

2022

Governance Report

4 APRIL 2021 – 2 APRIL 2022

 **mr price group limited**

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How We Govern



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YOUR VALUE CHAMPION



INTRODUCING THE

Chairman's Report



Nigel Payne

The past two pandemic years have confirmed the robustness of our value retail model, which outperforms in tough times. Our balance sheet, cash generation, return on capital and other operating and financial metrics remain strong, in the Mr Price tradition.



YOUR VALUE CHAMPION

On behalf of the Mr Price board, it is my privilege to report to all our partners: our passionate Mr Price Group people, the customers we serve, our shareholders, our suppliers, the communities in which we do business, and all our other stakeholders.

I ended my 2021 report by stating: "Our motivation and confidence are up. Mr Price is 'Fit for Growth' to provide opportunities for suppliers, value for customers, career prospects for associates, and superior returns for shareholders." I am pleased to report that, notwithstanding a year with many challenges, Mr Price Group has had another good year in relation to all of these objectives. My comments should be read in conjunction with the reports of our board committees, the CEO and CFO reports, and the rest of our integrated report.

Our talented and passionate executive team, under CEO Mark Blair's inspirational leadership, was bolstered by a number of internal promotions and external appointments during the year. Meeting and overcoming the various challenges we faced was only possible because of the efforts of more than 20 000 people – all our Mr Price associates – who went far beyond what can normally be expected in the work environment. This was visible in our various teams: from our DC team during the civil unrest; to our store associates serving our customers during the pandemic waves; our merchant and ops teams constantly adapting as circumstances changed; and the way Mr Price and all our People supported those most affected by these calamities.

The year was characterised by the continued implementation of our vision, our strategic growth and capital allocation models, and our agility and resilience in responding to challenges. The result was our pleasing financial performance and the positive momentum which carried us into the 2023 financial year.

The past two pandemic years have confirmed the robustness of our Value retail model, which outperforms in tough times. Our balance sheet, cash generation, return on capital and other operating and financial metrics remain strong, in the Mr Price tradition. Retail is more exciting and dynamic than ever. Mr Price Group is innovating ahead of the changing preferences of our customers, including significant investment in IT and related technologies. Recent acquisitions have broadened our group's customer appeal.

We will be very excited to welcome Laurence Wernars and his Studio 88 team, their customers and business partners into our group once final regulatory approvals have been obtained. We look forward to growing together with you. This intended merger maintains our commitment to only make synergistic acquisitions with significant growth potential, with cultures and values similar to our own and that meet our stringent investment criteria.

We celebrated the first full year of Power Fashion and eight months of Yuppiechef as part of our group. In addition to their contribution to our results, we remain optimistic about the growth prospects of these talented teams. The board

will oversee post-acquisition reviews to ensure we realise the potential that we saw in these businesses. Integration of these three acquisitions gives Mr Price Group a platform of well over 2 000 stores, with significant expansion ambitions. We continue to make a significant direct and indirect contribution to economic growth and job creation.

This year South Africans noted the findings of the Zondo Commission and also lived through the consequences of politically motivated looting and violence. We expect significant consequences for the perpetrators and anticipate the positive impacts that will flow therefrom. The country urgently needs the economic boost that will be provided by policy reforms, particularly given the headwinds created by COVID-19, the Russian invasion of Ukraine, rising inflation, supply chain constraints and a weaker currency.

Mr Price is highly regarded for the transparency of our reporting and our strong ethical foundations. I am satisfied that the board performed both our governance oversight and strategic leadership roles to a high standard during the year. Our **remuneration** and **sustainability** reports, and the reports of Mr Price Foundation, highlight our commitments and actions as a responsible corporate citizen. I am grateful to our shareholders for your continued engagement and support in relation to these issues.

Thank you to my colleagues on the board for your super work, commitment and contribution to the group and for the sound judgement you bring to our deliberations. We are fortunate to have some experienced non-executive directors who understand the retail sector through the business cycle; balanced by the input of those appointed more recently. Building on the learnings and actions arising from our board, committee and director appraisal during the year, we will strive to retain fit-for-purpose board and overall governance processes. Thank you again to our founders Stewart and Laurie for your ongoing passion for, and contribution to, Mr Price Group. Senior executive Steve Ellis retired after 30 years' service and will continue to add value as a non-executive director.

These are exciting times for Mr Price Group, notwithstanding the challenging trading environment. We have a dynamic vision to grow our business both organically and through acquisitions. Through further investment in new business concepts and customer-centric technologies and experiences, and the commitment of all our People, I am confident that Mr Price will continue its industry-leading financial and operational performance.

Nigel Payne
Chairman



Board Report



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Value is created through good corporate governance by engendering investor trust and confidence which helps the group achieve its vision to be the most valuable retailer in Africa. This is reflected in the group's beliefs of:

-  Passion
-  Value
-  Partnership

The main impact of the board's deliberations on the group's value creation elements is reflected below:



Leadership

In the conduct of its activities, the board strives to lead the company with integrity, competence, responsibility, accountability, fairness and transparency, which are the key pillars for ethical and effective leadership, and the starting point of good corporate governance. From the board and executive leadership to store associates, both individually and collectively, every group associate should do the right thing and display these key traits to enable delivery of appropriate outputs. Good corporate governance is aspirational and must be continuously monitored, adapted and improved. Responding to the continued disruptions arising from the COVID-19 pandemic and the impact of the July 2021 civil unrest in KwaZulu-Natal and Gauteng over the reporting period highlights the strength of the board's leadership through consistent application of and continued commitment to the group's beliefs. This ensured the group's strategic direction and core values continued to be uncompromised during the disruptive past year. It remains essential that governance practices continue to be aligned and enable value creation through the achievement of group strategy. More detail on the group's strategy can be found in the enterprise risk management section on pages 68 - 69 and material matters section on pages 70 - 75 of the [Integrated Report](#).

The beliefs of Passion, Value and Partnership as expanded on in the group's code of conduct, is the group's internalisation of ethics and the standard of conduct against which each director and the board is measured. The governance framework, which sets out the group's reporting structure, is on pages 100 - 101.

