2021

Integrated Report

29 March 2020 – 3 April 2021

mr price group limited

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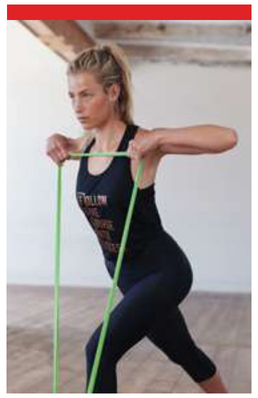
Our Integrated Report

We have pleasure in presenting the 2021 integrated report (this report) for Mr Price Group Limited and its subsidiaries (group). The purpose of this report is to provide our stakeholders with a complete overview of our business, including how we work towards achieving the group's purpose of being Your Value Champion.

Our 2021 Reporting Suite


Board


Remuneration and Nominations Committee


Social, Ethics, Transformation and Sustainability Committee


Annual Financial Statements


Notice of Annual General Meeting

This report provides a consolidated view of the group's performance for the 53-week period ended 3 April 2021. It includes the financial results of Mr Price Group Limited trading in South Africa, Botswana, Ghana, Lesotho, Namibia, Swaziland, Zambia, Kenya and Mr Price Foundation, as well as the income received from franchise operations trading elsewhere in Africa. It additionally includes the newly acquired operations of Power Fashion which became effective on 1 April 2021. Operations in Nigeria were discontinued during FY2021. Our reporting complies with International Financial Reporting Standards, the Companies Act of South Africa (71 of 2008) and the JSE Listings Requirements.

This report aligns with the requirements of the King IV™ Report on Corporate Governance for South Africa 2016 and the International <IR> Council's Framework (Framework). The Framework contains the six 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 as outlined on the following page.

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 strived to provide useful information that enables stakeholders to make informed decisions. The outputs contained within this report are the result of a focused and considered process by both senior management and the board and its committees.

The Framework requires organisations to 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" (refer page 3). The group is committed to integrated reporting and, as such, has adopted the Framework. In the business model on pages 26 - 27, we show the value that has been created through the use of the six capitals. The group considers the trade-offs between the capitals in its decision making on allocating capital resources and seeks to maximise positive outcomes.

This report is aimed at all stakeholders and is supported by detailed reports for specific key stakeholder groups. Namely, the board report, audit and compliance committee report, risk and IT report, remuneration and nomination committee report and the social, ethics, transformation and sustainability committee report represents the group's integrated reporting suite for the 2021 financial year. All of these reports including the annual financial statements and the notice of annual general meeting are available for download on the group's website: www.mrpricegroup.com.

Value Creation through the Capitals

H
Human
The skill and experience vested in our associates that enable us to deliver our products and services and implement our strategy, creating value for our stakeholders.

I
Intellectual
The intangibles that constitute our brand, product and service offering and provide our competitive advantage.

M
Manufactured
The stores, distribution network and general infrastructure throughout Southern, East and West Africa, which enable us to procure, import, deliver and sell our products and services.

F
Financial
The group's pool of funds consists of cash generated from operations, interest income and funds reinvested.

S
Social and Relationship
The key and long-term relationships that we have cultivated with customers, suppliers, associates, shareholders, government and community.

N
Natural
The resources that are used in the production of goods and the store environment.

Materiality

The board has approved a materiality framework which determines the process to identify material matters (refer pages 46 - 51). Our report focuses on issues which the board and management believe are material to the group and could impact the group's ability to create and sustain value including the six capitals over the short, medium and long-term. We have aimed to demonstrate the connectivity between these material matters and our business model, strategy, risks, key performance indicators, remuneration policies and prospects. The material matters are reviewed on an ongoing basis to ensure that they remain relevant and management assumes the responsibility for the approval of these material matters, 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 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.

Boundary

The boundary extends beyond the group to include the risks, opportunities and outcomes attributable to or associated with other organisations independent of 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 board is satisfied with the integrity of the report and the level of assurance applied. The group's consolidated annual financial statements have been audited by the independent external auditor, Ernst and Young Inc. The disclosures within the social, ethics, transformation and sustainability committee report (pages 128 - 149) were verified by KPMG. The board is satisfied with the level of assurance on the annual integrated report and does not believe that it should be subject to further external assurance. Any forecast financial information contained herein has not been reviewed and reported on by the group's external auditors.

Approval

The audit and compliance committee has reviewed this integrated report (including the extracts from the annual financial statements) and recommended these to the board for approval. The board has collectively applied its mind to the preparation process and reviewed and assessed the report in accordance with the Framework. The board acknowledges its responsibility for ensuring the integrity of the 2021 integrated report and collectively reviewed and assessed the content thereof.

The 2021 integrated report was approved for release to stakeholders by the board on 27 June 2021.

NG Payne
Chairman

MM Blair
CEO

MJ Stirton
CFO

Our Journey

Where we have come from

The Beginning

Laurie Chiappini and Stewart Cohen open the very first Mr Price Factory Shop in Klerksdorp.

1985

1988

Building Momentum

The group now has 128 stores, employs 1 399 associates, and retail sales have reached R118m.

Share price: R0.28

The Red Cap

Laurie Chiappini and Stewart Cohen acquire control of the group from BOE. The red cap, a symbol of attitude, youthfulness and fun, is created.

1991

sheet•street

The group makes its first acquisition of value homeware retailer, Sheet Street.

1996

Values

The group establishes its core beliefs of Passion, Value and Partnership.

1997

1998

mr price home

Mr Price Home launches. The group now has 500 stores across all divisions and employs 4 644 associates.

Share Price R2.17

2006

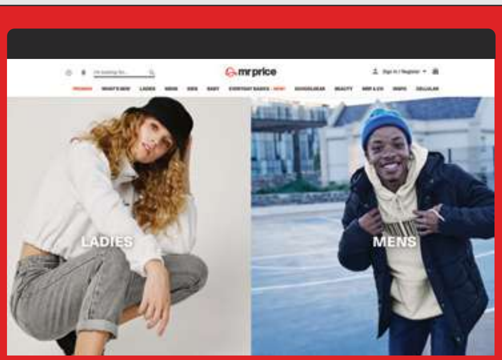
mr price sport

The group branches out into sportswear and launches Mr Price Sport.

2007

mr price money

The group launches its Mr Price Money division, offering credit, insurance and mobile solutions to customers.



mrprice.com

mrp.com is launched, the first South African listed fashion retailer to go online.

2012

2021

POWER FASHION

The group acquires value retailer Power Fashion.

Our History →

Our Future →

01

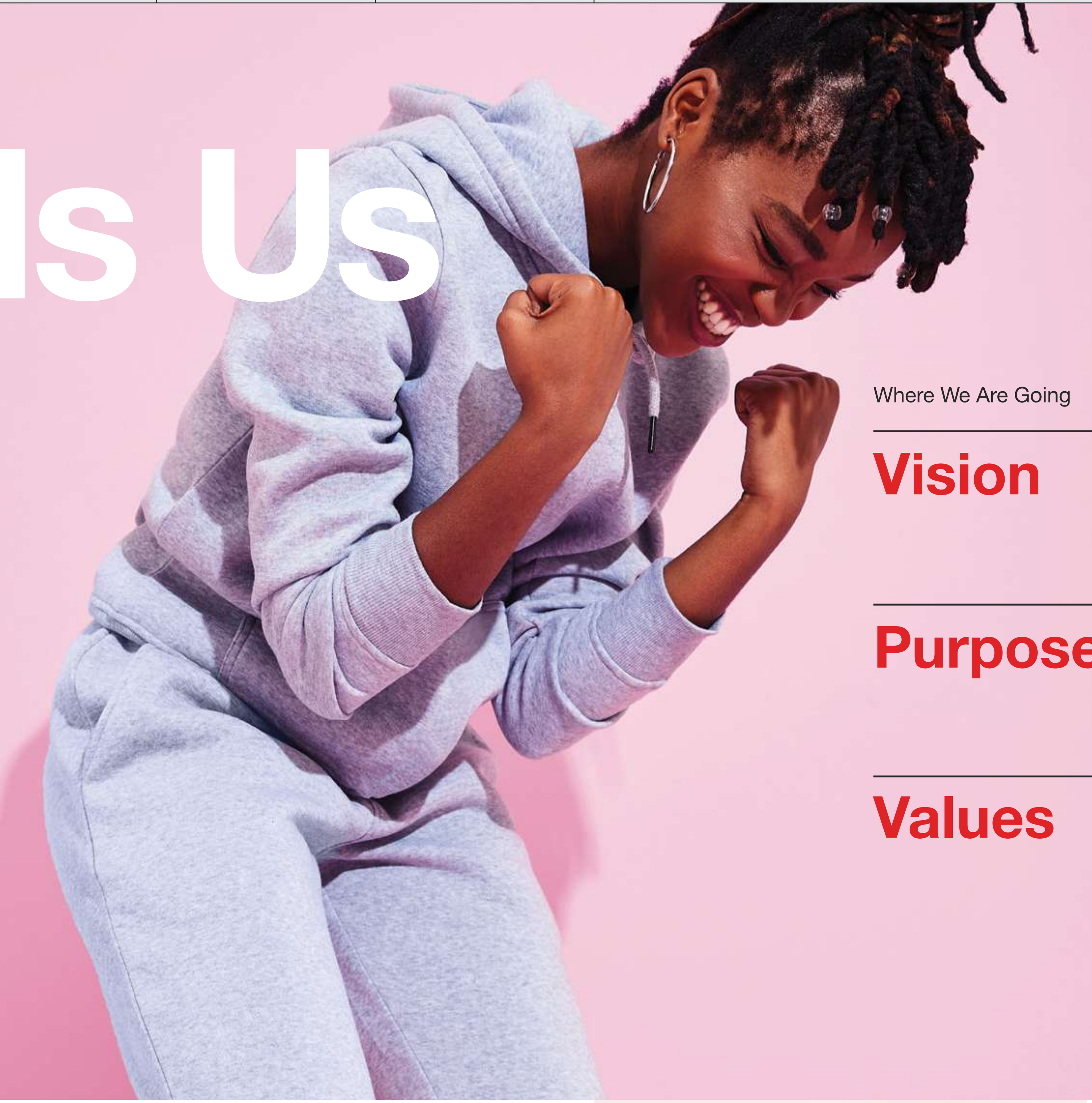
Who We Are

Find out about who we are, why we exist, where we are going and who we need to partner with to get there.

Your Value Champion

Contents

This Is Us



Who We Are

Cash-Based

Omni-Channel

Fashion-Value

Organisational Overview

Where We Are Going

Vision	**To be the most valuable retailer in Africa**
Purpose	**Your Value Champion**
Values	**Passion** **Value** **Partnership**

Retail sales and Other Income (RSOI)	Apparel Segment	Home Segment	Financial Services and Telecoms
R22.6bn	67%	26%	7%

South Africa

92%

Africa

8%

1 592 stores

+19 500 associates

Our Brands

- mr price
- MILADYS
- mr price sport
- sheet•street
- mr price home
- POWER FASHION
- mr price money

Group Performance

JSE* ranking: 33rd

Share Price

R198

Source: Bloomberg

Market Cap*

R46bn

*JSE: 26 March 2021

Gross Profit Margin

42.6%

Operating Margin

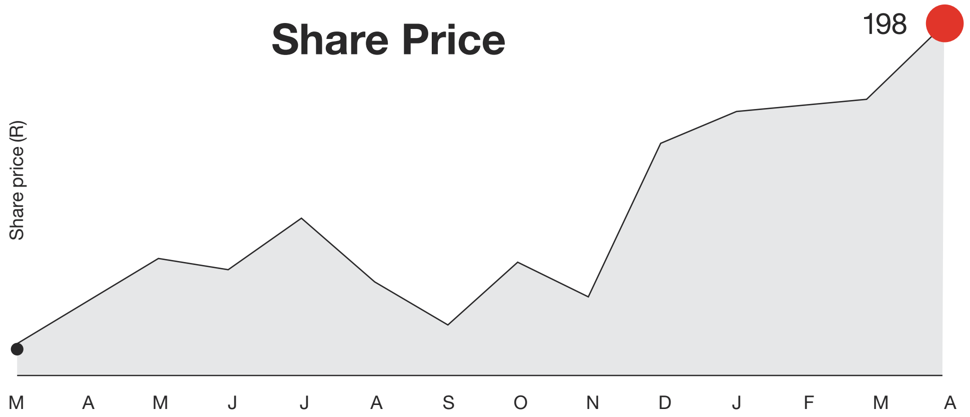
17.1%

78%

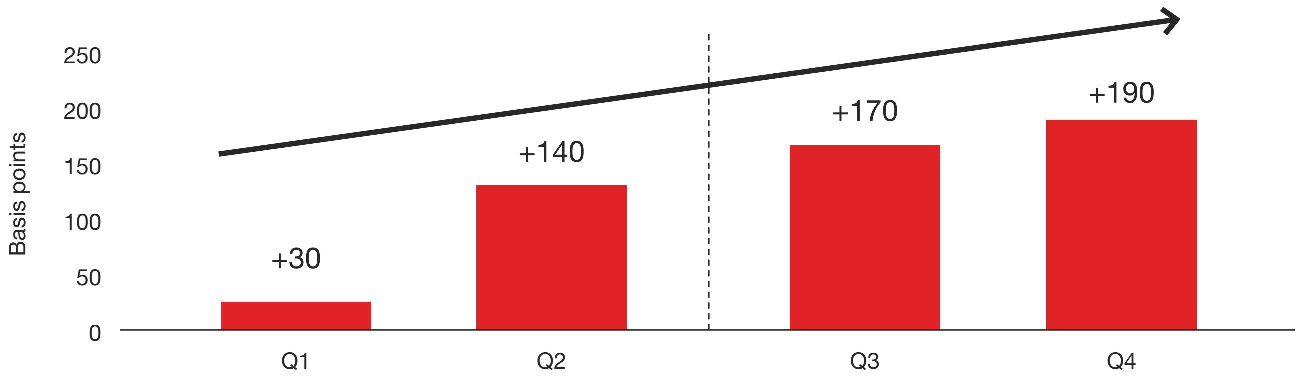
one year return

Source: Bloomberg

Share Price



R1.2bn Market Share Gain



Source: Retailers' Liaison Committee (RLC)

21st most valuable brand in SA

Kantar Millward Brown

Retail sales and other income	**R22.6bn**
Free cash flow (Post acquisition)	**R2.8bn**
Cash sales as a % of total sales	**86.4%**

204 million units sold over the financial year

Gross space

837 712 m²

2.5%

increase in new weighted average space

Online sales growth

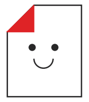
64.1%

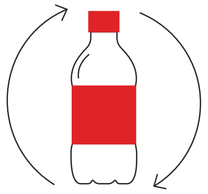
Sustainability Performance

Member of **Proudly South African**

Paper saved

2 311 km





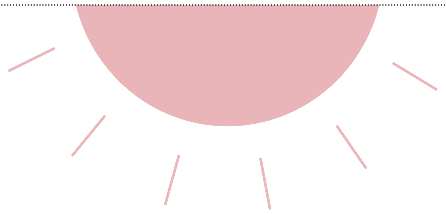
3.1 million

units of recycled plastic used as inners for cushions, duvets and pillows

Renewable energy generated at Mr Price buildings:

28.0%

of total building energy (PV solar panels)



Carbon footprint reduced by:

20.3% over the last 5 years

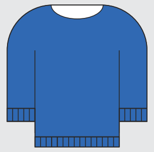
Responsibly sourced down represents:

100%

of feather-filled cushions, duvets and pillows

Purchases of single-use shopper bags reduced by 35.0% since FY2019

Local SA procurement represents:

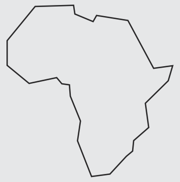


39.6%

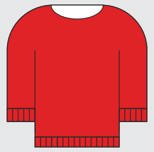
of total merchandise at cost price

104 million

units totalling R5 billion (cost price) sourced from **Africa**



Sustainably grown cotton represents:



47.0%

of total cotton inputs

1 778

manufacturing sites mapped **(estimated 95.0% of total sites globally)**

mr price foundation

98	primary schools supported
64 649	primary school learners benefited
1 462	youth benefited (of whom **963** are employed)

85.9% of new people engagements from previously disadvantaged backgrounds

92.0% of all promotions are from previously disadvantaged backgrounds

B-BBEE status

Group	Mr Price Foundation
Level 8	**Level 1**

Solidarity Fund

R407 678

raised through the sale of fabric masks

Mr Price Sport donated

R458 714

to Mr Price Foundation through the sale of fabric masks

R2 million +

donated to Project Rhino since 2015

Product donation to support enterprise development

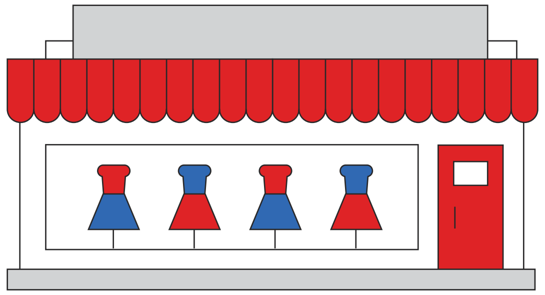
	FY2017	FY2018	FY2019	FY2020	FY2021
Units	369 191	480 928	538 811	740 992	364 180

Estimate total value at cost price over the last five years: **R144 million**

Store Footprint

Total Owned Stores

1592



Total Gross Traded Area

837 712m²

mr price

Total stores

538

Average store size **745m²**
Total trading area **400 036m²**

mr price sport

Total stores

136

Average store size **603m²**
Total trading area **82 009m²**

MILADYS

Total stores

239

Average store size **306m²**
Total trading area **73 250m²**

mr price home

Total stores

183

Average store size **850m²**
Total trading area **155 557m²**

sheet•street

Total stores

322

Average store size **196m²**
Total trading area **62 987m²**

POWER FASHION

Total stores

174

Average store size **367m²**
Total trading area **63 873m²**

Store Breakdown: South Africa

1 463

Total stores

479	Mr Price Apparel
130	Mr Price Sport
239	Miladys
183	Mr Price Home
322	Sheet Street
165	Power Fashion

Stores: Rest of Africa

129

Total stores

33	Botswana
3	Ghana
10	Lesotho
13	Kenya
41	Namibia
16	Eswatini
13	Zambia

E-commerce Performance

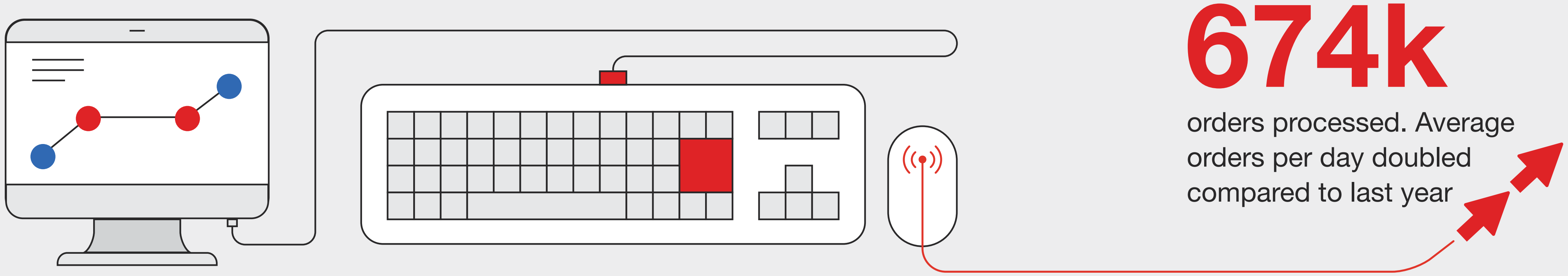
Group traffic increased

65.7%

and totalled **96.2m** visits through either web or the app

Mr Price Apparel has the highest market share of traffic across all omni-channel apparel retail brands[#]

[#] Similar Web (Apr 20- Mar 21)



674k

orders processed. Average orders per day doubled compared to last year

Every 58 seconds

an order was processed (prior year: 100 seconds)

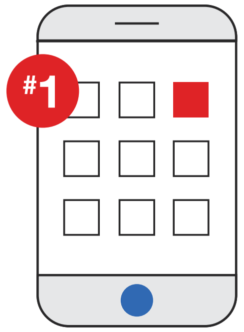
Ongoing platform investment enabled processing of significantly larger order volumes

86.4%

of group traffic is from a mobile device and app traffic has grown

92.3%

We are at our customers fingertips



Mr Price App

- Remains #1 ranked Fashion Shopping app in SA*
- 2nd highest daily and monthly active users in SA (Superbalist 1st)
- Active shoppers increased 88.7%, new shoppers grew 111.2%

Click+collect was requested every 6/10 orders

During Black Friday week, an order was processed every **11 seconds**

Group achieved online growth of

64.1%

and nearly doubled in contribution to 2.4% of sales

Group online revenue was the equivalent of

three flagship stores

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* Google app rankings

Our Divisions

Selling predominately private label merchandise, the Mr Price Group divisions provide customers with a diverse range of products, covering apparel, homeware, sportswear, financial and cellular services.

RSOI* Contribution

Apparel

mr price

A fashion-leading clothing, cosmetics, footwear and accessories retailer offering on-trend and differentiated merchandise at extraordinary value to ladies, men and kids.

Target Market
Youthful customers who love fashion, appreciate extraordinary value and are primarily in the middle-income demographic.

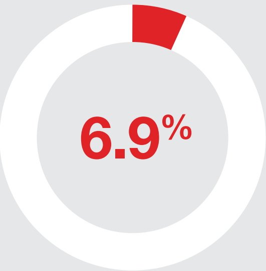
Sub brands:

RT RT KIDS 7-14 OR oakridge red redX
mrp PROJECT scarlet·hill beauty

mr price sport

Makes active and outdoor living accessible to all. Its competitive pricing makes it the perfect fit for the budget-conscious, with gear for infants, kiddies and adults. Serving the fit, fun and forever young sports enthusiast.

Target Market
Value-minded sports or outdoor enthusiast. Value-focused authentic sports offering appeals to the 8 to 10 LSM range.



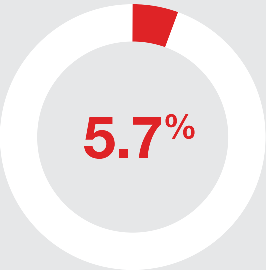
Sub brands:

maXed maXed TERRAIN maXed ELITE

MILADYS

Delighting customers with feminine smart and casual fashion apparel, intimate wear, footwear and accessories. Exceptional fit, quality and versatility at competitive prices, with clothing offered in extended size ranges.

Target Market
Stylish fuller figure, 40+ women who shop for feminine, moderate fashion that makes her look and feel good, primarily in the 7 to 10 LSM range.



Sub brands:

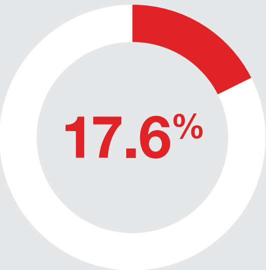
WonderFit
DENIM THAT WORKS WONDERS

Home

mr price home

A mass market homeware retailer with broad spectrum appeal. Delighting customers by selling a comprehensive range of coordinated, contemporary homeware and furniture of good quality and competitive pricing.

Target Market
Trend aware, value conscious and love making their homes a beautiful place to be. Customers are predominantly women over the age of 25, from LSM 6 to 10.



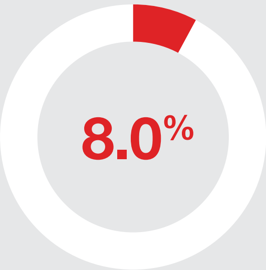
Sub brands:

kidshome
PREMIUMRANGE

sheet•street

A value retailer offering a wide range of core and fashion products across the bedroom, living room and bathroom. The brand offers tasteful homeware products at exceptional value, allowing its customer to create the home they love, at a price that they can afford.

Target Market
Middle-income households (LSM range 5 to 8) looking to coordinate their homes tastefully but responsibly.

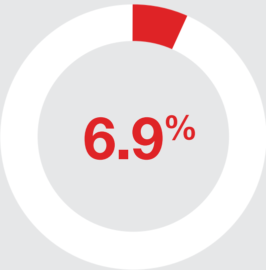


Financial Services and Telecoms

mr price money

A division that supports the group's profitable growth in retail market share. Its product offering includes varying credit tender types, Mr Price Cellular, Mr Price Mobile and Mr Price Insurance.

