.8</td>
<td>30.8</td>
<td>25.1</td>
<td>9.9</td>
</tr>
<tr>
<td>Black people participating in learning &amp; development</td>
<td>%</td>
<td>95</td>
<td>90</td>
<td>88</td>
<td>87</td>
<td>83</td>
</tr>
<tr>
<td>B-BBEE rating</td>
<td>Level</td>
<td>6</td>
<td>5</td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Corporate Social Investment</td>
<td>R’m</td>
<td>23.5</td>
<td>18.8</td>
<td>16.7</td>
<td>13.0</td>
<td>11.4</td>
</tr>
<tr>
<td>Enterprise Development Investment</td>
<td>R’m</td>
<td>36.0</td>
<td>28.0</td>
<td>23.2</td>
<td>21.4</td>
<td>1.5</td>
</tr>
<tr>
<td><strong>Environmental³</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carbon emissions (estimated) (in SA)</td>
<td>Tonnes</td>
<td>154 155</td>
<td>157 639</td>
<td>210 786</td>
<td>Not reported</td>
<td>Not reported</td>
</tr>
<tr>
<td>Electricity consumed (Kwh in SA)</td>
<td>Million</td>
<td>142.3</td>
<td>158.1</td>
<td>Not reported</td>
<td>Not reported</td>
<td>Not reported</td>
</tr>
</tbody>
</table>

¹ The decline in associates employed is due to the amended labour legislation, where the conversion of casuals to permanent contracts resulted in fewer people being employed. Refer to Our People Report on page 46 for further information.
² Primarily store associates, and has historically been below industry norms. Current year has been impacted by contract changes detailed above.
³ Refer to Sharing the Value Report on page 50 for further information.
By Nigel Payne
Mr Price Group Chairman

On behalf of the Board, I am privileged to report to our shareholders, our people, customers, suppliers and all our other stakeholders. Another pleasing operational and financial performance, as reported on by our CEO, Stuart Bird, and CFO, Mark Blair, should be seen in the context of our 23.3% compound annual growth in headline earnings per share over the past 29 years, as well as our vision to become a top performing international retailer.

Mark’s CFO report includes an overview of global and South African economic challenges. While this highlights continued slow economic growth, it also defines an environment in which our fashion value proposition has a significant competitive advantage. This, together with demographic trends, provides a sweet spot for us to target in a number of countries, as we have confirmed from the responses to our e-commerce offering. We have significant evidence that the ‘emerging consumer’ supporting our offering can be found in large numbers, both in emerging markets, some of which we have already entered, as well as in developed markets with younger populations, such as Australia.

We will continue to allocate capital, both human and financial, to build our capabilities in our home market as well as to enter and expand a number of carefully selected international markets. Stuart’s CEO report details these investments.

In order to more closely integrate strategy and risk management, during the past year the Board incorporated the Risk Committee directly into the Board’s own agenda.

The Board strives to strike an appropriate balance between governance and entrepreneurship. We continue to work closely with executive management in refining strategy, and focus on those risks that are the most crucial to our future. We have a risk appetite that facilitates entrepreneurship, but are cautious in the implementation thereof, taking time to test, evaluate, modify where necessary and retest before committing significant capital to implementation.

We believe that the best way to align the interests of the Company, our customers, associates and shareholders is by relentlessly pursuing our long term vision, while daily living out the dreams and beliefs that form the basis of our corporate DNA, as set out in significant detail in our annual integrated reports and my Chairman’s report over the past three years. Central thereto is an environment of passionate partnership and teamwork.
The recent retirement from the Board of one of the Group’s co-founders, Laurie Chiappini, after 29 years of service and upon reaching the age of 70, presents an opportunity to reassess the human capital foundations he helped establish. It is noteworthy that the Group is generally able to fill management vacancies with high quality candidates sourced internally, notwithstanding our sustained growth. This bears testimony to our training, development and succession planning processes, but even more so to the fact that the benefits of ownership are widely shared in Mr Price, with every South African partner (other companies call these people employees) with more than one year of service owning Mr Price shares and/or options.

Our partners think and act like the owners they are as they benefit from the growth in our share price, and from the dividends they receive together with all other shareholders. This has been, and will continue to be, a major reason for the company’s superior performance. We are very proud that:

- Free shares issued under the Partners’ Share Scheme are now worth R147 855 on average and total dividends of R100 million have been paid since inception in 2006.
- It is also pleasing to note that our founders, Laurie Chiappini and Stewart Cohen, remain significant shareholders in Mr Price, with the majority of their family assets remaining in our shares, notwithstanding their obvious need to diversify their holdings.
- While we are deeply indebted to Laurie, and his alternate director Tracey Chiappini-Young, for their contribution to the Group, we are not saying farewell to them, as they are both transferring their attention and considerable talents to focus on the educational and other corporate social investment initiatives of the MRP Foundation. Laurie has also pledged a generous financial contribution to these life changing projects, which he is so passionate about. In addition, Laurie has agreed to consult to the Group, on strategic and merchandise issues, as required.
- Succession planning at Board level has also progressed seamlessly, with Daisy Naidoo taking over chairmanship of the Audit and Compliance Committee from John Swain, who has served in this role with distinction for many years.
- The integrated report contains a wealth of information about our DNA and values, our vision to become a top performing international retailer, our strategies to get there and the related risks that we are embracing and mitigating. It also details various aspects of the performance of the Board, all of which I believe were appropriately executed. I thank my fellow Board members for their contribution and ongoing commitment.

The growth in value of a long term investment in Mr Price has been remarkable. R10 000 invested in our shares 29 years ago would be worth over R13 million today. Associates and shareholders who have stayed with the Company over the long term have shared significantly in our success.
CEO

Report by Stuart Bird
Mr Price Group Chief Executive Officer

Overall, this year ending in March 2015 has seen another satisfactory performance for the Group, with earnings growing by over 20%.

Progress towards our vision of being a top performing international retailer continues to gain momentum, with our formula of providing great fashion and quality at excellent prices remaining the key to our success, in both current and whatever new markets we trade in.

current trade

The mrp division has had another very good year, with well received assortments, strong comparable sales growth, supported by productive new space being added, together with their local online business not only almost doubling sales, but also playing its part in executing a complete omni-channel experience.

The expansion into new African markets has seen satisfactory performances in both Nigeria and Zambia. Up until December 2014, Ghana too was trading very well, but recent events in that economy have slowed their sales since then. It is pleasing to note that all three territories achieved double digit operating margins for the year.

We remain of the view that growth in Africa must be considered a long term prospect and, despite the recent impact of decreased oil and other resource prices on these economies, as these countries grow and develop, so too will our operations there.

After getting deeper insights into the operational requirements and high costs involved in operating an international online business from South Africa, future foreign online business will be driven only once we have a store presence in that market. This we have successfully achieved in Nigeria.

MrpHome and MrpSport also delivered good results despite conditions in their markets being challenging, particularly as expected in the second half.

Even though they are in market sectors that had noticeable headwinds, as well as having some operational issues, both Miladys and Sheet Street still delivered solid contributions to the Group’s earnings, albeit below budgeted levels.

investing for the future

To realise our vision of being a top performing international retailer, we view our people, systems, processes and supply chain as key enablers.

To this end, we have made, and will continue to make, significant investments in these areas.

The project to implement new core systems has required an extension of the first division going live, but the intention is to still deliver the complete project close to the original timetable.

The build of the new distribution centre has begun and the expected completion date remains August 2017.
the mr price way

Our founders, Stewart Cohen and Laurie Chiappini, set out to create a different way of doing business, where the values and culture not only created a positive and enabling environment to succeed, but where the success of the business was then also shared and enjoyed by all associates.

Our culture of Passion, Value and Partnership is the foundation that our business was built on 29 years ago and is what will continue to guide us into the future.

We are fully committed to transformation and believe that if it is to be meaningful and sustainable, it cannot be approached with just a cheque book and tick box mentality.

We are very proud of what we have achieved in developing people both within and outside our Group, as well as businesses that supply us. We will continue to drive these interventions that result in meaningful transformational change, to create more and better employment for the greater good of our country.

looking ahead

Despite the outlook for our existing markets being challenging, by continuing to deliver and improve on our formula of great fashion and quality at excellent prices, I am confident that we will continue to delight our customers in our existing markets and in doing so, deliver positive future results.

We continue to research new markets where we believe that, provided we execute our formula relevant to that market, we will succeed. To this end, we are looking to open mrp pilot stores in Australia towards the end of 2015.

We also see ongoing opportunities to diminish unproductive space, which is currently in excess of 40 000m², to continue to increase productive new space, as well as to improve supply chain efficiencies.

Our philosophy of challenging every line in gross margin, income and overheads is fundamental to how we do business and key to improving our operating margin.

In closing, I would like to thank all our wonderful associates, who despite continued difficult trading conditions, have again enthusiastically met these conditions and achieved the results delivered. It is a great privilege to work with all of you.
By Mark Blair
Mr Price Group Chief Financial Officer

### highlights

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>R’m 18 099</td>
<td>R’m 15 892</td>
<td>13.9</td>
</tr>
<tr>
<td>Profit from operating activities</td>
<td>R’m 3 076</td>
<td>R’m 2 537</td>
<td>21.3</td>
</tr>
<tr>
<td>Group operating margin</td>
<td>% 17.1</td>
<td>% 16.0</td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td>R’m 3 292</td>
<td>R’m 2 729</td>
<td>20.6</td>
</tr>
<tr>
<td>Profit attributable to shareholders</td>
<td>R’m 2 293</td>
<td>R’m 1 868</td>
<td>22.8</td>
</tr>
<tr>
<td>Headline earnings per share</td>
<td>cents 919.7</td>
<td>cents 765.1</td>
<td>20.2</td>
</tr>
<tr>
<td>Diluted headline earnings per share</td>
<td>cents 865.1</td>
<td>cents 715.1</td>
<td>21.0</td>
</tr>
<tr>
<td>Dividend per share - annual</td>
<td>cents 580.0</td>
<td>cents 482.0</td>
<td>20.3</td>
</tr>
<tr>
<td>Dividend per share - final</td>
<td>cents 368.5</td>
<td>cents 314.0</td>
<td>17.4</td>
</tr>
<tr>
<td>Dividend payout ratio</td>
<td>% 63.1</td>
<td>% 63.0</td>
<td></td>
</tr>
<tr>
<td>Return on shareholders’ equity</td>
<td>% 51.4</td>
<td>% 52.2</td>
<td></td>
</tr>
</tbody>
</table>

### accounting policies

The Board believes that appropriate accounting policies, supported by sound, management judgments and estimates, have been consistently applied. During the year, the Group adopted all new or amended accounting standards and interpretations, which did not materially impact accounting policies or results.
financial performance

The Group has produced a strong set of results against a high base in the prior year, despite:
- The continued challenging retail environment which has a specific impact on:
  - higher price-point credit retailers such as Miladys, which has a 54% credit sales contribution
  - sales of ‘discretionary’ merchandise such as homewares (mrpHome and Sheet Street)
  - companies targeting mid-income households (Sheet Street)
- Business interruption caused by load shedding
- A weak currency, which increased the landed cost of imported merchandise for all retailers
- Start-up losses in online and mrpMobile, the 55% held MVNO which was launched in June 2014.

revenue

Total Group revenue increased by 13.9% to R18.1 billion primarily due to increases in:

Retail sales, of 13.5% (comparable 9.2%) to R17.3 billion

20.7% increase in other income, mainly as a result of financial services growth

Finance income, of 40.1% to R88.0 million

As planned, credit sales growth of 7.5% continued to grow at a slower rate than cash sales growth of 14.9%. Cash sales now constitute 81.9% of total Group sales.

Total online sales were up by 107.3% to R112.3 million.

International sales increased by 24.8% and accounted for 8.6% of Group retail sales. The Zambian franchise operations were acquired in June 2014, and together with the other Southern African territories, which constitute 84% of corporate-owned store sales outside South Africa, produced very good results. Sales were up by 26.5%, accompanied by good operating margins. Ghana and Nigeria’s performance declined in the 2nd half of the year after a good 1st half. Depreciating currencies and inflation impacted these economies, particularly Ghana, which fortunately has little impact on the Group at this stage.

The number of units sold increased by 5.5% to 228.9 million.

Retail selling price (RSP) inflation of 7.7% comprised like-for-like input cost inflation of 4.3% and product mix inflation of 3.4%.

New weighted average trading space expanded by 6.1% as 76 stores were opened (33 906m²) and 27 expanded (4 370m²). Space reductions included 5 store closures (1 293m²) and 26 stores being reduced in size (8 168m²). Net weighted average trading space increased by 5.1%. At year end there were 1 150 corporate-owned and 15 franchise stores.
Divisional and segmental performance was as follows:

<table>
<thead>
<tr>
<th>Segment</th>
<th>Retail sales and other income</th>
<th>% of total retail sales and other income</th>
<th>Growth in retail sales and other income</th>
<th>Comparable sales growth</th>
<th>RSP inflation</th>
<th>Units sold</th>
<th>% of total retail sales and other income</th>
<th>Growth in units sold</th>
<th>Weighted average space growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>mrp</td>
<td>R million 10 532</td>
<td>% 59.0</td>
<td>% 17.6</td>
<td>% 12.8</td>
<td>% 8.2</td>
<td>million 149.0</td>
<td>% 170.2</td>
<td>% -1.5</td>
<td>% 8.3</td>
</tr>
<tr>
<td>mrpSport</td>
<td>1 132</td>
<td>6.3</td>
<td>16.2</td>
<td>4.5</td>
<td>6.9</td>
<td>12.1</td>
<td>39.9</td>
<td>-0.7</td>
<td>11.2</td>
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<tr>
<td>Miladys</td>
<td>1 511</td>
<td>8.5</td>
<td>1.9</td>
<td>0.9</td>
<td>2.3</td>
<td>9.1</td>
<td>18.8</td>
<td>7</td>
<td>-0.4</td>
</tr>
<tr>
<td>Apparel segment</td>
<td>13 175</td>
<td>18.4</td>
<td>10.3</td>
<td>6.6</td>
<td>13.7</td>
<td>66.6</td>
<td>1 511</td>
<td>7</td>
<td>7.2</td>
</tr>
<tr>
<td>mrpHome</td>
<td>3 268</td>
<td>8.5</td>
<td>5.2</td>
<td>0.9</td>
<td>4.7</td>
<td>66.6</td>
<td>4 665</td>
<td>0.6</td>
<td>0.7</td>
</tr>
<tr>
<td>Sheet Street</td>
<td>1 397</td>
<td>7.8</td>
<td>8.7</td>
<td>0.9</td>
<td>-1.9</td>
<td>66.6</td>
<td>26.2</td>
<td>-1.9</td>
<td>2.2</td>
</tr>
<tr>
<td>Home segment</td>
<td>4 665</td>
<td>26.2</td>
<td>13.6</td>
<td>9.2</td>
<td>10.8</td>
<td>26.2</td>
<td>100.0</td>
<td>5.5</td>
<td>1.1</td>
</tr>
<tr>
<td>Total</td>
<td>17 840</td>
<td>100.0</td>
<td>13.8</td>
<td>7.8</td>
<td>10.8</td>
<td>26.2</td>
<td>228.9</td>
<td>5.5</td>
<td>5.1</td>
</tr>
</tbody>
</table>

*Excludes other income reflected in central services

The Apparel chains increased retail sales and other income by 15.4% to R13.2 billion. Operating profit rose by 20.6% to R2.5 billion and the operating margin increased from 18.4% to 19.2% of retail sales and other income.

The mrp, which constitutes 59% of Group sales, had a very good year and once again achieved market share gains. The division’s growing online presence also had a positive impact on store performance. Sales were up 17.9% (comparable 12.8%) to R10.1 billion and operating profit, impacted by a slightly lower GP% and expenses growing at a slower rate than sales, was significantly ahead of the prior year. mrpSport grew sales by 16.2% (comparable 4.5%) to R1.1 billion. Lower markdowns contributed to an improved GP% and a significant increase in operating profit. Miladys had a poor year with sales increasing by 0.9% (comparable 0.9%) to R1.4 billion. External factors affecting performance included a decline in the sale of outsized merchandise, a trend consistent with the rest of the market. Operating profits were down on the previous year despite excellent cost control.

Sales growth & operating margin%

![Sales growth & operating margin graph]

The Home chains increased sales and other income by 8.7% to R4.7 billion. Operating profit rose by 19.4% to R705.2 million and the operating margin increased from 13.8% to 15.1% of retail sales and other income. mrpHome, which targets customers in the upper LSM 8-10 range, delivered results that were well ahead of budget and the prior period. Results were driven by sales growth of 10.2% (comparable 6.6%), an improved gross profit margin and costs being maintained in line with inflation. Sheet Street’s customers, who are more susceptible to the current economic environment, curtailed their spending on discretionary purchases. Sales grew by 4.9% (comparable 0.9%) to R1.4 billion and operating profit was down slightly on the prior year.

The Financial Services division, mrpMoney, delivered another strong performance despite tightening credit limits and limiting new account growth. Revenues increased by growing insurance premium income by 20.5%, mobile (cellular) revenue by 34.3% and debtors’ interest and fees by 14.8%. Bad debts were very well controlled and contributed significantly to the division recording excellent profit growth.

![Sales density graph]
costs and expenses

Cost of sales as disclosed in the statutory income statement includes that relating to the sale of merchandise, airtime and mrgMobile. The merchandise gross profit margin (merchandise gross profit/retail sales) decreased by 0.2% to 42.0% mainly as a result of the weakening Rand. The gross profit margin has not increased over time. In that way the Group is able to keep delivering value to its customers by keeping prices low. The GP% on airtime sales is low, while mrgMobile’s gross margin is impacted by customer acquisition costs being recognised upfront and due to the start-up phase. Margins will improve with scale. The overall Group gross profit margin decreased from 42.0% to 41.6%.

Selling expenses increased by 7.4% and constituted 20.0% of retail sales and other income compared with 21.2% in the prior year.

A significant improvement in the net bad debt expense, together with the Employment Tax Incentive (ETI) have resulted in a lower than expected growth in overall selling expenses. If the impact of these two items is excluded, the increase is 10.5%, which is in line with weighted average space growth (5.1%) plus inflation.