Role

The board is the custodian of corporate governance and is responsible for guiding the group towards achieving the governance outcomes through steering strategic direction and value creation as set out in the board's mandate, published on the group's website: www.mrpricegroup.com, this includes:

- Providing ethical and effective leadership
- Ensuring the group is, and is seen to be, a responsible corporate citizen
- Overseeing value creation to ensure the achievement of positive outcomes for all stakeholders
- Steering and setting strategic direction and monitoring group performance to achieve strategy
- Monitoring ethics, board composition, risk, remuneration, technology and information, compliance and assurance through its various committees
- Ensuring a stakeholder-inclusive approach

The key areas of focus for the reporting period were:

- Continued monitoring and overseeing the appropriateness of management's response to the operating and financial impact of COVID-19 to support associates and protect group assets and business continuity
- Overseeing the appropriateness of management's response to the operating and financial impact of the July civil unrest to support associates and protect group assets and business continuity
- Supporting management with the closing and integration of the group's acquisition of Power Fashion and Yuppieschef
- Supporting management with the negotiations of the group's acquisition of Studio 88
- Under the guidance of the remuneration and nominations committee, ensuring the board composition continues to support the delivery of strategy and creation of value
- Monitoring and supporting the group's strategic objectives in pursuit of its vision and purpose
- Ensuring the group's business model is transforming to support an increasingly digital future, including oversight of the group's relaunch of its ecommerce platform and the go-live of the new enterprise resource planning (ERP)

system (as delegated to the risk and IT committee)

- Undertaking board and committee evaluations

Future areas of focus are:

- Supporting management with the closing and integration of the group's acquisition of Studio 88 (subject to fulfillment of conditions)
- Under the guidance of the remuneration and nominations committee, ensuring the composition of the board continues to support the delivery of strategy and value creation through deliberate identification and addition of board skills required to achieve this
- Continued monitoring and support of the group's strategic objectives in pursuit of its vision and purpose
- Under the guidance of the risk and IT committee, oversee the stabilisation of the ERP system implementation
- Implement recommended changes from board and committee evaluations
- Under the guidance of the social, ethics, transformation and sustainability committee, oversee the group's ESG functions and disclosure in pursuit of achieving its vision to be the most valuable retailer in Africa

King IV™



This King IV™ overview is included to provide guidance to stakeholders on how and where to find disclosure on general application of the King IV™ practices and the specific disclosures required in relation to each principle.

The impact of corporate governance on the group cannot be underestimated. Poor corporate governance will ultimately result in poor business practices. The value of good corporate governance is highlighted during times of crises and uncertainty, as continues to be experienced globally with the COVID-19 pandemic and locally with the 2021 civil unrest. The group's application of the outcomes based and holistic approach of King IV™ continues to be integrated into the daily aspects of the business. The ultimate goal remains the realisation of an ethical culture, good performance, effective control and legitimacy.

King IV™ Disclosures in this Report

As the cornerstone of good corporate governance, the meaningful and group-wide incorporation of the King IV™ corporate governance practices in the group's day-to-day operations is the key input to achieving the desired governance outcomes and creating value for stakeholders. The board chooses to not publish an application register. It has rather integrated the application of the King IV™ principles and practices through the content of this report so as not to adopt a tick-box approach to governance.

The group has endeavoured to provide relevant and material disclosure of not only the specific King IV™ matters requiring disclosure but also additional practices and procedures, to enable stakeholders to make informed decisions based on material and meaningful information.

As part of the King IV™ board and committee evaluation conducted during the reporting period, and in the opinion of the independent assessor, the group complies with the provisions of the King IV™ Code in regard to the effectiveness of the chairs and the operations of the board and its committees.

The board is of the opinion that all King IV™ principles have been applied across the group.

During the reporting period, the application of principles 11 (risk governance), 12 (technology and information governance), 13 (compliance) and 16 (stakeholders) received continued focus. For further details, refer to the enterprise risk management on pages 68 - 75 and the stakeholder value creation section on pages 48 - 53 of the **Integrated Report** ➔; the risk and IT committee section on pages 109 of the board report; and the compliance section on page 12 - 13 of the **annual financial statements** ➔.

The following governance documents are located on the group's website: www.mrpricegroup.com

- (i) Board and (ii) committee mandates
- Policies for the (i) appointment of directors and (ii) promotion of gender and ethnicity diversity on the board
- Outline of board and management committees
- Internal audit annual assurance statement
- Code of conduct
- Memorandum of incorporation
- Notice of 2022 AGM, which will be published no later than 25 July 2022

As a quick reference guide the primary King IV™ disclosure items can be located on the following pages throughout this report:

Principle:	Pages:
1 Leadership	94 - 99
2 Organisational ethics	131 - 132
3 Responsible corporate citizenship	112 - 143
4 Strategy and performance	60 - 89*
5 Reporting	91 - 111
6 Board	94 - 111
7 Board composition	98, 99, 102 - 103
8 Board committees	105, 107 - 111
9 Board performance evaluation	106
10 Appointment and delegation to management	106
11 Risk governance	68 - 75, 109*
12 Technology and information governance	109
13 Compliance governance	12 - 13*
14 Remuneration governance	144 - 171
15 Assurance	10*, 8 - 9#
16 Stakeholders	48 - 53

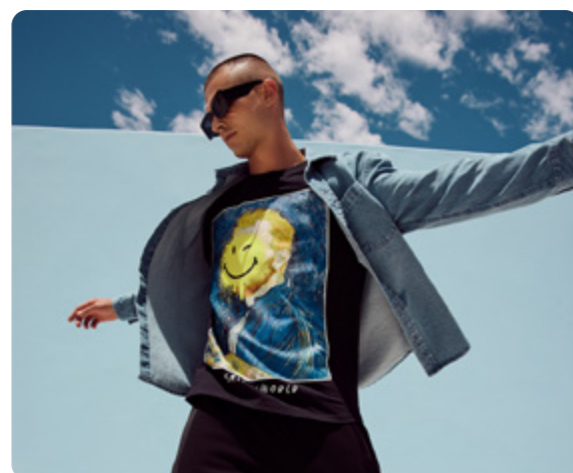
* integrated report

annual financial statements

Board Statement

The board is satisfied it has fulfilled its responsibilities in accordance with its mandate for the 2022 financial year and has provided relevant information to stakeholders to satisfy the King IV™ disclosure requirements.

The board confirms the group's compliance with the Companies Act, 71 of 2008 (Companies Act) and the Company's memorandum of incorporation for the reporting period.



Board of Directors

The board is the custodian of corporate governance and is responsible for steering the group towards achieving the governance outcomes through strategic direction and value creation.