Target Market
The shared DNA across all Mr Price Money customers is their connection to the group retail brands and their need for value. Customers are mainly banked, female, and aged 24-50 years old.



Sub brands:

mr price cellular
mr price insurance
mr price mobile
insiders.

*Retail sales and other income

Effective 1 April 2021, the group acquired the business assets of value retailer, Power Fashion.

Who we are

Power Fashion is an everyday low priced fashion retailer, serving the needs of the whole household. Located in the hearts of the group's communities, the Power Fashion family work hard to deliver relevant and memorable shopping experiences, in an uplifting retail environment.

Where we are

Stores

174

Average store size 367m²
Total trading area 63 873m²

Online

powerfashion.co.za

Product offering

Power Fashion
Clothing, accessories, babywear, schoolwear, footwear, underwear, cosmetics.

Power Cell
Mobile devices and accessories, value added services including airtime, data, electricity, DStv and bus ticketing.

Customer and Positioning

Power Fashion serves local communities throughout South Africa, Eswatini and Lesotho. They serve a purpose of helping people feel good about themselves, by working hard to deliver low priced fashion, directly to the people who need it most.

FY2022 focus: integration and development of a long-term growth plan

Business Activities

Our business activities are enabled by our systems, suppliers and logistics, and are all focused on providing sustainable growth for our stakeholders. Decision making is guided by our strategic pillars enabling us to focus on what matters most to our business. In doing so, we can optimise the trade-offs between our capitals (refer page 3) that arise as a consequence of our business activities. The outcomes of our business activities include the internal and external consequences for our stakeholders and our resources, acknowledging that these can be positive or negative, and collectively result in the value that we create over time.

People

Capitals

F ○ I
H S ○

Strategic Pillars

- **Passionate**
- **Energised organisational culture**
- **Partners who act as business owners**

At the heart of the business is the group's highly passionate and committed people. Share schemes and an incentive remuneration philosophy encourage them to act as part-owners and participate in the group's success.

Value Proposal

Capitals

F ○ I
H ○ ○

Strategic Pillars

- **Best price for quality and fashion offered**
- **Every Day Low Prices**
- **The way the group serves the business, stakeholders and each other**

The group retails differentiated private label assortments that are dominant in the wanted fashion items of the season. By remaining a cash-driven retailer, the group can fund future growth without incurring debt.

Merchandise

Capitals

F M I
H S N

Strategic Pillars

- **Style, fashion and assortment**
- **Merchandise intensity and quality**
- **Ethical and sustainable**

The group satisfies its customers' needs for fashionable items through specialist trend teams and thorough research. International retailers and local and international street styles offer inspiration and opportunities to stay in touch with what customers are wearing. The merchandise teams identify key commercial looks for their customers with test programmes managing business risks.

Operations

Capitals

F M I
H S N

Strategic Pillars

- **Store size and location**
- **Layout and design**
- **Omni-channel**

The group retails apparel, homeware and sportswear through physical stores and online channels. Retail operations are located primarily in South Africa, with a presence in several other African markets. The group builds stores at a cost aligned to its value model while delivering an appealing store experience to customers. The group's e-commerce platform and mobile app provide strategic channels to interact with customers and continues to increase in importance.

Communication

Capitals

F M ○
H S ○

Strategic Pillars

- **Positional**
- **Promotional**
- **Aligned to brand personality**

Product presentation, together with its visual support material, provides customers with a consistently clear offering of what the brand stands for. Transparent and frequent communication with all stakeholders supports the group's value of Partnership.

Supply Chain Operations

Capitals

F M I
H S N

Strategic Pillars

- **Warehousing**
- **Distribution centres**
- **Transportation**

Supply chain operations have been developed with the core focus being placed on customers to ensure that product is shipped, fulfilled, distributed and delivered to the right place, at the right time and at the right cost. This includes getting product to stores and fulfilling online orders to customers' preferred delivery location. The division is committed to continuously evaluate, innovate, and upgrade technology and processes, ensuring sustained gains in operational efficiency.

Technology

Capitals

F M I
H S N

Strategic Pillars

- **Customer-centric solution design**
- **Critical enabler for all business processes**
- **Central to innovation and automation**

The technology (systems) division provides agile and innovative solutions to enable the effective execution of omni-channel business processes and the delivery of strategic projects, to ultimately assist the group in achieving its strategic vision.

Suppliers

Capitals

○ ○ I
○ S N

Strategic Pillars

- **Strategic supplier partnerships**
- **High-volume resourcing**
- **Sustainability at the centre**

The group continues to focus on enhancing its sustainable competitive value chain and interacts with suppliers according to high professional and ethical standards (refer pages 139 - 141).

Operating Environment

The retail operating environment and the state of the consumer are significantly impacted by the health of global and domestic markets.

Global Economy

The COVID-19 pandemic has spread with alarming speed, infecting millions and bringing economic activity to a near-standstill as countries imposed tight restrictions on movement. As the health and human toll grows, the economic damage is already evident and represents the largest economic shock the world has experienced in decades.

Country lockdowns, social distancing and working from home have all become the current norm. In the short term, this has affected economic growth, international travel, global supply chains and brought a number of industries close to ruin. Over the longer horizon, the deep recessions triggered by the pandemic are expected to leave lasting scars through lower investment, an erosion of human capital through lost work and schooling, and fragmentation of global trade and supply linkages.

The crisis highlights the need for urgent action to cushion the pandemic's health and economic consequences, protect vulnerable populations, and set the stage for a lasting recovery. For emerging market and developing countries, many of which face daunting vulnerabilities, it is critical to strengthen public health systems, address the challenges posed by informal economies, and implement reforms that will support strong and sustainable growth once the health crisis abates.

Some of the world's leading developed economies have put in place material financial relief measures, bringing fears of high inflation in the near future. This has compounded exchange rate volatility, which continues to be affected by the ongoing uncertainty relating to COVID-19 and the unknown impact it will continue to have globally.

In the face of this outlook, the immediate priority for policymakers are to address the health crisis and contain economic damage. Over the long term, authorities need to undertake comprehensive reform programmes to improve the fundamental drivers of economic growth once the crisis lifts.

Global coordination and cooperation — to slow the spread of the pandemic and alleviate economic damage — provide the greatest chance of achieving public health goals and enabling a robust global recovery.

South African Economy

The pandemic hit the South African economy at a time when it was already under substantial strain. Economic growth had fallen to 1.5% in 2019 compared to 3.0% in 2010. In the fourth quarter of 2019, the economy had entered a technical recession.

The South African government has done its utmost to try and control the spread of the virus. National lockdown levels tried to reduce population mobility and keep people at home. The government also created financial relief measures through additional social grants payments and Temporary Employer Relief Schemes (TERS). However, these are short-term mechanisms that still leave the country's long-term recovery prospects in a precarious position.

While these measures have been necessary, there is no doubt that they have caused significant negative impact on the fiscus which was already fragile prior to COVID-19. Four channels by which lockdowns and other efforts have influenced economic activity are:

(i) the forced reduction in production and other restrictions on non-essential business operations
(ii) the impact of the lockdown on household demands for goods and services
(iii) the effect of disrupted global production and supply chains on South African exports
(iv) the effect of uncertainty on business investment

Despite these effects, equity markets have bounced back quicker than expected and the pandemic's shock on large scale businesses have been less than what was feared. However, with supplementary social grants still in place and job loss impact potentially delayed, there are fears that things could still get worse and further impact households. The threat of the virus remains and the roll-out of vaccinations continue to be slow and threatens the speed of recovery.

This short-term view is concerningly overshadowed by the reality that long-term structural reform and permanent direct foreign investment in South Africa is needed to create the fiscal health required for the country to prosper again.

Impact on Mr Price Group

South Africa

Revenue contribution

92.4%

Strategic approach

Capital allocation to drive growth opportunities

Strategic pillars

Opportunities
- Capitalise on sourcing agility to lessen COVID-19 supply side impact
- Potentially lower valuations on acquisition targets due to COVID-19
- Opportunity for government reform to stimulate economy
- Entrench Mr Price brand as Your Value Champion
- Ability to scale existing group infrastructure to enable growth
- Knowledge of local customer enabling brand and product extensions
- Further space growth opportunities
- Leverage high brand awareness and engaged customer base
- Improve stock turn through effective inventory management
- Strategic investments through use of healthy cash balance
- Pipeline of stores to be revamped and re-branded from MRP to Mr Price
- E-commerce investment to capture channel acceleration
- Diversification of store footprint and formats

Challenges
- COVID-19 impact on supply chain and local demand
- Declining economic growth and uncertainty exacerbated by further lockdowns
- Increasing COVID-19 cases and multiple waves of infection amidst a slow vaccination roll-out
- Slow delivery of government reforms to stimulate economy
- Currency volatility impacting import businesses
- Rolling power blackouts limiting business activity
- Local textile manufacturing limitations
- Weakened consumer spending power
- Increased retail competition

Africa

Revenue contribution

7.6%

Strategic approach

Consolidate portfolio and invest in scalable opportunities

Strategic pillars

Opportunities
- Potential of emerging consumer
- Grow brand awareness off existing base
- Untapped retail space
- Low formal retail competition
- No cross-seasonal planning required
- Close proximity suggesting shorter lead times
- Sourcing from the continent

Challenges
- Precarious economic health with major fiscal challenges
- Inconsistent government policy between countries and leadership within countries
- Liquidity constraints and slow repatriation of funds
- Stock flow, port disruptions and changing import tariff policies
- Dollar based rentals
- Xenophobic threats

Mr Price Response

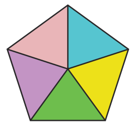
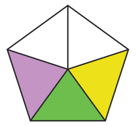
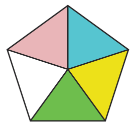
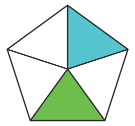
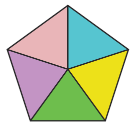
The group responded decisively to the unprecedented impact of COVID-19 by:

- Engaging transparently with all stakeholders including suppliers, landlords, employees, and investors and embracing its value of Partnership
- Frequent and open communication with all its associates
- Swift call to action to ensure that the shopping environment adheres to safety protocols and supported customers shopping experience

The group's strong balance sheet and disciplined approach enabled it to weather the worst of the storm. Focus shifted quickly to using this relative position of strength to capitalise on opportunities through acquiring Power Fashion and organically launching three new departments in Mr Price Apparel. Its cash-based, fashion-value model has enabled it to provide cash constrained consumers with opportunities to access good quality merchandise at affordable prices. The group's consecutive monthly market share gains since the April 2020 lockdown is testament to this. The decision to remain focused on South Africa as its primary market has removed distraction and is bearing fruit.

Value Creation

Our Business Model

Strategic Pillars	Capitals	Stakeholders
Growth	F M I H	
Build High-Performing Brands	F M I H S	
Operations	F M I H	
People	F I H S	
Sustainability	F M I H S N	

Trade-Offs

Decision making is guided by our strategic pillars enabling us to focus on what matters most to our business. In doing so, we can optimise the trade-offs between our capitals that arise as a consequence of our business activities.

Resources Applied and Key Relationships

Human Capital

H

- +19 500 associates
- R24.2m spent on learning and development
- R2.5bn remuneration paid to associates

Intellectual Capital

I

- Established Mr Price brands
- The Mr Price Way: Entrenched buying, planning and supply chain processes
- Mr Price fashion-value formula
- 35 years of historical data available
- Organically developed new brands

Manufactured Capital

M

- 1 592 number of stores
- 837 712m² of gross space
- E-commerce capabilities: websites, apps, social media
- Trading in 8 countries

Financial Capital

F

- R4.9bn cash available
- R460m credit facilities unutilised
- New capital invested of R2.0bn
- Working capital inflow of R192m

Social and Relationship Capital

S

- R6.0m external donations to Mr Price Foundation
- 35 years track record with landlords and suppliers
- 1 462 participants in skills development programmes (JumpStart)
- Combined corporate social investment of R39.0m

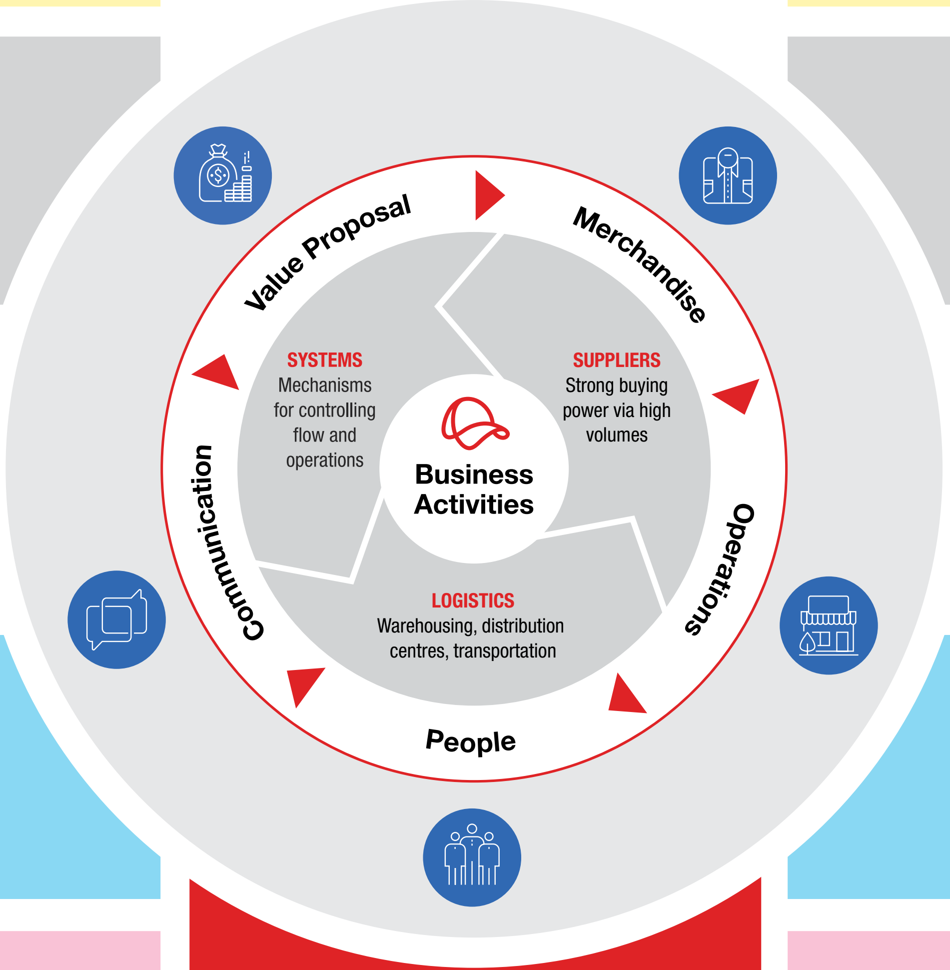
Natural Capital

N

- Renewable and non-renewable energy sources
- Carbon footprint reduction initiatives
- Recycling programme
- Clothing Bank donations
- Sustainable cotton initiatives

Business Activities

Our business activities are enabled by our systems, suppliers and logistics, and are all geared to ensure our ability to provide sustained growth for our stakeholders.



SYSTEMS
Mechanisms for controlling flow and operations

SUPPLIERS
Strong buying power via high volumes

LOGISTICS
Warehousing, distribution centres, transportation

Outputs

Throughout the reporting period, the group continued to deliver value to our customers through wanted product at Every Day Low Prices. We actively sought to minimise waste (refer pages 142 - 146) throughout our business activities to ensure that we conscientiously reduced the impact on the communities and environment in which we operate.

Outcomes

Human Capital

- Upskilled associates and increased pipeline of leaders
- 100 senior leaders equipped programme participants
- Succession planning programme developed

Intellectual Capital

- 21st most valuable brand in RSA
- Mr Price Apparel and Home have the highest brand equity in their segments
- Gained R1.2bn (150bps) market share per RLC
- Delivered R500m new sales growth
- Online sales nearly doubled in contribution to 2.4% of group sales
- Highest ranked apparel retailer in JSE Top 40

Manufactured Capital

- 2.5% new weighted average space growth
- 204m units sold
- 54 new stores opened
- 55m website visits
- 1.4m Instagram followers
- 2.9m Facebook followers

Financial Capital

- ROE of 27.3%
- Net Asset Value increased 15.5%
- HEPS increase of 2.0%
- R552m dividends paid
- Operating margin of 17.1%
- Free of financing debt
- Acquired value retailer Power Fashion

Social and Relationship Capital

- 98 primary schools supported, 64 640 learners and 1 560 educators impacted
- 39.6% (at cost) merchandise sourced from RSA. 104m units sourced from Africa
- 963 JumpStarters employed
- 95.0% of factories mapped in value chain

Natural Capital

- Carbon footprint reduced by 20.3% over the last five years
- Sustainable cotton made up 47.0% of the group's cotton products
- 3.1m units of cushion, duvet and pillow inners made from recycled plastic
- 1 546 001 kWh of power derived from solar energy (28.0% of head office)
- Paperless administration saved 2 311km of paper

Stakeholder Value Creation

The group's processes, activities and products sold are not done in isolation, but in a sustainable connection to a wide group of stakeholders.

Our Stakeholders

The group identifies its key stakeholders through ongoing engagement with all internal and external parties. Consequently, it is deeply connected to the environment within which it operates and the societies it serves. The ability to deliver value depends on these relationships and the contributions and activities of all stakeholders. By providing for their needs and meeting their expectations, value is created for its stakeholders and the group itself.

Understanding its role in society greatly influences its approach to stakeholder engagement. The group's success links to thriving communities and a healthy environment, compelling it to take a more transformative approach that creates shared and sustainable value for all stakeholders.

The board has ultimate responsibility for the group's stakeholder engagement efforts. The process of engaging with stakeholders is decentralised to form part of its various divisions and support function operations. Stakeholder engagement is guided by the values of Passion, Value, Partnership. Each business area is required to report regularly on its stakeholder engagements to the board.

Getting to know and collaborating with stakeholders and understanding and responding to their expectations are key elements of the group's strategy. Frequent dialogue and transparency allows the group to fulfil the goal of creating sustainable value and is key to facing the challenges and opportunities in its business activities. To determine the specific relationship strategy with each stakeholder and to establish the objectives and communication channels to be used, the group continually identifies and reviews its relationship with each one.

The quality of relationships with each stakeholder is assessed on both their performance and feedback given to the group. The group is committed to continue to live out its value of Partnership and improve the quality of these relationships.

Associates (our people)
Value is created and the business delivers profit as a result of over 19 000 associates living out our values of Passion, Value and Partnership.

Customers
This is our biggest stakeholder group who remain at the centre of our strategic approach. They are the primary source of the group's revenue.

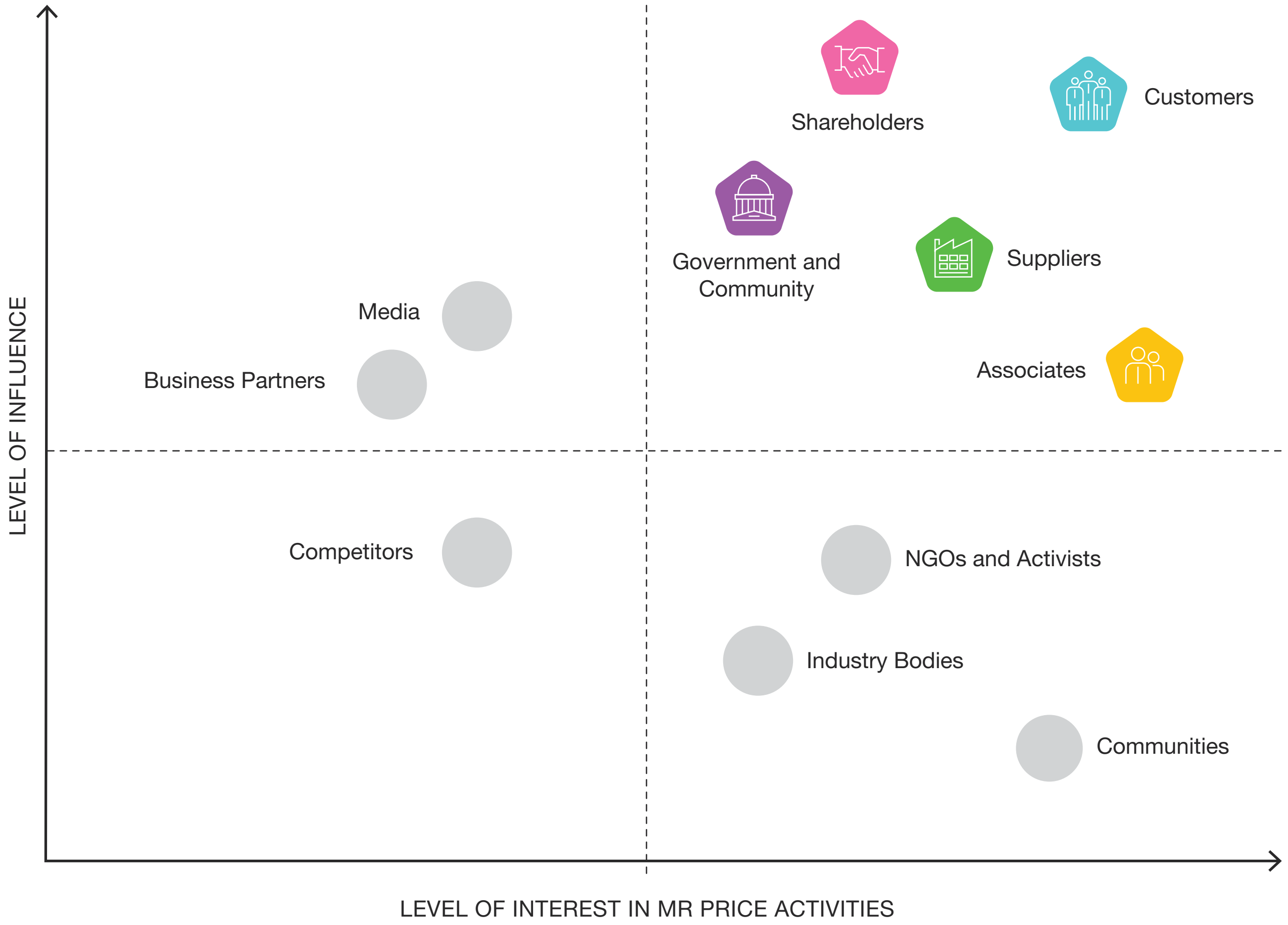
Suppliers
We have over 500 suppliers across the group's divisions. Our partnership approach to supplier engagement is key to nurturing these relationships which enable the group to succeed.

Shareholders
They account for the ownership of 258m shares. Shareholders are 93% institutional and 7% retail. The shareholder base is well balanced between local and offshore.

Government & Community
We work closely with key government bodies to ensure that we maximise positive impact on the communities within which we operate.

Stakeholder Matrix

The group's stakeholders, their interests, and their level of influence in its operations vary according to geographical location, business area, and the nature of their interest. The manner, level, and extent of engagements are driven by their influence, interests, expectations, and concerns. The graph below depicts these relationships.



Stakeholder Engagement

The table that follows lists the identified material stakeholders and outlines how the group has understood their different needs and expectations, the engagement process and the measured value creation. This sits alongside the actual shared value creation over the reporting period. In order to ascertain how the group has strategically responded to each stakeholder's unique needs and expectations, the relevant strategic pillar has been highlighted. The group's strategy is influenced by its ability to respond and the detail behind this is disclosed on pages 38 to 45.