Focus on operating leverage

The basis of computing operating margin has been amended from previously being calculated as operating profit / retail sales to operating profit / retail sales and other income. Group operating profit increased by 21.3% and the operating margin increased to 17.1% of retail sales and other income, compared with last year’s 16.0%.

improvement in operating margin

A significant improvement in the net bad debt expense, together with the Employment Tax Incentive (ETI) have resulted in a lower than expected growth in overall selling expenses. If the impact of these two items is excluded, the increase is 10.5%, which is in line with weighted average space growth (5.1%) plus inflation.

Operating profit

The number of shares in issue at year end increased by 4.7 million due to the decreased number of treasury shares held. Treasury shares sold (4 823 452 shares) as a result of share options vesting exceeded treasury share purchases during the year (161 817 shares at an average cost of R239.25 per share totaling R38.7 million).

Headline earnings per share increased by 20.2% to 919.7 cents. Diluted headline earnings per share increased by 21.0%. The Group is pleased to have performed in line with its long-term performance, which is a 29-year CAGR in HEPS of 23.3%.

The annual dividend payout ratio has increased slightly to 63.1%, resulting in a dividend of 580.0 cents per share, an increase of 20.3%, in line with HEPS growth. The final dividend to be paid in June 2015 will be 368.5 cents per share, an increase of 17.4%, which is lower than the increase in the interim dividend and 2nd half HEPS growths due to the closer alignment of interim and annual dividend payout ratios. In the current year, the interim payout ratio was increased from 55.1% to 57.0%. Dividend withholding tax of 15.0% will be applicable to shareholders who are not exempt.

earnings and dividends per share
The purchase of treasury shares to partially cover options granted $(38.7)$

The net credit on the vesting of options $94.1$

Taxation relating to grants from the Company to the share trusts $27.5$

Intangible asset additions amounted to R145.2 million and related primarily to the e-commerce and ERP systems and goodwill arising on the purchase of the Zambian franchise. The amortisation charge for the year amounted to R27.2 million (2014: R29.1 million).

Cash balances ended the year at R2.8 billion. Cash sales remained high at 81.9% of total sales. The Group seeks to strike a balance between:

- Maintaining a strong balance sheet by having adequate cash resources to fund the requirements of a growing business without the need to incur debt
- Hedging its obligations to participants in the various share schemes. An ongoing repurchase programme is in place that spreads the purchase of shares over an extended period and limits the percentage of daily trade, ensuring there is no impact on the share price. During the year treasury shares to the value of R38.7 million were purchased and the hedged ratio at year end was 56.7%.
- Returning funds to shareholders in the form of dividends. The current payout ratio policy is 63.1% of HEPS.

Trade and other receivables increased by 12.0% to R1.9 billion. Prepayments and other receivables increased over the prior period, while gross trade receivables increased by 9.1% to R1.9 billion. Net bad debt decreased from 7.6% to 6.2% of the debtors' book which was an excellent performance. External benchmarking continues to reflect the Group's book to be one of the best performing in the industry. The continued improved ageing profile of the Group's debtors is encouraging, however, the provision for impairment of 8.9% is reflective of the financial headwinds facing South African consumers.

Gross inventories were up 23.9% due to the significant increase in goods in transit at year end. This is a result of the Group's strategic transition to factory direct relationships. Certain stock purchases were brought forward due to Chinese new-year and for Easter which was the first weekend in the new financial year. As a result, the Group stock turn slowed to 6.4 times (2014: 6.8 times). Excluding the impact of goods in transit, gross inventories were up by 12.5% which is lower than sales growth of 13.5%.

This is one of the best performing in the industry. The continued improved ageing profile of the Group's debtors is encouraging, however, the provision for impairment of 8.9% is reflective of the financial headwinds facing South African consumers.

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outlook

The external factors impacting the South African economy are expected to endure for the forthcoming financial year. We are, therefore, anticipating tough trading conditions. Our target customers are primarily in the mid to upper LSM categories, who are generally less impacted by the constraints mentioned above. However, this could change if inflation and interest rates spike.

As a fashion-value retailer selling predominantly for cash, the Group is comparatively well positioned to withstand these challenges, however, it is not immune. Every effort will be made to keep prices affordable during these tight economic times, and to remain the destination of choice amongst our target customers.

Although sales growth was lower in the 2nd half of the year, this is not wholly due to the market factors mentioned earlier. The internal factors which affected performance have been identified and addressed and will be seen as improvement opportunities in the year ahead.

The Group remains positive about its long term prospects:

• **South Africa** - we will continue with our approach of opening stores that meet our stringent requirements, expanding stores that have proven performance and shedding unproductive space. Credit will be cautiously approached, and all areas will be subject to scrutiny for improved processes and efficiencies. Online and mrpMobile, both in the start-up phase, incurred combined losses of R39.4 million in the current period and are targeting improved performances as they increase scale.

• **International** – The Group is actively seeking new markets to take its proven concepts to. Following online testing, detailed desktop and on-the-ground research, mrp is set to open test stores in Australia in the second half of the new financial year. Once again, we will approach this sensibly on a test basis prior to committing to substantial expansion. mrpHome is progressing their international strategy while, in time, mrpSport will do likewise.

In anticipation of the Group’s continued local and international growth, capital expenditure of R3.5 billion is expected over the next 5 years. This includes new ERP and merchandise planning systems and a new distribution centre.

This is the beginning of an exciting new chapter for the Group and in particular the mrp divisions, who account for 84% of Group sales and contributed 96% of the increase in sales during the year.

The 2016 financial trading period will incorporate a 53rd week.
TARGET CUSTOMER:
Young and youthful customers who love fashion and appreciate exceptional value, and who are primarily in the 6 to 10 LSM range (mid to upper).

BRAND SUMMARY:
An inspired range of the latest fashion product that is differentiated, to all women, men and children, supported by intimatewear, shoes and accessories that offers distinctive market leading value.

THE NUMBERS:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail sales - incl. Franchise (R’m)</td>
<td>10 207</td>
<td>8 678</td>
<td>17.6</td>
</tr>
<tr>
<td>Comparable sales grown (%)</td>
<td>12.8</td>
<td>13.0</td>
<td></td>
</tr>
<tr>
<td>Retail selling price inflation (%)</td>
<td>8.2</td>
<td>11.0</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Units sold (million)</td>
<td>149.0</td>
<td>136.7</td>
<td>9.0</td>
</tr>
<tr>
<td>Number of stores (year end)</td>
<td>438</td>
<td>404</td>
<td></td>
</tr>
<tr>
<td>Trading area - weighted ave net m²</td>
<td>269 571</td>
<td>248 883</td>
<td>8.3</td>
</tr>
<tr>
<td>Sales density (Rand/weighted ave net m²)</td>
<td>37 550</td>
<td>34 507</td>
<td>8.8</td>
</tr>
</tbody>
</table>
Summary of 2015 performance:
The business has traded well this past year, achieving an 18% sales growth, exceeding R10 billion, which was a milestone for us.

Our South African business performed incredibly well, with healthy market share gains. Noteworthy has been consistent above average growth achieved across menswear, gaining 2% market share this past year. Our e-commerce channel which will be three years old in July, achieved a 51% sales growth and continues to positively impact on our physical store (bricks) sales, further driving our market share gains.

We have experienced some challenges in West Africa with the drop in the global oil price, which has resulted in devaluing exchange rates and inflationary market conditions. We have however continued to trade profitably in that market, and will continue to pursue space opportunities, on terms acceptable to our business model. During the year we acquired our Zambian operations and those stores have delivered pleasing results.

Looking forward:
We continue to invest in new systems and human capital in the key areas of merchandise, resourcing and logistics. Ensuring and implementing a seamless and robust omni-channel business model that allows us to trade in multi-countries will continue to be a key strategic focus area. We have plans to improve our customers’ shopping experience, and to further enhance our level of on-trend and differentiated product. Considerable effort is being applied to ensure that we over-deliver on our value proposition in the tough trading environment which is expected.

The new financial year has several growth opportunities. Trading space is expected to grow by 7%, improved gross profit margins are being targeted (however, will be dependent on currency exchange rates) and the disappointing sales performance in Q4 of the current year represents a softer trading base.

We are excited about the local opportunities for our business and are making solid progress on our strategy to expand into new markets. Although non-South African sales are 11% of our total sales, we are striving for a more balanced mix between South Africa, Africa and new international markets. Following a marketing campaign of our online offer in Australia, which has been supported by desktop and in-country research, two test stores will be opened early in the second half of the new financial year. We believe that, despite higher operating costs in that market, there is a real opportunity for our fashion-value business model.
TARGET CUSTOMER:
Primarily fashion-value minded females, aged 25 years and older who love to decorate their homes. Customers, who have a young-at-heart attitude, are primarily in the 8 to 10 LSM range (upper).

BRAND SUMMARY:
Contemporary in-house designed, fashionable homeware and furniture.

THE NUMBERS:

<table>
<thead>
<tr>
<th></th>
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<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
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<td>3 202</td>
<td>2 905</td>
<td>10.2</td>
</tr>
<tr>
<td>Comparable sales growth (%)</td>
<td>6.6</td>
<td>8.2</td>
<td></td>
</tr>
<tr>
<td>Retail selling price inflation (%)</td>
<td>13.7</td>
<td>12.0</td>
<td></td>
</tr>
<tr>
<td>(Price 7.6%, mix 6.1%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Units sold (million)</td>
<td>39.9</td>
<td>41.1</td>
<td>(3.1)</td>
</tr>
<tr>
<td>Number of stores (year end)</td>
<td>166</td>
<td>158</td>
<td></td>
</tr>
<tr>
<td>Trading area - weighted ave net m²</td>
<td>138 936</td>
<td>138 026</td>
<td>0.7</td>
</tr>
<tr>
<td>Sales density (Rand/weighted ave net m²)</td>
<td>22 937</td>
<td>20 956</td>
<td>9.5</td>
</tr>
</tbody>
</table>

Arn de Haas - Managing Director
Summary of 2015 performance:
We grew sales by 10.2% and comparable sales by 6.6% despite only a 0.7% growth in average trading space.

Sales growth reflected a growth in RLC market share, with consistent growth in key pillar departments. Higher than average growth was achieved in our livingroom textiles and décor departments, with lower than average growth in furniture.

Selling price inflation amounted to 13.7%. Input price inflation amounted to 7.6%, driven by a weakening currency. Mix inflation, driven by increased levels of packs, opportunities in expanding assortments into better end fabrication with higher price points and the balancing of assortments, amounted to 6.1%.

We opened 8 new stores and continued to right size existing stores, removing 5 489m² of unproductive trading space, resulting in increased store profitability. Stock turn remained consistent with last year, with high levels of freshness. Gross margin, driven largely by improvements in logistics costs, was slightly ahead of last year resulting in gross margin growth above that of sales growth. This, along with well managed overheads, allowed a meaningful and pleasing improvement in operating profit.

Independent research conducted by Nielsens reflected that Mr Price Home is the most loved and frequented homewares retailer in South Africa with the highest level of brand awareness in the sector.

We received recognition as the winner of the Home Décor Retailers category in the Ask Afrika Icon Brand awards for 2014/2015 and were the winner of The Times Sowetan 2014 retail award for the Home Accessories and Décor category.

Looking forward:
We aim to continue to delight our customers by focusing on three key areas, namely; superb product selection, outstanding value and a pleasant and compelling omni-channel shopping experience.

We still have the opportunity to further reduce unproductive space amounting to approximately 20 000m², while at the same time expanding stores in over traded locations and opening stores in viable new developments and currently untraded areas.

We will continue to focus on improving our resourcing and supply chain capabilities, to ensure that we eliminate unnecessary costs, further strengthening our value positioning, and to facilitate growing our market share within Southern Africa and beyond our current geographic locations.
TARGET CUSTOMER:
Value-minded sports and outdoor enthusiasts from age 6 upwards who are primarily in the 8 to 10 LSM range (upper).

BRAND SUMMARY:
A range of affordable, own-branded sporting and outdoor apparel, equipment, footwear and accessories.

THE NUMBERS:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail sales</td>
<td>1 118</td>
<td>962</td>
<td>16.2</td>
</tr>
<tr>
<td>Comparable sales growth (%)</td>
<td>4.5</td>
<td>6.5</td>
<td></td>
</tr>
<tr>
<td>Retail selling price inflation (%)(Price 6.7%, mix 0.2%)</td>
<td>6.9</td>
<td>6.0</td>
<td></td>
</tr>
<tr>
<td>Units sold (million)</td>
<td>12.1</td>
<td>11.1</td>
<td>8.7</td>
</tr>
<tr>
<td>Number of stores (year end)</td>
<td>72</td>
<td>61</td>
<td></td>
</tr>
<tr>
<td>Trading area - weighted ave net m²</td>
<td>53 424</td>
<td>48 034</td>
<td>11.2</td>
</tr>
<tr>
<td>Sales density (Rand/weighted ave net m²)</td>
<td>20 928</td>
<td>20 036</td>
<td>4.5</td>
</tr>
</tbody>
</table>
Summary of 2015 performance:
Sales exceeded the R1 billion mark for the first time, assisted by opening 11 new stores and weighted average trading space increasing by 11.2%.

The encouraging performance of the 600m² store format has enhanced store growth opportunities into smaller towns. We right sized 2 stores and eradicated 604m² of excess space which has contributed to the improvement in operation margin. Three further reductions (2 900m²) are planned for the new financial year.

The challenging economic environment and selling price inflation has negatively impacted sales of international branded merchandise. However, the continued development in private brands has delivered strong growth across the assortment and continues to entrench our value proposition with our customers.

The e-commerce offer was launched during the period and has created a strong platform to engage with our customers.

Looking forward:
Investment in resource and supply chain capabilities and the growth of direct imports has improved our visibility into the supply pipeline. This transition is ongoing.

Continued investment in merchandising and planning processes have contributed to an improved gross margin, better stock turn and consequently improved cash flow from operations. This will facilitate the planned investment in new stores, the revamp of older stores and the change in resourcing, referred to above.

There is still significant store growth available to us in South Africa, both in the current and smaller formats, and space growth of 5.1% is expected in F2016.

R1.1 billion Sales
16% Sales growth
TARGET CUSTOMER:
A forever 35+ family-oriented woman (primarily in the 6 to 10 LSM range) who knows who she is and what she wants. She shops for fashion that makes her look and feel good.

BRAND SUMMARY:
Own brand, on-trend, good quality and affordably priced clothing, intimatewear, shoes, bags and accessories for moderate women.

THE NUMBERS:

<table>
<thead>
<tr>
<th>2015</th>
<th>2014</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail sales</td>
<td>1 396</td>
<td>1 384</td>
</tr>
<tr>
<td>Comparable sales growth (%)</td>
<td>0.9</td>
<td>7.2</td>
</tr>
<tr>
<td>Retail selling price inflation (%)</td>
<td>2.3</td>
<td>4.1</td>
</tr>
<tr>
<td>(Price 1.0%, mix 1.3%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Units sold (million)</td>
<td>9.1</td>
<td>9.3</td>
</tr>
<tr>
<td>Number of stores (year end)</td>
<td>196</td>
<td>191</td>
</tr>
<tr>
<td>Trading area - weighted ave net m²</td>
<td>60 714</td>
<td>60 932</td>
</tr>
<tr>
<td>Sales density (Rand/weighted ave net m²)</td>
<td>22 987</td>
<td>22 711</td>
</tr>
</tbody>
</table>
Summary of 2015 performance:
Sales growth was a disappointing 0.9% in a year that has been challenging from both an economic and product extension point of view. Miladys is a predominantly credit retailer and has therefore been impacted by credit curtailment in the economy. In addition, it is a higher margin business than the rest of the Group, with its customers being more discerning in a tougher economic climate.

However, these external challenges were exacerbated by incorrect styling calls, which resulted in higher than desired markdowns and a consequent reduction in the gross profit margin. Expenses were tightly controlled, growing at well below inflation, which softened the overall decrease in operating profit. Inventories were well controlled, decreasing by 7.3%, and the ageing profile improved slightly on the previous year.

Looking forward:
We anticipate that 2016 will be a year of consolidation. New stores are conservatively planned, while we improve merchandise planning and execution processes, including the alignment of the assortment to our target customer.

We expect to attract new customers through communicating trend, comfort, versatility and value for money.

A correctly pitched merchandise offer will enable those departments that underperformed to regain lost market share, and could lead to a substantial improvement in profitability in the medium term.
TARGET CUSTOMER:
Middle-income households (LSM range 5 to 8) that wish to create a home that they love, at a price that they can afford.

BRAND SUMMARY:
A range of affordable home textile and décor products for bedroom, living-room, bathroom, kitchen and dining-room at exceptional value.

THE NUMBERS:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail sales</td>
<td>1 363</td>
<td>1 299</td>
<td>4.9</td>
</tr>
<tr>
<td>Comparable sales growth (%)</td>
<td>0.9</td>
<td>5.4</td>
<td></td>
</tr>
<tr>
<td>Retail selling price inflation (%)</td>
<td>4.7</td>
<td>8.3</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Price 1.7%, mix 3.0%)</td>
<td></td>
</tr>
<tr>
<td>Units sold (million)</td>
<td>18.8</td>
<td>18.7</td>
<td>0.6</td>
</tr>
<tr>
<td>Number of stores (year end)</td>
<td>278</td>
<td>265</td>
<td></td>
</tr>
<tr>
<td>Trading area - weighted ave net m²</td>
<td>50 225</td>
<td>49 158</td>
<td>2.2</td>
</tr>
<tr>
<td>Sales density (Rand/weighted ave net m²)</td>
<td>27 136</td>
<td>26 420</td>
<td>2.7</td>
</tr>
</tbody>
</table>
Summary of 2015 performance:
The mid-LSM customer has become increasingly discerning. Product changes were made in the previous year to broaden and enhance the appeal of Sheet Street’s offer. Unfortunately, this initiative did not provide the anticipated result, as our target customers came under increased financial pressure.

The resulting low comparable sales growth caused a significant challenge, and increased markdowns to promote value and to move slow moving stocks pressurised gross margins. Good cost management, with expenses increasing by 4.9%, despite 15 new stores being opened, softened the impact.

Looking forward:
The adverse performance in 2015 has highlighted the ‘crown jewel’ of staying true to the Sheet Street customer and remaining focused on winning on ‘product’. Opportunities to fine tune (not change) the strategy are expected to make a significant improvement.

The lower cost structures have sharpened the financial model, with savings to be re-invested in gross profit to strengthen the division’s value positioning.