Stewart Cohen

HONORARY CHAIRMAN

Age: 77
Appointed: March 1989
Qualifications: BCom, LLB, MBA

Other directorships: None
Key Skills: Governance, human resources, international, **leadership, marketing,** retail, supply chain and logistics, **strategy**



Nigel Payne

CHAIRMAN

Age: 62
Appointed: August 2007
Qualifications: CA (SA), MBL

Other directorships include: Alexander Forbes Holdings Ltd, Bidcorp Ltd, Strate (Pty) Ltd, Vukile Property Fund Ltd
Key skills: **Finance, financial services,** governance, leadership, risk and assurance, **strategy**



Mark Blair

CHIEF EXECUTIVE OFFICER

Age: 56
Appointed: March 2006
Qualifications: CA (SA)

Key skills: **Finance,** financial services, governance, human resources, international, IT, **leadership,** retail, **risk and assurance,** strategy, sustainability



Mark Stirton

CHIEF FINANCIAL OFFICER

Age: 42
Appointed: January 2019
Qualifications: CA (SA), FCMA, CGMA, MBA

Key Skills: **Finance,** financial services, governance, IT, **leadership,** risk and assurance, supply chain and logistics, strategy



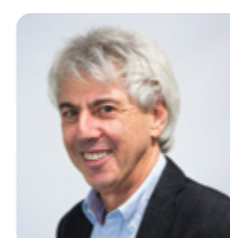
Mark Bowman

Lead independent, non-executive director
Age: 56 | **Appointed:** February 2017
Qualifications: BCom (Finance) MBA
Other directorships: Other private companies
Key skills: Finance, human resources, international, IT, **leadership,** marketing, **supply chain and logistics, strategy,** sustainability



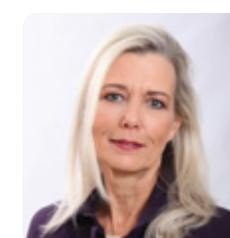
Daisy Naidoo

Independent, non-executive director
Age: 50 | **Appointed:** May 2012
Qualifications: CA (SA), MCom (Tax)
Other directorships include: Anglo American Platinum Ltd, Absa Group Ltd, Absa Financial Services Limited, Hudaco Industries Ltd
Key skills: **Finance, financial services,** governance, leadership, **risk and assurance,** strategy



Keith Getz

Non-executive director
Age: 66 | **Appointed:** May 2005
Qualifications: BProc, LLM
Other directorships include: Spur International Ltd, Cape Union Mart Group (Pty) Ltd, Strate (Pty) Ltd, Trematon Capital Investments Ltd, Ingenuity Property Investments (Pty) Ltd
Key skills: Finance, financial services, **governance,** human resources, **leadership, strategy**



Jane Canny

Independent, non-executive director
Age: 65 | **Appointed:** March 2021
Qualifications: BProc, LLM
Other directorships include: The SPAR Group Ltd, Hollard Group Risk (a division of Hollard)
Key skills: Finance, financial services, **governance,** human resources, IT, leadership, retail, **risk and assurance,** supply chain and logistics, strategy



Lucia Swartz

Independent, non-executive director
Age: 64 | **Appointed:** August 2020
Qualifications: Bachelor of Arts; Diploma in Human Resources Management; Advanced Management Programme (Henley University)
Other directorships include: Tiger Brands Limited
Key skills: **Human resources,** governance, international, **leadership,** strategy, sustainability



Mmaboshadi Chauke

Independent, non-executive director
Age: 42 | **Appointed:** November 2018
Qualifications: CA (SA)
Other directorships include: The Small Enterprise Foundation, Mamor Investments (Pty) Ltd, AfroCentric Investment Corporation Limited, Santam Limited, Sanlam Developing Markets Limited, Mi Way Insurance Ltd
Key skills: **Finance, leadership, risk and assurance**



Steve Ellis*

Non-executive director
Age: 60
Appointed: May 2005, January 2022 (non-executive)
Qualifications: CA (SA)
Other directorships: None
Key skills: **Finance,** financial services, governance, human resources, international, IT, **leadership,** marketing, **retail,** risk and assurance, supply chain and logistics, **strategy,** sustainability



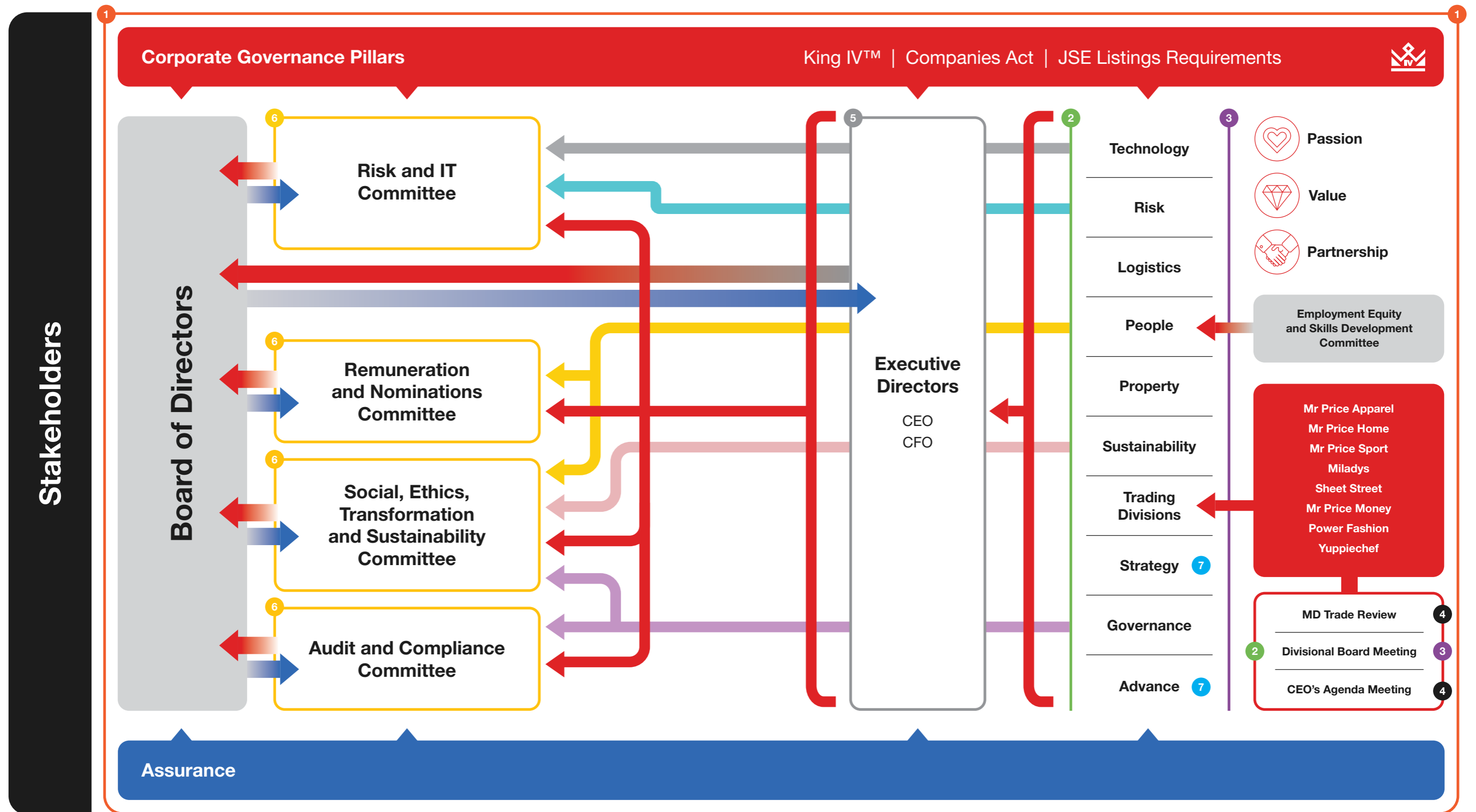
Neill Abrams

Alternate director
Age: 57 | **Appointed:** August 2010
Qualifications: BA, LLB, LLM (Cambridge)
Other directorships include: Ocado Group Plc
Key skills: **Governance,** human resources, **international, leadership,** retail, risk and assurance, strategy

* Transitioned from alternate executive director to non-executive director on 1 January 2022

Governance Framework

Key: Delegation of Authority Reporting Obligation



1 The activities and actions undertaken by the board, its committees, executive management and senior management are in the context of and underpinned by (i) the group beliefs of Passion, Value, Partnership, (ii) the group ethics framework and (iii) the group's code of conduct.