Stakeholders

	Shareholders	Customers	Suppliers	Associates	Government and community
	Relationship Quality ●●●●○ ■	Relationship Quality ●●●●○ ■	Relationship Quality ●●●●○ ■	Relationship Quality ●●●●○ ■	Relationship Quality ●●●●○ ■
Needs and expectations	• Consistently delivered short and long-term returns from the business • Regular dividend payout • Transparent and timeous disclosure of group performance, investments and strategy • Responsible management ensuring sustainable long-term performance • Education on retail market trends and issues • Strong delivery on sustainability outcomes from the business • An adequate free float of shares for trade • Responsible capital allocation, balancing growth and shareholder return	• Quality product at affordable prices meeting their expectations for a strong fashion-value offering • Customer service reflecting value of Passion • Responsibly sourced product • Sustainable approach to plastic use • Opportunity to give back to the community • Provide feedback to the group on product and experience • Access to affordable credit • Convenient online platform • Experience and convenience as additional measures of value	• Understanding the group strategy, vision and values • Timeous planning and forecasting of seasonal orders • Products of the required price, quality and ethical standard • Sharing information and knowledge building • Compliance with the business code of conduct and B-BBEE • A-C grade performance • Disclosure of factory name and location • Increased speed, agility and quick response • Manage value chain risks	• Market-related compensation • Long-term career growth opportunities as the business develops • Training and development programmes to increase their skill sets • Clear vision and direction from management regarding the trajectory of the business • Acknowledgement of diversity through fair opportunities and compensation • Feedback on areas for workplace and performance improvement • Frequent communication from management	• Positively impacting on the sustainable development goals (SDGs) and national priorities • Job creation and retention • Contributing to achieving the objectives of the Retail-CTFL Master Plan 2030 • Reducing environmental impact • Commitment to transformation • Fulfil legislative requirements
How we engage	• Direct engagement on proposed resolutions prior to the AGM • Annual general meeting • Full-year and half-year results presentations and roadshows • One-on-one meetings with investors, analysts and fund managers • Attendance at investor conferences • Annual integrated report • SENS announcements and trading updates • Dedicated investor relations function and investor website page: • www.mrpricegroup.com/mr-price-group-investor-relations	• Traditional and social media marketing • Store windows • Customer surveys through dedicated channels • Inbound and outbound call centres • Advertising campaigns and competitions • Live chat feedback on e-commerce sites • Mystery shopper programme • Club publications • Store account brochures	• Supplier workshops and focus groups • Surveys • Meetings and electronic communication • Performance reviews • Supplier portal • Factory visits • Whistleblower hotline • Factory audits (quality, compliance and capability) • Industry body engagement	• Induction programmes • Performance reviews and career planning discussions • Training and development • Culture and climate surveys • Internal media and intranet • Team meetings • Associate results presentations • Divisional events including awards events • Whistleblower hotline • Staff share schemes • Group communications platforms	• Industry and government engagement and task teams (NCRF, Retail-CTFL Master Plan, KZN CTC, ETI, WWF, DTIC, SARS, DOL, NCR, W&R Seta, RA, BUSA) • Partners and programmes implemented by the Mr Price Foundation
Strategic pillars					
How we measure value and value created	• ROE: 27.3% • ROA: 14.2% • Dividend paid: R552m • TSR: 15.2% (10 year CAGR) • Number of investor engagements: 284 meetings and conference calls	• Mr Price Apparel and Home have the highest brand equity in their respective segments • 21st most valuable brand in RSA • Instagram followers: 1.4m • Facebook fans: 2.9m • Website visits: 55m • Donations to Mr Price Foundation: R2.3m customer donations • Credit accounts and usage: 13.6% of sales through 1.4m active accounts	• Supplier grading tool to measure and report supplier performance updated • 88.6% A-C Grade suppliers • 95.0% factory visibility • R23.9m input loans to qualifying suppliers • 407 tons of RSA cotton procured • 27 RSA suppliers on a strategic development programme	• Culture and pulse survey results: qualitative feedback covering all associate matters • Senior leadership programme: 100 participants • Mr Price Foundation: 1 462 participated in skills development (JumpStart) programmes. 963 participants were employed • Learning and development investment: R24.2m • Number of hours allocated to formal learning: 87 489 hours	• R22.8m donation to Mr Price Foundation • 98 primary schools supported, 64 649 learners and 1 560 educators impacted • 1 462 youth upskilled through JumpStart • R1 417m taxes paid • B-BBEE level 8 • 39.6% (at cost) merchandise sourced from RSA. 104m units sourced from Africa • 47.0% sustainably grown cotton • 35.0% single-use shopper bag reduction • 28.0% of head office energy generated through renewable energy • 24 tons of paper saved in stores

Quality of relationship

The quality of our relationship with our stakeholders is determined by the feedback mechanisms in place to help us understand their needs and expectations. This in turn enables us to deliver increased value creation. The adjacent key represents our internal grading on the quality of our relationships with each one, which is determined by a robust feedback tool that is currently used to engage with each respective stakeholder.

●○○○○	No current relationship
●●○○○	Existing relationship but lots of work to be done to improve
●●●○○	Established relationship with evident value creation but still room for improvement
●●●●○	High quality, mutually beneficial relationship with some room for improvement
●●●●●	Significant relationship, high value creation, mutually beneficial

▲ Improved

▼ Not improved

■ Neutral

Stakeholder Engagement

Partnership during COVID-19

Partnership

Associates

- Most important stakeholder
- Frequent communication
- Full pay throughout the pandemic to date. Executive management and non-executive directors took a voluntary salary and fees cut of 10%-15% for six months
- Full work from home capabilities enabled for relevant functions
- Wellness function leveraged to create awareness about physical and mental health and ways to manage both

Communities

- Co-funded 10 000 t-shirts and caps used by frontline testers
- Donated to the KwaZulu-Natal Growth Initiative and the South African Solidarity Response Fund to support relief initiatives
- Trading divisions launched their own targeted Together We Do Good campaigns
- R407 678 raised through the sale of masks and donated to the Solidarity Fund

Shareholders

- Issued SENS notice prior to lockdown (26 March 2020)
- Communicated change in results release (4 May 2020)
- Extensive engagement process. General meeting to approve equity raise
- Detailed breakdown of performance provided including the direct impact of COVID-19 through annual and interim results presentations
- 284 shareholder meetings

Suppliers

- Merchant teams worked closely with suppliers to manage order book
- Avoided unilaterally cancelling orders
- Suppliers needed to survive and grow with the group
- Local (RSA) procurement of 39.6% (at cost) to support local manufacturing sector

Customers

- Stores equipped with PPE, sanitiser and other protective measures and implemented all legislated health and safety protocols
- Focus on ensuring a safe and comfortable shopping experience
- Maintaining customers' trust is in the hands of the group's frontline associates
- Frequent communication through relevant marketing channels

Landlords

- The group reached agreement with a landlord representative group for payment of a portion of rent in lockdown level 5 and 100% of rentals and costs thereafter
- Continued developing strong relationships as the group looks to grow space and capitalise on opportunities in South Africa

From day one, our value system guided our actions. Our engagement during this time will shape our future.

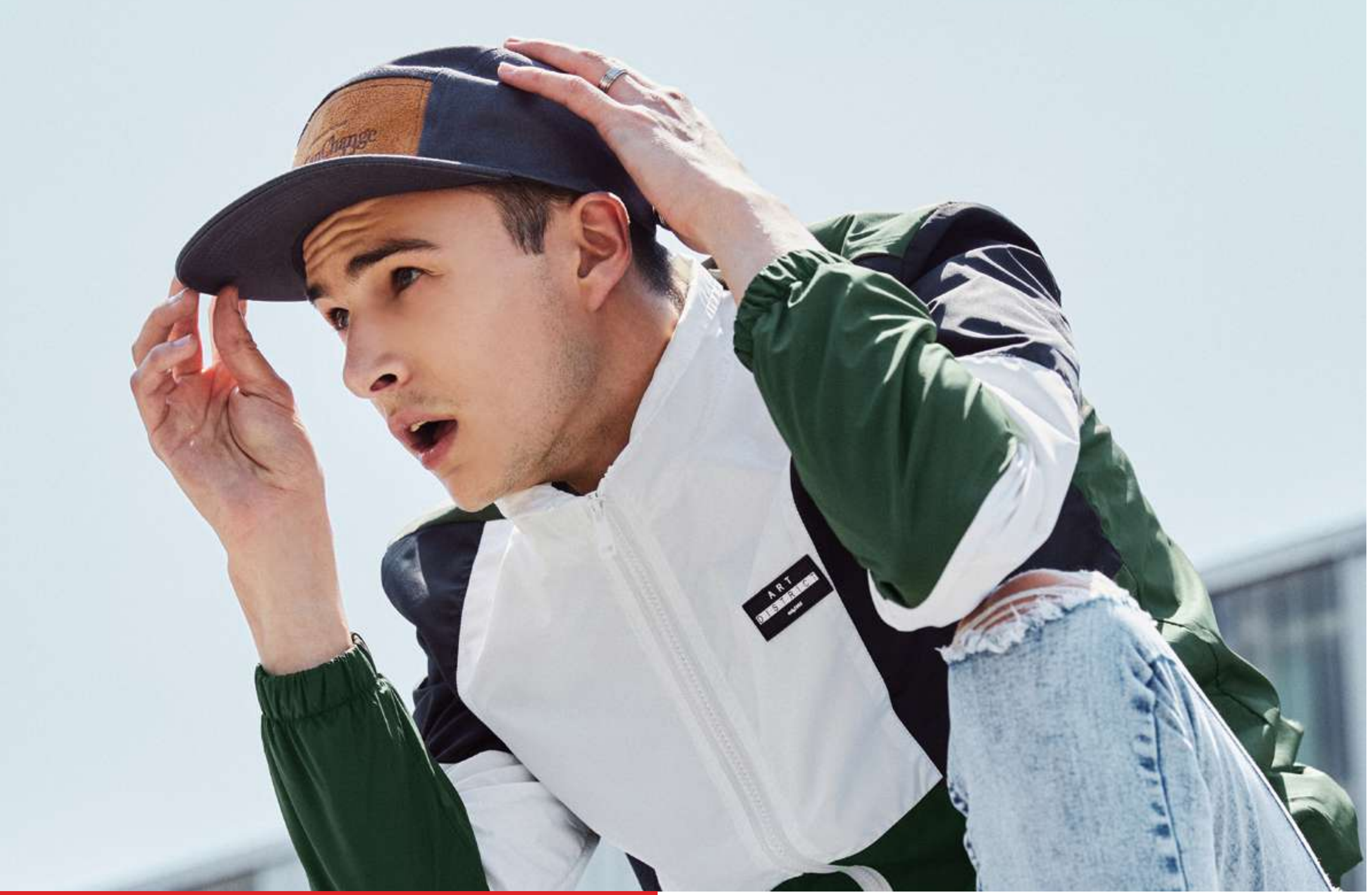
02

How We Did

In this section you will find reports from the CEO and CFO, a glimpse into the group's new strategy and a detailed breakdown of divisional performance.

Making It Happen

Contents



CEO's Report

> "I truly believe that as a business, we're back"

The obvious observation would be that the 2021 financial year is one we would all rather forget. Yet, it's quite the opposite for many reasons. While COVID-19 ravaged the world, the focus and energy applied to getting our business back on track after a period of underperformance in recent years was rewarded. The extreme commitment and teamwork by associates, suppliers and all other stakeholders proved our business model's resilience and agility. Our efforts could not have been more significant and I am proud of and thankful to all of the Mr Price family for their dedication and support.

I truly believe that as a business, we're back, a view supported by our market share gains of 150bps and the improvement of our gross margin by 130bps. These prove our sales were not bought. Apart from results, our positivity and teamwork rebounded, and our organisational health is strong. Three significant events fuelled these positive changes:

Partnership during the pandemic
Engaging with our stakeholders, specifically suppliers and associates, in a supportive way during a period they needed it most was a true test of our Partnership philosophy – one of our value system's anchors. In the most challenging year ever faced, we still managed to sell 204m units, source 78m units from South African based suppliers and did not forcibly retrench any staff or reduce their pay. Regrettably, frontline associates were not able to earn sales-based incentives for part of the year. However, we provided them with further financial support through a year-end bonus to recognise their outstanding efforts. While acknowledging that we cannot drop our guard, their ongoing commitment is vital to protect our partners, suppliers and customers.

A return to our roots
In April 2020, during level 5 lockdown, we announced the news of returning as Mr Price. In so doing, we returned not only in name but also to the behaviours and competitive and insurgent mindset we all associated with the original brand. All rebranding from MRP to Mr Price was completed at head office, on social media and e-commerce channels, with store roll-outs to be completed in the new financial year. We've unpacked and redefined our cultural DNA with our associates while hardcoding it into the business.

We also resumed our association with the Sharks Rugby team by appointment of Mr Price Sport's Maxed Elite brand as a technical apparel sponsor. Furthermore, in association with SASCOC, Maxed Elite was appointed the technical apparel sponsor of the South African Olympic and Paralympic teams for the 2021 Tokyo and 2024 Paris Olympic Games and 2022 Birmingham Commonwealth Games.

New purpose, vision and group strategy
With a team unified around key themes of integrity, trust and group-first, and having successfully confronted the COVID-19 challenges to date, the next phase of the plan focused on reshaping our future. Once again, this was not an overnight exercise but took place over the last financial year. It highlighted our growth mindset and long-term vision. Even amid a once-in-a-century catastrophe, it's remarkable what freedom a strong balance sheet provides. Our new purpose, Your Value Champion, is a call to action for all stakeholders to focus on our ongoing crusade to surprise and delight our customers with incredible value. This also guides our internal actions, requiring us to ensure that daily decisions support our value roots and to find a different way to achieve our objectives – the Mr Price way.

Our vision is to be the most valuable retailer in Africa. Currently, we are ranked fifth in terms of market capitalisation, relative to the Food and Drug and General Retail sectors. Detailed plans are afoot to target the various valuation components to pursue this long-term goal. More details are found in the strategy and vision section on page 38. Relative to these growth plans, extensive workshops and discussions took place with many of our associates, emerging talent, executives and non-executive directors. We undertook detailed research to identify opportunities in the local retail landscape, which will be satisfied via a combination of organic concepts and acquisitions. We clearly communicated our plans to the market in 2020.

I was delighted in the way we executed these growth ambitions. Our focused efforts and unique approach enabled us to finalise two acquisitions:

- Power Fashion, a value apparel business focused on the low to mid LSM customer, (effective date 1 April 2021) and
- Yuppiechef, an award-winning omni-channel homeware retailer that targets higher-income customers. Submission to the Competition Commission took place on 16 April with the targeted effective date of 1 July 2021

Both companies met our earnings accretive investment criteria and have high-growth potential and a strong management team. In addition, both acquired companies were still owned and managed by their founders, which matched our culture and how we run our business.

We also launched new category extensions such as Baby, School Uniforms, Fun Stuff, Extended Sizing and introduced additional tender types such as lay-bys and RCS card acceptance to provide customer convenience. All divisions identified opportunities to grow departments above their company average, and generally, we executed these well. Our new organic growth concepts are in evaluation, and market communication will be made at the appropriate time.

During the year, we were constantly reminded of the fragility as we lost 13 'family' members to the pandemic. We continue to mourn our departed associates and use these tragic circumstances to remind us of the need to love what we are doing and have fun.

I am honoured to lead an extraordinary group of people. Once again, I thank them for their support, dedication, and caring attitude when they engaged with others when we were all stretched in many directions. I also wish to extend my gratitude to our chairman, Nigel Payne, honorary chairman Stewart Cohen and the board of directors – who reminded us of their value and commitment to our value system, proving Passion Value, Partnership were not merely words, but heartfelt actions.

Mark Blair
Chief executive officer

Strategy, Material Matters and Key Risks

Re-shaping our future towards a new vision: To be the most valuable retailer in Africa

Winston Churchill said, “Never waste a good crisis.” While the group could have placed the new vision and purpose on hold during the pandemic, its research, curation and execution were accelerated.

The group’s new purpose is clear – to be Your Value Champion. This call to action will focus on surprising and delighting customers while delivering on the value equation.

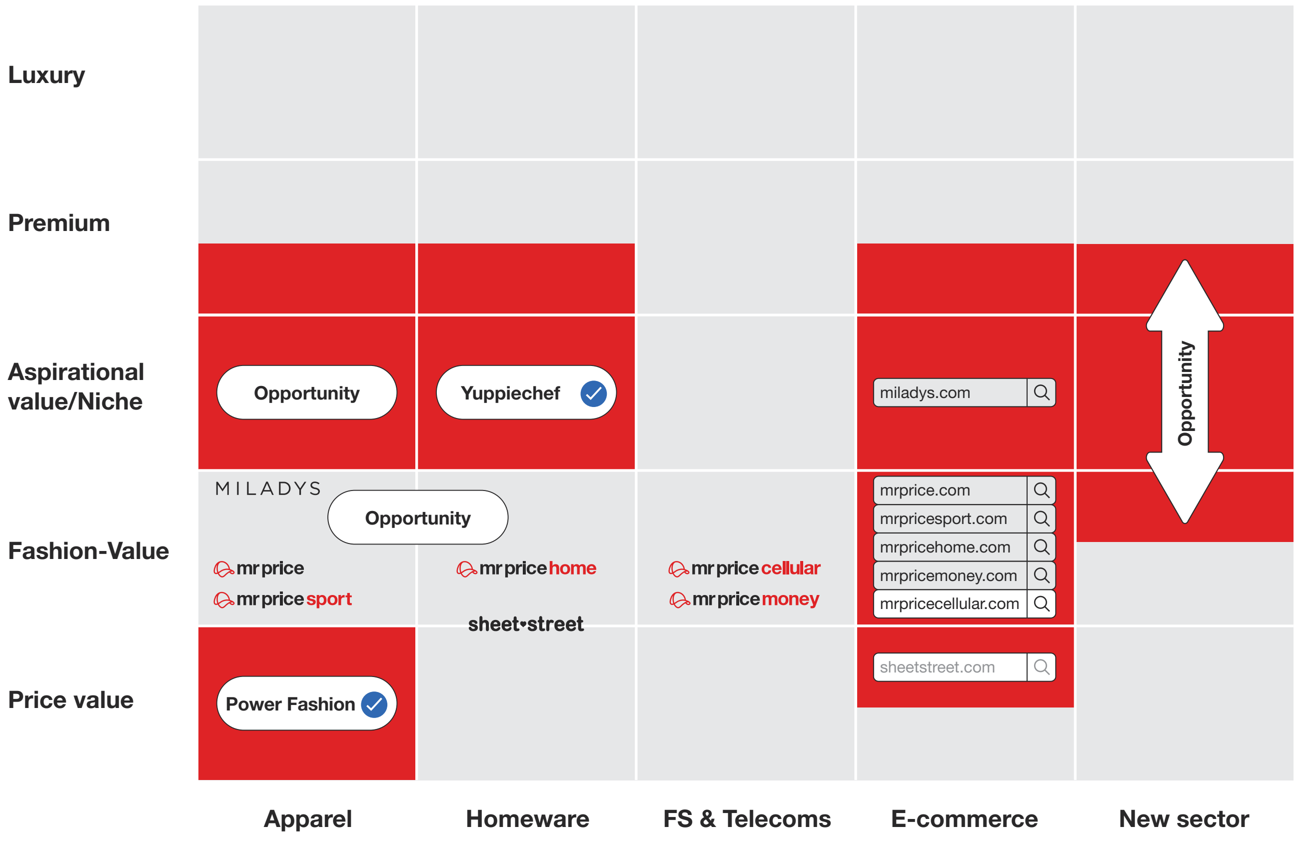
The group’s strategy is informed by its vision and values, and delivery centres on the group DNA and culture. Its mindset is underpinned by the principles of the Founder’s Mentality, and the strategy continues to focus on sustainable value creation over the short, medium, and long term. The principles of Owner’s Mindset, Insurgency and Frontline Obsession will continue to ensure clarity and focus amongst relevant stakeholders.

While the research and development of the new strategy have clearly identified new customer segments and concepts, a growth agenda focused on Southern Africa in the short term will continue to enable:

- Adding value to customers’ and worth to partners’ lives
- Caring for the community and environment
- Balancing opportunity and risk
- Prudence in how capital and resources are allocated
- Keeping up to date with emerging retail trends and carefully evaluate which to adopt
- An engaged workforce that builds high-performing brands

At the November 2020 interim results presentation, the matrix depicted on the following page identified growth areas, which were determined through the extensive market research conducted in 2020. This work enabled the group to identify the market segments deemed attractive and to pursue acquisitions that showed growth potential.

Segments and Opportunities Matrix



	Apparel	Homeware	FS & Telecoms	E-commerce	New sector
Luxury					
Premium					
Aspirational value/Niche	Opportunity	Yuppiechef ✓		miladys.com	Opportunity
Fashion-Value	MILADYS mr price mr price sport	Opportunity mr price home sheet•street	mr price cellular mr price money	mrprice.com mrpricesport.com mrpricehome.com mrpricemoney.com mrpricecellular.com	
Price value	Power Fashion ✓			sheetstreet.com	

The group has successfully executed in two of the areas:

- The apparel price/value segment. Through purchasing Power Fashion, the group was able to establish a foothold in the price-focused segment of the value market. This will allow Mr Price Apparel to continue to focus on its differentiated fashion-value offering at which it excels
- The homewares aspirational value segment through the acquisition of Yuppiechef. This provides another access point to the fast-growing e-commerce sector and a more affluent customer base, which the group does not serve

In the short term, the focus and preference are to deploy capital in South Africa. By focusing locally, the group limits the introduction of currency volatility, remains in a market serving a well-known customer base and continues to operate in well-understood fiscal, legislative and governance environments. This does not mean the group will not continue to research and explore appropriately aligned opportunities outside of South Africa.

To ensure consistent performance toward this goal, the group needs:

- A clear vision and strategy aligned to individual and collective efforts
- Strong organisational health (culture) and clear and well-understood values and guiding principles
- A flexible, high-performing and sustainable supply chain and ethical suppliers
- Reduced dependency on any one division — multiple high-growth vehicles and not one single bet
- An organisational structure capable of leading a growing and more complex business
- Strong performance tracking against objectives and key results and alignment to reward

The strategy will be measured against six pillars going forward:

01 **Stakeholder Engagement**

02 **People**

03 **Growth**

04 **Brand Promise**

05 **Technology & Innovation**

06 **Sustainability**

Further information regarding objectives and key results can be found in the May 2021 analyst presentation.

The Value Equation

Traditionally the group's interpretation of value (Price + Fashion + Quality) was heavily focused on price. However, individuals view value differently and quality merchandise can be perceived as more valuable than cheaper priced options from competitors. Experience and convenience also need to be considered as other factors that drive the value equation.

When the group considers the updated value equation of Price + Fashion + Quality + Experience + Convenience, there are exciting opportunities to leverage the fashion-value model, curation skills, and data-driven insights.

Measurement of strategic objectives

The board of directors reviews the appropriateness of the strategic objectives annually. Key risks and progress against the strategic imperatives are agenda items at the quarterly board meetings. 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.