Areas specifically being targeted for improved performance are:
• Product innovation (to continually delight customers)
• Value (through innovation, supplier relationships and resourcing)
• Marketing and research (to better align product to the customer)
• Associate development and training.

R1.4 billion Sales
BRAND OFFERING:
Our credit, insurance and mobile products are offered across the retail omni-channels and are aligned with our core philosophy of “fashionable products at great value”.

Store cards: 6/12/24 month account facilities are offered. Interest is charged, except on a small percentage of Miladys cards. As a value proposition, no compulsory or other fees are a condition of opening an account.

Insurance: Products that offer real value for money with benefits that our customers want and need. These include life cover, critical illness and hospitalisation cover, income protection benefits to account holders and their extended families at affordable premiums.

mrpMobile network (MVNO launched June 2014)
To date, the focus has been on post-paid contracts, offering competitive smart phone / tablets to creditworthy store card customers. Additional phases will include Group cash customers and an online offering. Value-added services like wi-fi hotspot, streaming music and device insurance, provide additional benefits, and derive good margins. The sale of prepaid airtime products is expected to commence in the first half of F2016, initially targeting store card users.

TARGET CUSTOMER:
Our growth has traditionally come from in-store credit, with a typical customer being a black female, 31-40 years, earning less than R7 000 per month. However, with our expanded growth into insurance and our own mrpMobile network, this customer demographic is expected to change and will be more representative of the mrp customer.

Our vision is to be a world class and top performing financial service business, delivering a consistent customer experience across all touch points throughout the customer’s lifecycle.
DIVISIONAL REVIEW

ACCOUNT MANAGEMENT SUMMARY

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross trade debtors (R’m)</td>
<td>1 914</td>
<td>1 754</td>
</tr>
<tr>
<td>Total active accounts</td>
<td>1 412 673</td>
<td>1 375 259</td>
</tr>
<tr>
<td>Average balance</td>
<td>1 355</td>
<td>1 275</td>
</tr>
<tr>
<td>% of debtors able to purchase on credit</td>
<td>89.2</td>
<td>88.4</td>
</tr>
<tr>
<td>Retail sales analysis:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- cash (%)</td>
<td>81.9</td>
<td>80.8</td>
</tr>
<tr>
<td>- credit (%)</td>
<td>18.1</td>
<td>19.2</td>
</tr>
<tr>
<td>Net bad debt (net of recoveries)</td>
<td>3.7</td>
<td>4.5</td>
</tr>
<tr>
<td>- % of credit sales</td>
<td>6.2</td>
<td>7.6</td>
</tr>
<tr>
<td>- % of debtors</td>
<td>8.9</td>
<td>9.8</td>
</tr>
<tr>
<td>Impairment provision % of debtors</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Summary of 2015 performance:
Our credit sales growth continued to moderate lower at 7.5% (2014: 9.6%) and was in line with our expectations and the broader retail industry shift to cash which was influenced by a significant reduction in unsecured lending. As a result, the credit sales contribution declined to 18.1% (2014: 19.2%). The active account base growth slowed as did the debtors’ book.

Despite the ongoing challenging credit environment, our bad debt decreased significantly to 6.2% (2014: 7.6%) of debtors which is testament to our robust credit risk policies and improved collections environment which benefited from our strategic credit initiatives implemented in prior years. Our credit portfolio remains one of the best in the industry based on independent benchmarking performed.

Insurance premiums grew in excess of 20%, driven by the diversification and innovation of our life products.

Continued growth in profitability was achieved despite declining consumer disposable income and disappointing economic growth. Our product diversification continued with the soft launch of mrpMobile in June 2014, with an initial post-paid offer to our store card customer base.

Looking forward:
Our customers easily connect with mrpMoney as we aim to delight them with valued added products and solutions. The diversification into insurance and mobile products will reduce our growth dependence on credit and store cards. We remain cautious regarding our credit landscape, however anticipate good growth from insurance and mobile products. Key to our future growth includes the following strategic imperatives:

- Introduction of an innovative range of new insurance products, and value added services
- The implementation of “one group mobile strategy” across an omni-channel environment delivering a consistent valued added customer experience, including the launch of pre-paid
- The roll-out of the updated mrpMoney brand incorporating stores, benefits and mobile
- Implementation of a “single operational view” across all customer touch points that will enhance the customer experience through acquisition, communication and transactions.

Insurance premiums grew in excess of 20%, driven by the diversification and innovation of our life products.
THE GROUP STRIVES TO BE A SOUGHT-AFTER INTERNATIONAL COMPANY OF EMPLOYMENT CHOICE BY OFFERING LEADING CAREER OPPORTUNITIES IN FASHION-VALUE RETAILING.

capacity building
Driven by the ambitions of our Group to grow internationally, as well as locally, we have continued to invest in the development of our human capacity. We believe that every successfully motivated and developed associate reinforces the Group’s competitiveness in the global retail arena.

While we strive to grow, develop and retain our own talent, who demonstrate our cultural values and fashion value ethos, we also constantly search for people who are adaptive, enjoy working in a fast-paced, progressive and changing environment and who thrive on high performance. This approach is consistent across our international locations.

We continue to give full attention to executive succession plans and the growth of our leaders, with our senior leadership programmes focused on leaders’ ability to unlock the potential of new business opportunities for the Group. Extensive training is conducted in new ways of working associated with improved processes, systems and technologies, which is over and above ongoing classroom, e-learning and on-the-job training.

associate engagement
Inspired by our core values of Passion, Value and Partnership, our energetic and entrepreneurial culture continues to be central to the Group’s successful performance. We pay close attention to the climate within our working environments using independently conducted surveys, followed by sessions known as “solutions cafés” designed to listen and respond to the needs of associates.

An innovative drive to reinforce our Group culture has been successfully launched. This is increasingly important as we seek to export our highly valued culture to new territories and onboard international associates.

Direct communication with associates occurs through frequently held “Comm Times”, regular internal TV broadcasts and social media platforms. Close working relationships between managers and associates are valued, and to improve the quality of their discussions, interactive systems have been implemented to provide associates with information relating to their work performance and management of their careers.

The valuable work of the MRP Foundation ensures that the Group beneficially impacts the lives of associates, their families and the communities in which they live, also ensuring that young people are engaged at an early stage of their careers and gain insight into the many employment opportunities available in our Group.
As these employees are part-owners in the Company, we refer to them as partners or associates. Further details are contained in the Remuneration Report on page 70 and on the Group’s website. We use every opportunity to celebrate team or personal achievements, and reinforce the spirit of performance. Group results are presented to associates bi-annually, while divisional performance is frequently discussed in the respective divisions. A highlight is the award of the Mr Price Group ‘Running Man’ statue, presented to selected associates who have made extraordinary contributions over an extended period. These highly valued individuals embody the Group’s culture and core beliefs and demonstrate consistently high dedication and performance. Additionally, the Mr Price Group medallion is awarded to associates who have delivered outstanding performance or exceptional innovation through the year. These individuals set new standards and become role models for others to follow.

human capital management (hcm) systems

The continuous transformation of our human capital management capabilities to cater for our growth into new markets and trading locations includes ongoing, proactive improvements in our workforce management, learning management and payroll systems. These systems have improved transparency of people practices, labour scheduling and compliance reporting, as well as provide a greater depth of people data and enhanced transactional efficiency. The deployment of employee self-service platforms has effectively reduced manual capture and risk of error, while empowering employees to take ownership of their personal administration and learning management. A business intelligence solution allows People Managers to draw on relevant human capital metrics and has improved reporting efficiencies and associated cost.

performance recognition and reward

Our Group thrives on happy, motivated employees. We incentivise and reward generously for exceptional performance, strongly encouraging the achievement of personal goals. Well-defined incentive targets are set annually, with performance discussions conducted as required through the year. All associates within the SACU region are invited to participate in the Mr Price Group share or share option schemes after fulfilling the specific employment tenure requirements of that scheme. As these employees are part-owners in the Company, we refer to them as partners or associates. Further details are contained in the Remuneration Report on page 70 and on the Group’s website.

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extremely important in the competitive growth environment. To achieve this in South Africa, we constantly profile our employment proposition to potential associates through our social networking platform, or through direct involvement with schools, colleges and universities. In our international locations we partner with local service providers to assist in the search for top talent, but we maintain internal responsibility for socialising new associates into our unique culture and ways of working.

On joining, new associates attend induction programmes introducing their job specific requirements and we use this opportunity to introduce the core values and the benefits of belonging to an exciting working environment.

Turnover at senior management and executive levels is low, indicating the Group’s ability to retain key staff. Turnover at senior management and executive levels is low, indicating the Group’s ability to retain key staff. Turnover at senior management and executive levels is low, indicating the Group’s ability to retain key staff. Turnover at senior management and executive levels is low, indicating the Group’s ability to retain key staff. Personal growth and career development are discussed with each associate at least annually and line managers are responsible for ensuring that these discussions give rise to meaningful development plans. Assessments are available to inform career paths, training, development and improved performance, with competency profiling being core to their effective application.
management and leadership development

The Group recognises and rewards leadership innovation, and managers are encouraged to build their own entrepreneurial leadership styles. Their growth and development is supported by personal and career development discussions, leadership assessments, creation of personal development plans and regular performance feedback. We partner with highly credible training organisations and business schools, locally and internationally, to design and run programmes that cater flexibly for unique peer group needs within the demands of busy day-to-day working environments. Succession planning is actively encouraged within all divisions, to ensure the constant availability of high quality managers and executives.

The Leadership NEXT Series, currently underway in partnership with the Gordon Institute of Business Science, comprises leadership sessions aimed at preparing selected executives to grow the business in diverse and changing global markets. The series is designed exclusively for our Group in consultation with senior executives and stakeholders, and makes use of local and international faculties and guest speakers. The successful Emerging Leaders Development Programme has enriched our succession plans with entry-level leaders who display high potential for future leadership positions, with past delegates being constantly monitored for promotional opportunities.

Our productive relationship with the Wholesale and Retail SETA has led to a number of our managers being selected for the SETAs International Leadership Development Programme, with one of our managers finishing second overall in 2014.

talent development

We pride ourselves on the number of training opportunities taken up by our associates. Recognising that attracting, developing and retaining world-class retailers is critical to our competitiveness and long-term sustainability, we strive to continuously improve the quality and delivery of training through our MRP Academy.

As expected, new demands have arisen for specialist training in systems and processes, and reskilling programmes to meet new work complexities, growth challenges and changing job profiles.

This has initiated a spring-clean of old training content and curriculum, fresh partnerships with professional retail content developers, more relevant and current training material and methods of delivery, and greater clarity and value of training solutions.

The scheduled rollout of the Enterprise Resource Planning system, comprising redesigned core merchandising processes, has necessitated further investment in merchant training resources, while a similar focus is on operations associates who face the complexities of expansion into new territories and need for skills associated with improved workforce management systems.

Our intern and graduate development programmes in merchandise and store operations feed externally selected trainees into areas of need, while internal trainees are provided with meaningful work under the guidance of allocated mentors and trained according to an individually paced hierarchy of learning.

Managers from across the Group have participated in the Wholesale and Retail SETAs Retail Management Development Programme since February 2012. In the past year, 97% of our delegates were from previously disadvantaged backgrounds. Our success with Learnerships continues with 97 associates participating in various programmes.

Implementation of the Cornerstone learning management system has provided a platform for associates to access training, with more direct choice and control over their development, supported by line managers. This is in addition to leading e-learning technologies that make training available to associates on a daily basis regardless of where they are geographically located, including in stores through point-of-sale terminals.

Given that less time is required to complete e-learning modules compared to traditional training interventions such as classroom, the table below indicates a trend of diminishing number of learning days per associate as well as total annual hours year-on-year which was accompanied by an improved overall educational output.

<table>
<thead>
<tr>
<th>Key achievements in talent development</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment in learning and development</td>
<td>R38 469 092</td>
<td>R33 775 854</td>
<td>R30 855 899</td>
<td>R25 160 637</td>
</tr>
<tr>
<td>Total annual number of hours allocated to learning</td>
<td>159 276</td>
<td>230 973</td>
<td>266 416</td>
<td>246 393</td>
</tr>
<tr>
<td>Average learning and development days per person</td>
<td>1.2</td>
<td>2.5</td>
<td>2.8</td>
<td>3.7</td>
</tr>
<tr>
<td>Modules completed in various leadership development programmes</td>
<td>9 470</td>
<td>2 662</td>
<td>3 748</td>
<td>3 241</td>
</tr>
<tr>
<td>Percentage of previously-disadvantaged individuals participating in learning and development</td>
<td>95%</td>
<td>90%</td>
<td>88%</td>
<td>87%</td>
</tr>
<tr>
<td>Percentage of females participating in learning and development</td>
<td>72%</td>
<td>69%</td>
<td>70%</td>
<td>70%</td>
</tr>
<tr>
<td>Percentage of previously-disadvantaged associates trained through e-learning</td>
<td>97%</td>
<td>94%</td>
<td>94%</td>
<td>94%</td>
</tr>
<tr>
<td>Percentage of previously-disadvantaged associates on learnerships</td>
<td>97%</td>
<td>92%</td>
<td>93%</td>
<td>83%</td>
</tr>
</tbody>
</table>
employee relations
Maintaining sound and productive working relationships is of utmost importance to us, and open communication channels between managers and associates are encouraged. Frequent communication sessions are held to update all associates on business progress, celebrate achievements and introduce new people to our Group.

General employee communication is conducted through MRP TV or social media, with informative broadcasts delivered frequently via intranet, point-of-sale technologies or uniquely by division. A Social Media Policy is in place to provide guidelines for new and innovative ways of communicating internally using social networking technologies.

employment legislation
The Group complies with all relevant South African labour legislation. Trained Employee Relations practitioners guide line management in the interpretation and application of legislation in the workplace.

In our African regions we partner with local firms to conduct ongoing research into local employment practice, to ensure that we maintain compliance as required by country, and to alert us to legislative changes as they arise.

There have been significant changes to South African employment legislation during the past year. The Group has implemented responses to significant changes, and risks have been mitigated. This has included the conversion of all casual employees to flexible permanent contracts, with very few labour disputes recorded.

We recognise the requirement of the Equity Amendment Act that employers must be able to defend pay discrimination disputes by way of an objective job evaluation methodology, and interventions are in place to determine our risk exposure and propose solutions.

We have maintained active membership of the National Retail Association, through which representation to Nedlac and participation in discussions of national interest is facilitated.

ethical behaviour
Ensuring that ethical behaviour is widely practised and demonstrated is very important to the sustainability of our Group culture. As such the Business Code of Conduct is acknowledged by each new associate when joining the Group. Senior and other selected associates complete an annual declaration in which compliance with the Code is confirmed and any external interests or relationships that could potentially give rise to a conflict of interest are disclosed. The Group has a confidential, independently managed, toll-free number for the reporting of suspected fraudulent activity or unacceptable behaviour. Associates are encouraged to be alert to fraud or unacceptable activity and immediately report incidents. These reports are investigated by Internal Audit. The Social, Ethics, Transformation and Sustainability Committee monitor matters relating to ethical conduct.

wellness
Group Wellness initiatives are ongoing and provide associates with access to services that promote individual health and wellbeing. Key initiatives include annual wellness days, as well as health screenings including HIV testing events held at store level through our membership of Retailers Unite. Currently we have 3,451 associates covered by one of the available medical aid options, which represents 20% of all permanent staff. This includes a low cost entry-level medical plan specifically offered for store associates.

Safe working practices are encouraged throughout our businesses and monitored. In the year under review, 81 work-related accidents occurred with no major accidents reported involving associates.
Not only do shareholders benefit from their ownership in the business, but customers also benefit from the fashionable merchandise at affordable prices, and the people who work for the Group benefit by having sustainable jobs and access to share schemes (refer to page 76 for more details) to help them build wealth for their futures.

In the past few years, there has been increased focus on the needs of suppliers and the local South African community. The Group’s response to the needs identified has resulted in interventions that will not only strengthen the local business and market for the longer-term, but they will also enhance the level of commitment from these stakeholders.

The increasing focus on social and environmental matters, together with shifting markets and business practices, has created both sustainability challenges and opportunities. The key challenges (to the brand, markets, supply chains and operations) have been assessed and key potential opportunities identified (to enhance business relationships, obtain competitive advantage, build brand reputation and address social and compliance issues in supply chains).

Building a Sustainable Supply Chain
To improve the Group’s long-term sustainability and strengthen its supply chains, the interventions are focused globally, however specific interventions are required in South Africa to address the unique local challenges and to develop more efficient and Quick Response (QR) capable suppliers. Some interventions (such as the JumpStart Manufacturing Programme) are executed within supplier organisations and their production facilities, whereas others occur at a systemic level through the Group’s involvement in both national and regional bodies (such as SASTAC, Regional Footwear and Leather Cluster, KZN CTC).
Globally, the Group has embarked on a supply chain mapping exercise to assess various risks and monitor levels of production capabilities, quality and compliance standards in line with the Group’s Supplier Code of Conduct.

The Supplier Code of Conduct is aligned with international standards, including the Ethical Trading Initiative’s (ETI) Base Code. The Code is used by the resource, quality and buying teams to assess and monitor supplier business ethics, labour, health and environmental practices.

The Group partners with the dti as the founding member of two clusters

Mr Price Group is the founding member of two dti-funded clusters, the Southern African Sustainable Apparel and Textile Cluster (SASTAC) and the Regional (KZN) Footwear and Leather Cluster.

SASTAC aims to strengthen South Africa’s competitiveness in producing sustainable raw materials, textiles and products for local consumption and potential exports in future. In its first year of operation, SASTAC has increased South Africa’s cotton production over the previous year’s harvest by 68%. The increase in local cotton production will result in an increase of beneficiation and job creation.

It is expected that the Southern African Sustainable Textile and Apparel (SASTAC) Cluster will produce assessments that will assist the South African clothing and textile industry to make informed decisions regarding the production of fibres and products that are appropriate for the socio-economic and environmental sustainability of the local industry. The intelligence and strategic direction provided by SASTAC’s research and engagement with key industry bodies will also enable retailers to make more appropriate textile and design decisions in relation to sourcing in South Africa.

The Regional Footwear and Leather Cluster’s objective is to deepen and widen the engagement of people, product and processes in the footwear and leather value chain of two KZN-based footwear manufacturers, thereby increasing profitability and employment levels within the region. In its first year, the Footwear School of Excellence was established with training centres based at factory sites of each of the participating suppliers. Training conducted to develop machine operators, pre-production interns, as well as factory supervisors and managers resulted in 103 students being trained with an employment rate of 76% across both supplier sites.