2 Details of attendees at these meetings are included in the board and management committees document on the website: www.mrpricegroup.com.

3 Trading division and centres of excellence board meetings occur in April, July and October.

4 MD trade review meetings occur in January. CEO's agenda meetings occur in March and September.

5 Leadership team.

6 Non-member director attendance at committee meetings is high, which allows for the sharing of information between committees and facilitates transparency and robust informed deliberations.

7 No separate divisional board meetings are held.

Opportunities are sought by the Strategy team, whether organic or inorganic, to achieve the group's vision to be the most valued retailer in Africa.

The Advance team drives data literacy, supporting the business in making more data-led decisions.

Board Composition

Key changes:

- Maud Motanyane-Welch retired as non-executive director, 25 August 2021
- Steve Ellis transitioned from alternate executive director, 31 December 2021, to non-executive director, 1 January 2022

The philosophy of the group is to maintain a vibrant, fit for purpose and fit for growth board that challenges management's strategies and evaluates performance against established benchmarks. The board comprises of an independent chairman, lead independent director (LID), chief executive officer (CEO), chief financial officer (CFO) and non-executive directors. During the reporting period, the 11 directors comprised of two executive directors, six independent non-executive directors and three non-executive directors. In addition, the honorary chair has an alternate director.

The board is satisfied that its composition currently reflects the appropriate mix of knowledge, skills, experience, diversity and independence. Despite this and given the fluid economic and social environment, the board, on the recommendation and under the guidance of the remuneration and nominations committee, continues to ensure the composition of the board supports the delivery of strategy and creation of value to achieve its vision to be the most valuable retailer in Africa. In considering any new appointment the remuneration and nominations committee considers the knowledge, skills, experience, diversity and independence of the nominated director and also considers the number of external directorships which a potential new director holds. In recommending directors for appointment, the committee is cognisant of the nominated director's ability to execute their duties and responsibilities and balances this with the benefit of the unique perspective that is brought to board and committee deliberations by directors who sit on multiple boards.

In August 2021 and after 13 years of service, Maud Motanyane-Welch retired as an independent non-executive director. During her tenure she was a strong proponent of the group's beliefs of Passion, Value and Partnership, and provided valuable guidance and insight on social and transformation matters, being a member of the social, ethics, transformation and sustainability (SETS) committee since its inception.

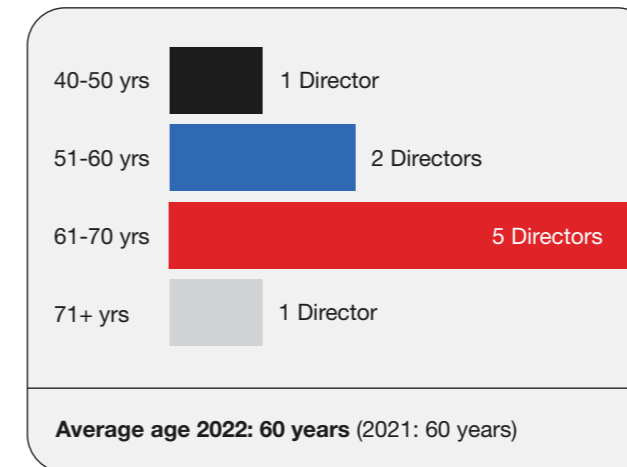
Steve Ellis, an alternate executive director to the CEO, gave notice of his retirement from his executive role in the group effective 31 December 2021. As a result, and at that date, he relinquished his designation as alternate director. To retain his extensive retail skills and experience, the board approved and confirmed Steve's transition and change in designation from alternate executive director to non-executive director from 1 January 2022. The board and management acknowledge Steve's distinguished 30-year retail career with the group in an executive capacity and look forward to his continued valuable contribution as a non-executive director. Steve's appointment is presented to shareholders at the 2022 AGM for confirmation as per the memorandum of incorporation.

Induction programme and ongoing professional development

The formal induction programme supports new non-executive directors with their understanding of their statutory obligations. The programme also includes exposure to the group's operations to ensure smooth integration into and understanding of the group and support the fulfilment of their director duties and responsibilities. The programme comprises of training with the company secretary and JSE sponsor, meet-and-greets with the divisional managing directors, attending in-house retail induction training, merchandise product reviews and visits to the group's operations (COVID-19 restrictions permitting).

New and current directors have direct access to management and their teams at all times. Directors receive informative updates, both external and internal, as part of continuous education throughout the year; and an external presenter presents on a topical matter annually. This assists in ensuring the board keeps abreast of industry, technology and economic developments, both locally and internationally, in order to lead effectively.

Non-executive director age



Board diversity

The board's composition and diversity cultivate robust debate on key issues and enables improved decision making. The board has maintained its initial voluntary gender diversity target of 30% female representation which was maintained from the previous reporting period. With Maud's retirement and Steve's transition to non-executive director, there has been a temporary reversion of the group's ACI diversity target. The achievement of the goal to have 50% ACI representation has to be balanced against maintaining appropriate director tenure and board skills, and will be a key consideration in future board nominations and appointments.

Board skills

The board's set of skills includes a balance of:

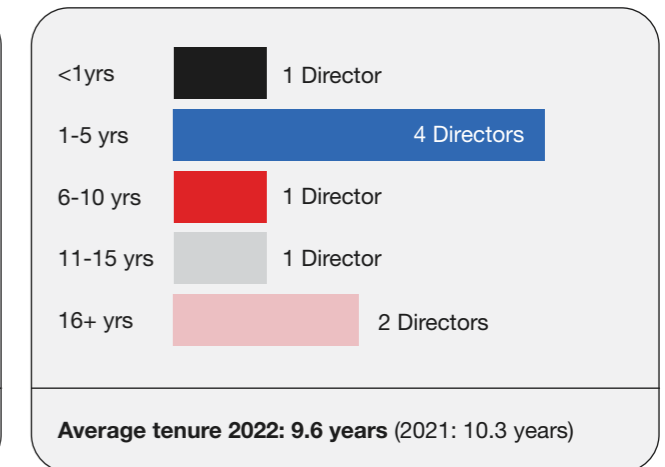
- | | |
|---------------------------|-----------------------------------|
| Finance | Marketing |
| Financial services | Retail |
| Governance | Risk and assurance |
| Human resources | Supply chain and logistics |
| International | Strategy |
| Technology | Sustainability |
| Leadership | |

Tenure

The group values the long service of a number of its directors and believes this serves the business well, given the cyclical and specialist nature of retail, and ensures the retention of valuable corporate knowledge. The board acknowledges and recognises the long-standing directors, who continuously add invaluable experience and knowledge to the group. Director tenure is one of the elements considered as part of the board skills focus.