Growth

Extend earnings through increased market share and focused operational efficiency

Targets for FY2021	Capitals	Stakeholders	Performance against targets	
			Outputs	Outcomes
Complete research and articulation of new group strategy and growth priorities	F M I H S N		Market research and group strategy finalised during the year Refer page 38	Clear articulation of: • The group strategy including new vision and purpose • Growth opportunities • Clearly identified pillars to measure success
Increase market share	F ○ ○ ○ ○ ○		Retail sales declined 2.4% including the five weeks of level 5 lockdown. Market share increased 150bps (R1.2bn) During the year ~R500m of new sales growth was added through expansion into new categories	Group gained in every quarter Mr Price Apparel (largest division) gained in all months Home segment gained in 8 out of 10 months since restrictions Mr Price Cellular gained 90bps per GfK
Expand high-performing stores and exit unproductive space, while introducing quality new stores	F M ○ ○ ○ ○		The COVID-19 related closures and restrictions created delays, disruptions and bottlenecks with regard to store relating openings and closures. New space growth was 2.5% (1.6% net of closures and reductions). 54 new stores were opened and 10 expanded Real estate team renegotiated 315 leases	Further improvements in annual escalations and base rental reversions Performance of diversified footprint and omni-channel model supported business continuity Retail sales from larger format stores were impacted by consumer behaviour changes to convenient locations in H1 Sales momentum improved in larger format and urban centre stores in H2
Consider and evaluate potential acquisitions	F M I H ○ ○		Identified new customer segments and potential suitable acquisition targets	Power Fashion acquisition was effective 1 April 2021. Yuppiechef agreement concluded in March 2021 and the group awaits Competition Commission approval
Improve performance in foreign territories. Consolidate portfolio to scalable opportunities and exit underperforming or legislatively onerous jurisdictions	F M I H ○ ○		Sales in non-South African corporate owned stores down 2.7%, up 10.0% in H2. Exited Nigeria in November 2020	Will continue to exit foreign territories with limited ability to scale or improve profitability
Develop further online capabilities	F M I H ○ ○		Launched Miladys online in July 2020 Cellular made available on mrp.com	Online sales for the group grew 64.1% and nearly doubled its contribution to 2.4% of total group sales. Miladys online contribution is ~1% of total sales
Continue digital transformation	F M I H ○ ○		Re-platforming of e-commerce to Magento 2 is underway Investment into new hardware in-store enabling digital advancement Further investment into advanced analytics and business intelligence (BI) across the business	E-commerce trade continues to show excellent growth Advance division launched reporting analytics across the business

Key trade-offs made:

- Primary focus for the year was adapting strategies to navigate COVID-19
- Investment in new trading space was slowed due to disruption created by various lockdown levels
- Exited Nigeria
- Did not commit to acquisitions or investments which did not meet investment criteria

Focus areas for FY2022:

- Focus on driving comparable store profitability
- Understand retail trends emerging post-COVID-19
- Concentrate on further non-comparable category extensions
- Invest in and grow online
- Execute acquisitive/organic opportunities in line with approved strategy
- Bed down acquisitions and identified areas of integration

Build High-Performing Brands

Build strong customer relationships by delivering an ongoing experience of surprising and delighting our customers

Targets for FY2021	Capitals	Stakeholders	Performance against targets	
			Outputs	**Outcomes**
Wanted Merchandise • Ensure clear market positioning and value definition in all markets (fashion-value model) to grow market share	F ○ I H S ○		Merchant and strategy review process clearly defines price point plans, width and depth of assortment and fashion/core mix	Continued disciplined execution of proven processes, complemented by trend research and merchant experience Improved product execution across all businesses evidenced by market share gains of 150bps and five year low markdowns
Communication • Branding change from MRP to Mr Price • Customer centred communication	○ ○ I ○ S ○		Successfully executed the branding change from MRP to Mr Price at head office and on social media Instagram followers: 1.4m Facebook fans: 2.9m Website visits: 55m	Single brand customer experience Ranked 21st most valuable brand in RSA Mr Price Apparel and Mr Price Home highest brand equity in respective segments in RSA
Partnerships • Navigate relationships with strategic partners during the pandemic	F M I ○ ○ ○		Continued transparent communication with all strategic partners, including product suppliers, landlords, customers and associates, was key to ensuring an agile response to the rapidly changing environment created by the pandemic	Continue to focus on differentiating group relative to competitor set

Key trade-offs made:

- Selected investments in online and technology to ensure appropriate returns are maintained
- Internal re-branding completed, investment across store portfolio remained measured to protect balance sheet
- Further investment in CRM delayed given higher priority investments during the year

Focus areas for FY2022:

- Entrench market positioning with target customers and grow market share
- Enhance seamless omni-channel model
- Consider further investment in CRM to support data-driven decision making
- Appointed head of stakeholder engagement and investor relations to continue differentiated approach to Partnership

Operations

Continually strive for world-class methods and systems

Targets for FY2021	Capitals	Stakeholders	Performance against targets	
			Outputs	**Outcomes**
Operations Structure • Set targets to deliver an infrastructure fitting for a value business (including IT), leverage centres of excellence	F M I H ○ ○		The realisation of efficiencies will continue into FY2022 Well established infrastructure supported agile response to COVID-19	Provides an infrastructure to enable increased efficiency, accuracy and speed to market (positively impacting sales and margins) and is capable of handling the group's long-term growth
Leading IT Solutions • Achieve key project milestones • Set targets to deliver an infrastructure fitting for a value retailer • Build BI capabilities to support data-driven decision making • Ongoing focus on cyber security • Focus on digital transformation	○ M I ○ ○ ○		Improvement in the monitoring and management of projects within the IT space, including the reintroduction of the project control board Implemented finance enterprise resource planning (ERP) BI capabilities extended driving data-driven decisions and improved reporting Continued investment and training regarding cyber security	Agility in IT strategy was key to navigating the pandemic Key focus areas ensured allocation of capital and resources to high-impact projects Launched new tender types Launched Miladys online in July 2020
Real Estate Strategy to Support Value Model • Consider best structures and capital allocation of new stores and revamps to ensure store environment support a fashion-value model	F ○ ○ H ○ ○		Centralised real estate team focused on sector leading initial deals, commercially viable renewals and re-engineering of store building costs	Achieved rental reversions across portfolio of leases renewed. Reduced average cost of store builds

Key trade-offs made:

- Only extracted efficiencies and opportunities that did not risk stabilisation
- IT project and investment prioritisation resulted in some lower priority projects being delayed, re-scoped or removed

Focus areas for FY2022:

- Continue to extract distribution centre efficiencies
- Execute key deliverables of the three pillars of the IT strategy
- Continue to enhance IT security
- Review operating structures to ensure the best model is in place for the post-COVID-19 environment
- Ensure successful go-live of Oracle ERP

People

Maintain an energised environment with empowered and motivated people

Targets for FY2021	Capitals	Stakeholders	Performance against targets	
			Outputs	Outcomes
Talent pipeline Continue to build talent pipeline and review leadership capacity and succession planning to support the attainment of the group's strategy	I H		High-potential talent identified across the group, which allows for greater alignment of succession planning and talent mobility within the group Finalisation of the group succession plan is underway	Increased skills and capacity to enable operational and strategic execution Development programmes extend the pool of transformational leaders and high-potential talent
Employment equity Achieve employment equity targets	F H S		Achieved employment equity targets Significantly increased employment equity goals. African, Coloured and Indian appointments were: • 99% of hires in stores • 76% of hires and 70% of promotions at head office	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 and is committed to employing and developing people from designated groups in furtherance of its employment equity
Reward Reconsider reward structures to aid in retention	F H S		New long-term incentive (LTI) schemes launched in November 2020	Improvement in reward structures to ensure equity across the group and that those that can materially impact performance have clear objectives and are remunerated in line with the group's philosophy, which placed more emphasis on variable pay and less on guarantee
Culture and DNA Develop methodology to measure culture strength	H S		Completion of group DNA project concluded. Launch delayed to FY2022	Energised environment and unique culture driving performance and positioning the group to be the most sought-after retail employer
Engagement Strengthen engagement and communication with associates	H S		Creation of group internal communications function Re-launch of group wellness function	Clear vision and direction from management regarding the trajectory of the business Highly engaged associates during the pandemic Frequent communication from management Create awareness about physical and mental health and ways to manage both

Key trade-offs made:

- Promotions in the year delayed until improved visibility regarding trade
- Development programmes are targeted and are not across the board
- Lower guaranteed remuneration (pay at market median) in favour of variable remuneration based on company and individual performance

Focus areas for FY2022:

- Continue to enhance the integrated performance process linked to reward
- Continue to build talent pipeline and strengthen succession planning
- Review of organisational structures employed by the group, supporting clarity and a value business
- Consider people skills and structural requirements to support the CEO's strategy and retail in a post-pandemic world
- Ensure integration of acquired businesses

Sustainability

Subscribe to high ethical standards and sustainable business practices

Targets for FY2021	Capitals	Stakeholders	Performance against targets	
			Outputs	Outcomes
Value Chain Development Develop a sustainable and competitive value chain by: • Mapping first and second-tier suppliers • Implement supplier performance measurement • Supplier development • Enhance supplier and value chain measurement	F I S N		Factory visibility of 95.0% (tier one and two) Supplier grading tool to measure and report supplier performance updated 88.6% of suppliers achieved grades A-C Strategic supplier development for 27 qualifying RSA suppliers	Steady progress is being made on developing a sustainable and competitive value chain that is agile, transparent, efficient and compliant Refer pages 139 - 141
Localisation • Provide support and commitment to the South African Retail-CTFL 2030 Master Plan • Develop an action plan for increased localisation of commercially viable production • Procure cotton from RSA farmers	M I S		Group sourced 78m units totalling R3.9bn from RSA suppliers. This represented 39.6% (at cost) of local procurement spend This year the group procured 407 tons of RSA cotton lint from local farmers The group participated in developing plans to deliver on the objectives of the Retail-CTFL Master Plan and submitted localisation data to enable the monitoring and evaluation of local procurement	Mr Price Group CEO chairs the NCRF and works with member retailers, the DTIC and other key stakeholders in support of the Retail-CTFL Master Plan 2030 The group promotes sustainable and competitive manufacturing practices and provide support for local economic development and employment creation
Partner with communities • Implement Mr Price Foundation schools programme in 98 primary schools • Develop skills pipeline for key retail roles through JumpStart programmes	H S		The Mr Price Foundation schools programme currently impacts 64 649 South African learners and 1 560 educators per annum JumpStart retail programmes impacted 1 462 unemployed youth with 963 participants being employed	Improve access to quality education for children from low-income communities Provide opportunities to develop unemployed youth to access employment opportunities
Protect our planet • Reduce and stabilise energy and water usage at business sites • Increase sustainable cotton procurement • Reduce problematic raw materials or unnecessary packaging • Reduce volumes of single-use shopper bags	F N		1 546 001 kWh of power derived from solar energy (28.0% of head office) Sustainable cotton procurement contributed 47.0% of all cotton products Eliminated 70 million plastic polybags and reduced single-use shopper bags by 35.0% 2.5m reusable shopper bags sold Carbon footprint reduced by 20.3% over the last five years	Reduce environmental impact of the business, its products and the value chain

Key trade-offs made:

- Local procurement opportunities are diluted due to lack of competitive manufacturing capability
- Agility can be compromised by low-cost sourcing from territories with long lead times
- Environmental impact reduction is affected by limited access and influence over value chain production sites
- Availability of RSA cotton within the required grades limit the procurement volume of the group

Focus areas for FY2022:

- Extend sustainability measures, monitoring and reporting to enable all key outcomes
- Continued execution of the value chain objectives to strengthen supplier capability and sustainability
- Expand environmental impact reduction initiatives
- Broaden opportunities for unemployed youth to access income generating activities, and innovative solutions to address education challenges

Material Matters, Risks and Opportunities

Material matters are the top-of-mind current and future challenges, risks and opportunities that have the most significant impact on the group's ability to enhance value to all stakeholders.

Pandemic effects in the last year, driven by the uncertain extent of future and multiple waves and variants, have intensified material matters and risks. The ability to prepare for, respond and adapt to incremental and radical disruptions enabled the business to achieve resilience. Seizing opportunities to reinvent, rescale and reposition accelerated the group into the new normal.

The group has carefully evaluated material matters and linked each of them to the top ten risks identified through the Enterprise Risk Management (ERM) approach, resulting in carefully crafted opportunistic responses intrinsically aligned to the strategy and executed through defined KPIs.

Inputs and considerations of identified material matters and risks were sourced from:

- Group and divisional strategies
- Results from an enterprise-wide dynamic risk assessment
- External outlook
- Internal outlook
- Material impacts reported by local and international retailers

Strategic Clarity and Execution

The group's ability to create stakeholder value is heavily influenced by the business strategy and therefore, the human and capital resources it deploys. The execution of the business strategy must occur with absolute precision and can only be achieved if business objectives are clearly set out, communicated and understood by all associates.

Strategic Risk

The risk that a lack of a clearly articulated growth strategy will result in the inability to achieve goals.

Interconnected Potential Risks/Impacts
- Diversionary efforts
- Incorrect decision making
- Investment in non-value adding activities
- Silo thinking
- Wasted capital
- Material project failures

Response
- Comprehensive reassessment of the group's strategy and communication of the group's new vision, purpose and strategy to all key stakeholders
- Alignment of group strategic priorities clearly disseminated into each of the trading and centres of excellence divisions
- Key performance indicators to ensure execution with absolute clarity, driven by individual targets
- Quarterly assessment of key performance indicators (KPIs) progress for all divisions

Challenging Retail Environment

The South African economy has experienced prolonged headwinds. The first stringent lockdown in March/April 2020 exasperated the challenge of achieving growth targets with the ongoing pandemic continuing to have devastating effects on the economic and social lives of millions around the world. South Africa has not been exempted with the unemployment rate persistently high, hovering above 20% for the last decade. The official unemployment rate reached an unsurpassed high of 30.8% during the third quarter of 2020. The group's largest target market has sadly been the most impacted by these adverse conditions. Consumer confidence is at an all-time low, which has a direct impact on retail spending and the utilisation of retail credit critical to retail growth. The group's value model, however, remained robust but not unaffected by these forces.

The weakened rand in 2020 is in line with other emerging market (EM) currencies, however, it did reach extreme weakness in April 2020 despite absorbing high depreciation levels prior to COVID-19 impact. Competitor activity in the midst of this uncertainty intensified as retailers liquidated stocks to increase liquidity. These challenging retail trading conditions are likely to continue as the country grapples with vaccine roll-out plans. The opportunities and challenges associated with the current and anticipated low-growth external environment have sharpened the group's focus on value to consumers.

Strategic Risk

The risk that adverse political actions, social unrest, declining economic conditions and onerous legislative requirements impacts growth imperatives.

Interconnected Potential Risks/Impacts
- Concentration risk due to focus of South African operations
- Declining economic growth and uncertainty
- Low and declining consumer spending and demand
- Volatility of ZAR potentially impacting value model
- Credit sales and collection due to low disposable income
- Increased competition due to desperate discounting of competitors

Response
- Fashion-value differentiation
- Every Day Low Pricing
- Progress towards diversification of customer target market through acquisitions and category extensions or reductions
- Market share gains through brand strength
- Fit For Growth mindset
- Treasury policy
- Cash-based and less reliant on credit

Competitive Landscape

The competitor landscape remains highly contested as retailers fight for market share growth in a flat retail market. Business models are being stress tested under these extreme conditions. The increased intensity in competition in the value segment of the market poses a threat to the group. The group's ability to innovate and respond effectively to competitive pressures and changes in the local retail landscape is critical to long-term success and will remain a material risk to be managed through strategic and tactical approaches.

Strategic Risk

The risk that actions of competitors or new entrants to the market threaten the organisation's competitive advantage or even the ability to survive.

Interconnected Potential Risks/Impacts
- Aggressive promotion activity by competitors
- Crowded value segment
- Inability to innovate
- Rise in retail competition
- Loss of entrepreneurial strength

Response
- Growth strategy organically and acquisitively executed
- Diversified target customer segment
- Brand strength and value
- Strong value retailing skills and business processes

Supply Chain Resilience

While supply chain disruptions due to demand fluctuations, capacity constraints and bottlenecks are not unusual, the pandemic has been the most dramatic stress test in the history of the business, testing agility, response strategies and contingency plans. The group's supply chain was heavily impacted due to disruptions to supplier operations, labour and distribution networks.

Seasonal assortment planning for the forthcoming year was and will be determined based on abnormal trading patterns. Lockdown restrictions prohibited the merchants from visiting suppliers and further understanding of northern hemisphere fashion trends in preparation for subsequent local seasons.

The improvement in relationships between China and the USA, the upliftment of trade restriction and the earlier opening of borders could have a potential negative impact on supplier performance. The potential global shift of production from mainland China to the sub-continent will further affect the group as their macro supply chains mature based on new demand. As the group continuously seeks to optimise the supply chain and diversify the supplier base, it believes shocks experienced during this fiscus will be better managed should a crisis of this magnitude and timescale occur again.

Strategic Risk

The risk of an inefficient, ineffective and unreliable supply chain that will result in poor inventory management that will impact competitive advantage.

Interconnected Potential Risks/Impacts

- Failure of key suppliers to meet order obligations
- Travel restrictions prohibiting merchant trend trips and supplier visits
- Stock availability
- New territories unable to meet demand as market shifts away from mainland China
- Disruptions in movement of stock from source to store
- Increased shipping costs
- Shipping imbalances causing cost escalations and extended lead times

Response

- Resourcing strategy in the second year of execution reducing over reliance on territories or key suppliers
- Responsible sourcing incorporated into the resourcing strategy
- Strategic supplier partnerships, building feedback loops, collaboration
- Supplier performance measurement and visibility of production cycles
- Procurement of locally manufactured products to increase agility and flexibility
- Approved economic operator status registration

Brand Reputation

The group strives to be a model corporate citizen and have zero tolerance for those who do not act in accordance with the spirit and letter of the law and the group's value system that drives its rules of engagement. The group is ever mindful that the brand can be adversely affected by the actions of associates and suppliers, resulting in loss of funds or customer support. The scale of the business and constant interactions between partners and varying stakeholders pose risk to the strength of the brand.

Strategic Risk

The risk that associates or parties with whom the company transacts, conducts themselves in a manner that damages the reputation of the company's image.

Interconnected Potential Risks/Impacts

- Enhanced consumer and social awareness
- Speed of information transfer via social media
- Associates not comprehensively inducted into the group's values and behaviours
- Poor governance over public relations and social media posts

Response

- Group code of conduct
- Ethics awareness and training
- Social media screening
- Social media policies
- Escalation guidelines
- Group communication function

Human Capital

Talent Attraction and Retention

The group's success is highly dependent on an experienced team with retail acumen and leadership qualities that promote entrepreneurship. A shortage of local retail-specific skills poses risk to all South African retailers. The loss of key skills and intellectual property and immigration poses a risk to the delivery of the group's objectives. This shortage of retail skills creates an overdependence on key leaders.

Strategic Risk

The risk that the inability to attract and retain key skills impacts the group's ability to execute strategy.

Interconnected Potential Risks/Impacts

- Skills shortage
- Competition to attract and retain specific skills
- Low-growth environment impacting structure and limiting career progression
- Loss of homegrown intellect
- Affordability of key skills in value model

Response

- Retention efforts
- New long-term incentive (LTI) and short-term incentive (STI) schemes
- Attractive business with stability and large growth opportunities
- Infusion of new talent with new acquisitions
- Identification and nurturing of high potential associates

Transformation

The group embraces and supports the value found in diversity. It also acknowledges the need to represent the local and national demographics of South Africa at all levels and remains committed to employing and developing associates in line with employment equity targets. The succession pipeline is key to addressing transformation imperatives.

Strategic Risk

The risk that a slow pace of transformation will result in adverse reputational and commercial damage.

Interconnected Potential Risks/Impacts

- Slow rate of employment equity and gender transformation at senior and professional qualified levels
- Difficulty retaining and attracting from larger provinces (JHB, CPT)
- Pay for performance remuneration philosophy unattractive vs guaranteed pay

Response

- The group employment equity (EE) plan
- Transformation targets
- KPI measurables
- Employment equity forum attended by CEO
- Recruitment aligned to employee equity targets

Culture and Values

Right values and behaviours engender organisational health and a business growth strategy can only be successfully implemented if supported and aligned to organisational health. The Mr Price way of doing things and interacting with each other is unique and a differentiator that must be preserved.

The group seeks to be the most desired employer in the industry by treating associates with respect in an environment based on trust. Recognition and reward fuels associates; therefore, it is imperative everyone aligns and commits to the vision and value as this unlocks gains for all stakeholders. As the group grows, it is key to utilise mechanisms to preserve and enhance group culture.

Strategic Risk The risk that culture and behaviours does not engender the right values, behaviours to engender organisational health.

Interconnected Potential Risks/Impacts
- Loss of entrepreneurial mindset
- Dilution of culture
- Reputation risks
- Agility

Response
- Organisational health assessments
- DNA project activation and implementation
- New group vision, purpose and strategy
- STI awards linked in part to individual display of values and behaviours

Leadership and Organisational Agility

The group's leaders require transformational skills and competencies to enable business growth for the future. The business' long run-of-success cannot fully prepare to deal with anticipated uncertainty and volatility; courage to depart from the status quo and relinquish embedded habits and reference points are critical to the group's success.

Awareness of the need to avoid historical bias places the business in a position of strength and advantage. In addition, the leadership team continues to diversify in strength as experience is infused with external talent. Internally, several leadership lateral transfers have brought different thinking. Furthermore, leadership teams from newly acquired businesses usher in a wealth of diverse thinking.

Strategic Risk The risk that leadership behaviour and resultant impact on the organisational health impacts the group's ability to achieve goals.

Interconnected Potential Risks/Impacts
- Domineering leadership influence
- Resistance to change
- Lack of a structured change management process
- Entrenched thinking and inability to adapt to a new way

Response
- Infusion of new leadership thinking through acquisitions and external appointments
- Lateral transfers of leadership teams
- Various leadership and mentorship programmes

Information Technology

Reliance on Systems

The group recognises that technological investments are critical to enable short and long-term objectives. Platforms are subject to ongoing improvements to enable growth. The inability to successfully deliver transformational projects to support growth imperatives is a top-of-mind matter.

Every technological change subjects the business to risk. Strict project management disciplines and technology partner relationships are imperative in avoiding technical debt and change fatigue.

The transactional nature of business operations and the deep reliance on system uptime poses a risk to business continuity. Systems are constantly at risk of damage especially with the increase in power outages and telecommunication failures. Any form of sustained interruption to the information systems will have an adverse impact on the group.

Strategic Risk The risk that the IT systems lack capability and capacity to support operations and future growth.

Interconnected Potential Risks/Impacts
- Inability to successfully deliver transformational projects that support business growth strategy
- Reliance on information generated for key decisions
- Business interruption
- Failure to keep pace with technological advances that will enhance business value model

Response
- Modern and robust IT disaster recovery
- Governance disciplines, improved IT leadership and project management skills
- Digital transformation by leveraging data and digital asset investment
- Information security roadmap and ongoing security
- New planning and replenishment systems
- Data governance principles

System Security

Risks are continually escalating as systems are enhanced. The prevention of cyber attacks are becoming more complex, requiring multiple layers of protection to create an environment that is sufficiently hardened and able to safeguard company assets and information to ensure uninterrupted trade.

Strategic Risk The risk of an information security breach.

Interconnected Potential Risks/Impacts
- Inappropriate cyber security standards and tools
- Increased IT complexity requiring multiple layers of protection
- Malicious external parties seeking gain or disgruntled employees
- Inadequate skills to combat changing threats
- Legacy infrastructure and code base weaknesses

Response
- IT security improvement roadmap
- Increased investment in IT systems, security, skills and governance processes
- Assurance structures include divisional board, group risk, internal audit and security specialists co-sourcing
- Assessment of the need for cyber insurance cover
- Annual threat tests by internal audit

CFO's Report

The following summary of performance demonstrates how the group's financial capital has been increased, utilised, and transformed through its operating, financing and investing activities in the 2021 financial reporting period.

FY2021 Reflection

This financial year will be embedded in our hearts and minds for decades, marked as the year when uncertainty came knocking to test balance sheets, management teams and business models of even the most enviable global organisations. Looking in the rear-view mirror at this unique financial year, while still acutely aware of the many known and unknown obstacles ahead, our people have grown personally and professionally and displayed resolve and dedication despite a wave of uncertainty.

As financial leaders, we often find solace in patterns, they help make sense of the past and offer a foundation for the future. The 2021 financial year forced our group, and many others across the globe, to truly zero base more than our numbers, it tested paradigms and comfort zones to reveal what was necessary and, therefore, what must be made possible. This provided a once-in-a-generation window of opportunity to test our business model's resilience and stress test the architecture we have so unequivocally trusted. Our mental models were forced to evolve as people, processes and technology rapidly adapted to the uncertain requirements that the pandemic brought. Our fight and flight response systems created heightened levels of responsiveness. The loud call to action reached every corner of our organisation as ordinary people did extraordinary things.

As a retailer with a strong cash generation model and low capital structuring profile, we were well positioned to weather the storm; however, we were not spared from COVID-19's backlash. It ceased trade across our store base, disrupted our support centre continuity and threw our supply chains into turmoil. April 2020 will be etched in our minds as the month when group cash reserves declined over R2bn in one month, a scary prospect compounded by no clarity on the pandemic's length. This demanded a quick response from our capital raising activities, and through our corporate partners, we raised credit line facilities and evaluated debt instruments. However, with the group facing heightened levels of uncertainty and the stated growth plans requiring protection, the board decided to approach shareholders to grant it authority to raise equity through the general issue of shares for cash should it require the funds to pursue growth. This was positively supported despite its potential dilutive nature, and we thank shareholders for their trust.

Upon reflection, communication was one of the key success factors in how the group navigated the eye of the COVID-19 storm. As leadership, we had to remain empathetic to the high anxiety levels of our associates, suppliers and service providers while remaining realistic to the unknown fiscal future we faced. A crisis truly tests values. The group is extremely proud of how it was able to lean into its value of Partnership, providing clarity and, where necessary, financial support to ensure the sustainability of our supply base. Our associates also faced extreme uncertainty as annual salary increases and recruitment were curtailed to preserve jobs. To settle our people's hearts and minds, we paid April and May salaries, which created invaluable goodwill — we believe a significant contributor to our performance in these conditions. The group would like to thank the government for providing relief through TERS, which further supported our ability to fund these uncertain times and keep the 18 000+ families we support stable.