The Group partners with its local suppliers on skills development

The Group’s engagement with selected local strategic suppliers identified a need for improved skills in the local manufacturing industry. This led to the development of the MRP Foundation’s JumpStart Manufacturing Programme in 2014.

MRP Foundation, a registered Non-Profit and Public Benefit Organisation, in partnership with Mr Price Group and selected suppliers, developed the programme to create opportunities for unemployed youth to access programmes developing scarce skills within the South African clothing and footwear manufacturing industries.

During this first year of the programme, 20 pre-production interns graduated and 12 of the 20 were employed within the participating supplier organisations while others went on to further their studies or seek employment at other manufacturers. With the programme entering its second year, a larger number of interested students have applied and another 20 talented young people are currently preparing to enter the industry.

In addition, 193 previously unemployed youth undertook to become qualified multi-skilled machine operators during 2014 with 176 graduating and 162 being employed by the participating suppliers, a 92% employment rate.
The Group partners with a South African Footwear Manufacturer

In 2011, the opportunity to assist a local KZN footwear manufacturer was identified. After thorough research and analysis, the Group approved a loan that would enable the supplier to significantly grow business capacity and capability and deliver on the requirement for increased fashion flexibility (quick response) and a leaner value chain.

Two pieces of land were purchased and the project was split into two phases. In the first phase, a smaller factory was built as a materials store and to accommodate cutting and machining departments. The second phase involves the building of a double story factory, with each floor being 720m², to accommodate offices, making, finishing and dispatch. The new factory is expected to be operational around mid-2015.

Since the inception of this enterprise development initiative, this manufacturer has already doubled sales growth and significantly improved delivery ratios. Capacity and employment has doubled over the period. These achievements have been without the large, main factory being brought into operation. Once the new factory is fully operational, we anticipate further significant growth and improved efficiencies.

The strategic partnership has continued to provide further opportunities for collaboration as a need for improved skills in the footwear industry was also identified. This resulted in the establishment of a Footwear School of Excellence, in collaboration with MRP Foundation and the Regional Footwear and Leather Cluster. The school was officially launched in July 2013 and has already trained over 57 students for a career in footwear.

The Group partners with The Clothing Bank

During 2014 the Group partnered with The Clothing Bank, a registered NPO and PBO, which channels donated stock through an enterprise development programme. The programme is aimed at developing unemployed women to become self-sufficient through basic business and life skills. The partnership has resulted in The Clothing Bank extending operations and opening a branch in Durban. The Group supports The Clothing Bank by donating samples, write-offs and returned merchandise as well as old fixtures and fittings. More information on the activities of The Clothing Bank can be found at www.theclothingbank.org.za.
Employment equity

The Group recognises the value in diversity and the need for its workforce to be representative of the national and regional demographics of South Africa. The Group is therefore committed to employing and developing people from designated groups in furtherance of its Employment Equity objectives. Pre-employment internships are also offered as a means of evaluating prospective employees and the MRP Foundation’s JumpStart Programme provides soft skill training and retail work experience for unemployed matriculants.

The Group’s philosophy is to encourage all associates to achieve their full potential. Have supporting strategies to address representation requirements at senior levels and there is regular reporting in place to monitor progress.

The Executive Transformation Committee reviews and assesses, and the Board ratifies, appropriate employment equity targets. An Employment Equity and Skills Development Committee, fully representative of the Group’s associates, meets regularly to discuss progress in employment equity, identify and recommend steps to overcome barriers to affirmative action and to ensure adherence to relevant legislation.

Associates are encouraged to apply for and secure growth opportunities within the Group as these arise.

Those who have the potential to attain top management positions and meet the needs of succession plans are invited to attend internal and external leadership programmes that provide relevant business exposure and highlight development areas. This assists in the attainment of the employment equity (EE) goals set for the various occupational levels. The EE goals, set to 2017,

Below is the Workforce Profile of Mr Price Group as at end March 2015.

<table>
<thead>
<tr>
<th>Occupational Levels</th>
<th>Male</th>
<th>Female</th>
<th>Foreign Nationals</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A</td>
<td>C</td>
<td>I</td>
<td>W</td>
</tr>
<tr>
<td>Top Management</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>27</td>
</tr>
<tr>
<td>Senior Management</td>
<td>3</td>
<td>-</td>
<td>8</td>
<td>39</td>
</tr>
<tr>
<td>Professionally qualified</td>
<td>20</td>
<td>6</td>
<td>67</td>
<td>127</td>
</tr>
<tr>
<td>Skilled technical</td>
<td>504</td>
<td>117</td>
<td>131</td>
<td>114</td>
</tr>
<tr>
<td>Semi-skilled and discretionary decision making</td>
<td>2,283</td>
<td>338</td>
<td>109</td>
<td>30</td>
</tr>
<tr>
<td>Unskilled and defined decision making</td>
<td>34</td>
<td>1</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>TOTAL PERMANENT</td>
<td>2,845</td>
<td>462</td>
<td>322</td>
<td>338</td>
</tr>
<tr>
<td>Temporary employees</td>
<td>92</td>
<td>12</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td>GRAND TOTAL</td>
<td>2,937</td>
<td>474</td>
<td>325</td>
<td>338</td>
</tr>
</tbody>
</table>

Below is the Workforce Profile of Mr Price Group for disabled employees as at end March 2015.

<table>
<thead>
<tr>
<th>Occupational Levels</th>
<th>Male</th>
<th>Female</th>
<th>Foreign Nationals</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A</td>
<td>C</td>
<td>I</td>
<td>W</td>
</tr>
<tr>
<td>Top Management</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Senior Management</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Professionally qualified and experienced specialists and mid-management</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents</td>
<td>1</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Semi-skilled and discretionary decision making</td>
<td>1</td>
<td>-</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td>Unskilled and defined decision making</td>
<td>1</td>
<td>-</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL PERMANENT</td>
<td>3</td>
<td>-</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Temporary employees</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>GRAND TOTAL</td>
<td>3</td>
<td>-</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>
international leaders such as Curious Learning: a global literacy project (Tufts University, Georgia State University and Massachusetts Institute of Technology), the Khan Academy, Numeric, and the Breteau Foundation to develop an innovative solution to empower South African learners and enhance the learning environment. This pioneering programme aims to use technology as a tool to shift the learning trajectory of young South Africans and support the education system. The convergence of factors from cost effective technology devices, groundbreaking royalty free educational platforms, to greater network coverage has created a watershed opportunity for education to be re-imagined.

YoungHeroes
YoungHeroes, the MRP Foundation’s longest standing programme, aims to establish sustainable structures and programmes in public schools that ensure all learners participate in regular physical activity and school sport on a weekly basis. This programme operated in 8 provinces, in 260 schools and with 54,879 learners last year. Soweto successfully completed the first year of the programme’s Sustainability Phase, which effectively means that this physical education and sport programme is implemented independent of the Foundation’s resources and is becoming truly self-sustaining.

RedCap Schools
The RedCap Schools, situated in KwaDukuza, further improved academic results with the mathematics pass rates in Grades 1 to 6 all being higher than both the National and Provincial averages. Focused on three of these schools, as a pilot, the Foundation has partnered with

MRP Foundation
The Group supports the national priorities of SA through its donation to the MRP Foundation. This socio-economic investment of 1% of net profit after tax, since the inception of the MRP Foundation, now 10 years ago, continues to provide support to strengthen a sustainable local market.

The Foundation delivers programmes that respond to socio-economic challenges, including poverty, unemployment, poor education and the skills gap of school leavers entering the job market. Impact has been achieved through improved literacy and numeracy levels in the primary schools and by assisting learners from selected high schools to consider job opportunities in retail and manufacturing. The key programmes of the MRP Foundation are summarised below. For further information on the activities of the Foundation, refer to www.mrpfoundation.org.

JumpStart
The JumpStart Retail Programme assisted 1,135 previously unemployed youth to find jobs at Mr Price Group, Spar, The Hub, Conscall, Smollan Group and other independent business partners of the programme over the past year. Through partnership, collaboration and engagement the programme continues to grow and provide hope and empowerment for youth.

The JumpStart Manufacturing Programme is focused on the Group’s local supply chain and ensures that local manufacturing is strengthened, thereby contributing to sustaining and creating new jobs and developing local group supplier capability and capacity.

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The JumpStart Manufacturing Programme is focused on the Group’s local supply chain and ensures that local manufacturing is strengthened, thereby contributing to sustaining and creating new jobs and developing local group supplier capability and capacity.
Improving resource efficiencies and addressing climate change

The Group’s philosophy of doing more with less and striving for innovation and efficiency is translated into all aspects of the business which in turn support a reduced negative impact on the environment.

The Group impacts climate change through its own energy and resource usage as well as that of its product end usage and that of its supply chains. Although the business operations are becoming more efficient in the usage of energy and resources, the Group acknowledges that further research is required to determine the potential impact of climate change on its value chain, business, operations and markets.

A high level climate change risk assessment conducted this year is expected to assist the Group to understand the climate change risks associated with raw materials and production facilities used to manufacture the Group’s products in key locations.

Energy Management has proven that energy usage reduction (a lighter carbon footprint) is also able to reduce costs and ensure a greater environmental responsibility. The Group’s commitment to reduce its carbon footprint by 10% over the medium-term (on baseline year F2013) was achieved. Over the past two financial years, we reduced our carbon footprint by approximately 17.5 million Kwh (18 758 tons CO$_2$ emissions).

The Energy Management System continues to evolve as accurate energy data enables the identification of new opportunities to reduce costs and consumption. The more efficient usage of energy is now a standard practice in the development of new store design. It has become increasingly important to drive the exploration of alternative, cleaner energy source options mainly due to the potential impact of energy supply disruptions, black-outs and the significant planned cost increases forecast for the next 3 - 5 years due to the level of investment required in the South African energy infrastructure. The Group is exploring the feasibility of solar power for the new Distribution Centre (DC) and the Head Office buildings. At key stores, generators and uninterruptible power supply (UPS) units have been introduced to keep them operative during periods of load shedding.

Other efficiency initiatives to reduce waste disposal to landfill from head office sites have been successful and exceeded the 20% targeted rate. A recycling guide was distributed to standardise and promote the principles of reduce, reuse and recycle across all spheres of the business.

A packaging efficiency assessment for mrpHome, commissioned in 2014, aims to ascertain opportunities for the improvement in packaging from source to customer.

The Group’s outbound transportation and distribution service provider has successfully implemented fuel and kilometre travel reduction.

The Group has maintained its WWF Corporate Network Partnership with increased in-depth workshops and engagement planned for the year ahead. This partnership is aimed at ensuring that WWF acts as a critical friend that guides strategic plans and ensures that all material and relevant environmental aspects are considered and actioned as part of the Group’s sustainability strategy.

In order to embed a culture of sustainability in the business, a sustainability e-learning training and awareness module has been developed for associates. This aims to develop an appreciation of sustainability, encourage long term impacts to be considered in business decisions, reinforce the Group’s values and encourage associates to apply the learnings to their home lives as well.

Over the past two financial years, we reduced our carbon footprint by approximately 17.5 million Kwh (18 758 tons CO$_2$ emissions).
The Board of Mr Price Group Ltd subscribes to ethical leadership, business sustainability, stakeholder inclusivity and sound values of good corporate governance. It recognises that governance is about effective and ethical leadership, the outcomes of which are sustained value creation, success and longevity. It seeks to go “beyond compliance” through the adoption, integration and embedding of the spirit and principles of governance (fairness, accountability, integrity, responsibility and transparency). Effective governance is considered to be a vital component and contributor to the Group’s sustained performance and a key enabler of its resilience, agility and sustainability. The governance foundation is based on the combination of voluntary and compulsory guidelines, including the principles and practices of the King Code of Governance for South Africa 2009 (King III) and the JSE Listings Requirements.

Supporting material located on the Group’s website: www.mrpricegroup.com
- Group Organogram
- Outline of Board, Statutory and Management Committees
- Board Charter
- Board Committee Mandates
- Policy for the Appointment of Directors
- Internal Audit Mandate
- Internal Audit Annual Assurance Statement
- Business and Supplier Codes of Conduct
- King III application register
- Notice of AGM
At the end of February 2015, Laurie Chiappini retired after 29 years with the Group.
Compliance with King III and the JSE Listings Requirements

The Group believes in going “beyond compliance” through the adoption, integration and embedding of the spirit and principles of governance as opposed to simply responding to and complying with rule sets and recommended codes. As such, the Group does not follow King III blindly, but very carefully considers each and every aspect. King III is not prescriptive but rather a series of voluntary recommendations which can be adopted on an “apply or explain” basis.

In addition to the voluntary governance principles outlined by King III, Paragraph 3.84 of the Listings Requirements stipulate those corporate governance requirements with which compliance is compulsory. The Group has appropriately applied the principles of King III (full details of which can be viewed on the Group’s website). Although respectful of the JSE’s rulings, the two areas of non-compliance were areas where the Board did not believe that compliance was in the best interest of the Group.

Six areas of non-application or non-compliance of King III were previously reported. The dissolution of the Risk Committee renders two of the previously reported areas as no longer applicable. The change in the JSE Listing Requirements has addressed the principle of the Chairmanship of the Nominations Committee. Only three principles of King III remain as partial application. These changes to the Group’s compliance position are detailed in the following table.

<table>
<thead>
<tr>
<th>Governance Publication</th>
<th>F2014 compliance position</th>
<th>F2015 compliance position</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principle 2.23 - The Chairmanship of the Risk Committee</td>
<td>-</td>
<td>-</td>
<td>The incorporation of the Risk Committee into the main Board has removed non-compliance with this principle.</td>
</tr>
<tr>
<td>Principle 2.25 - Disclosure of the present value of long-term awards</td>
<td>-</td>
<td>Principle 2.25 - Disclosure of the present value of long-term awards</td>
<td>The Company does not disclose the present value of long-term awards due to the varied models and unpredictable forecasting element required to determine the value of the share options upon vesting.</td>
</tr>
<tr>
<td>Principle 9.3 - Independent assurance of the sustainability report (Board responsibility)</td>
<td>Principle 9.3 - Independent assurance of the sustainability report</td>
<td>-</td>
<td>Even though the entire sustainability report and disclosure are currently not independently assured, the Board is satisfied with the progress made both on the sustainability journey and with integrated reporting and is of the opinion that it remains premature to subject the entire report to an external verification at this point.</td>
</tr>
<tr>
<td>Principle 9.3 - Independent assurance of the sustainability report (Audit Committee oversight)</td>
<td>Principle 9.3 - Independent assurance of the sustainability report</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>3.84(a) - Chairmanship of the Nominations Committee</td>
<td>3.84(a) - Chairmanship of the Nominations Committee</td>
<td>-</td>
<td>A change to the Listings Requirements permits the LID to chair the Nominations Committee. Mr MR Johnston, as LID chairs the combined Remuneration and Nominations Committee.</td>
</tr>
<tr>
<td>3.84(d) - Chairmanship of the Risk Committee</td>
<td>-</td>
<td>-</td>
<td>The incorporation of the Risk Committee into the main Board has removed non-compliance with this principle.</td>
</tr>
</tbody>
</table>

KEY
- Non-compliance
- Partial compliance
- Compliance
Rand Merchant Bank (a division of FirstRand Bank Ltd) remains the Company’s Sponsor and, among other functions, it advises the Board on compliance with the JSE Listings Requirements.

codes of conduct

Directors and associates are required to maintain the highest ethical standards. On joining the Group, every associate receives a copy of the Business Code of Conduct and is required to sign as acknowledgement of acceptance of the Code. On an annual basis, all senior associates of the Group are required to submit a declaration confirming their continued compliance with the Code. Any areas of non-compliance or any perceived conflicts of interest are addressed through the appropriate levels of divisional management, with ultimate reporting to the CEO and Board. The Code was updated during the year under review and approved at the March 2015 board meeting.

The Supplier Code of Conduct, which is aligned to the Business Code of Conduct and details the required standards and practices that suppliers must adhere to, was updated during the year to take into account the requirements of the Ethical Trading Initiative and to allow for greater focus on the environmental and social impact of trade.

governance and assurance

As Head of Governance and Assurance, Mrs S Moodley is responsible for the strategic leadership of the Company’s Secretariat, Enterprise Risk Management, Legal and Compliance and Internal Audit functions. This consolidated and holistic approach to governance has improved the integration of strategy, performance, risk management and sustainability.

A robust model of combined assurance has been adopted in recognition of the need for a coordinated approach to risk management to allow for the effective management, monitoring and mitigation of key risks. The model clarifies the roles and co-ordinates the efforts of management, internal assurance providers and independent assurance providers. In addition, it increases collaboration and facilitates a shared and more holistic view of the Group’s risk profile. Internal Audit plays a vital role as an independent 3rd line of defence.