As per the memorandum of incorporation, each year one third of the non-executive directors retire by rotation. Subject to these directors making themselves available for re-election, the remuneration and nominations committee recommends directors for re-election based on their attendance of board meetings, participation and value-add, and balance of board skills. Stewart Cohen, Keith Getz and Mmaboshadi Chauke are due to retire by rotation at the 2022 AGM.

Non-executive director tenure



As recommended by the remuneration and nominations committee and having considered the retiring directors' capacity based on their other directorships and commitments, the board fully supports the re-election of these directors.

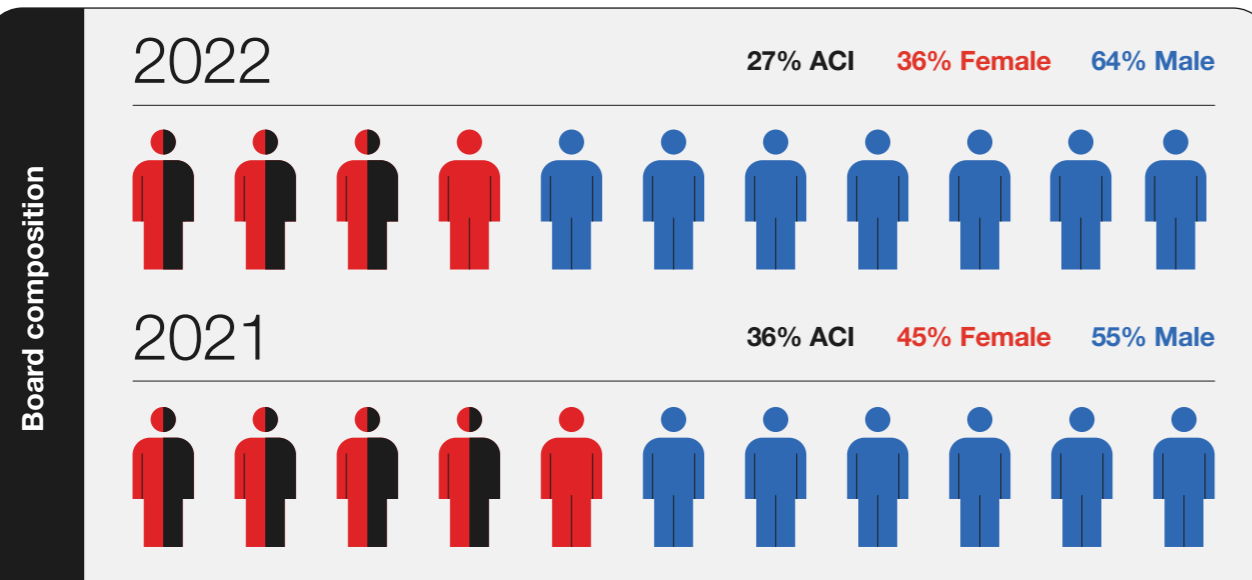
The group also understands that introducing new directors is vital to support a fit for growth business. However, a staggered approach is applied to ensure the group retains valuable knowledge, skills, experience and maintains continuity.

The group is fortunate to have the group's co-founder, Stewart Cohen, as honorary chair. Stewart provides regular valuable retail insights and input on strategy and is the embodiment of the group's beliefs of Passion, Value and Partnership. His continued tenure on the board is crucial to retain institutional knowledge. Further, exposure to Stewart's extensive operational retail knowledge and experience is integral to new director induction.

Long-standing director Keith Getz continues to provide valuable insight with his extensive governance and business knowledge. Although the board is satisfied each director acts with independence of mind in the best interests of the group, the board is cognisant of the appearance of independence and because of this has again classified Keith Getz as not independent as a function of his role as an external legal advisor to the group (the professional fees to Keith's law firm for the period under review were minimal at ~R300 000). Despite his long association with the group and his firm's legal advisory services the group, the board unanimously concluded that Keith acts with independence of mind and in the best interests of the group.

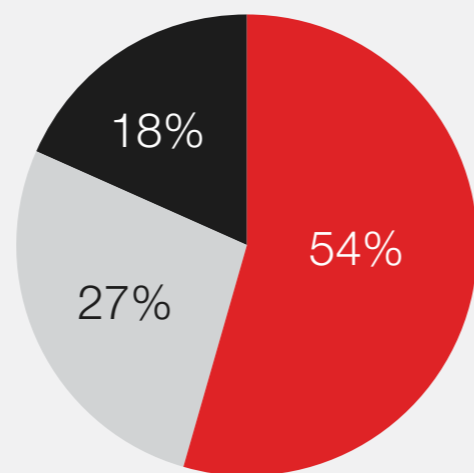
Fees

Non-executive director fees and executive remuneration is disclosed in the remuneration report on pages 144 to 171. Fee increases have been recommended by the remuneration and nominations committee following an external benchmarking exercise and having regard to inflation. These proposed increases for shareholder approval can be found in the remuneration report on page 144 to 171 and in the AGM notice which will be published no later than 25 July 2022.



Director independence

Each year, facilitated by the LID on behalf of the board, the independence of each non-executive director is assessed by way of a formal written self-assessment based on a number of director independence indicators. These indicators include personal and professional interests, nature of relationship with the group, length of service and individual conduct. The group notes the policy position of various investors and proxy houses that appropriate director tenure is linked to the period from which a director is automatically deemed to no longer be independent. The board retains its view that while the length of tenure of a director's service is one of the factors in considering independence, it is not the only one. By applying this as a hard and fast rule, independence is not considered holistically and the objective exercise of judgment by a director is disregarded. A substance-over-form approach is endorsed by the board, and aligns with the independence recommendations of King IV™. Directors who have served on the board for nine years or longer are required to complete an additional self-assessment per King IV™. These results, together with other facts and circumstances relevant to each director, were considered by the board at the November 2021 special corporate governance meeting. Although the board is satisfied each director acts with independence of mind and in the best interests of the group, the board is cognisant of the appearance of independence and because of this has again classified as not independent: (i) Stewart Cohen due to his material holding in the group's shares and (ii) Keith Getz as a function of his law firm's role as an external legal advisor to the group (which for the period under review were minimal at ~R300 000). Due to his transition from an executive position to non-executive director, Steve Ellis will only be considered as an independent director after three years in accordance with King IV™ practices. The board is further satisfied that each of the other long-serving directors exercise objective judgement and there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision making, and are thus classified as independent.