Mindset is a key factor when facing uncertainty, and the critical leadership objective was to convert that uncertainty into opportunity. Management decided to maintain a growth mindset, irrespective of how gloomy the horizon appeared. This posture allowed us to continue to pursue acquisitions aligned with our multifaceted strategy for growth and expanding shareholder value. The group landed two acquisitions worth a near R2 billion in a six-month timeframe, a significant milestone for the group whose last transaction was Sheet Street over 20 years prior. Allied to this capital deployment was the execution of a share buy-back programme, received favourably by shareholders. Due to improved liquidity post hard lockdown, the group declared an interim and final dividend, a welcomed sign of confidence in the group's financial status.

53rd Week

The group manages its retail operations on a 52-week retail calendar basis and, as a result, a 53rd week is required every five years for calendar realignment purposes. For comparability purposes, the income statement and divisional performance commentary that follows evaluates financial performance on a like-for-like 52-week on 52-week basis. For details on the pro-forma 52-week results, which separates out the 53rd week numbers, refer to the group's supplementary information on www.mrpricegroup.com

Financial Commentary

The financial commentary on the following page will be a 52-week on a 52-week basis to aid comparison. Reference to the group's 53-week performance will be limited to instances that enhance understanding. The Power Fashion acquisition take-on balance sheet has been consolidated into the FY2021 results, impacting the growth for several major account categories. Due to the transaction closing on the 31st March 2021, three days of April trade have been included together with prorated expenses. This immaterially impacts comparable performance and, therefore, will not be commented on the following page.

Financial summary		2021	2020	% Change
Revenue	R'm	**22 306**	22 963	(2.9)
Profit from operating activities	R'm	**3 687**	3 979	(7.3)
Group operating margin	%	**16.7%**	17.5%	
Profit attributable to shareholders	R'm	**2 520**	2 704	(6.8)
Headline earnings per share	cents	**1 018.5**	1 047.0	(2.7)
Diluted headline earnings per share	cents	**1 000.5**	1 029.4	(2.8)

We are incredibly proud of how our business model performed. Our associate's passion, combined with the much-loved Mr Price brand, created the difference and resulted in the group gaining market share for the period (ref: RLC data). This effort resulted in diluted headline earning per share increasing 1.9% on a 53-week basis and marginally declining 2.8% on a 52-week basis, a result unthought-of 12 months prior (HEPS up 2.0% on 53-week; down 2.7% on 52-week). Earnings per share (EPS) declined by 1.8% on a 53-week basis (6.5% on 52-week), which was impacted by intangible asset impairment reported at interim results. Dividend per share increased earnings 116.1% on last year (LY) and will be paid out on 53-week earnings, an extremely positive result for shareholders.

52-week commentary

Group retail sales and other income from continuing operations declined 3.0% to R22.0bn (excluding April up 5.4%). Retail sales declined 2.4% to R21.2bn (excluding April up 6.8%) with cash sales, which contributes 86.4%, down 0.2% ahead of credit sales, which declined 14.5%; this is congruent with our retail credit peers. To ensure the control of inventory inputs, sales projections were tightly managed; which was the correct strategy as it played to the group's strength of chasing into winning merchandise. The introduction of lay-bys and RCS tender types provided support for waning credit appetite and slow account growth. The group's e-commerce channel performed strongly, increasing 64.1% from the prior period and contributing 2.4% to the group's retail sales (LY 1.4%). We will continue our focused investment into this channel to maximise dominance in the digital arena.

Notable was the group's second-half performance. Retail sales increased 8.5% at strong margins, despite a material Black Friday sales decline impacted by low footfall at major regional malls. This was anticipated and planned accordingly.

Retail selling price inflation was 5.3% (LY 1.4%), positively lifted due to markdown improvement of 430bps on the prior year. Units were down 7.6%, excluding April up 0.2%. The group's suppliers were also heroes in the recovery story, our Partnership value helped us navigate difficult early discussions to ensure our mutual sustainability and support us as we traded ahead of targets.

Supply chain imbalances were a major challenge throughout the period, with several stock-outs providing opportunity into the new year. Valuable lessons have been learnt, which have flowed into our divisional and corporate risk registers and guided future strategic actions, including geographical supplier concentration risk and shipping continuity.

Other income declined 15.7%, mainly of credit interest, which declined 13.1% as credit risk containment measures were instituted to protect the credit book. The group also experienced depressed account activity from early customer pay downs to reduce debt levels and high write-offs up 83.2% on the prior period. Premium income declined 17.9% due to link to credit account customer performance noted above, a key lead generator for this business unit. Mobile and cellular income grew 10.5%, with the group's in-store cellular offering continuing to perform strongly, up 21.2%. The group operates an MVNO under the branding Mr Price Mobile, which is being strategically repositioned away from post-paid contracting favouring sim only. Contract customer base performance was poor as affordability and call centre agent's activities were disrupted by COVID-19 effects. A recovery is expected in the new fiscal period.

Sales exceeded planned monthly levels, resulting in an improvement in a gross margin of 130bps to 42.5% and historically low markdown requirements. Overheads were up 3.7% impacted by impairment write-offs; excluding this, overheads were up 1.4%. This is in line with the group's historical expense management disciplines. Once off credits of R212m received through TERS claims and landlord rental relief in April 2020 assisted expense containment. Ongoing efforts to ensure the organisation has improved effectiveness and efficiency are contained under the banner, Fit for Growth. A project has been embarked on to de-layer the business with an outside party objectively mining for value extraction. Robotic process automation and analytical automation technologies have been introduced into the supply chain, already removing over 8 700 annual equivalent hours of labour with extensive opportunities to enhance programmes across the organisation.

EBITDA declined 4.2%. EBITDA margin remains robust at 24.4% (excluding IT impairment 25.1%).

Interest received on cash reserves increased 6.4%, impacted by the following factors: April 2020 cash decline, 175bps decline in repo rate over the prior period, share buy-back, and the acquisition payment made at the end of March 2021. Interest on lease liability raised in accordance with IFRS16 increased 5.0%.

The tax rate improved by 48bps to 27.5% as a result of reduced unrecognised deferred tax assets (driven by the closure of Nigeria) and forex translation impacts.

Operating profit declined 7.3%, impacted by the intangible IT asset impairment (excluding impairment declined 3.7%). Operating margin improved by 80bps to 16.7% (excluding impairment 17.4%).

Tax matters

The group continues to pursue clarity and predictability on tax matters across the various jurisdictions in which it operates. It seeks to protect shareholder value in line with its broader fiduciary duties. The group will not seek to establish artificial arrangements but pursue only those linked to genuine business requirements that would stand up to scrutiny by the relevant authorities. It will not artificially transfer profits from one jurisdiction to another to minimise tax payments or pay more tax than is properly due under a reasonable interpretation of the law and on receipt of a lawful demand.

The only notable tax matter continues to be the multi-year assessment raised by the South African Revenue Service relating to the disallowance of a standard deduction claimed by the group. The company supported by senior counsel and senior tax practitioners continue to believe that the deduction is valid and within the bounds of the tax act. The 2014 assessment relating to this deduction was withdrawn by SARS in May 2021 due to non-technical reasons. We continue to remain positive that this result will expedite resolution on the remaining assessed years.

Statement of financial position

The group's JSE top 40 ranking at the close of the financial year was 33rd, with a market capitalisation of R46bn trading at a PE multiple of 19 times. An unencumbered balance sheet allows the group to seize future opportunities and continues to provide shareholders with market-leading return metrics. Refer to the six-year review on pages 60 - 63.

	3 Apr 2021	28 Mar 2020
Non Current Assets	**9 288**	6 950
Current Assets	**10 587**	10 244
Inventories	**3 298**	2 719
Trade and other receivables	**2 155**	2 268
Cash and cash equivalents	**4 949**	4 726
Other assets	**185**	531
Total Assets	**19 875**	17 194
Shareholders equity	**10 838**	9 428
Total Liabilities	**9 037**	7 766
Total equity and liabilities	**19 875**	17 194

The inclusion of the fair value of Power Fashion net assets and goodwill raised have impacted comparability of the balance sheet.

The group has performed a rigorous going concern assessment in accordance with the accounting standards, and I am pleased to report there is no indication of going concern risk. The group performed extensive impairment testing across its asset base over the period. Right-of-use assets and IT assets were two areas that incurred write-downs over the period. The right-of-use asset value of five stores were impaired by R9m and as reported at our interim results, the group impaired IT assets to the value of R143m due to technology architecture changes.

Cash preservation was key to short-term continuity. The group, therefore, decided to temporarily suspend all uncommitted capital expenditure. Vital IT projects were continued to maintain project timelines and continuity. As clarity and consistency around trading conditions transpired, store capital expenditure and other planned upgrades to IT and trading assets were authorised but under sharpened investment criteria to compensate for uncertainty. Capital expenditure (excluding acquisitions) for the period was R452m, down 12.2% on the prior year.

Capital allocation is a key theme of management. The group continues to listen to its key stakeholders whilst maintaining its strategic growth intentions. To this end, the group signed sale and purchase agreements for near R2bn to acquire Power Fashion and Yuppiechef. The group further repurchased 1.3m shares through its share buy-back programme; this will continue to be assessed as an avenue of capital allocation. The group does not favour special dividends due to its once-off nature.

R'm	2021	2020
Cash balance at beginning of year	**4 726**	3 150
Cash inflow from operating activities	**4 767**	5 661
Cash outflow from investing activities	**(1 945)**	(472)
Cash outflow from financing activities	**(2 550)**	(3 655)
Foreign exchange gain/(loss)	**(49)**	42
Cash Balance at end of year	4 949	4 726

Cash and cash equivalents prior to the outflow due to the Power Fashion acquisition increased 36.7%, post-payment on 31 March 2021, cash increased 4.7% on the prior period. The group's comparable free cash flow generation, excluding acquisition outflow, remains robust at 100.9% (LY 133.3%) and continues to be the crown jewel of its business model, supporting capital expansion activities and consistent dividend payments to shareholders.

Working capital management remains a key focus area. Stock turn, debtors' days and creditors' days are all focus areas to optimise cash cycle.

Inventory was well managed throughout the period despite the volatility in sales demand, with group stock turn at 4.2 (LY 4.8). Inventory increased by 21.3% due to year-end date 3 April (LY 28 March), Power Fashion inclusion and new non-comparative categories introduced in this financial period. Excluding these items, inventories were satisfactorily managed. We have therefore decreased the inventory provision percentage to 8.5% (LY 9.6%).

Accounts receivable, representing mainly the group's retail credit and mobile debtors book, experienced heightened stress, with net bad debt ratios exceeding our opening impairment provision. Despite the group's conservative credit posture and an industry-leading retail book stewardship track record, high unemployment, job security and financial fragility were acutely felt. Credit granting criteria and credit limits were tightened, constraining credit sales. This, combined with elevated bad debt write-offs, resulted in the book declining 14.3% on LY. An impairment provision of 13.4% of debtors balance has been provided, which management calculates represents sufficient risk management for possible future bad debts that may be incurred. Management is actively employing new strategies to promote responsible credit granting in this environment and are working with its customers where possible to restore their financial health.

Accounts payable, representing mainly the group's trade creditors declined 13.0% on LY due to the timing of year-end being 3 April (LY 28 March). This resulted in cash outflows prior to year-end impacting working capital. Strategic projects are in flight to maximise working capital through providing competitive supply chain finance terms to our suppliers, which will further reduce cash cycle days whilst simultaneously ensuring the sustainability of our supply base.

> **"The group will continue to hold onto its strong fiscal disciplines whilst constantly pressing into its envisioned future."**

Outlook

Through its revised vision and purpose, the group is energised and focused on accelerated but sustainable growth. It recognises that to be the most valuable retailer in Africa, it needs to not only perform but transform – dual objectives. The group's posture regarding environmental, social, and governance objectives (ESG) has always been a positive one, but recognising that the work to do across the 17 pillars requires a coordinated approach to ensure the group's good work is better communicated and further enhanced. Through the social, ethics, transformation and sustainability committee agenda, we will ensure reporting on these areas is transparent, improved and that meaningful budget is allocated to ESG initiatives as we pursue our vision and purpose. The group will focus geographically on South Africa for the upcoming 12 months, leveraging our existing diversified footprint, brands, and formats to grow market share while introducing new concepts to ensure an expanding organic growth strategy.

The group remains cautiously optimistic about its prospects for the upcoming financial period. South Africa, our primary market, remains fiscally vulnerable, and so we are cautious. South Africa's real GDP forecast has been revised upwards to a modest ~3.8%; however, this is juxtaposed against a high unemployment rate, which negatively impacts retail. South Africa's fiscal stewardship will directly affect the Rand and its volatility, which remains a key risk to the group's ongoing margin management. Our optimism offsets these cautions, stemming from a deep belief in our business model combined with our customers love for our brand. This knowledge fuels our associates to be the Your Value Champion.

The smooth integration of Power Fashion and Yuppiechef into the group stable are key imperatives for the upcoming period. The group's underperforming businesses units impacted severely by COVID-19 will receive additional attention to ensure rapid recovery. The group will continue to hold onto its strong fiscal disciplines whilst constantly pressing on into its envisioned future. The allocation of capital will be measured and strategically deployed. This approach will ensure the group's market-leading metrics as displayed in the six-year review are advanced. The long-term relevance of the group and its competitive advantage are top of mind issues for our executive team.

I would like to take this opportunity to thank our shareholders for their faith in the group and its management team. We are committed to making a positive difference whilst enhancing value for all stakeholders.

Mark Stirton
Chief financial officer

Detailed Divisional Performance

mr price

	2021	2020	% change
Retail sales - including franchise (R'm)	**12 099**	12 531	(3.4)
Comparable sales growth (%)	**(4.8)**	(3.3)	
Retail selling price inflation (%)	**5.3**	(0.8)	
Units sold (million)	**135.6**	147.9	(8.3)
Number of stores	**538**	532	
Trading area - weighted avg net m²	**337 812**	332 872	1.5
Sales density (rand/weighted avg net m²)	**35 716**	37 550	(4.9)

mr price sport

	2021	2020	% change
Retail sales - including franchise (R'm)	**1 511**	1 679	(10.0)
Comparable sales growth (%)	**(16.7)**	4.6	
Retail selling price inflation (%)	**6.0**	4.8	
Units sold (million)	**11.8**	13.9	(15.1)
Number of stores	**136**	124	
Trading area - weighted avg net m²	**68 050**	65 807	3.4
Sales density (rand/weighted avg net m²)	**22 202**	25 516	(13.0)

MILADYS

	2021	2020	% change
Retail sales - including franchise (R'm)	**1 233**	1 550	(20.5)
Comparable sales growth (%)	**(23.8)**	1.4	
Retail selling price inflation (%)	**(1.3)**	2.6	
Units sold (million)	**6.1**	7.6	(20.0)
Number of stores	**239**	232	
Trading area - weighted avg net m²	**62 740**	61 156	2.6
Sales density (rand/weighted avg net m²)	**19 656**	25 351	(22.5)

mr price home

	2021	2020	% change
Retail sales - including franchise (R'm)	**3 875**	3 744	3.5
Comparable sales growth (%)	**2.2**	0.3	
Retail selling price inflation (%)	**4.9**	4.2	
Units sold (million)	**32.7**	33.1	(1.3)
Number of stores	**183**	177	
Trading area - weighted avg net m²	**130 527**	129 354	0.7
Sales density (rand/weighted avg net m²)	**29 657**	28 908	2.6

sheet street

	2021	2020	% change
Retail sales - including franchise (R'm)	**1 753**	1 666	5.2
Comparable sales growth (%)	**4.3**	1.7	
Retail selling price inflation (%)	**8.1**	6.2	
Units sold (million)	**17.2**	17.7	(2.7)
Number of stores	**322**	313	
Trading area - weighted avg net m²	**52 745**	52 057	1.3
Sales density (rand/weighted avg net m²)	**33 237**	32 007	3.8

mr price money

	2021	2020	% change
Gross retail trade debtors (R'm)	**1 938**	2 238	(13.4)
Total active accounts	**1 309 177**	1 391 660	(5.9)
Average balance (Rand)	**1 481**	1 608	(7.9)
% of debtors able to purchase on credit	**88.5**	91.1	(260)bps
Retail sales analysis:			
- Cash (%)	**86.4**	84.7	170bps
- Credit (%)	**13.6**	15.3	(170)bps
Net bad debt (net of recoveries excluding collection costs) % of total debtors	**13.1**	6.3	680bps
Impairment provision % of total debtors	**13.4**	10.4	300bps

Gross trade receivables per division (R'm)	Mr Price	Mr Price Home	Mr Price Sport	Miladys	Sheet Street	Total 2021	Total 2020
6 months	214	46	9	120	22	**411**	693
12 months	1 076	164	37	145	93	**1 515**	1 519
24 months		12				**12**	26
	1 290	222	46	265	115	**1 938**	2 238

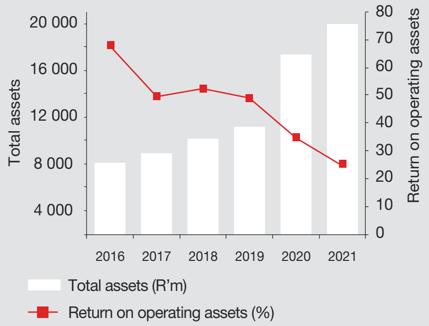
Six-Year Review

Abridged statements of financial position, cash flows and income

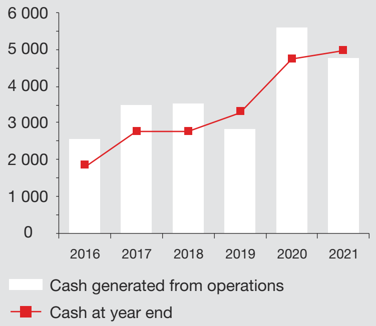
R'm	35 year compound growth %	Five year compound growth %	2021	2020	2019	2018	2017	2016
Statement of financial position								
Assets								
Non-current assets			9 288	6 950	2 664	2 628	2 577	2 241
Property. plant and equipment			2 236	2 137	2 126	2 092	2 130	1 672
Right-of-use assets			5 000	4 202	-	-	-	-
Other			2 052	611	538	536	447	569
Current assets			10 587	10 244	8 481	7 491	6 338	5 822
Inventories			3 298	2 719	2 692	2 215	2 102	2 168
Trade and other receivables			2 155	2 268	2 179	2 370	2 221	2 136
Re-insurance asset			154	182	304	146	129	99
Cash			4 949	4 726	3 275	2 756	1 823	1 419
Derivative financial instruments			24	342	27	-	-	-
Taxation			7	7	4	4	63	-
			19 875	17 194	11 145	10 119	8 915	8 063
Equity and liabilities								
Equity attributable to shareholders			10 838	9 428	8 682	7 455	6 729	5 620
Non-current liabilities			4 800	4 032	289	257	335	244
Lease liability			4 776	4 014	-	-	-	-
Other non-current liabilities			24	18	289	257	335	244
Current liabilities			4 237	3 734	2 174	2 407	1 851	2 199
Trade and other payables			2 542	2 136	1 920	2 115	1 744	2 105
Current portion of lease liability			1 164	1 027	-	-	-	-
Re-insurance liabilities			45	46	46	38	41	30
Other			486	525	208	254	66	64
			19 875	17 194	11 145	10 119	8 915	8 063
Statement of cash flows								
Net cash inflows from operating activities			4 767	5 661	2 857	3 502	2 574	1 906
Net cash outflows from investing activities			(1 945)	(472)	(451)	(455)	(809)	(1 153)
Net cash outflows from financing activities			(2 550)	(3 655)	(2 002)	(2 053)	(1 338)	(2 123)
Net increase/(decrease) in cash and cash equivalents			272	1 534	404	994	427	(1 370)
Cash and cash equivalents at beginning of the year			4 726	3 150	2 720	1 784	1 419	2 764
Exchange gains/(losses)			(49)	42	26	(58)	(62)	25
Cash and cash equivalents at end of the year			4 949	4 726	3 150	2 720	1 784	1 419
Income Statement								
Retail sales	17.3%	2.6%	21 690	21 686	20 850	19 994	18 575	19 038
Retail sales and other income	17.4%	2.5%	22 553	22 707	22 334	21 185	19 679	19 923
Profit from operating activities	20.1%	1.4%	3 864	3 979	3 965	3 732	3 048	3 603
Profit attributable to shareholders	22.5%	0.0%	2 648	2 704	2 982	2 781	2 263	2 645
Headline earnings attributable to shareholders	22.6%	0.7%	2 762	2 716	3 026	2 842	2 331	2 674

Notes:
1. 2016 and 2021 are each 53 week periods.
2. The 35 year compound growth rates are calculated from the date of acquiring joint control in 1986.
3. FY2019 and FY2020 income statement re-presented for discontinued operations.

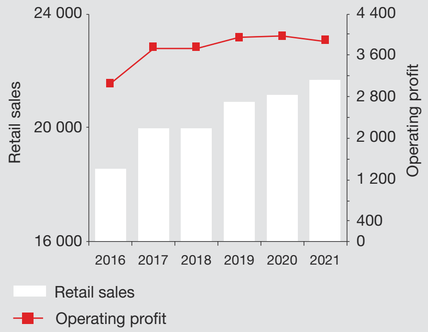
Total assets (R'million) and return on operating assets (%)



Cash generated and cash at year end (R'million)



Retail sales and operating profit (R'million)



Stores and productivity measures

	35 year compound growth %	Five year compound growth %	2021	2020	2019	2018	2017	2016
Operating statistics								
Depreciation as a % sales [a]			1.5%	1.5%	1.4%	1.4%	1.1%	1.0%
Employment costs as a % sales [b]			10.3%	10.7%	11.0%	11.1%	10.4%	10.2%
Occupancy costs as a % sales [c]			7.9%	8.1%	7.5%	7.6%	7.5%	7.1%
Total expenses as a % sales [d]			30.6%	29.4%	29.2%	29.4%	28.3%	26.3%
Number of stores by segment								
Mr Price Apparel			538	532	512	481	470	458
Mr Price Sport			136	124	112	105	92	82
Miladys			239	232	214	207	202	198
Total Apparel Stores			912	888	838	793	764	738
Mr Price Home			183	177	179	171	168	163
Sheet Street			322	313	306	294	284	280
Total Home stores			505	490	485	465	452	443
Franchise			8	9	18	23	21	19
Total group stores[f]	7.5%	3.5%	1 426	1 387	1 341	1 281	1 237	1 200
FT associates [e]			17 831	17 986	18 983	18 536	17 822	17 956
Trading area								
- weighted average net m²			651 875	641 246	627 367	618 684	605 979	590 714
- closing average net m²	8.8%	2.0%	657 763	649 700	633 813	621 512	616 934	594 557
Total sales (R'm)	17.3%	2.6%	21 690	21 686	20 850	19 994	18 575	19 038
Comparable sales growth %			-5.1	-1.4	1.6	5.6	-3.6	6.3
Retail selling price inflation %			5.3	1.4	5.1	1.7	10.7	7.0
Cash sales %			86.4	84.3	84.2	83.7	83.3	82.8
Credit sales %			13.6	15.7	15.8	16.3	16.7	17.2
Sales per store (R'm)			15	16	16	16	15	16
Sales per full time associates (Rand) [f]			1 216 396	1 205 739	1 098 361	1 078 678	1 042 276	1 060 247
Sales density excluding sales to Franchise (Rand per weighted average net m²)			31 346	32 958	33 201	32 238	30 654	31 234

Notes:
1. FY2016 and FY2021 is a 53 week period.
2. The 35 year compound growth rates are calculated from the date of acquiring joint control in 1986.

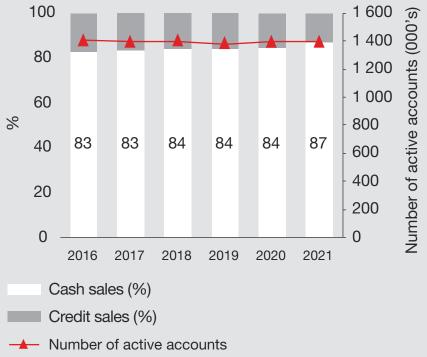
[a] Depreciation on property, plant and equipment only.
[b] Employment costs include salaries, wages and other benefits, share based payments, restraint of trade expenses, defined contribution pension fund expense, defined benefit pension fund net expense and post-retirement medical aid benefits.
[c] Occupancy costs include depreciation on right of use asset and interest on lease liability from FY2020. Occupancy costs include land and building lease expenses, including straight line lease adjustments prior to 2020.
[d] From FY2020, total expenses includes interest on lease liability.
[e] FT: Full time. Excludes Power Fashion associates of 2 193.
[f] Excludes impact of Power Fashion due to acquisition date.