The independence, organisational positioning and scope and nature of work of the Governance and Assurance Division were evaluated by the Audit and Compliance Committee in March 2015 and determined to be appropriate and consistent with the approved combined assurance model. In addition it has been confirmed that there were no impairments to the independence or objectivity of the assurance provided by Internal Audit as a result of the consolidated structure and that, in fact, this structure had the desired effect of strengthening the Group’s assurance framework. Refer to the Internal Audit annual assurance statement, on page 66.

closed and prohibited periods

The Group operates a more stringent closed period policy than that required in JSE Listings Requirements and the Financial Markets Act (19 of 2012). During the defined closed periods, Directors, officers and other selected associates are prohibited from dealing in the Company’s shares. Associates who may have access to confidential or price-sensitive information are cautioned against the possibility of insider trading. Regard is also had to other JSE Listings Requirements in respect of the dealings of Directors in the Company’s shares.

conflicts of interest and share dealings

The matter of conflicts of interest is a standing Board agenda item and a register of all Directors’ company shareholdings, other directorships and information regarding any potential conflict of interest is updated by Directors at each meeting. Directors are required to recuse themselves from discussion on any matters in which they may have a conflict of interest. Non-executive Directors cannot participate in the Group’s share incentive schemes. Furthermore, before dealing in Company shares, Directors are obliged to obtain the written consent of the Chairman or, should the Chairman be involved in a transaction, the LID.
unitary board structure

- Honorary Chairman
- Non-executive Chairman
- Lead Independent Director
- 5 Non-executive Directors
- 2 Executive Directors
- 2 Alternate Directors

statutory and board committees
- Audit and Compliance Committee
- Social, Ethics, Transformation and Sustainability Committee
- Remuneration and Nominations Committee
- Risk Committee (dissolved in November 2014)

board charter
The Board operates in terms of a charter (reviewed annually) which:
- Regulates business in accordance with sound corporate governance principles.
- Requires that these principles are applied in all dealings by Directors, in respect of, and on behalf of, the Company.
- Defines the specific responsibilities to be discharged by the Directors collectively and individually.

independence
- Annual evaluation of Director independence, in accordance with the criteria set out in King III and the requirements of the Companies Act.
- The cyclical and specialist nature of retail necessitates Directors with long-serving Board experience, making it impractical and not in stakeholders best interests, for Directors to resign after 9 years.
- A robust evaluation of independence is conducted for all Directors serving longer than 9 years.
- 2 non-executive Directors are not classified as independent.
  - Honorary Chairman – on account of his material shareholdings
  - Mr K Getz, who acts as a professional advisor to the Company.

reason for alternate directors
- Retention of the valuable expertise of ex-executive Director (Mr SA Ellis).
- Continuity of founding family shareholdings and interest in the Group (Mr N Abrams as son-in-law to Mr SB Cohen).

rotation of directors
- 1/3 of non-executive Directors retire annually by rotation.

prescribed officers
Messrs Bird and Blair are considered by the Board to be the prescribed officers of the Group. As CEO and CFO, exercising executive control and general management of the business, all divisional heads report directly to them.

employment contracts
- The employment contract for Honorary Chairman Mr SB Cohen, concluded at the end of F2015. (Refer to the Remuneration Report on Page 70).
- No Directors have fixed-term employment contracts.

training and development
- All Directors receive an appropriate induction and mentoring programme.
- A Director skills assessment is conducted annually, supported by a development and succession plan.
- The Directors are primarily responsible for acquiring the skills necessary for the effective discharge of their duties.
- The Group provides economic and other relevant updates/presentations during the course of the year.

board skill and composition
- Philosophy is to maintain a vibrant Board that constructively challenges management’s strategies and evaluates performance against established benchmarks.
- Majority of Directors are non-executives (80%), the majority of whom are independent (75%).
- There is a strong representation of retail experience, blended with a diversity of experience in other disciplines to strengthen the Board’s business acumen.
- Consideration is given to the age profile, racial and gender demographics.
- All new appointments are made via a formal policy.

information and communication
- Relevant and timely information is supplied to the Board, in a form and of a quality appropriate to enable it to discharge its duties and to enable it to assess the Group’s performance.
- Non-executive Directors are kept abreast of significant or relevant developments in the Group and receive comprehensive monthly trading reports and annual strategy and risk management reviews by the trading and support divisions.
- Non-executive Directors are welcome to attend any merchandise window reviews held during the year.
- All Directors have full and unrestricted access to Group information and personnel and can seek independent professional advice at the Group’s cost, in accordance with the Board Charter.
- All Directors have access to the services of the Company Secretary and unrestricted access to the Chairman.

American Bazaar

Hannah Coelho

Michael Tai

Carmen Teo

various business logos

60
board and committee meetings
The Board and its Committees meet 4 times annually to discharge their responsibilities for the overall strategic direction and control of the Group. In addition, an annual Special Corporate Governance meeting, under the chairmanship of the Lead Independent Director, is held to:

- Review and approve the Board Charter
- Review and approve the mandates of the various statutory and Board Committees, Internal Audit and the IT Divisional Board Committee
- Consider the independence of Directors
- Consider the re-appointment of Directors retiring by rotation, with re-appointment being subject to approval of shareholders at the Annual General Meeting
- Confirm the appointment of the Board Chairman
- Propose the Chairman and members of the Audit and Compliance Committee (subject to approval of the membership of this Committee by shareholders at the Annual General Meeting)
- Confirm the Chairman and members of other Committees for the forthcoming financial year
- Define levels of materiality, reserving specific powers to the Board and delegating other matters with the necessary written authority to management
- Review and approve the Business Code of Conduct
- Evaluate the Company Secretary in terms of the JSE Listings Requirements
- Review the level of the Group's compliance with the King III and JSE Listings Requirements governance principles.

attendance of directors at board and committee meetings
Generally, all Directors attend the Annual General Meeting and are available to answer shareholders’ questions. Alternate Directors are not required to attend each meeting. Mr N Abrams (UK) was kept updated on Board issues by receiving all Board meeting documentation. Mr LJ Chiappini and Mrs TA Chiappini-Young had overseas commitments at the time of the September 2014 meetings. In addition, Mr Tembe was unwell and thus not able to attend his final meeting in September 2014.

<table>
<thead>
<tr>
<th>Status</th>
<th>Director</th>
<th>Board</th>
<th>Special Corporate Governance</th>
<th>Audit and Compliance</th>
<th>Risk</th>
<th>Remuneration and Nominations</th>
<th>Social, Ethics, Transformation and Sustainability</th>
</tr>
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<tbody>
<tr>
<td>Executive</td>
<td>SI Bird</td>
<td>4/4</td>
<td>1/1</td>
<td>3/3</td>
<td>4/4</td>
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<td></td>
<td>MM Blair</td>
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<tr>
<td>Non-executive</td>
<td>LJ Chiappini¹</td>
<td>2/3</td>
<td>1/1</td>
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<td></td>
<td>SB Cohen</td>
<td>4/4</td>
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<td></td>
<td>K Getz</td>
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<tr>
<td>Independent</td>
<td>MR Johnston</td>
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<tr>
<td>non-executive</td>
<td>RM Motanyane</td>
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<td></td>
<td>D Naidoo</td>
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<td>4/4</td>
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<td></td>
<td>MJD Ruck</td>
<td>4/4</td>
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<td></td>
<td>WJ Swain</td>
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<tr>
<td></td>
<td>M Tembe²</td>
<td>2/3</td>
<td>1/1</td>
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<tr>
<td>Alternate³</td>
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<td></td>
<td>TA Chiappini-Young¹</td>
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<td></td>
<td>SA Ellis</td>
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</table>

¹ Retired February 2015
² Retired by rotation September 2014 and did not offer himself for re-election
³ Alternate Directors are not required to attend every meeting
⁴ Committee incorporated into the Main Board subsequent to November 2014
**performance reviews**

The Board undertakes an annual series of assessments in order to monitor performance and identify areas for improvement. Previously a biennial cycle was adopted whereby a comprehensive review was undertaken in the first year, from which a “Steps for Improvement” document was generated. In the alternate years, the assessment was made against the steps taken for improvement. This cycle has now been extended to a three year cycle, with the assessment against the Steps document occurring for two successive years, thus allowing more time for improvements to be made in the identified areas. In this manner, the Group reviews the performance of the following:

- Board
- Chairman
- Board Committees; and
- Peer and self-evaluation.

In the year under review, the review process included questionnaires and telephonic personal interviews conducted by the Lead Independent Director and the Chairman.

On an annual basis, the Remuneration and Nominations Committee assesses the performance of the Chief Executive Officer, Chief Financial Officer and Group Supply Chain Director (who is the alternate Director to the CFO).

**company secretary**

During the year under review, and in compliance with paragraph 3.84(i) and (j) of the JSE Listings Requirements, the Board evaluated Mrs HE Grosvenor, the Company Secretary, who has been with the Group for 12 years and is an Associate of the Institute of Chartered Secretaries and Administrators.

The evaluation process includes an assessment by each Director of the Company Secretary’s eligibility, skills, knowledge, qualification and execution of duties. The Board is satisfied that she is competent, suitably qualified and experienced. Furthermore, since she is not a Director, nor is she related to or connected to any of the Directors, thereby negating a potential conflict of interest, it was agreed that she maintains an arm’s length relationship with the Board.

The Board believes that, in respect of the business specifically reserved for its decision, it has satisfactorily discharged its duties and responsibilities during the year under review.
Management is accountable to the Board for designing, implementing and monitoring the process of risk management and integrating it into the day-to-day activities of the Group. Management is also accountable for building the competencies and capacity required for a sustainable business.

The Board of Directors is accountable and responsible for the governance of strategy and risk, and is satisfied that the Group’s management has:

- Integrated and aligned strategy, risk management, performance and sustainability;
- Implemented an effective risk management system, which enables the effective identification, assessment and response to risks and opportunities;
- Managed risks within the approved appetite and tolerance levels; and
- Embedded risk management into the day-to-day activities of the Group.

board commitment
The Board is committed to business sustainability and to creating and preserving stakeholder value. It recognises that the governance of strategy, risks/opportunities and performance are critical success factors and, therefore, exercises active oversight over these processes in order to ensure that the achievement of its strategic objectives is enabled.

composition
The Risk Committee, which was established in May 2010, operated in terms of a formal mandate and comprised the following Directors:

- Mr NG Payne (Chairman) Independent non-executive Director
- Mr WJ Swain Independent non-executive Director
- Mr MJD Ruck Independent non-executive Director
- Mr SI Bird CEO
- Mr MM Blair CFO

The Board approved the dissolution of the Risk Committee in November 2014. Refer to the Corporate Governance Report, on page 56 for more information.

role
The Committee had an independent and advisory role with accountability to the Board. The purpose of the Committee was to assist the Board to fulfill its corporate governance responsibilities relating to the governance of risk.

The Committee was responsible for overseeing risk governance (including recommending for approval the risk appetite and the risk management framework) and for monitoring the effectiveness of the Group’s risk management processes. The Committee reviewed key opportunities and risks, assessed risk mitigation plans and reported back to the Board. The Committee gave due consideration to the legitimate and fair expectations of all key stakeholders, resource constraints, external pressures and the drivers of the Group’s sustainability.
Risk governance and management

During the year under review, the Committee fulfilled its mandate by meeting 3 times to discuss the following key issues:

Risk Appetite
The Board recognises that a well-defined risk appetite is the core instrument for aligning overall corporate strategy, capital allocation, risk and performance. Risk appetite and tolerance are the fundamental concepts that provide the context for strategy setting, entrepreneurial behaviour and the pursuit of Group objectives. It is informed by the Group risk culture and clarifies what risks the Group can, or is willing to, take and the risks that the Group will avoid. Risk appetite and risk tolerance are inextricably linked to performance over time.

The Board has formally defined its appetite for risk and annually reviews its risk appetite. It confirms that a strategic risk appetite framework and policy remain in place and has enabled increased consideration of risk capacity, system/process maturity and overall risk capability in relation to the key strategic, financial, operational and compliance focus areas of the Group. The risk appetite policy is being increasingly referred to, including in the development of related governance policies.

The Committee confirms that there were no material deviations from the Group’s risk appetite in the period.

Risk Profile
The Board is satisfied that strategy and business plans do not give rise to risks that have not been thoroughly assessed by management and confirms that there were no undue, unexpected or unusual risks taken by the Group and no material losses were incurred during the year.

Key Business Risks and Opportunities
Key business opportunities and risks were discussed comprehensively by the Committee and the Board during the year. The Committee, having considered the Group’s key risks, is satisfied that the systems and processes in place to manage risk are adequate and that management has generally executed their risk management responsibilities satisfactorily.

Enterprise-wide Risk Management (ERM)
The Committee, having evaluated the ERM Framework, which is based on ISO 31000 and the Committee of Sponsoring Organisations (COSO), is satisfied that it is adequate, and if consistently applied, should guide the Group’s approach to identifying, evaluating and responding to key opportunities and risks that may impact on strategic objectives.

The Group recognises that a coordinated approach to risk/opportunity management is needed in order to create and sustain value in the longer-term and to enable the achievement of its vision.

For this reason, the Group has adopted the globally recognised, three-lines-of-defence Combined Assurance Model. The model clarifies the roles and effectively coordinates the efforts of management, internal assurance providers and independent assurance providers in the overall management of the Group’s key risks. In addition, it increases collaboration and facilitates a shared and more holistic view of the Group’s risk profile. The Committee confirms that all key strategic risks were assured by at least 1 of the 3 lines of defence functions.
Mr Price Group remains committed to the principles of good governance, ethical leadership and exemplary corporate citizenship. To this end, the Audit and Compliance Committee assists and supports the Board in discharging its duties.

The Committee is constituted as a statutory Mr Price Group Ltd Committee in respect of its duties in terms of section 94(7) of the Companies Act (71 of 2008), and has been delegated the responsibility to provide meaningful oversight, particularly over the audit, finance, IT governance and compliance functions.

The Committee comprises the following 4 Independent, non-executive Directors:

- Mr WJ Swain (Chairman)*
- Mr MR Johnston
- Ms D Naidoo
- Mr MJD Ruck

* In November 2014, the Board approved the phased handover of chairmanship of the Audit and Compliance Committee from Mr Swain to Ms Naidoo, effective from April 2015.

The Committee mandate is published on the Group’s website www.mrpricegroup.com

During the year under review, the Committee fulfilled its mandate by meeting 4 times to deal with comprehensive agendas. It received the appropriate information from internal audit, external audit, management and other sources deemed necessary to fulfill its obligations. Pursuant to these activities and the investigations it conducted, the Committee can report satisfaction with the external auditor’s independence and established principles governing the auditor’s employment for non-audit services.

Having given due consideration, the Committee believes and confirms that:

- Mr MM Blair, who is the Financial Director and carries the title of Chief Financial Officer, possesses the appropriate expertise and experience to meet his responsibilities and that the Group’s financial function incorporates the necessary expertise, resources and experience to adequately carry out its responsibilities;
- The Group’s accounting practices and the effectiveness of the internal controls have been maintained at a high standard and fully support the accuracy of the financial and related information presented to stakeholders in the integrated report;
- There were no material or frequently repeated instances of non-compliance with policies or legislation by the Group during the year; and
- The Designated Auditor attended a meeting of the Committee not more than a month before the Board met to approve the integrated report and to discuss matters of importance to the auditor and the Committee regarding the Group’s financial statements and general affairs.

The Board believes that the Committee has satisfied its responsibilities under its mandate.

Under the sponsorship of the Committee’s Chairman, a self-evaluation assessment was undertaken during the year which confirmed that all statutory requirements in terms of the Companies Act, including the qualifications of Committee members, are being met.

The outgoing Chairman of the Committee, Mr WJ Swain, will attend the Annual General Meeting and will be available to answer shareholders’ questions.
The Group Internal Audit Division (Internal Audit) was established to assist the Board and executive management with the achievement of their objectives and has remained a vital part of the Group’s governance and combined assurance structures. Internal Audit is the primary independent assurance provider on the adequacy and effectiveness of the Group’s governance, risk management and control structures, systems and processes. The centralised division operates in terms of a formal mandate, in full conformance with the International Professional Practices Framework for Internal Audit (Standards) and with leading risk-based and integrated methodology.

**Professional positioning and recognition**

Internal Audit has been subjected to 2 independent external quality assessment reviews (QAR), in 2007 and 2011. It was recognised as the first internal audit function in South Africa with full conformance to all Standards, and in 2011 was confirmed as the only function in South Africa with the exceptional rating of full conformance in an independent external quality review. This result placed the Internal Audit function in the top QAR results globally. The independent external QAR team recognised that:

- “This level of operations could only have been sustained by a combination of strategic leadership of Internal Audit, an alignment of interests and incentives, the maturity and mutual respect of the Audit and Compliance Committee, executive and senior management and the external auditor towards Internal Audit, and Internal Audit’s ability to consistently deliver a highly professional audit product over time.”
- “Internal Audit has continued to be a leading professional activity, characterised by innovation, development of leading practices ahead of the theory or requirements to do so, wide integration of global best practice and unequivocally demonstrating a commitment to upholding the Standards.”

**Independence and authority**

The independence of Internal Audit is formally considered by the Chief Audit Executive and the Audit and Compliance Committee on an annual basis, or as and when changes to the organisational positioning occur. It has been determined and confirmed that Internal Audit has remained independent of all operational functions, and that the functional reporting to the Audit and Compliance Committee and administrative reporting to the Chief Financial Officer have enabled appropriate organisational positioning. Internal Audit has access in 2011 was confirmed as the only activity in South Africa with the exceptional rating of full conformance in an independent external quality review.
Based on the work completed during 30 March 2014 to 28 March 2015, which has been carried out in accordance with the International Professional Practices Framework for Internal Audit and the approved Internal Audit Plan, and provided that management has effectively implemented the agreed actions to rectify reported control weaknesses, in the opinion of Internal Audit, except for a few specific control weaknesses noted, in all material respects, controls evaluated were generally adequate, appropriate and effectively implemented to provide reasonable assurance that risks are being managed and that the Group objectives should be met.

Internal Audit has continued to note a constructive tone at the top. Divisional management generally responds immediately and appropriately to reported weaknesses and demonstrates a willingness to adopt recommended improvements. Executive management and the Board require, encourage and monitor quality and continuous improvement in the Group's governance, risk management and control.

The quality of governance is considered in every audit and we confirm that there are generally very good governance structures and processes in place to:
• Promote appropriate Group ethics and values;
• Ensure effective organisational performance and accountability; and
• Adequately co-ordinate Group strategies, communication and activities among the Board, Management, second-line-of-defence functions and External and Internal Audit.

The effectiveness of risk management structures, systems and processes is evaluated in every audit, as far as possible and we confirm that these are adequate to identify, assess and mitigate key risks and to support the achievement of the Group's strategic goals.

In addition we reviewed the quality of the Group's enterprise risk management structures, frameworks, policies, processes and reporting and concluded that these were very good. These facilitate integration between strategy, risk management and performance, and if properly applied, should result in effective management of key risks. There is continuous focus on the embedding of risk management, advancing risk reporting and performance measurement.

We have continued to note an improvement in internal controls across the Group, especially in areas that have been re-audited. We have identified isolated instances of fraud within the Group, mainly at a store level, and of immaterial amounts.