6/9

Non-Executives are independent

Steve is not considered independent due to his executive employment until December 2021. His move from alternate executive director to non-executive director impacted the mix of independence. (2021: 7/9)

- Independent Non-Executives
- Non-Executives
- Executive Directors

Board chair

The board considers its chair, Nigel Payne, to be independent. In addition, Mark Bowman is the appointed LID thus ensuring a clear balance of power with no one director holding unfettered decision-making power. The LID is responsible for chairing the board's annual special corporate governance meeting, facilitating the conduct of the company secretary performance evaluation, providing regular formal feedback on progress against matters requiring improvement and acting as chair where the board chair is conflicted or unavailable.

Insider trading and dealings in shares

The board adheres to a strict policy and process for dealings in the group's shares and directors (as well as the company secretary) cannot trade during closed and prohibited periods. The chair must approve any director share dealings which are then disclosed in terms of the

JSE Listings Requirements (JSE LR), and share dealings by senior management must be approved by the CEO and company secretary. Directors and associates are notified in advance of all closed and prohibited periods and adherence to the requirements of and restrictions on trade are carefully managed.

Conflicts of interest

Directors are obliged to avoid conflicts of interest, both actual and potential, and act in the best interests of the group at all times. Directors update their conflicts of interest registers when changes occur and review them at least quarterly before each board meeting. For transparency, updates to directors' registers are included in each board pack and directors are required, or are asked, to recuse themselves from any agenda item in respect of which there may be a conflict. Where conflicts of interest cannot be avoided, they are proactively and appropriately managed.

Meeting attendance

The board and its committee meetings have been streamlined and the frequency adjusted throughout the reporting period. The board meets formally four times a year with the March meeting focused on strategy; it convenes telephonically in August to review the 18-week trading update and in January to review the Q3 trading results; and on an ad hoc basis when required. The committees meet formally three times a year and on an ad hoc basis as necessary. In addition, the audit and compliance and remuneration and nominations committees have short committee sessions during the March board meeting to address focused agenda items which cannot be carried over to subsequent meetings. During the reporting period and as a consequence of the (i) Yuppiechef acquisition opportunity, the board held one extraordinary meeting, and (ii) Studio 88 acquisition, a special board appointed sub-committee (comprising of Nigel Payne, Stewart Cohen, Mark Bowman, Daisy Naidoo, Mark Blair and Mark Stirton), held three meetings.

A separate corporate governance meeting is held in November to deal with governance matters. This ensures enough time is available in the other meetings to focus on matters of strategic importance. Meeting attendance is consistently high. All directors attended all meetings of the board and committees of which they are members. Although non-member director attendance at committee meetings is not reflected in the table, attendance is also consistently high, facilitating transparency and robust, informed deliberations to allow for integrated thinking and decision making.

COMMITTEE MEMBERSHIP AND ATTENDANCE									
	Name	Board	AGM	Special Corporate Governance	Audit and Compliance (ACC)*	Remuneration and Nominations (Remnomco)*	Risk and IT (RITC)*	Social, Ethics, Transformation and Sustainability (SETS)*	Overall attendance
Executive	Mark Blair	4/4	1/1	1/1	-	-	3/3	3/3	100%
	Mark Stirton	4/4	1/1	1/1	-	-	3/3	-	100%
Non-executive	Stewart Cohen	4/4	1/1	1/1	-	-	-	-	100%
	Keith Getz	4/4	1/1	1/1	-	3/3	-	3/3	100%
	Steve Ellis ¹	1/1	-	-	-	-	-	-	100%
Independent non-executive	Nigel Payne	4/4	1/1	1/1	-	3/3	3/3	-	100%
	Mark Bowman	4/4	1/1	1/1	3/3	3/3	-	-	100%
	Mmaboshadi Chauke	4/4	1/1	1/1	3/3	-	-	-	100%
	Maud Motanyane-Welch ²	2/2	-	-	-	-	-	2/2	100%
	Daisy Naidoo	4/4	1/1	1/1	3/3	-	3/3	3/3	100%
	Lucia Swartz	4/4	1/1	1/1	-	2/2 ³	-	2/2 ⁴	100%
Alternate ⁵	Neill Abrams ⁶	3/4	1/1	0/1	-	-	-	-	67%
	Steve Ellis ¹	4/4	1/1	1/1	-	-	4/4	-	100%

- ¹ Transitioned from alternate director to non-executive director 1 January 2022
- ² Retired 25 August 2021
- ³ Appointed as Remnomco member 1 June 2021
- ⁴ Appointed as SETS member 26 August 2021
- ⁵ Alternate directors are not required to attend each meeting
- ⁶ UK resident

Key:

- Chair
- Member
- Permanent invitee

*Senior management of key trading divisions and centres of excellence are permanent invitees to the relevant committee meetings (as per the committee mandates located on the group's website www.mpricegroup.com). This creates transparency through direct access to management and facilitates robust discussions, which enables the board and committees to make more informed, better decisions.

FY2022 ATTENDANCE

100%⁵

Performance Evaluations

The performance of the board and its committees is monitored through a formal process facilitated by the company secretary. Detailed performance evaluations of the board, chair, each director, each of the committees and the respective members and chairmen are conducted every other year with improvements formally documented and monitored until the next full evaluation. The scope of the assessments cover governance requirements such as conduct of board and committee meetings, people factors including contribution and interactions with management, business specific issues relating to strategic direction, matters material to the group and living the group values. As recommended by King IV™, the board approved the appointment of an independent assessor to conduct the assessments for the reporting period.

The independent assessor conducted the various assessments in late 2021 and comprehensive feedback and the resultant steps for improvement based on the outcomes of board and committee evaluations were provided. Overall, the evaluation process concluded that the board, its committees and members function efficiently and discharge their responsibilities as the group's custodians of corporate governance and as required in terms of King IV™. The specific items needing action are in the process of being addressed and progress will be reported to the board and committees every alternate meeting.

Annually the remuneration and nominations committee, taking into account feedback from the board and honorary chair in the case of the CEO, and the CEO and the audit and compliance committee review in the case of the CFO, assess the performance of both the CEO and the CFO. The remuneration and nominations committee and the board are satisfied with the performance of both executive directors.

Delegation to management

Authority to implement and execute approved strategy is sequentially devolved as depicted in the **governance framework** on page 100 and 101, and formally to management through the delegated limits of authority document. These limits of authority are formally reviewed annually by management and the board to ensure they remain aligned to the group's risk appetite and strategy and appropriately balance governance oversight with operational efficiency. Adjustments are also made on an ad hoc basis to facilitate operational requirements. The board is satisfied holistically that the governance framework and delegated limits of authority provide role clarity and contribute to effective exercise of authority. As part of continuous monitoring and improvement, the formal delegation document was updated during FY2022.