Returns, profitability and share information

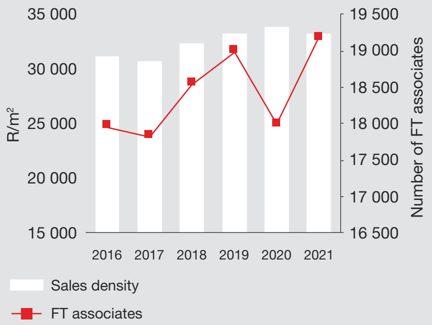
	35 year compound growth %	Five year compound growth %	2021	2020	2019	2018	2017	2016
Productivity ratios								
Net asset turn			2.0	2.3	2.4	2.7	2.8	3.4
Gross margin (%)			42.6	40.7	42.9	43.3	38.8	40.6
Operating margin (%) [3]			17.1	17.5	17.8	17.6	15.5	18.1
EBITDA margin (%)			25.5	25.9	20.8	20.3	17.8	20.1
Profitability and gearing ratios								
Return on net worth (%)			24.4	28.7	34.3	37.3	33.6	47.1
Return on average shareholders equity (%)			27.3	30.0	37.5	40.1	37.8	50.3
Return on capital employed (%)			22.1	30.9	54.2	57.0	49.3	67.6
Return on operating assets (%)			24.7	34.4	49.7	52.5	49.3	67.6
Solvency and liquidity ratios								
Current ratio			2.5	2.7	3.9	3.1	3.4	2.6
Quick ratio			1.7	2.0	2.7	2.2	2.3	1.7
Inventory turn			4.2	4.8	5.0	5.4	5.3	5.8
Total liabilities to total shareholders equity			0.8	0.8	0.3	0.4	0.3	0.4
Per share performance (cents)								
Headline earnings	19.4%	2.6%	1 067.9	1 047.0	1 168.6	1 100.1	911.4	1 057.8
Diluted headline earnings	19.3%	3.5%	1 049.0	1 029.4	1 142.3	1 075.4	887.9	1 012.9
Dividends	18.2%	-11.7%	672.8	311.4	736.2	693.1	667.0	667.0
Operating cash flow			1 843.0	2 182	1 103	1 355	1 006	754
Net worth			4 199.7	3 636	3 345	2 885	2 602	2 217
Dividend payout ratio (%)			63.0	29.7	63.0	63.0	73.2	63.1
Stock exchange information								
Number of shares in issue ('000)			258 067	259 309	259 588	258 982	258 589	253 530
Number of shares on which earnings based ('000)			258 671	259 419	258 922	258 375	255 793	252 786
Shares traded ('000)			361 695	392 932	317 866	426 089	427 817	325 342
Percentage of shares traded (%)			139.8	151.5	122.8	164.9	167.3	128.7
Earnings yield (%)			5.4	8.8	6.2	3.9	5.7	6.0
Dividend yield (%)			3.4	2.6	3.9	2.4	4.2	3.8
P:E ratio			19.3	11.0	16.2	25.9	17.5	16.8
Market capitalisation (R'm)			50 672	31 008	48 696	73 187	40 806	45 077
Share price (cents)								
- high			19 811	25 001	29 910	29 307	23 973	28 380
- low			11 092	10 374	18 050	14 395	13 000	14 126
- closing	20.2%	1.7%	19 798	11 848	18 952	28 500	15 990	17 769
Foreign shareholding at year end (%)			44.4	51.5	48.4	50.7	43.2	52.2

Notes:
1. FY2016 and FY2021 is a 53 week period.
2. The 35 year compound growth rates are calculated from the date of acquiring joint control in 1986.
3. Operating margin calculated as operating profit/retail sales and other income.
4. Market capitalisation is calculated based on number of shares in issue and closing share price.

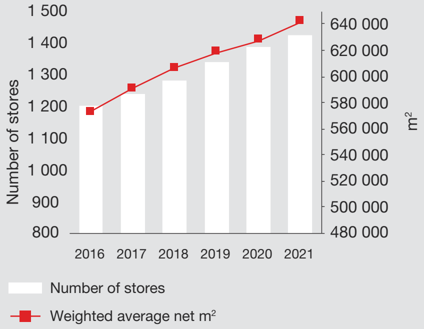
Credit sales and group number of active accounts



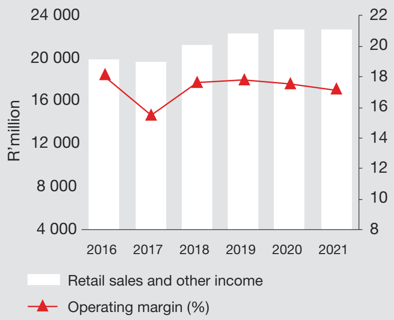
Sales density and number of FT associates



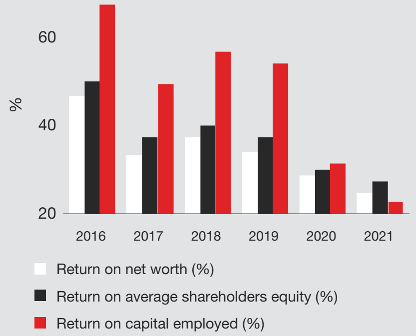
Number of stores and trading area



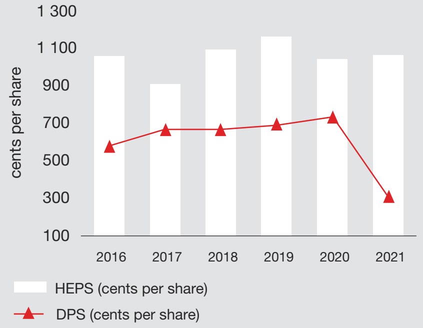
Retail sales and other income and operating margin



Return on net worth equity and capital



Headline earnings and dividend per share



03

How We Govern

In this section you will find disclosure on the group’s governance activities and practices in support of the group’s strategy, value creation and realising the King IV™ governance outcomes.

Contents

Together We Do Good

Chairman's Report

"Mr Price is Fit for Growth to provide opportunities for suppliers, value for customers, career prospects for associates, and superior returns for shareholders."

On behalf of the Mr Price board, it is my privilege and responsibility to report to all our stakeholders — associates, customers, shareholders, suppliers, service providers, the communities we operate in, and all other stakeholders — each of whom we regard as our Partners.

South Africa and the world have endured more than a year of COVID-19 devastation and uncertainty. The human and economic impact will stay with us for many years and transform how we live, do business, and our values and priorities.

Mr Price has focused intensely on the safety of our people and customers. COVID-19 hurt us deeply, taking the lives of 13 of our associates. We continue to mourn their loss and the impact thereof on their families. We honour them daily through our commitment to the physical and mental wellbeing of all associates and their families.

We recognise that COVID-19's impact is unevenly felt and have done our utmost to sustain our suppliers and other business partners. Moving forward, we will continue to need each other. The Mr Price Foundation also continues to uplift the communities in which we operate.

We used the lockdown hiatus to focus on our vision and purpose, culture, long-term strategy, prudent capital management and relationships, and sustainable delivery to all our stakeholders. In particular, we identified and took advantage of growth opportunities, both organic and acquisitive, while taking account of changing customer preferences and other retail sector trends. We continue to benefit from the input of our founders – thank you, Stewart and Laurie, for your ongoing passion for Mr Price.

We have maintained our commitment to only make responsible, synergistic acquisitions with significant growth prospects whose cultures and values are similar to our own. Power Fashion joined the Mr Price family effective 1 April 2021 and on completion of the regulatory approval process, we look forward to welcoming Yuppiechef and their customers and business partners into the group. We are excited to grow together with you. Details of our strategic focus areas are found in the CEO's report and strategy, material matters and key risks section. I am satisfied that reporting in all areas upholds the Mr Price traditions of transparency and accountability.

We appreciate our shareholders, regular engagement and positive support, including granting us a capital raise authority earlier in the financial year that was only to be used if an appropriate acquisition met our stringent investment criteria. This was at a time of high uncertainty when the group's appetite for debt funding remained low. Based on our strong balance sheet and high cash generation, we are pleased to not only have made acquisitions from our existing resources but also to resume dividends in line with our normal payout policy.

This year placed significant demands on executive leadership and board members, all of whom took pay cuts early in the pandemic. As stated in the remuneration implementation report, our remuneration and nominations committee worked with independent advisors to ensure executives, particularly those who took on significantly increased responsibilities last year, are appropriately incentivised and that we retain their talents to unlock identified growth opportunities.

My opening remark in my report last year was, "You learn to know a pilot in a storm", attributed to Seneca, the Stoic philosopher, almost 2 000 years ago. The leadership of our CEO, Mark Blair, has been invaluable this year, especially in the initial months of the COVID-19 crisis and lockdown. Mark and his executive team have implemented several key initiatives, enabling our significant growth momentum. A number of senior appointments during the year reflect both our preference to source talent internally and our intent to advance our transformation journey.

The group was in a strong position at the pandemic's start, with a robust balance sheet and a resilient business model. Much was accomplished this year; our team is even more energised and committed, business units more agile, and our momentum continues to build. Areas of inefficiency and underperformance have been identified and addressed. To maintain profitability at practically the same level as the previous year in this exceptionally challenging period has been a remarkable achievement.

I am grateful to my colleagues on the board for your commitment to the group and your sound judgement in deliberations. We are fortunate to have some non-executives board members present during the previous economic crisis, who balance the input of those appointed more recently. We will strive to retain this balance as we continually restructure our board skills and mix. I am satisfied that the board performed both its governance oversight and strategic leadership roles to a high standard during the year. In August 2020, long-standing director Bobby Johnston retired from the board. My fellow directors, management and I express our utmost gratitude and appreciation for Bobby's wise counsel, sound judgement and unwavering integrity. Special thanks to Brenda Niehaus for her contribution and we welcome new independent non-executive directors, Lucia Swartz and Jane Canny.

Our motivation and confidence are up. We remain fully supportive of our associates at all levels and are grateful for the way you have performed in these challenging times. The impact of COVID-19 on the economy and livelihoods of all South Africans demands an ambitious response. Mr Price is Fit for Growth to provide opportunities for suppliers, value for customers, career prospects for associates, and superior returns for shareholders. Mark and his team have created a clear and positive vision of the exciting potential of this company and the board and all associates in the group are committed to achieving it.

Nigel Payne
Chairman

Board Report

In a rapidly changing world, good corporate governance creates value and 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:

Capitals

F M I H S

Stakeholders

King IV™ Governance Outcomes

- Ethical culture
- Good performance
- Effective control

Strategic Pillars

Sustainable Development Goals

8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
10 REDUCED INEQUALITIES
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
17 PARTNERSHIPS FOR THE GOALS

1 5 6 7 8 9 10 11 12 16

Leadership

Integrity, competence, responsibility, accountability, fairness and transparency 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. The disruptions arising from the COVID-19 pandemic highlighted 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 were uncompromised during the unprecedented past year. Governance practices must 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 strategy, material matters and key risks section on pages 38 - 51.

The beliefs of Passion, Value and Partnership (refer page 9) and 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 page 74 and 75.

Role

The board is the custodian of corporate governance and is responsible for steering 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:

- 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
- Guiding and supporting the implementation of the group's growth strategy, including the group's acquisition of Power Fashion and Yuppiechef
- Under the guidance of the audit and compliance committee, supporting and implementing the group's capital allocation decisions including the authority for a specific issue of shares and a share buy-back programme
- Under the guidance of the remuneration and nominations committee, ensuring the board composition continues to support the delivery of strategy and creation of value through deliberate identification and addition of board skills required to achieve this
- Streamlining and adjusting the standard board and committee meeting frequency and structure (outside of the extraordinary meetings held due to the COVID-19 pandemic) to facilitate focus on strategic matters

Future areas of focus are:

- Continued oversight of the group's response to and the operating and financial impact of COVID-19
- Supporting management with the integration and closing of the group's acquisition of Power Fashion and Yuppiechef respectively
- 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
- Monitoring and support of the group's strategic objectives in pursuit of its new vision and purpose
- Ensuring the group's business model is transforming to support an increasingly digital future

Board Statement

The board is satisfied it has fulfilled its responsibilities in accordance with its mandate for the 2021 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

Stewart Cohen

Honorary Chairman

Age: 76
Appointed: March 1989
Qualifications: BCom, LLB, MBA
Key Skills: Governance, human resources, international, leadership, marketing, retail, supply chain and logistics, strategy

Nigel Payne

Chairman

Age: 61
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, strategy

Mark Blair

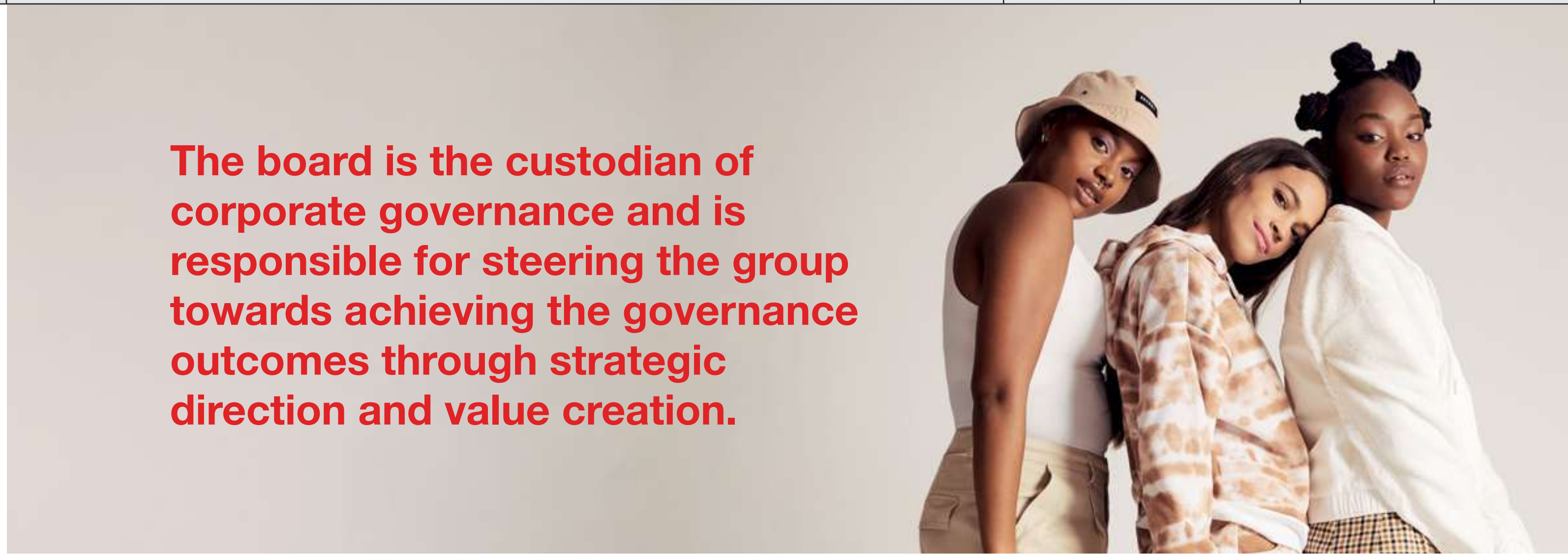
Chief Executive Officer

Age: 55
Appointed: March 2006
Qualifications: CA (SA)
Key skills: Finance, financial services, governance, human resources, international, IT, leadership, retail, risk, strategy, sustainability

Mark Stirton

Chief Financial Officer

Age: 41
Appointed: January 2019
Qualifications: CA (SA), FCMA, CGMA
Key Skills: Finance, financial services, governance, IT, leadership, risk, supply chain and logistics, strategy



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.

Mark Bowman
Lead independent, non-executive director
Age: 55 | Appointed: February 2017
Qualifications: BCom (Finance) MBA
Other directorships include: Tiger Brands Ltd, Dis-Chem Pharmacies Ltd, Grand Parade Investments Ltd
Key skills: Finance, human resources, international, IT, leadership, marketing, supply chain and logistics, strategy, sustainability

Daisy Naidoo
Independent, non-executive director
Age: 49 | 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, Strate (Pty) Ltd, Redefine Properties Ltd
Key skills: Finance, financial services, governance, leadership, risk, strategy

Keith Getz
Non-executive director
Age: 65 | Appointed: May 2005
Qualifications: BProc, LLM
Other directorships include: Spur International Ltd, Kerzner Cape Properties (Pty) Ltd , Strate (Pty) Ltd, Trematon Capital Investments Ltd, Ingenuity Property Investments Ltd
Key skills: Finance, financial services, governance, leadership, risk, strategy

Jane Canny
Independent, non-executive director
Age: 64 | Appointed: March 2021
Qualifications: FCG (CS, CPG, ACC), Fellow of Chartered Governance Institute of Southern Africa
Other directorships include: The Spar Group Ltd
Key skills: Finance, financial services, governance, human resources, IT, leadership, retail, risk, supply chain and logistics, strategy

Lucia Swartz
Independent, non-executive director
Age: 63 | Appointed: August 2020
Qualifications: BA; Diploma in Human Resources Management; Advanced Management Programme
Other directorships include: none
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 Ltd
Key skills: Finance, leadership

Maud Motanyane-Welch
Independent, non-executive director
Age: 70 | Appointed: September 2008
Qualifications: Diploma Library Science, WPI fellow
Other directorships include: Joint Education Trust, Catholic Education Trust, Dynamic Recovery Services (Pty) Ltd
Key skills: Governance, leadership, marketing, strategy

Neill Abrams
Alternate director
Age: 56 | Appointed: August 2010
Qualifications: BA, LLB, LLM
Other directorships include: Ocado Group Plc
Key skills: Governance, international, leadership, retail, risk, strategy

Steve Ellis
Alternate executive director
Age: 59 | Appointed: May 2005
Qualifications: CA (SA)
Key skills: Finance, financial services, governance, human resources, international, IT, leadership, marketing, retail, risk, supply chain and logistics, strategy, sustainability

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 has been experienced globally due to the COVID-19 pandemic. 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

The board chooses not to publish an application register in order to move away from tick-box governance. In the same way that good corporate governance is integrated with and implicit in everything the group does, the application of King IV™ and other governance practices is instead been integrated throughout the report. 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 is consistent with previous reporting periods, King IV™ was applied across the group, with the exception of one principle 9 recommended practice. In this regard, the board notes the practice of having an externally facilitated performance evaluation of the board, committees, chair and individual members at least every two years is not applied. Instead, the board mandate provides the board will consider biennially whether an externally facilitated process should be adopted.

The board established in the reporting period and ahead of the performance evaluation that the internal process managed by the lead independent director (LID), in conjunction with the company secretary, was robust, honest, adds incredible value and is preferable.

During the reporting period, the application of principles 11 (risk governance) and 12 (technology and information governance) received continued focus.

Further details on risk and IT governance is contained in the risk and IT committee report on pages 90 - 99.

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

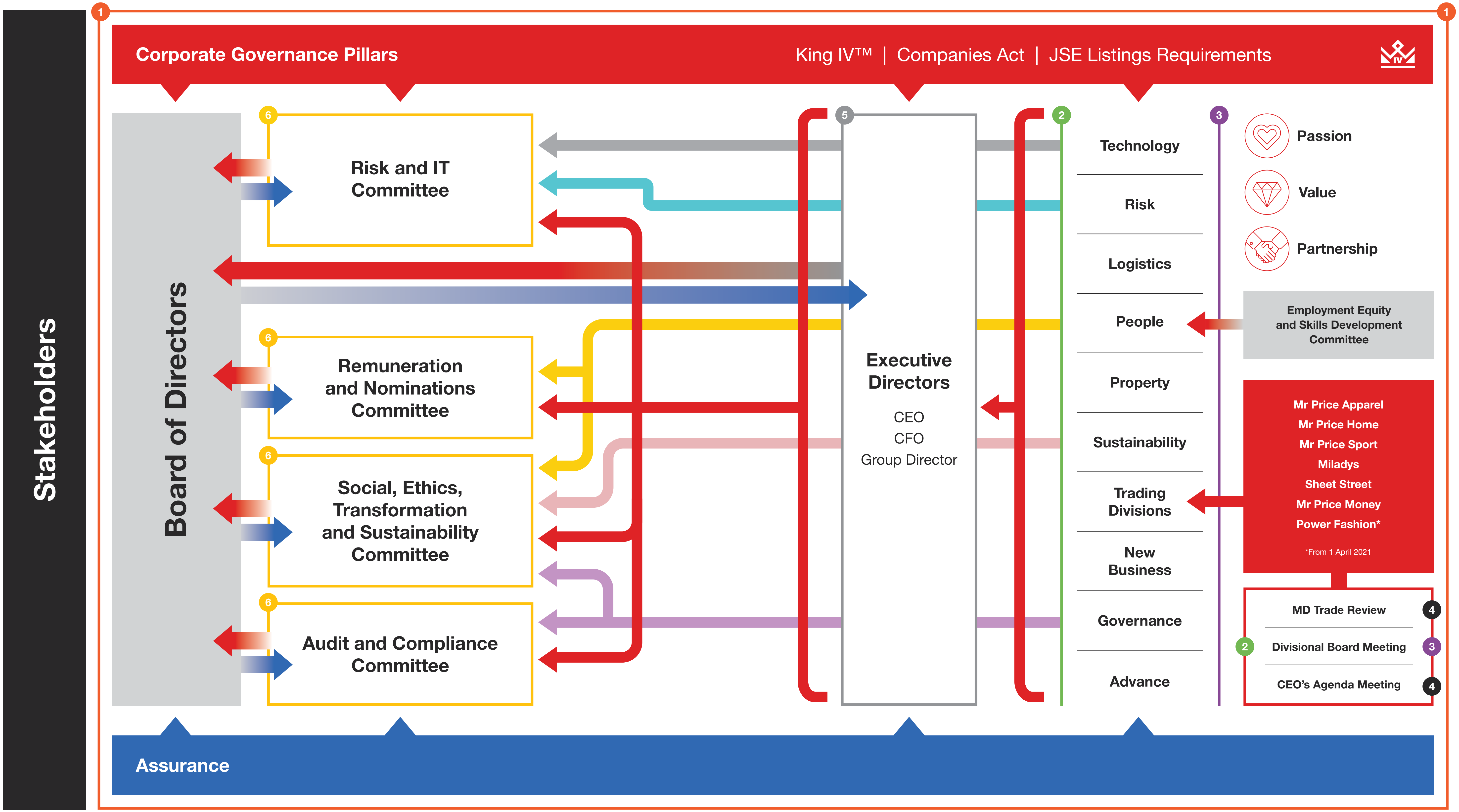
- (i) board and (ii) committee mandates
- policies for the (i) appointment of directors and (ii) promotion of gender and ethnicity diversity on the board
- outline of board and management committees
- internal audit annual assurance statement
- code of conduct
- memorandum of incorporation
- notice of 2021 AGM

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	68 - 71
② Organisational ethics	131
③ Responsible corporate citizenship	128 - 149
④ Strategy and performance	38 - 63
⑤ Reporting	2 - 245
⑥ Board	68 - 81
⑦ Board composition	70, 71, 76 - 78
⑧ Board committees	78, 79
⑨ Board performance evaluation	80
⑩ Appointment and delegation to management	80
⑪ Risk governance	90 - 96
⑫ Technology and information governance	90, 91, 97 - 99
⑬ Compliance governance	83, 84, 89
⑭ Remuneration governance	100 - 127
⑮ Assurance	84 - 89
⑯ Stakeholders	28 - 33

Governance Framework

Diagram Key: Delegation of Authority ⬇ Reporting Obligation ⬆



① ①

Corporate Governance Pillars King IV™ | Companies Act | JSE Listings Requirements

Stakeholders

Board of Directors

⑥ **Risk and IT Committee**

⑥ **Remuneration and Nominations Committee**

⑥ **Social, Ethics, Transformation and Sustainability Committee**

⑥ **Audit and Compliance Committee**

⑤ **Executive Directors**

CEO
CFO
Group Director

② ③

Technology
Risk
Logistics
People
Property
Sustainability
Trading Divisions
New Business
Governance
Advance

Passion
Value
Partnership

Employment Equity and Skills Development Committee

Mr Price Apparel
Mr Price Home
Mr Price Sport
Miladys
Sheet Street
Mr Price Money
Power Fashion*

*From 1 April 2021

MD Trade Review ④
② **Divisional Board Meeting** ③
CEO's Agenda Meeting ④

Assurance

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 May, September and December.