The following Audit Grading Framework has been applied. This framework has been successfully integrated into the business, is well understood and elicits appropriate management responses:

<table>
<thead>
<tr>
<th>grade</th>
<th>description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low risk</td>
<td>Controls evaluated are adequate, appropriate and effectively implemented to provide reasonable assurance that risks are being managed and objectives met.</td>
</tr>
<tr>
<td>Medium risk</td>
<td>A few specific control weaknesses were noted, but generally controls evaluated are adequate, appropriate, and effectively implemented to provide reasonable assurance that risks are being managed and objectives should be met.</td>
</tr>
<tr>
<td>High risk</td>
<td>Numerous specific control weaknesses were noted. Controls evaluated are unlikely to provide reasonable assurance that risks are being managed and objectives should be met.</td>
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<tbody>
<tr>
<td>OVERALL OPINION</td>
<td>Internal Audit has continued to note a constructive tone at the top. Divisional management generally responds immediately and appropriately to reported weaknesses and demonstrates a willingness to adopt recommended improvements. Executive management and the Board require, encourage and monitor quality and continuous improvement in the Group's governance, risk management and control.</td>
</tr>
<tr>
<td>TONE AT THE TOP</td>
<td>The quality of governance is considered in every audit and we confirm that there are generally very good governance structures and processes in place to:</td>
</tr>
<tr>
<td>RISK MANAGEMENT</td>
<td>• Promote appropriate Group ethics and values;</td>
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<tr>
<td></td>
<td>• Ensure effective organisational performance and accountability; and</td>
</tr>
<tr>
<td></td>
<td>• Adequately co-ordinate Group strategies, communication and activities among the Board, Management, second-line-of-defence functions and External and Internal Audit.</td>
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<tr>
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<td>The effectiveness of risk management structures, systems and processes is evaluated in every audit, as far as possible and we confirm that these are adequate to identify, assess and mitigate key risks and to support the achievement of the Group's strategic goals.</td>
</tr>
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<td>In addition we reviewed the quality of the Group's enterprise risk management structures, frameworks, policies, processes and reporting and concluded that these were very good. These facilitate integration between strategy, risk management and performance, and if properly applied, should result in effective management of key risks. There is continuous focus on the embedding of risk management, advancing risk reporting and performance measurement.</td>
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<td>High risk</td>
<td>Numerous specific control weaknesses were noted. Controls evaluated are unlikely to provide reasonable assurance that risks are being managed and objectives should be met.</td>
</tr>
</tbody>
</table>
This Committee was established in March 2012 in compliance with the requirements of the Companies Act (71 of 2008) and operates in terms of a formal mandate, which contains detailed provisions relating to the terms of reference, duties, composition, role and responsibilities of the Committee.

The committee comprises the following directors:
- Mr K Getz (Chairman) Non-executive Director
- Mrs RM Motanyane Independent non-executive Director
- Mr SI Bird Chief Executive Officer

Mr M Tembe, a founding member of the Committee, retired at the Annual General Meeting in September 2014 and was replaced as a member by Mr SI Bird.

In addition to the members, all Board members are permanent invitees to the meetings with the invitation regularly being taken up by Messrs Payne and Blair and Ms Naidoo.

The following senior executives are permanent attendees at the meeting:
- Mrs VT Bothe-Richards Head of Corporate Services and Sustainability
- Mr S Glendinning Head of Group People
- Mrs S Moodley Head of Governance and Assurance
- Mrs HE Grosvenor Company Secretary

The Committee is responsible for assisting the Board with the monitoring and reporting of social, ethical, transformational and sustainability practices that are consistent with good corporate citizenship, as well as assisting the Group in discharging its business responsibilities in relation thereto.
Statutorily, the Committee is responsible for monitoring the Group’s activities as per the Companies Act with regard to matters relating to:

- Social and economic development
- Good corporate citizenship
- Environment, health and public safety
- Consumer relationships
- Labour and employment practices.

The Committee has the responsibility to draw matters within its mandate to the attention of the Board and to shareholders of the Company. The Committee mandate can be viewed on the Group’s website: www.mrpricegroup.com

**meetings**

The Committee met 4 times during the year. Meetings are convened and conducted in terms of a detailed agenda accompanied by supporting documents, including minutes of supporting management sub-committees and reports from the permanent attendees, which serve as a material tool for the Committee to monitor its responsibilities.

The Committee actively engages with management during these meetings.

**Matters considered by the Committee (and reported to the Board) include:**

- Overseeing the Group’s Business Code of Conduct and Supplier Code of Conduct.
- Monitoring and assessing the Group’s transformational progress (including consideration of the Employment Equity Act, the Broad-Based Black Economic Empowerment Act and the supporting Codes of Good Practice). The Committee is materially assisted in monitoring transformation by the Executive Transformation Committee, (chaired by the CEO), and the input of the Board.
- Reporting on the Group’s compliance with applicable legislation, Codes of Good Practice and other legal requirements, including a review of the Group’s exposure to anti-corruption legislation.
- Reviewing and monitoring the Group’s environmental and social sustainability strategy and the execution thereof.
- Reviewing the social investment initiatives undertaken by MRP Foundation. The details of the programmes undertaken can be located on the website www.mrpfoundation.org
- Monitoring of matters relating to its statutory obligations and good corporate governance.

A Committee self-evaluation took place at the November 2014 Special Corporate Governance meeting. The Committee believes that the Group is substantively addressing the issues monitored by the Committee, in terms of its statutory mandate and the additional mandates referred to it by the Board, in a beneficial and positive manner and that it has suitably performed its mandated responsibilities. Refer to the Sharing the Value Report on page 50 for more details regarding transformation and sustainability.

As Chairman of the Social, Ethics, Transformation and Sustainability Committee, Mr K Getz will be available at the Annual General Meeting to answer any questions relating to the statutory obligations of the Committee.
The Remuneration Report provides an overview of the Group’s remuneration philosophy, policy, practices and governance, with particular focus on the remuneration payments to the executive and non-executive Directors.

Remuneration philosophy
An overview of the values which guide the Group – Passion, Value and Partnership is provided on page 7. The manner in which these are applied creates a unique organisation, both in culture and performance, and is a key driver of business success.

Remuneration structures stimulate and incentivise high performance. An entrepreneurial management style is encouraged, providing all staff, whom we call associates, with the room to innovate and grow, effectively enabling ordinary people to achieve extraordinary things. While we believe that we have some of the top retail talent in the industry, the ability to attract, retain and motivate competent people is critical to the Group’s continued growth and long-term sustainability and is therefore the core of the remuneration philosophy. This approach aims to create partnerships with associates in their journey of continued growth through:

- market-related base pay and benefits. Being a value retailer, the Group aims to pay basic salaries and benefits at the market median
- attractive, performance-driven, short-term (bonuses) and long-term (share schemes) incentives and recognition and reward programmes. Associates are provided with the opportunity to earn well above the median through generous incentives, which requires reaching stretch performance targets.

The historical earnings growth of the Company (29 year HEPS CAGR of 23%) is attributable to the efforts of all our associates. The trends provide tangible evidence that our approach to remuneration has delivered on the objectives of retention and motivation, driving performance, while ensuring total employee costs are controlled.

Total Director remuneration is lower than that of 5 years ago, despite HEPS growth of 232% and the company’s market capitalisation increasing by 549% to R64 billion.
We believe that it is morally correct that incentivisation, in its various forms, is applied throughout the organisation. This enables our associates to share in the success of the Group, thereby aligning their efforts with corporate performance and increased shareholder value.

Much has been written and talked about globally regarding inequality of remuneration and accumulated wealth between management and lower level employees. Percentage comparisons are raised to inflame the already heated debate. We are acutely aware of these discrepancies and, in our opinion, the way we manage the situation is more important than the differential itself. We believe that literacy and reasonable numeracy are the keys to ‘decent employment’ and our MRP Foundation has been instrumental in these aspects through training and awarding educational bursaries, from early childhood development to tertiary education. In addition, the Jumpstart programme facilitated job skills training of over 1 000 unemployed young people, which led to the employment of 745 people with suppliers. Further MRP Foundation achievements are detailed on page 54.

The Group remunerates new entry level associates, some of whom are sourced through MRP Foundation, slightly above minimum statutory wage. Substantial opportunities exist for associates to move well away from minimum wage, as early as their first year of employment, and reduce the earnings gap through:

- Achieving stretch targets, short-term incentives can amount to the equivalent of 3 months’ salary
- Associates participating in the Mr Price Partners Share Scheme received dividends as high as R7 000 each in the last financial year (depending on their employment date and years of service)

remuneration governance structure

The Board is ultimately responsible for the Group’s remuneration policy and applies it with the assistance of the Remuneration and Nominations Committee. This committee oversees the remuneration of executive Directors and divisional executives and operates according to a formal Board mandate – refer www.mrpricegroup.com.

The Committee met four times during the year under review. Meeting attendance is disclosed in the Corporate Governance Report on page 61. Other executive and non-executive parties attend the Committee meetings where appropriate, but no individual is present when their remuneration is discussed. The Chairman attends the Annual General Meeting (AGM) and is available to answer shareholders’ questions regarding the remuneration policy, its application and the Committee’s activities. In respect of its nominations activities, the philosophy guiding the Committee on Board appointments and annual evaluations is outlined in the Corporate Governance Report on page 56. In satisfying its mandate in relation to its application and the Committee’s activities, in respect of its nominations activities, the philosophy guiding the Committee on Board appointments and annual evaluations is outlined in the Corporate Governance Report on page 56. In satisfying its mandate in remuneration focused matters, the main activities undertaken were to:

- Approve base salary increases
- Approve the remuneration of divisional executives and executive Directors
- Review the efficacy of, and set the basis for, determination of short-term and long-term incentive plans
- Review the performance of the divisional executives and executive Directors and approve their short-term incentives with reference to such plans
- Review all new share and share option allocations under the various share schemes in operation
- Introduce personal shareholding criteria to increase shareholding amongst senior management (page 75)
- Align the peer group used for benchmarking non-executive Directors’ fees to that used for executive Directors (page 73)
- Propose non-executive Director fees for consideration by shareholders at the AGM (page 81)
- Update letters of appointment relating to the non-executive Directors
- Review employment contracts of the Honorary Chairman and approve their remuneration
- Review the performance of the Chairman
- Review the impact of revised labour legislation and the introduction of new employment contract types
- Conduct an annual self-evaluation review, from which steps and targets for the improvement of processes and operational methods were agreed
- Review and update the mandate for approval at the Special Corporate Governance meeting in April 2014 and March 2015
- Review the Remuneration Report for inclusion in the Annual Integrated Report and subsequent to its publication, respond to queries and comments received from shareholders or their representatives.
remuneration policy and practices

The Group’s remuneration policy is to reward executives for their contribution to the performance of the business, taking into consideration an appropriate balance between long and short-term benefits. Remuneration levels are influenced by work performance and scarcity of skills.

Given that performance-related incentives form a material part of remuneration packages, ongoing performance feedback is vital. Associates participate in performance and career development evaluations on an annual basis, focusing on work achievements, learning and development needs, values and cultural alignment. Remuneration is not influenced by race, creed or gender, with the emphasis on equal pay for equal work. There is strong alignment of the types of benefits offered to the various levels of permanent associates. The Group can justify areas where differentiation has been applied, specifically where consideration has been given to the position’s seniority and the need to attract and retain key skills.

All associates sign letters of employment, which stipulates their notice period. The contract may be terminated by either party giving written notice of one month for a store or head office associate, three months for a divisional Director and six months for executive Directors. Despite these provisions, either party may terminate the contract of employment without notice for any cause recognised by law or by agreement by both parties to waive the notice period. Contracts are also terminated in the event of a dismissal, without the associate having an entitlement for compensation. Employment contracts do not contain provisions relating to the compensation of executives for a change of control of the Company, providing neither ‘balloon’ payments on termination or retirement, nor restraint of trade payments (although the latter may be contained elsewhere).

External service providers assist the Remuneration and Nominations Committee from time to time and, where this involves remuneration, appropriate benchmarking comparatives are made. This exercise is performed every 2 years, with inflationary adjustments made in alternate years. Refer page 73.

Remuneration and reward structures are categorised into the following elements:

- **Fixed remuneration**
  - Base pay and benefits
- **Variable remuneration**
  - Short-term performance-related incentives
- **Long-term incentives**
  - Shares and share options

by the JSE Listings Requirements and the Companies Act, 2008, with additional recommendations from King III. In order to maintain its competitive edge, the Group has applied the principles of King III that are appropriate for the business, to which there have been no material changes during the year under review. The Group complies with all disclosure aspects, except the recommendation of paragraph 180 of King III, relating to the present value of long-term incentives due to the varied valuation models and the unpredictable forecasting elements required to determine the value of the share options when vesting. The Group’s view is that to consider the present value of option awards as remuneration is misleading, in that the present value does not reflect the value paid to or receivable by the executive. Such gains can only be determined upon exercise of the options. However, to compensate for this omission, share option disclosure has been enhanced in order to aid shareholder evaluation (refer pages 79 and 80).
Fixed remuneration
All associates receive a fixed remuneration package based on their roles, individual performance and the Group's performance. Increases are based on a review of market data and consideration of individual performance and potential.

- **Base Pay** - Salary and benefits are reviewed at least annually and all associates earn above legislated minimum wages. No material ex-gratia payments are routinely paid.

- **Medical aid membership** - Offered to all full-time associates employed in South Africa, Botswana, Namibia, Lesotho and Swaziland, but is not a condition of service. Where the offer of comprehensive medical aid is not accepted by associates due to affordability reasons, membership of cost-effective schemes is encouraged to gain access to hospital care, chronic illness benefits (including HIV/AIDS care) and daily benefits including doctors and medicines.

- **Retirement benefits** - The majority of associates employed in South Africa, Swaziland and Lesotho are provided for in a funded, defined-contribution membership fund (closed to new entrants with effect 01 June 1997) and two funded, defined-contribution funds. Associates employed in Namibia, Botswana, Nigeria and Ghana are members of separate defined-contribution funds in those countries, while Zambian associates are members of the Zambian National Pension Scheme Authority. The funds provide for pensions and related benefits for permanent associates and membership is compulsory after the first year of service.

PwC conducted a comprehensive benchmark assessment on all aspects of remuneration, for implementation on 01 April 2015. The results confirmed our expectations - base pay in most cases was in line with market median, while variable and long-term incentives were higher than median but for substantially superior performance. This is in line with the Group’s remuneration philosophy which has performance as the core.

- **Senior management - Roles were graded and benchmarked against the “National All Industries’ REMchannel database. This took into account the individual's role and level of decision-making and the size of their business unit. There were a relatively few outliers – those associates that were under the market benchmark, usually due to being promoted in the recent past, received above inflation increases in line with their enhanced experience, while those associates that were above the tolerance level relative to the benchmark, received below inflation or no increase. Divisional executives not impacted by the above generally received salary increases of 6%.

- **Executive Directors** - A peer group of 16 companies was selected in conjunction with PwC. This included eight retail companies, five companies with a similar market capitalisation and three companies that had achieved similar total shareholder returns. The CEO’s guaranteed remuneration was lower than the market by 6%. On 01 April 2015, Mr Bird’s salary was increased by 12%, constituting the lag to market plus 6% inflation. The CFO’s guaranteed remuneration was lower than the market by 1% and Mr Blair’s remuneration was therefore increased by inflation of 6%. The Supply Chain Director, who is an alternate director, has requested reduced working hours and, as a result, Mr Ellis’ remuneration reduced by 36%. All changes were effective on the same date.

- **Non-executive Directors** – The proposed fees for 2016 takes into account the benchmarking exercise undertaken (using the same peer group of companies as that utilised for executive Directors) and several structural changes detailed on page 81. The Company does not pay an attendance fee per meeting as, historically, the attendance at meetings has been good and the performance of non-executive Directors is reviewed annually via peer evaluation. In addition, the Board has always felt that Directors contribute as much outside of meetings as they contribute within meetings. Proposed fees are detailed in the Notice of Meeting set out in the Annual Results booklet for approval at the forthcoming AGM. Non-executive Directors do not participate in any incentive scheme.

The Honorary Chairman has an employment contract with the Company and details of his role are provided in the Corporate Governance Report on page 60. In recognition of Mr. Cohen’s reducing role in the business, with effect from 1 April 2013 (March 2014 financial year), his total remuneration decreased in equal annual amounts, to the level that the Lead Director’s total fees were expected to be in F2016, namely R625 000. This was implemented by increasing the Honorary Chairman’s fees to R625 000 in the 2014 financial year, a level which was to remain unaltered until 2016, and reducing his other forms of remuneration in three equal amounts from 1 April 2013. In the forthcoming financial year the Honorary Chairman will not earn a salary or benefits, and his total annual remuneration, in the form of fees, will amount to R625 000.
Variable remuneration

All associates participate in an annual short-term incentive scheme which is related to performance. Although challenging targets are set, the incentive schemes are potentially generous to encourage the achievement of targets that can be directly influenced by superior performance. If performance is not at desired levels, incentives will reflect that situation. The Remuneration and Nominations Committee ensures that performance targets are linked to the Group’s or division’s annual key imperatives, are substantially within the associate’s control and do not expose the organisation to undue risk caused by their behaviour. The past performance of the Group is evidence that the incentive mechanisms, which have been well thought out and refined over the years, work well.

The Group does not defer bonus payments as it is essential to attract and retain bright young talent, many of whom are at the age that they are committing to their first property purchase or financing their children’s education. Associates have to be in education. Associates have to be in their first property division, their education. Associates have to be in their first property division, their education. Associates have to be in their first property division, their education. Associates have to be in their first property division, their education. Associates have to be in their first property division, their education. Associates have to be in their first property division, their education. Associates have to be in their first property division, their education. Associates have to be in their first property division, their education. Associates have to be in their first property division, their education. Associates have to be in their first property division, their education. Associates have to be in their first property division, their education. Associates have to be in their first property division, their education. Associates have to be in years, work well.

The bulk of the short-term incentive award depends on exceeding budget and achieving stretch performance targets, which should have a positive impact on shareholder returns. The number of months’ incentive can be reduced by a maximum of two months, should stock levels or ageing exceed target, or employment equity or internal audit scores fall short of target. In the case of the heads of service divisions such as Systems, Governance and Assurance, People, Real Estate, Logistics and Sustainability, the maximum incentive ranges from eight to twelve months. The incentive portion of Directors’ earnings is tied to financial targets and is measured as a multiple of monthly salary. The achievement of predetermined targets is a function of:

- Measurable Group performance, dependent on the executive’s work function. Targets are linked to the Group’s performance and are tailored annually to ensure alignment with key imperatives for the year. For the 2015 financial year, the targets against which the CEO and CFO were measured included: growth in headline earnings per share, return on equity and the achievement of strategic KPI’s. The maximum that can be earned is equal to twelve months’ basic salary. The awards are only made if the Group achieves its budgeted half year and annual headline earnings per share targets. In that event, a maximum award of three months’ salary is made, with the result that the majority of the short-term incentive award allocated to Group performance therefore depends on exceeding budget and achieving stretch performance targets. The Supply Chain Director was measured on the combined profitability of the trading divisions, which also included budget and stretch targets, and the delivery of supply chain KPI’s. The maximum potential award is equal to ten months’ basic salary.