Chief executive officer

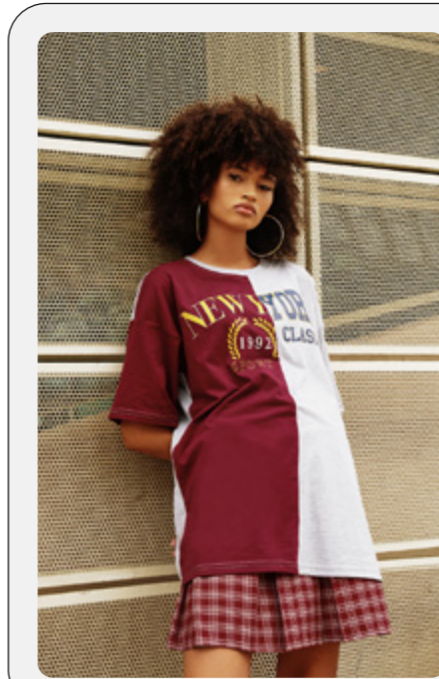
The CEO, together with the CFO, collectively exercise executive control over, and management of, the group and its trading divisions and centres of excellence. The CEO had no professional commitments outside the group during the reporting period. The CEO does not have a fixed-term contract, but has a notice period of six months as stipulated in his engagement letter. Emergency succession and succession planning for the CEO role over the long-term is in place.

Company secretary

The performance of the company secretary was formally reviewed in June 2022 in compliance with paragraph 3.84(h) of the JSE LR. The board is satisfied Janis Cheadle has the competence, qualifications and experience necessary to effectively discharge her responsibilities and, for the reporting period, she performed her duties and provided appropriate professional corporate governance guidance to the board at an arms-length basis.



The board leads the company with integrity, competence, responsibility, accountability, fairness and transparency, which are the key pillars for ethical and effective leadership, and the starting point of good corporate governance.



Board Committees

The board has delegated roles and responsibilities to standing board committees, some of which are required by law, to assist with the effective discharge of its duties. Notwithstanding the various committees, the board retains ultimate responsibility for leading and steering the group and applies its collective mind to the information, opinions, recommendations, reports and statements presented by the committees.

The board confirms each of the committees have satisfied their respective responsibilities in accordance with their mandates for the reporting period.

Audit and Compliance Committee

Chair: Daisy Naidoo

Members: Mark Bowman, Mmaboshadi Chauke

Role

The committee is constituted as a statutory committee in respect of its duties in terms of Section 94(7) of the Companies Act and has been delegated the responsibility to provide meaningful oversight of the internal and external audit, finance and compliance functions. The committee mandate is available on the group's website www.mrpricegroup.com.

The committee provides independent oversight of the effectiveness of the group's assurance and compliance functions and services, with particular focus on combined assurance arrangements (including external assurance service providers, internal audit and the finance function) and the integrity of the annual financial statements and, to the extent delegated by the board, other external reports issued by the group. In doing so, it assists the board to discharge its responsibility to:

- Safeguard the group's assets
- Operate adequate and effective systems of internal controls, financial risk management and governance
- Issue materially accurate financial reporting information and statements in compliance with applicable legal and regulatory requirements and accounting standards
- Monitor compliance with laws, regulations and adopted non-binding rules, codes and standards
- Provide oversight of the external and internal audit functions

Key areas of focus for the reporting period were:

- Monitoring the group's fiscal performance and financial capital allocation activities
- Assessing effectiveness of the group's combined assurance arrangements
- Conducting the suitability assessment of the external auditor and audit partner
- Assessing the capabilities and suitability of qualifying audit firms for purposes of mandatory audit firm rotation effective in April 2023 and making recommendation to the board for the appointment of a new external auditor
- Overseeing ongoing regulatory, tax, legal, compliance and credit matters
- Considering the impact of the JSE LR amendments on financial reporting and compliance
- Monitoring the effectiveness of internal financial control to support management attestation
- Ensuring alignment between assurance efforts and risks associated with the July 2021 civil unrest
- The valuation and integration of the two acquisitions, Power Fashion and Yuppiechef, which become effective during the period
- Monitoring compliance readiness in respect of data protection legislation

Committee statement

The committee is satisfied that it has fulfilled its responsibilities in accordance with its mandate for the 2022 financial year, including duties in terms of the Companies Act, JSE LR and King IV™. The committee chair will be available at the AGM to answer any questions relating to the committee's statutory obligations.

Remuneration and Nominations Committee

Chair: Mark Bowman

Members: Keith Getz, Lucia Swartz (appointed 1 June 2021), Nigel Payne

The committee is constituted as a committee of the board and has been delegated responsibility for overseeing the remuneration activities of the group and the nominations activities in respect of the board. The committee mandate is available on the group's website www.mrpricegroup.com.

Role

The board aims to deliver the most desirable outcomes and practices that appropriately balance the wellbeing of all interested stakeholders in both a transparent and integrated manner while overseeing the composition and performance of the board and its committee. The committee oversees the group's approach to remuneration to maintain fair, equitable and responsible remuneration in line with the group's strategy. The committee is responsible for ensuring the remuneration processes are consistent and aligned, thus ensuring the intellectual capital required to achieve the group's imperatives are attracted, motivated, retained and rewarded.

In addition, the committee oversees the composition and performance of the board and its committees.

Key areas of focus for the reporting period were:

Executive remuneration:

- Approval of total packages for executive directors
- Approval of short-term incentive (STI) structure with performance criteria linked to financial performance, strategic KPIs and leadership as well as COVID-19 risk management
- Approval of long-term incentive awards and performance conditions, including, on the

- recommendation of the SETS committee, the SETS scorecard (sustainability KPIs) applicable to LTIs
- Approval of the CEO's retention award
- STI outcomes for the period ending 2 April 2022 were reviewed and approved

Associate remuneration:

- Review of fair and responsible remuneration with an emphasis on equal pay for work of equal value
- Review of remuneration and benefit structures of new acquisitions
- Review of all current associate benefits across the group
- Flexible benefits in the form of flexible retirement savings, affording associates greater flexibility to structure their retirement contributions while providing financial advice and support throughout
- Standardised STI structures across the group including alignment of STI structures to the grading system to ensure appropriate link to divisional and company performance across the different levels

Other activities:

- The ongoing board refresh and skills focus including identification of suitable new directors
- Adapting to the impact of COVID-19 on the organisation's performance and possible consequences on remuneration and retention. Associates were provided with additional wellness support and no large-scale retrenchments or reduced salaries occurred
- Engaging with and responding to shareholder remuneration questions

Committee statement

The committee is satisfied that it has fulfilled its responsibilities in accordance with its mandate for the 2022 financial year.