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.

Board Composition

Key changes:

- Lucia Swartz, appointed non-executive director, 1 August 2020
- Bobby Johnston, retired as non-executive director, 27 August 2020
- Brenda Niehaus, resigned as non-executive director, 31 December 2020
- Jane Canny, appointed non-executive director, 8 March 2021

The philosophy of the group is to maintain a vibrant, fit-for-purpose board that challenges management's strategies and evaluates performance against established benchmarks. The board currently comprises 11 directors including two executive directors, seven independent non-executive directors and two non-executive directors. In addition, the chief executive officer and honorary chair each have 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.

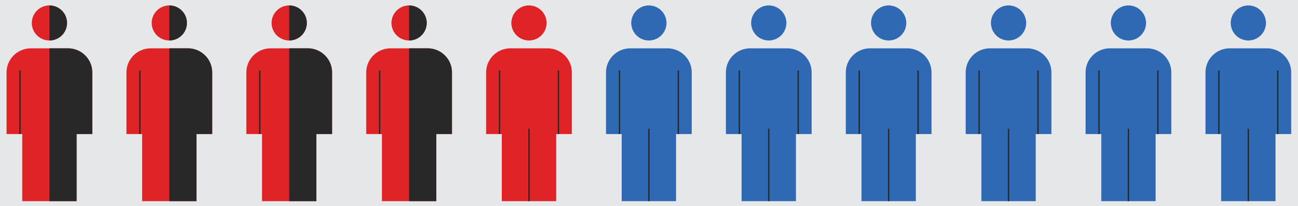
Lucia Swartz was appointed as a non-executive director in August 2020 to boost the board's human resources skills and Jane Canny was appointed in March 2021 to ensure the board maintains the information and technology skills necessary to support the group's omni-channel and e-commerce growth. Both appointments will be presented to shareholders at the AGM for confirmation as per the Memorandum of Incorporation. New non-executive directors are taken through a detailed formal induction programme to ensure smooth integration into the group and support the fulfilment of their director duties and responsibilities.

In August 2020 and after 26 years of service to the group, Bobby Johnston retired as a non-executive director. During his tenure and with his expansive business and governance expertise, Bobby provided invaluable guidance and insights and was a true Mr Price partner.

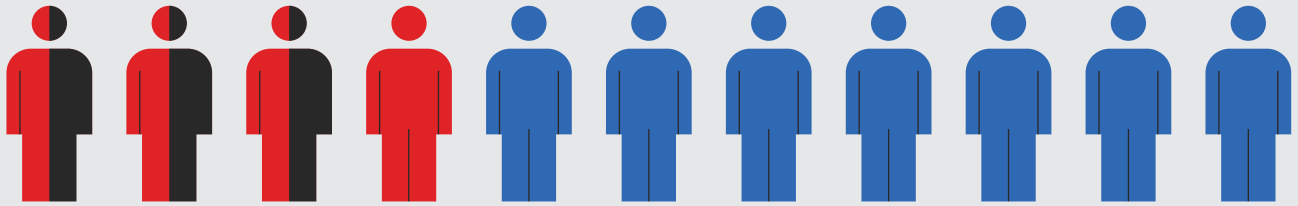
Brenda Niehaus resigned as a non-executive director in December 2020 to focus on her farming operations. During her relatively short tenure Brenda provided wise counsel and guidance on information and technology matters and entrenched the need for this skill on the board.

Board composition

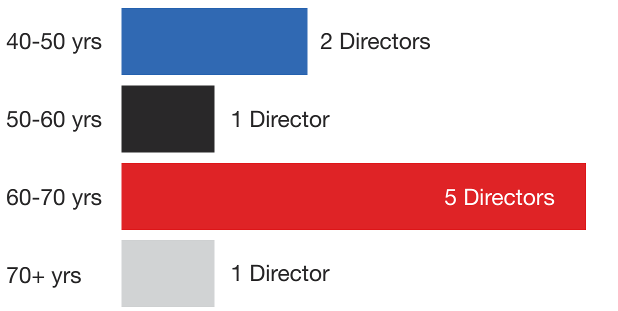
2021 **36% ACI** **45% Female** **55% Male**



2020 **27% ACI** **36% Female** **64% Male**

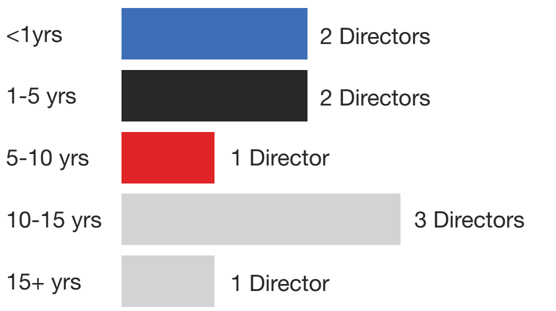


Non-executive director age



Average age 2021: 60 years (2020: 59 years)

Non-executive director tenure



Average tenure 2021: 10.3 years (2020: 12.2 years)

Board diversity

The board's composition and diversity cultivate robust debate on key issues and enables improved decision making. The board has achieved its initial voluntary gender diversity target of 30% female representation. However, through the remuneration and nominations committee and as part of the ongoing board skills focus, the board will continue to seek to appoint additional directors with appropriate skills and experience in achieving the aspirational voluntary ethnicity diversity target of 50% ACI representation.

Board skills

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

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

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.

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. Also, exposure to Stewart's extensive operational retail knowledge and experience is integral to new director induction.

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 board balance of skills. Daisy Naidoo, Mark Bowman and Maud Motanyane-Welch are due to retire by rotation at the 2021 AGM.

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.

Long-standing director Daisy Naidoo continues to provide valuable insight with her extensive finance, financial services and business knowledge. The board considered several indicators in determining Daisy's independence, including her consistent professional conduct and substantively independent fulfilment of her director obligations over the course of her tenure. Despite her long association with the group, the board has unanimously concluded that Daisy acts with utmost independence of mind and in the best interests of the group.

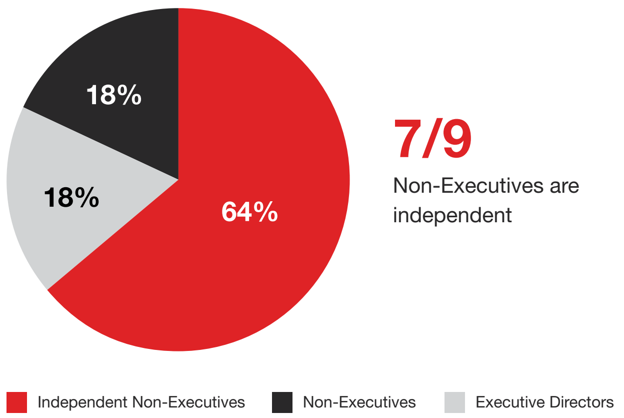
Notwithstanding the board's support for re-election, Maud Motanyane-Welch has indicated that after 13 years' service on the board, she will retire by rotation effective immediately after the 2021 AGM.

Fees

Non-executive director fees and executive remuneration is disclosed in the remuneration and nominations committee report on pages 112 and 113. In light of the COVID-19 business and global economic impact, the board voluntarily sacrificed 10% of their fees for the first six months of the reporting period. The equivalent of this fee sacrifice was included in the group's R2 million donation to the South African Solidarity Response Fund in support of COVID-19 relief. In addition and to align with the group's approach to associate increases, non-executive directors did not receive any fee increase in FY2021 and no additional fees were paid for the six extraordinary meetings held during the reporting period (see details of meeting attendance on page 79). Varied fee increases have been recommended by the remuneration and nominations committee following an external benchmarking exercise. These proposed increases for shareholder approval can be found in the remuneration and nominations committee report on page 113 and in the AGM notice on page 252.

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, including personal and professional interests, nature of relationship with the group, length of service and individual conduct. Directors who have served on the board for nine years or longer are required to complete an additional self-assessment. These results, together with other facts and circumstances relevant to each director, were considered by the board at the November 2020 special corporate governance meeting and at the May 2021 board meeting. 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 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 role as an external legal advisor to the group. 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 independent.



7/9

Non-Executives are independent

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 annual special corporate governance meeting of the board, facilitating the conduct of the board and company secretary performance evaluations, 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. The chair must approve any director share dealings which are disclosed in terms of the 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 interests

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.

Board Committees

Key changes:

- Bobby Johnston retired as member of the audit and compliance and remuneration and nominations committees, 27 August 2020
- Brenda Niehaus resigned as member of the risk and IT committee, 31 December 2020
- Jane Canny appointed member of the risk and IT committee, 8 March 2021

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. As the impact of COVID-19 has become 'business as usual', related oversight and monitoring activities have been assumed by the relevant committees. 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.

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 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. As a consequence of the COVID-19 pandemic and various acquisition opportunities, the board held six extraordinary meetings during the reporting period.

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 and all directors attended all meetings of the board and committees of which they are members, save as indicated in the attendance table. 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	Extraordinary Board meetings[1]	AGM	Special Corporate Governance	Audit and Compliance (ACC)*	Remuneration and Nominations (Remnomco)*	Extraordinary Remnomco meetings[2]	Risk and IT (RITC)*	Social, Ethics, Transformation and Sustainability (SETS)*
Executive	Mark Blair	4/4	6/6	1/1	1/1	-	-	-	▨ 3/3	-
	Mark Stirton	4/4	6/6	1/1	1/1	-	-	-	▨ 3/3	-
Non-executive	Stewart Cohen	4/4	6/6	1/1	1/1	-	-	-	-	-
	Keith Getz	4/4	5/6	1/1	1/1	-	▨ 3/3	▨ 2/2	-	🟥 3/3
Independent non-executive	Nigel Payne	🟥 4/4	5/6	🟥 1/1	1/1	-	▨ 3/3	▨ 2/2	🟥 3/3	-
	Mark Bowman	4/4	3/6	1/1	🟥 1/1	▨ 3/3	🟥 3/3	🟥 2/2	-	-
	Bobby Johnston [3]	2/2	2/2	1/1	-	▨ 2/2	▨ 2/2	▨ 1/1	-	-
	Mmaboshadi Chauke	4/4	4/6	1/1	1/1	▨ 3/3	-	-	-	-
	Maud Motanyane-Welch	4/4	5/6	1/1	1/1	-	-	-	-	▨ 3/3
	Daisy Naidoo	4/4	5/6	1/1	1/1	🟥 4/4	-	-	▨ 3/3	▨ 3/3
	Brenda Niehaus[4]	3/3	6/6	1/1	1/1	-	-	-	▨ 3/3	-
	Lucia Swartz [5]	3/3	3/4	1/1	1/1	-	▨ -	-	-	-
	Jane Canny [6]	1/1	-	-	-	-	-	-	-	-
Alternate	Neill Abrams [7, 8]	1/4	3/6	0/1	0/1	-	-	-	-	-
	Steve Ellis[7]	4/4	5/6	1/1	1/1	-	-	-	🟦 4/4	-

[1] Extraordinary board meetings as a consequence of the COVID-19 pandemic and acquisition opportunities.
[2] Extraordinary Remnomco meeting to approve the new long-term incentive plan.
[3] Retired 27 August 2020.
[4] Resigned 31 December 2020.
[5] Appointed 1 August 2020; appointed to Remnomco 1 June 2021.
[6] Appointed 8 March 2021.
[7] Alternate directors are not required to attend each meeting.
[8] UK resident.

Key:

🟥 Chair
▨ Member
🟦 Permanent invitee

*The chief operating officer, and key trading division and centres of excellence senior management are permanent invitees to the relevant committee meetings (as per the committee mandates located on the group's website www.mrpricegroup.com). The chief operating officer was also a permanent invitee to the board meetings. This creates transparency through direct access to management and facilitates robust discussions, which enables the board and committees to make more informed, better decisions.

FY2021 attendance: 100%

Board, AGM, Special Corporate Governance, Audit and Compliance, SETS, Remnomco and RITC

Performance Evaluations

The performance of the board and its committees is continually monitored through a formal process facilitated by the LID and 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. After considering whether an externally facilitated evaluation process should be adopted, the board concluded the internal process is robust, honest and adds incredible value that improves its performance and effectiveness, and is preferable. Comprehensive steps for improvement documents and progress are tabled bi-annually. Overall, the board, its committees and members function efficiently and discharge their responsibilities as the group's custodians of corporate governance.

Due to the board's focus on overseeing and monitoring the group's response to and management of the impact of the COVID-19 pandemic and the strategic focus on acquisition opportunities and the group's new vision and strategy, the evaluation of the board and its committees was carried forward and is currently underway. Feedback will be tabled at the August 2021 meetings. Annually the remuneration and nominations committee, taking into account feedback from the board and honorary chair in the case of the chief executive officer, and the chief executive officer in the case of the chief financial officer, assess the performance of both the chief executive officer and the chief financial officer. 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 74 and 75, and formally to management through the delegated limits of authority document.

These limits of authority are 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. The board is satisfied holistically that the governance framework and delegated limits of authority provide role clarity and contribute towards effective exercise of authority. As part of continuous monitoring and improvement, the formal delegation document was updated during FY2021.

Chief executive officer

The chief executive officer, together with the chief financial officer, collectively exercise executive control over, and management of, the group and its trading divisions and centres of excellence. The chief executive officer had no professional commitments outside the group during the reporting period. The chief executive officer 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 chief executive officer role over the long-term is in place.

Company secretary

The performance of the company secretary was formally reviewed in May 2021 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 philosophy of the group is to maintain a vibrant, fit-for-purpose board that challenges management's strategies and evaluates performance against established benchmarks.

Audit and Compliance Committee Report

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

Capitals

F I S

Stakeholders

Business Activities

King IV™ Governance Outcomes

- Good performance
- Effective control

Strategic Pillars

Sustainable Development Goals

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Role

The committee is constituted as a statutory 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 of the internal and external audit, finance and compliance functions. The committee mandate is published on the group's website www.mrpricegroup.com. The committee members, their qualifications and experience, the number of meetings held and attendance at meetings is detailed in the board report on pages 70, 71 and 79.

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:

- Ensuring alignment between assurance efforts and risks associated with the COVID-19 pandemic
- Monitoring the group's fiscal performance and financial capital allocation activities
- Overseeing the transition of internal audit from in-house to outsourced
- Conducting the suitability assessment of the external auditor and audit partner
- Formulating a suitable approach to assess the capabilities and suitability of qualifying audit firms for purposes of mandatory auditor firm rotation effective in FY2023
- Monitoring the interpretation and impact of IFRS 16 amendments
- Overseeing ongoing regulatory, tax, legal, compliance and credit matters
- Considering the impact of the JSE Listings Requirements (LR) amendments on financial reporting and compliance
- Ensuring readiness for internal financial control attestation by management

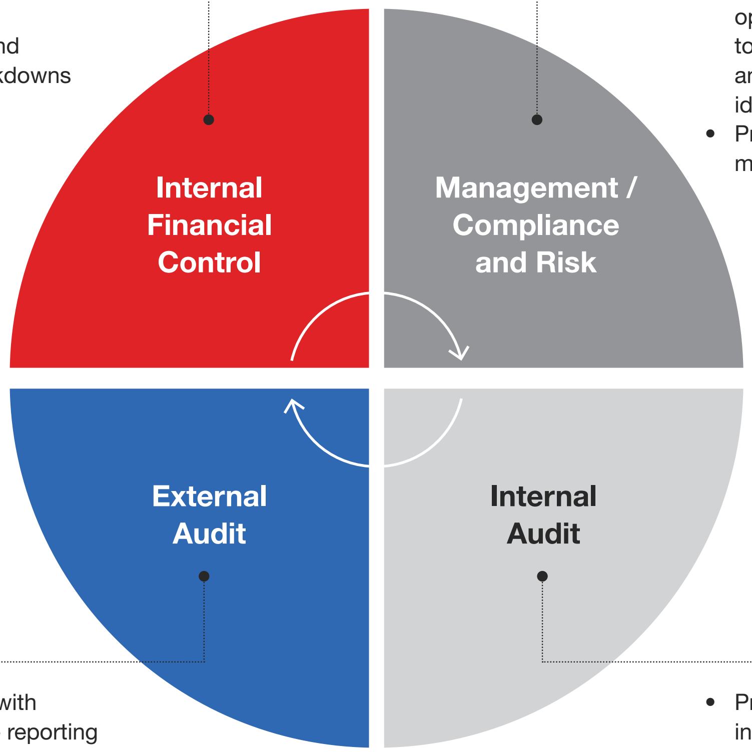
Committee statement

The committee is satisfied that it has fulfilled its responsibilities in accordance with its mandate for the 2021 financial year, including duties in terms of the Companies Act, JSE LR and King IV™.

Having given due consideration, the committee believes and confirms that Mark Stirton, who is the financial director and carries the title chief financial officer (CFO), possesses the appropriate expertise and experience to effectively fulfil his responsibilities. The committee is also of the view that the group's financial function incorporates the necessary expertise, resources and experience to adequately and effectively carry out its assurance role.

Integrated Assurance

As the group embarks on its vision to be the most valuable retailer in Africa, reliable risk assurance mechanisms — that preserve and protect its future —are needed if the group is to respond to this ambitious goal.



- Processes to manage operational risks and performance
- Processes to identify and remediate control breakdowns

- Works closely with operational management to monitor processes and controls to mitigate identified risks
- Provides oversight over management functions

- Provides shareholders with independent assurance reporting information
- Provides information on financial risk and reporting (to the board and senior management)

- Provides objective and independent assurance of the adequacy and effectiveness of internal controls, risk management and governance

An integrated and responsive assurance discipline supports the group's pursuit of success, with sustainability being the core goal. Critical to success is the ability to embed a group-wide culture to promote risk-taking quickly and more confidently. The coordination of current and future assurance mechanisms enables such confidence. The road to success is guarded by rails of assurance, enabling faster navigation and a greater probability of success. *"We make and act upon key decisions faster than our competitors, speed is our advantage"* – Founders Mentality.

A myriad of assurance providers currently exist in varying forms across divisions and functional areas. The group is mindful that assurance fatigue so to counter this, integrated assurance eliminates assurance that does not deliver value or is duplicated and focuses efforts on key areas to enable future success. *"We simplify initiatives and focus on the biggest value adding priorities appropriate for our value model"* – Founders Mentality.

The journey towards achieving fully integrated assurance commenced on 1 July 2020. Activities completed to date include:

Internal Financial Control

- The approval of a multi-year audit plan linked to key risks
- An internal financial control assessment to support the CEO's and CFO's attestation required by the JSE LR at year-end. The control self-assessment was implemented to support internal control health validation

Management / Compliance and Risk

- Repositioning and elevating the enterprise risk management (ERM) lead role as a crucial voice in strategic decision making
- The completion of a dynamic risk assessment, providing an informed top-down view of the group's key risks, their interconnectivity and velocity
- Completion of a risk maturity assessment that provides an accurate score of maturity, the desired state and the activities to be achieved within targeted dates
- Alignment of trading division and centre of excellence strategies to key risks thereby improving the risk culture of the business.
- Systemised tracking of risk mitigation activities committed to by risk owners

Internal Audit

- The implementation of a high-risk findings register action tracker
- Alignment of internal and external audit activities to ensure reliance
- The outsourcing of the internal audit function so that the group required assurance skills and tools are available without additional investment

External Audit

- Preparation for the external auditor rotation in FY2023
- Alignment of internal and external audit activities to ensure reliance

The informed view of the group's risk landscape (as included in the strategy, material matters and key risks section on pages 38 - 51), albeit dynamic, allows the committee to tackle the vital phase of obtaining assurance on the effectiveness of the risk mitigation strategies in place or committed to. The next phase will include the following activities:

- A roadmap to achieve the appropriate and desired risk maturity score
- Compilation and approval by the audit and compliance committee (ACC) and risk and IT committee (RITC) of a group-wide integrated assurance policy
- The implementation of the associated frameworks to achieve integrated assurance
- Agreement on the group's risk appetite and risk tolerance by functional area
- The compilation and streamlining of current and future assurance universe

Other areas of focus include:

- *Business Continuity* – Critical to operations is the need to assure continuity strategies and supporting processes
- *Insurance* – Inextricably linked to the group's risk appetite, there is a need to consider that risk transfer mechanisms, such as insurance, allow for proper risk treatment
- *Occupational Health and Safety* – The approach to health and safety compliance requirements and the ability to assure a safe working environment requires improved focus and attestation

Internal Financial Control

The group has appropriate financial reporting procedures and is satisfied that these procedures are operating adequately. This is supported by internal controls effectively maintained at a high standard, translating into accurate financial and related information presented to stakeholders in annual integrated reports. There are no known significant internal financial control weaknesses. Significant matters considered in relation to the annual financial statements were the approach to determining both inventory and trade receivables provisioning, impairment assessments and assumptions used, going concern evaluation, quality of earnings, and adoption of new International Financial Reporting Standards (IFRS) standards and disclosures. The impact of COVID-19 on the group's financial reporting has been reviewed in conjunction with Ernst and Young Inc (EY), and additional disclosure relating to management judgement added, where appropriate. The committee also considered the impact of the JSE reports on proactive monitoring of annual financial statements. Based on the external auditors' supporting information, including financial analysis, prior history and best practice, the committee is satisfied that matters have been adequately addressed.

The impact of the JSE LR amendments was considered, particularly the CEO and CFO sign-off on internal financial controls, which became effective for issuers with year-ends on or after 31 December 2020. This requirement seeks to reinforce compliance with the JSE LR through the attestation by executive management that the annual financial statements have been prepared in accordance with the accounting framework and can be relied upon for economic decision making, and that the internal financial controls in place are effective and adequate to prepare annual financial statements effectively.

The basis for determining materiality was approved by the committee and the committee is satisfied with the level of reporting by management on items that qualify as significant over the period.

Internal Audit

Approach

KPMG Services (Pty) Ltd commenced providing outsourced internal audit services to the group from 1 July 2020, following a Section 197 transfer of the team. As part of this process, KPMG integrated 23 in-house internal audit associates into the KPMG Advisory Practice. These associates have been absorbed into the established structure to create a new and enhanced internal audit capability that can work seamlessly across all parts of the group's business.

A three-year risk-based internal audit plan was developed and aligned to the strategic pillars of the group after considering:

- Significant risk areas as identified during the dynamic risk assessment, divisional risk assessment process and a dedicated IT risk and controls assessment
- Materiality and the requirements of the JSE LR regarding internal financial controls
- Potential external audit requirements and alignment to a combined assurance approach
- Focused sessions with all trading divisions to understand hotspots
- Consideration of latest and global audit best practices and KPMG insights
- Impact of the new enterprise resource planning (ERP) system and leveraging the use of technology

The internal audit plan therefore includes the following focus areas:

- Enterprise risk management, business continuity and combined assurance
- Internal financial controls
- External audit support and control self-assessment
- Technology, governance, risk and compliance
- Specialist technology and pro-active monitoring
- Forensics
- Cyber security
- IT project assurance
- Acquisitions (e.g. Power Fashion)

Methodology and Independence

KPMG's internal audit methodology is aligned to the Institute of Internal Audit standards and aims to provide independent, objective assurance to add value and improve the group's operations. KPMG confirms its independence for FY2021.

For the financial year ending 3 April 2021, work performed has been summarised and results reported to the committee as it pertains to the governance, risk management and internal control processes within the various parts of the group.

Conclusions

Governance, risk management and combined assurance

The maturity of the group's risk function was assessed to determine how risk management is integrated into the group's operations. The overall maturity rating placed the group at the early stages of a mature environment. Management has committed to enhancing the process, ultimately moving to the desired maturity level over the next two years.

The draft combined assurance policy outlines the integrated combined assurance process. It translates the combined assurance policy into a combined assurance plan to identify the various lines of assurance and assurance providers involved per key risk. A high-level combined assurance maturity assessment will be performed to identify the next steps in the group's combined assurance journey.

Internal control processes

The reviews as per the FY2021 internal audit plan conclude that based on the scope of work and approach, the results of the reviews performed to date indicated some enhancements are needed within the group's internal control environment. The results of the reviews are reported to the committee regularly during the year.

Statement by Internal Audit

For the financial year ending 3 April 2021, after taking into consideration:

- The FY2021 internal audit plan
- The scope of the internal audit work and the approach followed
- The limitations of coverage and sampling
- Representations, self-assessments and other information provided by management,

KPMG believes that, based on the significance and nature of findings as reported by internal audit, the internal control processes evaluated are at an acceptable level.