- Personal performance, incorporating areas of demonstrated performance contribution such as leadership, innovation, effort and teamwork, is also assessed. For divisional executives, these ‘soft’ awards are generally capped at two months’ basic salary, although in deserving circumstances, the CEO can propose higher. A poor personal performance evaluation can reduce or eliminate the incentive due under measurable Group performance.

Executive Directors

A strong relationship exists between executive incentives and sustainable value created for shareholders. The incentive portion of Directors’ earnings is tied to financial targets and is measured as a multiple of monthly salary. The achievement of predetermined targets is a function of:

- Measurable Group performance, dependent on the executive’s work function. Targets are linked to the Group’s performance and are tailored annually to ensure alignment with key imperatives for the year. For the 2015 financial year, the targets against which the CEO and CFO were measured included: growth in headline earnings per share, return on equity and the achievement of strategic KPI’s. The maximum that can be earned is equal to twelve months’ basic salary. The awards are only made if the Group achieves its budgeted half year and annual headline earnings per share targets. In that event, a maximum award of three months’ salary is made, with the result that the majority of the short-term incentive award allocated to Group performance therefore depends on exceeding budget and achieving stretch performance targets. The Supply Chain Director was measured on the combined profitability of the trading divisions, which also included budget and stretch targets, and the delivery of supply chain KPI’s. The maximum potential award is equal to ten months’ basic salary.

Although the Group does not disclose the specific financial targets which apply to executive Director incentives, the historical information detailed below demonstrates that an appropriate level of thought has been applied and that incentives are aligned with the Group’s performance based culture. Over the last five years, the incentive structures required:

- HEPS growth varying between 12.2% (which was the lowest ‘base’ target in any year and attracted three months’ incentive) and 24.0% (which was the highest stretch performance target and attracted nine months’ incentive).
- an average growth in HEPS of 16.1%, which, if not achieved, would have resulted in no incentives being paid under this category.
- In 2015, each of the three stretch performance levels required an additional profit before tax (net of the additional incentive incurred) to cost (additional incentive) ratio of 12:1.
- Profit before tax is increasing at a faster rate than executive Director incentives. The ratio of increased profit to incentives paid has increased from 26 in 2012 to 30 in 2015.

Relationship between exec Director incentives and performance

All associates participate in a loyalty bonus scheme, payable annually in December at the option of the company. The benefit commences at the level of 20% of monthly salary per completed year of service up to 80% (after four years), followed by an additional 20% after the completion of 10 years’ service.
Partnership and reward for performance are among the Group’s key beliefs. The Group has ambitious growth plans that will require substantial capital expenditure and the continued dedication of its associates. The long-term incentives (LTI) are to motivate and retain associates critical to the achievement of these goals. To that end, various share and share option schemes have been established to enable permanent associates the opportunity to share in the long-term success of the Group. We believe that our inclusive approach to share ownership in the Company is a key differentiator and is essential to achieving a high level of performance in the long-term. In other companies, LTIs are typically reserved for company executives. However in our case, executive management’s interest is less than 25% of total company share or option awards. In order to further promote share ownership, effective November 2014, participants in the Mr Price Executive Forfeitable Share Plan (37 associates in total) can qualify to have their total annual long-term incentive awards (options and FSPs) increased by 10%, should they meet their minimum personal shareholding threshold, namely two times annual guaranteed remuneration for divisional executives and three times for executive Directors.

In the case of the executive Directors, the base upon which LTI awards are made annually, is determined by multiplying their annual guaranteed remuneration by a factor (which ranges between 133% and 364%) and dividing this value by the share price (30 day VWAP) at the date of the award. The award value is then split into options and FSPs (vanilla award); Performance-based FSPs (equal in number to the vanilla FSP award) and an LTI bonus award, based on personal shareholding in the company, if applicable, are then made. The personal shareholding in the Company of the three executive Directors all exceeds the required level.

The PwC LTI benchmarking exercise highlighted the difficulty in drawing meaningful comparisons to other companies, given the various methodologies adopted. Awards can either be based on the face value (approach used by the Group) or the expected value of the instruments issued, and companies can either have smaller annual awards (approach adopted by the Group) or larger awards which vary in frequency, or a combination of both. Despite the limitations and the potential inaccuracy of assumptions used in converting one basis to the other for benchmarking purposes, PwC reported that the annual LTI awards compared as follows:

<table>
<thead>
<tr>
<th>JSE Comparator Group Quartile</th>
<th>JSE Top 40 Companies Quartile</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>median to upper</td>
</tr>
<tr>
<td>CFO</td>
<td>median to upper</td>
</tr>
</tbody>
</table>

Although the short-term incentives of the CEO and CFO were above the comparator group median in 2015, this was due to the relative performance of certain companies – only 30% reflected earnings growth above 20% and 25% of companies reflected an earnings decline in that year.
Mr Price Group Employees Share Investment Scheme
This trust allows associates the opportunity to purchase shares on a monthly basis up to a value of 15% of their monthly basic salary and car allowance. The Company makes an additional contribution, equal to 15% of the associates’ contribution, which amounted to R3.1 million in the current financial year. This scheme has been in existence since 1992 and, at year end, 4 500 associates were participants, holding 286 000 shares to the value of R72 million. In order to encourage participants to hold the shares, restrictions are in place limiting the number of times shares may be sold in a year. Directors and prescribed officers cannot participate in the scheme.

Mr Price Partners Share Scheme
A key factor of the share schemes is that in essence, they incorporate the Group’s intentions regarding the ownership criteria of B-BBEE. Rather than enter into an ownership deal with external parties, the Board resolved to embrace the true spirit of B-BBEE and, subject to certain qualifying criteria, included all SACU associates in its various share and share option schemes. In this way, those responsible for contributing to the Group’s success become partners in the business and are rewarded for sustained high performance.

Shares are awarded instead of options. Associates in junior positions, where staff turnover is relatively high, are awarded shares after being permanently employed for 12 months. Participants of this scheme receive bi-annual dividends and are eligible to vote on their shares as shareholders. Half of the trustees overseeing the operation of this scheme were elected by the participants, which serves to ensure greater understanding and enhanced communication. Black ownership in this scheme is 95% and the average value of shares held on behalf of each individual associate is R147 856. Associates who became participants between the date of introduction of this scheme and November 2010, were allocated 1 000 shares or 1 250 shares as an assistant store manager. The value of the latter’s shares has grown from R26 000 to R325 000 over the period. Further growth will materially impact our associates’ lives at retirement, at which stage the shares vest unconditionally. Participants received dividends amounting to R20.2 million over the last year (final 2014 and interim 2015 dividends). The Company has paid out total dividends of R100 million to associates participating in the Partners Share Scheme since its inception in 2006.

Share option schemes
The share option schemes operate on a “rolling” basis, in that smaller annual awards are made (rather than larger upfront awards) according to market benchmarked criteria. The timing of these awards coincides with a tranche vesting. This mechanism spreads the market risk, avoiding the situation where all options could be out of the money, which is a disincentive to associates. All option and share awards are based on a formula of guaranteed annual pay multiplied by a factor (which is benchmarked where possible), divided by the share price, which limits company exposure during a period of share price strength. The strike price mechanism for all share option schemes is calculated at the lower of the 30 day volume weighted average price (VWAP) for the period preceding the offer date, or the price on the day prior to the offer. Re-pricing of strike prices is not permitted and options are not awarded to or exercised by key personnel in the Executive and Executive Director Share Schemes during closed periods. The Remuneration and Nominations Committee has the authority to prevent vesting in circumstances where the individual is deemed to have demonstrated poor personal performance.

Forfeitable Share Plans (FSP’s)
The Company’s advisors recommended the implementation of a FSP as the vast majority of companies surveyed had more than one type of long-term incentive scheme operating in parallel. Forfeitable shares are free shares awarded to participants, subject to certain conditions and offer more certainty to the recipient as the value is in the share that vests, not growth on strike price, as is the case with options. From a Company perspective, FSP’s are attractive due to the fact that shares result in a lower number of instruments than options and senior employees can also receive enhancement shares, which are subject to performance conditions. The shares acquired by the Company to fully satisfy these obligations are held by an institutional third party. The following FSP schemes were introduced in 2013:

Mr Price Executive Forfeitable Share Plan
For executive Directors and certain divisional Directors, executives and senior managers, awards are of an annual rolling nature, as per the option schemes. In order to keep the cost to company (IFRS 2 charge) at a level no higher than that of the option schemes, the number of options awarded was reduced and a lower number of FSP’s awarded. The shares are held in escrow and vest after five years, with participants receiving dividends during this period. As a result of the focus on their retention aspect, the ‘vanilla’ award does not contain performance conditions. A matching ‘performance award’ (equivalent to the vanilla award) was also made, but this contains stretch HEPS targets linked to the Group’s five year strategic plan.
Mr Price Group Forfeitable Share Plan

It is imperative to retain the executives who are central to the Group’s growth strategy detailed elsewhere in this report. A limited number of participants were awarded free shares, equivalent to between two and three times their annual guaranteed remuneration and these shares vest after 5 years. This award was offered subject to participants entering into a restraint and retention agreement, which precludes them from joining a competitor for a predetermined period, should they leave the employment of the Company.

Specific issues raised by shareholders during the year regarding long-term incentives include:

- The need for more substantial returns-based performance - the mechanics of the share schemes are reviewed annually. Last year, consideration was given to the input received from shareholders and minimum performance conditions were introduced. The purpose of this hurdle (HEPS growing a minimum of CPI +1%) was to ensure that share options would not vest in the event of there being poor Group performance. The intention was not to raise the performance hurdle to a level that would cause the schemes to lose their motivational appeal to the valued partners within the Group.

- Limits for participation - the Company’s partnership approach results in all associates in selected territories participating in the share schemes. This is unique amongst South African corporates and is critical to the success of the Group. Over 9 000 associates are members of the various share schemes in operation. The number of shares or options being awarded is expected to reduce further over time, as the shift to an allocation formula which takes into account annual guaranteed remuneration and the prevailing share price takes effect.

Cognisance was also taken of the fact that, due to strong company performance and the re-rating of the share price (the PE ratio at year end was 27.4), the quantum of share options awarded to participants has significantly decreased. The option schemes are rolling in nature and the current awards are materially lower than options vesting. The remuneration philosophy of the Group is to remunerate at the median and reward through bonuses and shares. Should the shares become less attractive, the Group would need to employ a less favourable approach of increasing basic salaries to retain key associates. As detailed above, challenging performance targets have been incorporated into the Executive FSP.

The number of LTI’s awarded annually continues to reduce

New awards are lower than those vesting

The Board believes that it is not appropriate to include shares allocated under the Partners Share Scheme, which effectively operates as the Group’s B-BBEE scheme, in this overall participation total. Excluding this scheme, the total number of shares committed under the various equity incentive schemes equates to 6.3% of the issued share capital.
No single participant’s interest in voluntary awarded long-term incentive plans (option schemes and Executive FSP) exceeds 0.5% of issued share capital.

<table>
<thead>
<tr>
<th></th>
<th>SI Bird</th>
<th>MM Blair</th>
<th>SA Ellis</th>
<th>% of Share Capital (Ords &amp; B Ords)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr Price Executive Director Share Trust (options)</td>
<td>1 221 034</td>
<td>508 848</td>
<td>176 566</td>
<td>0.48</td>
</tr>
<tr>
<td>Mr Price Executive FSP Scheme</td>
<td>37 350</td>
<td>22 910</td>
<td>8 100</td>
<td>0.07</td>
</tr>
<tr>
<td>Total</td>
<td>1 258 384</td>
<td>531 758</td>
<td>184 666</td>
<td></td>
</tr>
</tbody>
</table>

Non-routine FSP’s awarded under the Mr Price Group Forfitable Share Plan as detailed on page 77 are excluded from the above.

- The remuneration report could contain more details on financial indicators and parameters - due to the sensitivity in releasing forecast financial information, these targets cannot be disclosed. However the Committee is satisfied that strong Group performance will be required for these performance based FSP shares to vest. The reports from the Chairman, CEO and CFO clearly detail both the exceptional historic performance and the strategic goals of the Group.

Concerning the vesting of shares on retirement or for other reasons for ending employment, the share trusts’ rules stipulate that associates retiring at the age of 65 may retain unvested share options that will vest according to their original timeframes. However, given that associates are entitled to take early retirement from the age of 50, guidelines were established taking into account the age and years’ service of associates retiring before 65. These guidelines permit the retention, post-retirement, of unvested options on a sliding scale whereby associates can take early retirement from 50 and retain their options if they have a minimum 25 years’ service. This graduates to retirement at 64, requiring 11 years’ service. Retirement at 65 does not require a minimum service period. In all other retirement or dismissal situations, unvested options will lapse unless the Board exercises its discretion and permits the exercise of any or all of the unexercised options. However, as an associate approaches retirement, the schemes have been designed in such a way that the option awards decrease. In the Mr Price Partners Share Scheme, retirement causes the shares to vest unconditionally. The age and length of service guidelines detailed above have also been applied to those associates retiring before 65.

- The vesting periods of the various share option schemes have been amended over the years. A balance has been sought between allowing sufficient time to experience a meaningful growth in the share price and having the options vest in a timeframe which is not so distant as to appear unattainable.

<table>
<thead>
<tr>
<th>vesting period</th>
<th>exercise period</th>
<th>frequency of allocations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partners Share Trust</td>
<td>Unconditional vesting occurs 60 days after the death or retirement of the recipient associate</td>
<td>Immediate upon unconditional vesting</td>
</tr>
<tr>
<td>General Staff Share Trust</td>
<td>3 years from date of offer</td>
<td>within 90 days of vesting</td>
</tr>
<tr>
<td>Senior Management Share Trust</td>
<td>5 years from date of offer</td>
<td>within 90 days of vesting</td>
</tr>
<tr>
<td>Executive Share Trust</td>
<td>5 years from date of offer</td>
<td>within 5 years of vesting</td>
</tr>
<tr>
<td>Executive Director Share Trust</td>
<td>5 years from date of offer</td>
<td>within 5 years of vesting</td>
</tr>
<tr>
<td>Mr Price Executive FSP</td>
<td>5 years from date of offer</td>
<td>Immediately upon vesting</td>
</tr>
<tr>
<td>Mr Price Group FSP</td>
<td>5 years from date of offer</td>
<td></td>
</tr>
</tbody>
</table>

The vesting periods of the various share option schemes have been amended over the years. A balance has been sought between allowing sufficient time to experience a meaningful growth in the share price and having the options vest in a timeframe which is not so distant as to appear unattainable.
Since the inception of the share option schemes, the Board has exercised its discretion on an exceptional basis and has allowed a very limited number of associates to retain unvested options post resignation. In using its discretion, the Board considered the associate’s length of service, resignation circumstances, past services to the Group and the vesting period remaining on all offered tranches. In most cases, the tranche closest to maturity was retained, while the remaining unvested tranches were forfeited. No accelerated vesting of share options is permitted. In terms of specific authority received from shareholders, the Company may issue 46,548,430 shares to satisfy the requirements of its share schemes. Since the schemes were introduced in 2006, the Company has issued 9,463,292 shares and therefore still has 37,085,138 shares that may be issued for this purpose. However, in order to avoid shareholder dilution, the Group’s current policy is to purchase shares on the open market to satisfy the requirements of the various share schemes, as opposed to issuing new shares. The Company has a share purchase programme in place to hedge against the future obligations of the schemes, details of which are as follows:

<table>
<thead>
<tr>
<th>Mr Price Share Option Scheme</th>
<th>Mr Price Partners Share Trust</th>
<th>Mr Price General Staff Share Trust</th>
<th>Mr Price Senior Management Share Trust</th>
<th>Mr Price Executive Share Trust</th>
<th>Mr Price Executive Director Share Trust</th>
<th>Mr Price Group FSP</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>7,503</td>
<td>1,911</td>
<td>210</td>
<td>5</td>
<td>37</td>
<td>14</td>
<td>9,725</td>
</tr>
<tr>
<td>5,800</td>
<td>4,403,376</td>
<td>7,424,703</td>
<td>3,731,263</td>
<td>2,402,442</td>
<td>167,256</td>
<td>457,233</td>
<td>20,922,900</td>
</tr>
<tr>
<td></td>
<td>6,558,931</td>
<td>2,578,618</td>
<td>490,818</td>
<td>613,612</td>
<td>173,823</td>
<td>457,233</td>
<td>11,891,566</td>
</tr>
<tr>
<td></td>
<td>149%</td>
<td>35%</td>
<td>13%</td>
<td>26%</td>
<td>104%</td>
<td>100%</td>
<td>57%</td>
</tr>
</tbody>
</table>

Remaining on all offered tranches. In most cases, the tranche closest to maturity was retained, while the remaining unvested tranches were forfeited. No accelerated vesting of share options is permitted. In terms of specific authority received from shareholders, the Company may issue 46,548,430 shares to satisfy the requirements of its share schemes. Since the schemes were introduced in 2006, the Company has issued 9,463,292 shares and therefore still has 37,085,138 shares that may be issued for this purpose. However, in order to avoid shareholder dilution, the Group’s current policy is to purchase shares on the open market to satisfy the requirements of the various share schemes, as opposed to issuing new shares. The Company has a share purchase programme in place to hedge against the future obligations of the schemes, details of which are as follows:

<table>
<thead>
<tr>
<th>number of participants</th>
<th>number of options/shares</th>
<th>shares held by the share trusts</th>
<th>% of total obligation hedged</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr Price Share Option Scheme</td>
<td>9</td>
<td>5,800</td>
<td>-</td>
</tr>
<tr>
<td>Mr Price Partners Share Trust</td>
<td>7,503</td>
<td>4,403,376</td>
<td>6,558,931</td>
</tr>
<tr>
<td>Mr Price General Staff Share Trust</td>
<td>1,911</td>
<td>7,424,703</td>
<td>2,578,618</td>
</tr>
<tr>
<td>Mr Price Senior Management Share Trust</td>
<td>210</td>
<td>3,731,263</td>
<td>490,818</td>
</tr>
<tr>
<td>Mr Price Executive Share Trust</td>
<td>5</td>
<td>2,402,442</td>
<td>613,612</td>
</tr>
<tr>
<td>Mr Price Executive Director Share Trust</td>
<td>37</td>
<td>167,256</td>
<td>173,823</td>
</tr>
<tr>
<td>Mr Price Group FSP</td>
<td>14</td>
<td>457,233</td>
<td>457,233</td>
</tr>
<tr>
<td>Total</td>
<td>9,725</td>
<td>20,922,900</td>
<td>11,891,566</td>
</tr>
</tbody>
</table>