Risk and IT Committee

Chair: Nigel Payne

Members: Daisy Naidoo, Jane Canny, Mark Blair, Mark Stirton

The risk and IT committee (RITC) has been delegated responsibility for governing and overseeing the risk and information technology (IT) activities of the group. The RITC mandate is available on the group's website www.mrpricegroup.com.

Role

The committee is responsible for assisting the board in its oversight of risk, reviewing the group's risk appetite and risk profile in relation to strategy, reviewing the effectiveness of the group's risk management framework and the methodology used in determining the group's risk profile and respective responses. The committee's responsibility is to ensure that risks and opportunities are considered and managed in a manner that influences and fulfils the setting and achievement of the group's strategy (detailed in the enterprise risk management section on pages 68 - 69 and material matters section on pages 70 - 75 of the [Integrated Report](#)).

To fulfil its role, the committee oversees management's implementation and execution of effective risk management which includes mitigation responses to key risks, reducing risks to within risk tolerance, insurance cover, business resilience, IT risk management and related assurance mechanisms. In addition, the committee plays an oversight and advisory role over the group's IT strategy.

Key areas of focus for the reporting period were:

- Continued guiding and monitoring management's response to the COVID-19 pandemic as well as the July 2021 civil unrest,
- Ensuring timely insurance claims and respective recoveries arising out of the July 2021 unrest
- Reviewing the results of the risk maturity assessment and supporting management in its response
- Continued monitoring to achieve a more integrated, proactive and continuous enterprise risk management (ERM)
- Overseeing progress towards the successful delivery of the group's IT transformational projects, including the implementation of the group's new Oracle ERP system as well as the upgraded Magento 2 ecommerce platform
- Overseeing continued delivery of the group's cyber security roadmap and the improvement of the group's security posture
- Overseeing the group's planning of systems integration with Power Fashion and Yuppiefchef where applicable
- Supporting management on new opportunities in omni-channel, digital transformation, further automation and innovation.

Management of the effectiveness of technology and information takes place through various toolsets and forums within the Technology and Advance centers of excellence:

- Daily and weekly sessions to prioritise and ensure any issues are flagged, dealt with expediently and feedback provided
- Change advisory board monitors and approve changes to production systems on a weekly basis
- Project control board which monitors strategic and business as usual projects in terms of scope, timeline, budget and resources on a biweekly basis
- IT exco which oversees all key IT matters on a biweekly basis
- IT divisional board meeting which reports on key items and progress including risks and KPIs on a quarterly basis.

All key IT matters are subsequently reported to the RITC.

Key areas of future focus are:

- Continued stabilisation and optimisation of the Oracle ERP and Magento 2 solution and roadmap
- Continue to deliver against the cyber security roadmap
- Further investment into future-proofing core infrastructure, including servers, storage, networks and monitoring tools and the continued migration off legacy solutions
- Invest in customer-centric solutions to service both internal and external customers
- ERM methodology enhancements
- Integrated assurance
- Risk appetite and tolerances
- Resilience and crisis management

Committee statement

The committee is satisfied that it has fulfilled its responsibilities in accordance with its mandate for the 2022 financial year. The committee confirms there were no major IT incidents or security breaches during the reporting period.

Social, Ethics, Transformation and Sustainability Committee

Chair: Keith Getz

Members: Daisy Naidoo, Maud Motanyane-Welch (retired 25 August 2021) Lucia Swartz (appointed 26 August 2021), Mark Blair

Role

The committee is constituted as a statutory committee in respect of its duties in terms of Section 72(4) and regulation 43(1) of the Companies Act and a committee of the board in respect of additional duties assigned to it. The committee mandate is available on the group's website www.mrpricegroup.com.

The committee is responsible for fulfilling the functions set out in the Companies Act and provides oversight of and reporting on organisational ethics, responsible corporate citizenship, and stakeholder relationships. It reviews and monitors sustainable business practices and business ethics, including transformation as well as social and environmental practices, to ensure that the business achieves its strategic imperatives responsibly and ethically. This also encompasses an overview of labour practices to ensure fairness and monitor the group's commitment to promoting and protecting human rights.

The group understands its role as a responsible citizen and, therefore, aims to build a business in support of the group's strategy that sustainably protects, creates and enables environmental, social and economic value. Meaningful stakeholder engagement, together with impact assessments, guide the formulation of appropriate and relevant business responses. The Mr Price **sustainability approach and strategy** can be found on page 34 and 35. As delegated by the board, the committee oversees and guides the achievement of this strategy, which is implemented by the group's Sustainability centre of excellence and supported by the People centre of excellence in respect of transformation and elements of social and ethics matters. Sustainable value creation across social, environmental, economic and governance elements is integrated through the group's retail operations and performance against key defined targets is included in management's performance indicators for both short- and long-term incentives. Further information on the SETS scorecard applicable to the long-term incentive plan can be on page 120 of the **sustainability report** and in the **remuneration report** on pages 150 to 155.

Key areas of focus for the reporting period were:

- Oversee and ensure matters within the committee's responsibility are aligned and prioritised to support the achievement of the group strategy
- Support management in its crisis management and relief efforts for associates and the community following the extensive civil unrest, primarily in KwaZulu-Natal, in July 2021
- Approve and recommend to the remuneration and nominations committee the SETS scorecard applicable to the long-term incentive plan
- Oversee and support the launch of the group's DNA, grounded in its values and culture of Passion, Value, Partnership
- Monitor the group's continued transformation focus and achievement of and progress towards the group's short- and medium-term employment equity goals
- Support and review progress on environmental matters including reduction of single-use plastic in stores and further assessment of the group's scope 1, 2 and 3 carbon emissions
- Guide and oversee the group's maturing measurement and reporting on ESG matters
- Review and monitor the appropriateness of responses to and management of calls received through the Faircall whistleblower facility and the integration of Power Fashion and Yuppiefchef into the facility

together we do good.

The group's sustainability approach and strategy has at its heart the concept that 'together we do good'. By working together with all our stakeholders, environmental, social and economic value is protected, created and enabled in a sustainable way. This principle informs the group's core sustainability areas of focus and influence under each of the pillars of environmental, social and economic.

Noteworthy sustainability achievements during the year can be found in the **sustainability performance measures** on pages 32 and 33.

Detail on each of the elements of the group's sustainability strategy are set out on pages 116 to 141 of the **sustainability report**.

Committee statement

The committee is satisfied that it has fulfilled its responsibilities, in accordance with its mandate and the Companies Act, for the past financial year. The committee chair will be available at the AGM to answer any questions relating to the committee's statutory obligations.





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Domicile and Country of Incorporation

Republic of South Africa

Sponsor

Investec Bank Limited

Registration Number

1933/004418/06

Independent Auditor

Ernst & Young Inc.