In most cases, the tranche closest to maturity was retained, while the remaining unvested tranches were forfeited. No accelerated vesting of share options is permitted. In terms of specific authority received from shareholders, the Company may issue 46,548,430 shares to satisfy the requirements of its share schemes. Since the schemes were introduced in 2006, the Company has issued 9,463,292 shares and therefore still has 37,085,138 shares that may be issued for this purpose. However, in order to avoid shareholder dilution, the Group’s current policy is to purchase shares on the open market to satisfy the requirements of the various share schemes, as opposed to issuing new shares. The Company has a share purchase programme in place to hedge against the future obligations of the schemes, details of which are as follows:

**Executive Directors’ remuneration**

The emoluments for the executive Directors for the year were as follows (R’000):

<table>
<thead>
<tr>
<th>salary</th>
<th>motor vehicle benefits</th>
<th>pension contributions</th>
<th>other benefits</th>
<th>short-term incentives</th>
<th>total 2015</th>
<th>total 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>SI Bird</td>
<td>4,974</td>
<td>213</td>
<td>1,019</td>
<td>165</td>
<td>9,741</td>
<td>11,112</td>
</tr>
<tr>
<td>MM Blair</td>
<td>3,319</td>
<td>338</td>
<td>708</td>
<td>158</td>
<td>6,167</td>
<td>10,690</td>
</tr>
<tr>
<td>SA Ellis</td>
<td>2,718</td>
<td>276</td>
<td>593</td>
<td>115</td>
<td>2,945</td>
<td>6,647</td>
</tr>
<tr>
<td>Total</td>
<td>11,011</td>
<td>827</td>
<td>2,320</td>
<td>438</td>
<td>18,853</td>
<td>33,449</td>
</tr>
</tbody>
</table>

*Considered to be prescribed officers

Details of the interest of executive Directors in long-term incentives are as follows:

**Forfeitable share plans**

<table>
<thead>
<tr>
<th>date of award</th>
<th>shares granted</th>
<th>share price at award date</th>
<th>shares held at end of the year</th>
<th>vesting date</th>
</tr>
</thead>
<tbody>
<tr>
<td>SI Bird</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr Price Executive FSP (EFSP)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- vanilla award</td>
<td>29-Nov-13</td>
<td>10,341</td>
<td>R155.97</td>
<td>10,341</td>
</tr>
<tr>
<td>- vanilla award</td>
<td>29-Nov-14</td>
<td>8,334</td>
<td>R228.78</td>
<td>8,334</td>
</tr>
<tr>
<td>- performance award</td>
<td>29-Nov-14</td>
<td>8,334</td>
<td>R228.78</td>
<td>8,334</td>
</tr>
<tr>
<td>Mr Price Group FSP (GFSP)</td>
<td>29-Nov-13</td>
<td>96,546</td>
<td>R155.97</td>
<td>96,546</td>
</tr>
<tr>
<td>MM Blair</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr Price Executive FSP (EFSP)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- vanilla award</td>
<td>29-Nov-13</td>
<td>6,334</td>
<td>R155.97</td>
<td>6,334</td>
</tr>
<tr>
<td>- performance award</td>
<td>29-Nov-13</td>
<td>6,334</td>
<td>R155.97</td>
<td>6,334</td>
</tr>
<tr>
<td>- vanilla award</td>
<td>29-Nov-14</td>
<td>5,121</td>
<td>R228.78</td>
<td>5,121</td>
</tr>
<tr>
<td>- performance award</td>
<td>29-Nov-14</td>
<td>5,121</td>
<td>R228.78</td>
<td>5,121</td>
</tr>
<tr>
<td>Mr Price Group FSP (GFSP)</td>
<td>29-Nov-13</td>
<td>67,315</td>
<td>R155.97</td>
<td>67,315</td>
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<tr>
<td>SA Ellis</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr Price Executive FSP (EFSP)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- vanilla award</td>
<td>29-Nov-13</td>
<td>2,233</td>
<td>R155.97</td>
<td>2,233</td>
</tr>
<tr>
<td>- vanilla award</td>
<td>29-Nov-14</td>
<td>1,817</td>
<td>R228.78</td>
<td>1,817</td>
</tr>
<tr>
<td>- performance award</td>
<td>29-Nov-14</td>
<td>1,817</td>
<td>R228.78</td>
<td>1,817</td>
</tr>
</tbody>
</table>

Relative to the unhedged commitments, the strike price payable by participants is R1.4bn.
## Share options - Mr Price Executive Director Share Trust

<table>
<thead>
<tr>
<th>Name</th>
<th>Options held at the beginning of the year</th>
<th>Date of offer</th>
<th>Options granted and accepted during the year</th>
<th>Options exercised or taken up during the year</th>
<th>Option price of award</th>
<th>Gain on options exercised during the year (R’000)</th>
<th>Options held at the end of the year</th>
<th>Number of tranches remaining</th>
<th>Vesting date of first tranche</th>
<th>Vesting date of last tranche</th>
<th>Latest expiry date for exercise of options</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SI Bird</strong></td>
<td>282 000</td>
<td>27-May-09</td>
<td>94 000</td>
<td>188 000</td>
<td>R26.50</td>
<td>13 556</td>
<td>2</td>
<td>27-May-15</td>
<td>27-May-16</td>
<td>27-May-21</td>
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</tr>
<tr>
<td></td>
<td>71 000</td>
<td>22-Nov-09</td>
<td>71 000</td>
<td>90 000</td>
<td>R52.75</td>
<td>14 832</td>
<td>1</td>
<td>25-Aug-15</td>
<td>25-Aug-20</td>
<td>30-Nov-20</td>
<td></td>
</tr>
<tr>
<td></td>
<td>400 000</td>
<td>25-Aug-09</td>
<td>400 000</td>
<td>210 500</td>
<td>R46.00</td>
<td>1</td>
<td>1</td>
<td>22-Nov-16</td>
<td>22-Nov-21</td>
<td>22-Nov-22</td>
<td></td>
</tr>
<tr>
<td></td>
<td>90 000</td>
<td>30-Nov-10</td>
<td>90 000</td>
<td>129 777</td>
<td>R62.77</td>
<td>1</td>
<td>1</td>
<td>22-Nov-17</td>
<td>22-Nov-22</td>
<td>22-Nov-23</td>
<td></td>
</tr>
<tr>
<td></td>
<td>210 500</td>
<td>22-Nov-11</td>
<td>210 500</td>
<td>112 271</td>
<td>R76.49</td>
<td>1</td>
<td>1</td>
<td>22-Nov-18</td>
<td>22-Nov-23</td>
<td>22-Nov-24</td>
<td></td>
</tr>
<tr>
<td></td>
<td>129 777</td>
<td>22-Nov-12</td>
<td>129 777</td>
<td>22-Nov-13</td>
<td>R133.67</td>
<td>1</td>
<td>1</td>
<td>22-Nov-19</td>
<td>22-Nov-19</td>
<td>22-Nov-24</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>90 486</td>
<td></td>
<td>R222.60</td>
<td></td>
<td>1</td>
<td>22-Nov-21</td>
<td>22-Nov-24</td>
<td>22-Nov-24</td>
<td></td>
</tr>
<tr>
<td><strong>MM Blair</strong></td>
<td>146 000</td>
<td>22-Nov-09</td>
<td>146 000</td>
<td>155 000</td>
<td>R32.75</td>
<td>30 500</td>
<td>1</td>
<td>30-Nov-15</td>
<td>30-Nov-20</td>
<td>30-Nov-20</td>
<td></td>
</tr>
<tr>
<td></td>
<td>155 000</td>
<td>30-Nov-10</td>
<td>155 000</td>
<td>142 600</td>
<td>R62.77</td>
<td>1</td>
<td>1</td>
<td>22-Nov-16</td>
<td>22-Nov-21</td>
<td>22-Nov-24</td>
<td></td>
</tr>
<tr>
<td></td>
<td>142 600</td>
<td>22-Nov-11</td>
<td>142 600</td>
<td>86 870</td>
<td>R76.49</td>
<td>1</td>
<td>1</td>
<td>22-Nov-17</td>
<td>22-Nov-21</td>
<td>22-Nov-24</td>
<td></td>
</tr>
<tr>
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<td>86 870</td>
<td>22-Nov-12</td>
<td>86 870</td>
<td>68 770</td>
<td>R133.67</td>
<td>1</td>
<td>1</td>
<td>22-Nov-18</td>
<td>22-Nov-21</td>
<td>22-Nov-23</td>
<td></td>
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<tr>
<td></td>
<td>68 770</td>
<td>22-Nov-13</td>
<td>68 770</td>
<td>22-Nov-14</td>
<td>R181.94</td>
<td>1</td>
<td>1</td>
<td>22-Nov-19</td>
<td>22-Nov-23</td>
<td>22-Nov-24</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>55 608</td>
<td></td>
<td>R222.60</td>
<td></td>
<td>1</td>
<td>22-Nov-20</td>
<td>22-Nov-24</td>
<td>22-Nov-24</td>
<td></td>
</tr>
<tr>
<td><strong>SA Ellis</strong></td>
<td>210 000</td>
<td>22-Nov-06</td>
<td>210 000</td>
<td>50 000</td>
<td>R21.15</td>
<td>33 937</td>
<td>1</td>
<td>30-Nov-15</td>
<td>30-Nov-20</td>
<td>30-Nov-20</td>
<td></td>
</tr>
<tr>
<td></td>
<td>50 000</td>
<td>22-Nov-09</td>
<td>50 000</td>
<td>50 000</td>
<td>R32.75</td>
<td>10 445</td>
<td>1</td>
<td>22-Nov-16</td>
<td>22-Nov-21</td>
<td>22-Nov-24</td>
<td></td>
</tr>
<tr>
<td></td>
<td>50 000</td>
<td>30-Nov-10</td>
<td>50 000</td>
<td>32 591</td>
<td>R62.77</td>
<td>1</td>
<td>1</td>
<td>22-Nov-17</td>
<td>22-Nov-22</td>
<td>22-Nov-23</td>
<td></td>
</tr>
<tr>
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<td>32 591</td>
<td>22-Nov-12</td>
<td>32 591</td>
<td>24 242</td>
<td>R76.49</td>
<td>1</td>
<td>1</td>
<td>22-Nov-18</td>
<td>22-Nov-23</td>
<td>22-Nov-24</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>19 733</td>
<td></td>
<td>R222.60</td>
<td></td>
<td>1</td>
<td>22-Nov-20</td>
<td>22-Nov-24</td>
<td>22-Nov-24</td>
<td></td>
</tr>
<tr>
<td><strong>AE McArthur</strong></td>
<td>396 000</td>
<td>22-Nov-09</td>
<td>200 000</td>
<td>196 000</td>
<td>R32.75</td>
<td>39 537</td>
<td>1</td>
<td>22-Nov-14</td>
<td>22-Nov-19</td>
<td>30-Nov-20</td>
<td></td>
</tr>
<tr>
<td></td>
<td>250 000</td>
<td>22-Nov-10</td>
<td>250 000</td>
<td>250 000</td>
<td>R32.75</td>
<td>1</td>
<td>1</td>
<td>30-Nov-15</td>
<td>30-Nov-20</td>
<td>30-Nov-20</td>
<td></td>
</tr>
<tr>
<td><strong>S van Niekerk</strong></td>
<td>50 000</td>
<td>22-Nov-09</td>
<td>50 000</td>
<td>50 000</td>
<td>R32.75</td>
<td>1</td>
<td>1</td>
<td>22-Nov-14</td>
<td>22-Nov-19</td>
<td>22-Nov-19</td>
<td></td>
</tr>
</tbody>
</table>

1 Disclosure required although no longer Directors of the Company.
Non-executive Director emoluments for the year:

<table>
<thead>
<tr>
<th>Name</th>
<th>Salary R'000</th>
<th>Vehicle allowances &amp; expenses</th>
<th>Pension contributions</th>
<th>Fees R'000</th>
<th>Total 2015 R'000</th>
<th>Total 2014 R'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>LJ Chiappini</td>
<td>462</td>
<td>147</td>
<td>202</td>
<td>573</td>
<td>1 384</td>
<td>2 337</td>
</tr>
<tr>
<td>SB Cohen</td>
<td>424</td>
<td>278</td>
<td>187</td>
<td>625</td>
<td>1 514</td>
<td>2 409</td>
</tr>
<tr>
<td>K Getz</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>420</td>
<td>420</td>
<td>396</td>
</tr>
<tr>
<td>MR Johnston</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>599</td>
<td>589</td>
<td>556</td>
</tr>
<tr>
<td>RM Motanyane</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>301</td>
<td>301</td>
<td>284</td>
</tr>
<tr>
<td>D Naidoo</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>333</td>
<td>333</td>
<td>314</td>
</tr>
<tr>
<td>NG Payne</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1 113</td>
<td>1 113</td>
<td>1 050</td>
</tr>
<tr>
<td>MJD Ruck</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>503</td>
<td>503</td>
<td>430</td>
</tr>
<tr>
<td>WJ Swain</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>588</td>
<td>588</td>
<td>555</td>
</tr>
<tr>
<td>M Tembe</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>125</td>
<td>125</td>
<td>284</td>
</tr>
<tr>
<td>Total</td>
<td>886</td>
<td>425</td>
<td>389</td>
<td>5 170</td>
<td>6 870</td>
<td>8 615</td>
</tr>
</tbody>
</table>

1 Retired from the Board at the end of February 2015.
2 Retired by rotation at the Annual General Meeting on 3 September 2014, and did not offer himself for re-election.

Non-executive Director fees:

<table>
<thead>
<tr>
<th>board or committee</th>
<th>F2015 actual</th>
<th>F2016 proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>chairman</td>
<td>member</td>
</tr>
<tr>
<td>Main Board¹</td>
<td>1 113 000</td>
<td>225 000</td>
</tr>
<tr>
<td>Main Board - Honorary Chairman</td>
<td>625 000</td>
<td></td>
</tr>
<tr>
<td>Main Board - Lead Independent Director</td>
<td>361 500</td>
<td></td>
</tr>
<tr>
<td>Audit and Compliance Committee²</td>
<td>193 000</td>
<td>108 000</td>
</tr>
<tr>
<td>Risk Committee³</td>
<td>94 500</td>
<td>75 800</td>
</tr>
<tr>
<td>Remuneration and Nominations Committee</td>
<td>119 250</td>
<td>75 800</td>
</tr>
</tbody>
</table>

¹ Fees for the non-executive Chairman included his duties as Chairman of both the Board and Risk Committee.
² In F2016, the Chairman fees relate to the incoming Chair, Ms D Naidoo. The outgoing Chairman’s fees (Mr WJ Swain) will be reduced over a 2 year period to a level of ‘member’, in line with the diminished responsibilities during the handover period.
³ Committee activities now included in “Main Board” fees. Refer to page 57.

The proposed 2016 fees represent a decrease of 4.6% over the prior year, while total non-executive Director remuneration, which previously included the salaries and benefits of the honorary chairmen, will reduce by 37.9%.

For further information regarding the remuneration of non-executive Directors refer page 73.
The Mr Price Group Board of Directors

Nigel Payne
Chairman
age: 55
years of service: 8
qualifications: CA (SA), MBL
other directorships include:
STRATE (Pty) Ltd, JSE Ltd, The Bidvest Group Ltd, BSI Steel Ltd, Vukile Property Fund Ltd, Free State Maize (Pty) Ltd, PPS Insurance Company Ltd

Stewart Cohen
Honorary Chairman
age: 70
years of service: 29
qualifications: BCom, LLB, MBA
other directorships include:
Catregav Holdings (Pty) Ltd, Holdspec Investments (Pty) Ltd, Kovacs Investments 343 (Pty) Ltd

Stuart Bird
Chief Executive Officer
age: 55
years of service: 21
qualifications: CA (SA)

Mark Blair
Chief Financial Officer
age: 49
years of service: 9
qualifications: CA (SA)
THE MR PRICE GROUP BOARD OF DIRECTORS

Bobby Johnston
Lead Independent Non-Executive Director
age: 66
years of service: 21
qualifications: CA (SA)
other directorships include:
STRATE (Pty) Ltd

Keith Getz
Non-Executive Director
age: 59
years of service: 10
qualifications: BProc, LLM
other directorships include:
BVPG Consulting (Pty) Ltd, Steak Ranches International BV, Spur International Ltd, Spur Corporation Ltd, Spur Corporation UK Ltd, Cape Union Mart Group (Pty) Ltd, STRATE (Pty) Ltd

Maud Motanyane
Independent Non-Executive Director
age: 63
years of service: 7
qualifications: Diploma Library Science, WPI fellow
other directorships include:
Kagiso Media (Pty) Ltd, G4S Secure Solutions (SA) (Pty) Ltd, G4S Aviation Security (UK) Ltd, Jet Education Trust

Daisy Naidoo
Independent Non-Executive Director
age: 42
years of service: 3
qualifications: CA (SA) MCom (Tax)
other directorships include:
STRATE (Pty) Ltd, Hudaco Industries Ltd, OMNIA Holdings Ltd, Marriott Unit Trust Management Company Ltd, Old Mutual Unit Trust Managers Ltd, Anglo American Platinum Ltd, Old Mutual Alternative Risk Transfer Ltd, Old Mutual Wealth (Pty) Ltd

Myles Ruck
Independent Non-Executive Director
age: 59
years of service: 8
qualifications: BBusSc PMD (Harvard)
other directorships include:

John Swain
Independent Non-Executive Director
age: 74
years of service: 21
qualifications: CA (SA)
other directorships include:
The Sharks (Pty) Ltd

Neill Abrams
Alternate Director
age: 50
years of service: 5
qualifications: BA, LLB (Wits), LLM (Cambridge)
other directorships include:
Ocado Group Plc

Steve Ellis
Alternate Director
age: 53
years of service: 23
qualifications: CA (SA)