External Audit

EY were the group's appointed external auditor for the reporting period. Although EY has been the group's auditors since October 1989, the committee is satisfied that EY is independent of the group.

In reaching this conclusion, the committee considered:

- Vinodhan Pillay rotated off the group's audit as designated partner, a role assumed by Merisha Kassie for FY2021
- The group has a clearly defined non-audit services policy which is strictly followed
- The extent of non-audit services is minimal and is continuously monitored, with no excessive, unusual or unnecessary engagements noted

The committee is of the view that the group received a high-quality external audit considering the standard of audit planning and scope of activities performed. The audit team assigned to the audit, EY's independence, its relationship with stakeholders, understanding of the business, and the extent of non-audit services provided, were further points taken into consideration during the assessment of the audit quality. The committee chair met with EY prior to the approval of this report to discuss key audit matters, the group's annual financial statements, commentary thereon and general matters. Merisha Kassie has taken over as the designated audit partner for FY2021 following the rotation by Vinodhan Pillay, the previously designated audit partner. The committee has considered the documents submitted by EY as part of the committee's suitability assessment and Merisha Kassie in terms of the JSE LR. Based on this assessment, the committee recommended to the board and shareholders that EY be re-appointed as the external auditors be appointed as the designated auditor for the current financial year (FY2022). The resolution for the reappointment of EY as the group's external auditors is on page 249 of the notice of AGM.

As advised in prior years, the group has on an ongoing basis considered the requirements of mandatory audit firm rotation effective 1 April 2023, as prescribed by the Independent Regulatory Board for Auditors. The capabilities and suitability of qualifying audit firms are being assessed in the current financial year and an appointment decision will be made in Q2 FY2022 to enable a smooth transition for the rotation currently planned for FY2023. This will allow the new external auditors time to become familiar with the business to limit disruption and the risk of audit failure.

Compliance

The board governs compliance with applicable laws, regulations and adopted non-binding rules, codes and standards. The board delegates its responsibility to the committee, which is accountable for setting the direction on how compliance is managed by approving the group's compliance policy and exercising ongoing oversight of compliance governance. The committee delegates the implementation and execution of effective compliance management to the group's management as the first line of defence.

The second line of defence is the group's compliance function, which assists the board, management and associates in fulfilling their responsibility to comply with applicable compliance obligations by providing compliance risk management services. Regulatory alert systems and other professional and industry stakeholders assist the compliance function to constantly monitor the frequently changing regulatory environment to ensure that key regulatory changes are identified across all jurisdictions in which the group operates. The business impact is also determined and appropriate controls implemented to enhance the group's defendable compliance position. The group's credit and insurance business is highly regulated and in order to manage this, there is a dedicated compliance function within the Mr Price Money division which reports into the group compliance function. Implementation of compliance measures and controls is managed within other trading divisions and centres of excellence as part of existing roles as appropriate.

Annually the group's regulatory universe is reviewed by the group compliance officer, approved by the committee, and the responsibility for legislation compliance is delegated to management. The group compliance function monitors material group and divisional compliance risks, trends and mitigation measures. It formally reports to management at quarterly governance centre of excellence board meetings and the board, through the audit and compliance committee, and the social, ethics, transformation and sustainability committee (SETS) regarding compliance matters relevant to SETS's area of oversight. On an annual basis, management and the group compliance officer provide assurance to the committee in respect of their delegated areas of responsibility through the legal assurance process.

Data protection

With data being a valuable asset to the group, combined with the global focus on data protection and the South African Protection of Personal Information Act (POPIA) coming into full effect on 1 July 2021, the group has been working towards data protection compliance. In the reporting period the group appointed information officers, formalised a function-wide data protection project and project team and made progress in identifying areas requiring focus to achieve material compliance ahead of the POPIA effective date. Data protection will remain a high compliance priority for the short to medium term.

Tax and labour

The previously disclosed SARS assessment did not proceed to court as SARS conceded the appeal for the 2014 year of assessment. However, in February 2021, SARS issued further assessments disallowing similar deductions that were claimed by the group in the 2015, 2016 and 2017 years of assessment. The group has objected to these assessments and if disallowed will submit an appeal (refer pages 55 for the CFO's report).

The Department of Labour compliance notices previously issued and mentioned in the prior reporting period regarding alleged non-compliance with the sectorial determination for "store associate" rates of pay, remain under dispute. The group maintains its position that it complies with the sectoral determination both in substance and form, and will defend these matter accordingly.

Occupational health and safety

During the reporting period, the ongoing implementation of compliance with Disaster Management Act regulations was a key priority as the government adjusted the lockdown levels to manage COVID-19 infections. Compliance efforts focused on store operations once retail operations recommenced in May 2020 following a period of hard lockdown to ensure the required operating and associate permits were obtained. Health and safety measures to protect customers and store associates were implemented (and are ongoing), including sanitising, mask wearing and social distancing practices, and store closure procedures and protocols are in place in the event of associate illness. The committee is comfortable that appropriate compliance was achieved as evidenced by the fact that no fines were issued by regulatory bodies or stores required to be closed due to material non-compliance. In addition, no material non-compliance was identified at any head office. The implementation and monitoring of COVID-19 health and safety requirements will remain a focus for the foreseeable future but is transitioning to business as usual compliance practices.

The key areas of focus for the reporting period were:

- Ensuring Disaster Management Act regulations and COVID-19 related health and safety compliance
- Implementing data protection controls and measures through a focused data protection project in working towards material compliance by 1 July 2021
- Commencing holistic review of the group compliance policy and framework

Future areas of focus are:

- Ensure Disaster Management Act regulations and COVID-19 health and safety requirements remain entrenched within the group as business as usual compliance practices
- Entrench data protection principles and controls across the group to achieve material compliance by the effective date of 1 July 2021 and implement a compliance risk management plan for ongoing compliance monitoring
- Complete the review of the group compliance policy and framework
- Continued monitoring of financial services legislation and implementation of amendments when effective, particularly the National Credit Act

Risk and IT Committee Report

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

Capitals

F M I H ○ ○

Stakeholders

Business Activities

King IV™ Governance Outcomes

- Good performance
- Effective control

Strategic Pillars

Sustainable Development Goals

9 11 12

Role

The committee is constituted as a committee of the board and has been delegated responsibility for governing and overseeing the risk and information technology (IT) activities of the group. The committee mandate is published on the group's website www.mrpricegroup.com. The committee members, their qualifications and experience, the number of meetings held and attendance at meetings is detailed in the board report on pages 70, 71 and 79.

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 strategy, material matters and key risks section on pages 38 - 51).

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:

- Guiding and monitoring management's response to the COVID-19 pandemic
- Promoting and monitoring a paradigm shift to a more integrated, proactive and continuous enterprise risk management (ERM) approach
- Improved integration of risk into the revised group strategy
- Oversee progress towards the successful delivery of the group's IT transformational projects
- Monitor and review ongoing improvements to the IT security posture in accordance with the targeted end state

Committee Statement

The committee is satisfied that it has fulfilled its responsibilities in accordance with its mandate for the 2021 financial year.

Enterprise Risk Management

Risk management is intertwined into the annual strategy build process across all trading divisions and centres of excellence. The philosophy of the group is to promote risk-taking in a responsible and informed manner. Thus, the synchronisation between strategy and risk and its effect on overall performance is critical to ensure value creation. Post the outsourcing of the internal audit function, the group retained its chief audit executive and pivoted the role into director of integrated assurance reporting to the CFO. The continuity of skills and prior business knowledge has added tremendous credibility to this role, elevating its importance and ensuring traction.

Risks are carefully considered in achieving a given strategy and business objective. Executive management routinely challenge divisional management on their capabilities to achieve their strategy and business objectives and, in doing so, receive formal quarterly updates on progress. The analysis of divisional risk registers ensures completeness, progress and alignment to group strategic risks. This focus on risks, embedded in strategy and business objectives, remains critically important. In addition, the group and risk management functions perform risk assessment pulse checks to identify internal and external events that may impact the group in achieving its objectives. Driving focus on upside risk exploitation (opportunity), rather than just downside risk mitigation, is of equal importance. Opportunistic thinking is an essential consideration of the group-wide and divisional strategy-setting processes.

Two significant initiatives over the year have accelerated the group's journey of continuous improvement in ERM maturity.

1: Risk Maturity Assessment

At the request of executive management to continuously improve and enhance the group's ERM strategic approach, KPMG completed an independent maturity assessment of risk processes across the group. A maturity continuum has been developed by considering recognised and leading practice, various governance and risk codes, and reference to the KPMG Global ERM Methodology. It is aimed at guiding organisations in achieving their desired risk maturity status. Accordingly, the results of the review were plotted against the KPMG risk maturity framework that considers seven key ERM life cycle elements with sub-elements as illustrated below:

Risk strategy and appetite	Linkage to corporate strategy	Risk strategy	Risk appetite and tolerance				
Risk governance	Board and oversight committee	Company risk operating structure	Risk guidance	Roles and responsibilities	Decisions		
Risk culture	Knowledge and understanding	Belief and commitment	Competencies and context	Action and determination			
Risk assessment and measurement	Risk definition and taxonomy	Risk identification	Assessment and prioritisation	Quantitative methods and modelling	Risk aggregation, correlation and concentration	Scenario analysis and stress testing	Capital and performance management
Risk management and monitoring	Risk mitigation, response and action plans	Testing, validation and management's assurance	Monitoring	Risk in projects/ initiatives			
Risk reporting and insight	Risk reporting	Business/ operational requirements	Board and senior management requirements	External requirements			
Data and technology	Data quality and governance	Risk analytics	Technology enablement				

2: Strategic Risk Assessment

Risk identification is driven through a hybrid approach of a top-down and aggregated bottom-up process. An interactive dynamic risk assessment workshop, facilitated by KPMG global risk thought leaders, helped identify the group's top-down strategic risks. Twenty-five senior associates representing all group functions participated in this session. The workshop extended far beyond traditional risk assessment methods (impact and likelihood) to capture the following features:

Velocity	Measures the speed at which risk expects to materially impact the organisation upon onset
Strongest risk clusters	Groups of risks that have been identified by the survey participants as more strongly connected and therefore should be considered in combination for risk management purposes
Most pervasive risk emitters	These risks have a greater potential to trigger or amplify other risks within the network due to their centrality by cause
Weakly-linked risks with expected severe outcomes	Combinations of risks that display weak links to each other but pose disastrous aggregate severities
Most convergent risk receivers	These risks are significant in that they are triggered or made worse by other risks due to their centrality by effect

The results of this workshop served three key purposes:

- Enabled careful and informed consideration of threats and opportunities in the finalisation of the group strategy
- Identification and confirmation of the key strategic risks facing the group to allow for risk focus throughout
- Development of a three-year strategic internal audit and assurance plan

The prevailing pandemic and related risks tested each divisional business model and reinforced the necessity for an enhanced risk discipline within strategic and tactical activities. While management could not predict every eventuality, circumstances and outcomes have confirmed the resilience of the group in arguably the most challenging operating environment in the history of the organisation.

Further detail on key strategic risks, the link to material matters and the group's response can be found in the strategy, material matters and key risks section on pages 38 - 51.

Top Ten Risks

The strategic risk assessment identified the following key strategic risks facing the group:

Risk Category	Risk Statement
1. **Clear strategy and vision**	The risk that the lack of an articulated growth strategy will result in an inability to achieve desired growth
2. **Competitive landscape**	The risk that actions of competitors or new entrants to the market threaten the organisation's competitive advantage or even ability to survive
3. **Leadership and organisational agility**	The risk that leadership behaviour and its impact on organisational health impacts the ability to achieve goals
4. **Brand reputation (incl. supplier ethical risks)**	The risk that associates, or parties with whom the company transacts, conduct themselves in a manner that damages the reputation of the company's image
5. **Culture and behaviours**	The risk that culture and behaviours do not engender the correct values, behaviours to engender organisational health
6. **Talent attraction and retention**	The risk that an inability to attract and retain key skills impacts the ability to execute strategy
7. **Macro, socio-political, socio-economic and regulatory environment**	The risk that adverse political actions, social unrest, declining economic conditions and onerous legislative requirements impact growth imperatives
8. **Systems and technology**	The risk that IT systems lack capability and capacity to support operations and future growth
9. **Supply chain**	The risk that an inefficient, ineffective and unreliable supply chain will result in poor inventory management that will impact competitive advantage
10. **Transformation**	The risk that a slow pace of transformation will result in adverse reputational and commercial damage

Risk Operating Model

The risk operating model allows for the aggregation and dissemination of the group's risks, enabling the group to understand the relationships between risks across multiple divisions and captures material risk exposures generated from varying perspectives. The model remains unchanged from the previous year.

Risk Oversight

Risk and IT committee

- Governance and oversight of risk activities (refer to committee mandate on www.mrpricegroup.com)
- Approve the risk appetite for the group
- Approve risk management components
- Discuss group-wide risks and opportunities facing the business (as detailed in the strategy, material matters and key risks section section on pages 38 - 51).

Risk Management

Executive management

- Define risk appetite
- Evaluate risk mitigation plans
- Provide risk-related information
- Focus on strategic group risks

Risk function

- Create a common risk framework
- Provide guidance on the application of the framework
- Identify and assess risks
- Aggregate, coordinate and report risk information and processes
- Ensure adequate mitigation by management relative to impact and proximity
- Track risk responses
- Provide training and guidance

Internal audit

- Provide assurance on the effectiveness of the risk management process
- Provide assurance on risk mitigation steps

Risk Ownership

Trading divisions and centres of excellence

- Operate within the risk appetite and governance structures
- Respond to risks in a timely and effective manner
- Focus on tactical risks while aligning to strategic group risks

Tactical and Operational Risk

In addition to the focus on strategic risks, the group appreciates the need to manage daily operational and tactical risks to preserve the value-driven model. Whilst these risks are managed through divisional management and as part of daily operations, there is oversight by executive management and key assurance providers on key metrics and KPIs.

Risk Incidents and Emerging Risks

Any major risk incident is immediately reported to executive management and the board, through the committee. These include qualitative and quantitative matters such as:

- Risk of reputational damage
- Serious injury or death of a customer or associate
- Material ethics or compliance breach
- Extended IT system failure
- Significant business interruption event

Quarterly risk committee reports provide a deep level of visibility of risk events, responses, lessons learned and business changes. A structured risk screening process is in place and provides insights on emerging risks internally and externally, including potential 'black swan' events.

Information and Technology Governance

The committee is accountable for overseeing that IT is governed through the King IV™ principles. The committee has delegated the responsibilities to the CIO to manage through various IT management committees.

Governance Structures

○ Board committee
○ Technology centre of excellence
○ Senior management

Level 1

Risk and IT Committee

(Board committee including executive and non-executive directors, and senior management as invitees)

Level 2

Technology Centre of Excellence Board

(Operations, strategic prioritisation and investment decisions)

Directors and divisional heads - trading divisions and centres of excellence

Level 3

Technology Exco

CIO and IT heads

Change Advisory Board

IT portfolio managers, representative from IT exco and IT architecture

Design Authority

IT architecture

Project Steering Committee

IT and business representatives

Project Control Board Committee

IT exco, portfolio and project management

In FY2021, the technology centre of excellence set out to provide robust, agile and innovative solutions that enable the group to be a top-performing value retailer. The past year has been challenging yet rewarding.

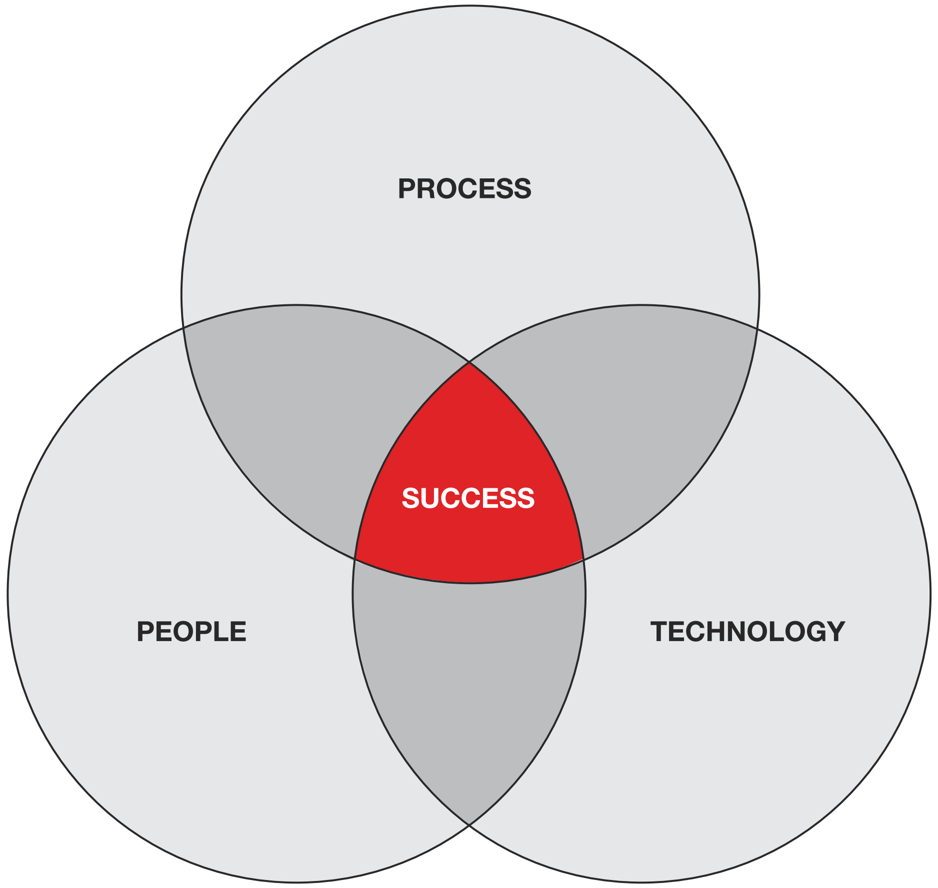
COVID-19 disrupted many plans. During the hard lockdown period, the priority was to ensure that as many associates as possible could remain productive and work from home. Support included the upgrade of any congestion points such as the network lines into head office, an accelerated acquisition of mobile devices such as laptops and data cards, and the support required to set up and manage all users to facilitate secure remote working. On the re-opening of limited retail activities, configuration changes were made to the point of sale and e-commerce systems to allow for the trade of essential items only, shifting items for sale through different lockdown levels. To support the head office environment and remote working, the committee facilitated the broader roll-out and adoption of technology. This included the expanded use of MS Teams. It is pleasing that a significant amount of both small and large innovations were delivered during this very disruptive time:

- Scan to pay solution
- Foot counter and ranging apps
- E-commerce solution for Miladys
- New payments offering — RCS payment in-store and Zapper for account payments

Whilst the country was in lockdown, the group's technology function continued to focus on the delivery of key strategic projects such as the total network migration, a disaster recovery cloud solution, the implementation of a new finance enterprise resource planning (ERP) system and the demand and fulfilment solution roll-out. These projects are key enablers for the upcoming years and to support the group's growth agenda.

During FY2021, there were no major IT incidents or security breaches. Cyber security will remain a key risk for the group due to its continuously evolving nature. The internal audit function plays a key role in monitoring the effectiveness of IT management and controls, which transitioned to KPMG during the year. The technology function remains committed to maintaining a reliable control environment, with ongoing opportunities to improve cyber security risks, project management and the operating environment.

The role of the technology centre of excellence within the group has shifted from that of a service division to a strategic enabler of business growth and innovation, helping the group compete and innovate.

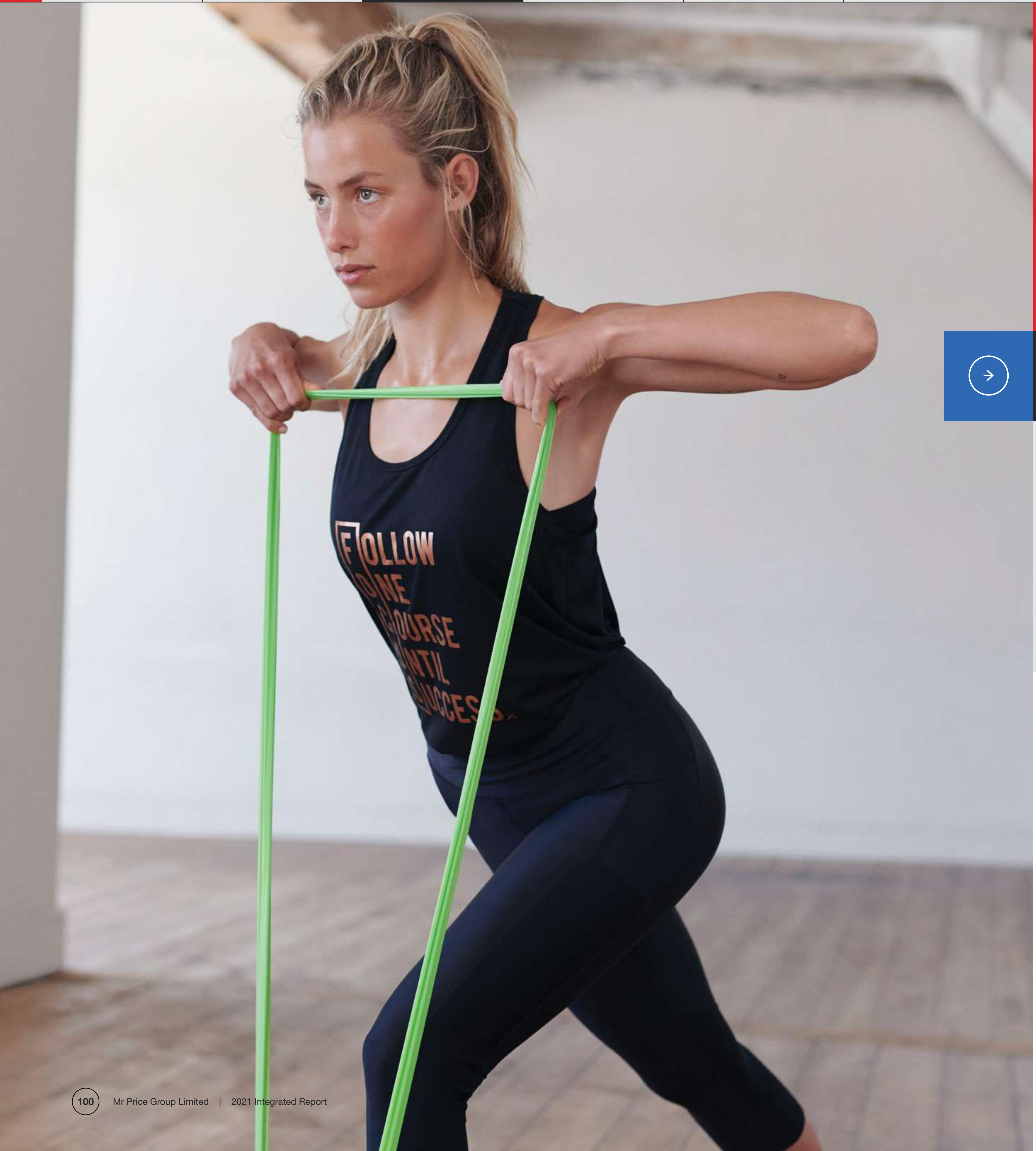


The vision for the future is to provide agile and innovative solutions to enable the group to be the most valuable retailer in Africa.

Future areas of focus are:

- To develop a complete end state retail architecture to steer investment choices and enable growth and sustainability
- Transition from the legacy ERP to the Oracle ERP, which remains the number one priority, as this reduces the key reliance on an aged hardware and software landscape
- Customer centricity to service both internal (investment in new human capital management capabilities) and external customers, including investments in the omni-channel experience, which incorporates the implementation of a group CRM solution, an upgrade of e-commerce sites and a focus on improved logistics
- Investment into the foundational technology refresh to future proof and stabilise core infrastructure, including servers, storage, networks and the appropriate monitoring tools
- Newly defined cyber security roadmap will be implemented, as well as further investments in cloud disaster recovery capabilities to improve the cyber security posture of the group, while remaining vigilant of this key group risk
- Planning for the integration of the new acquisitions to ensure strategic alignment and extract synergistic opportunities

As the group progresses through the transformational ERP journey this year, opportunities in omni-channel, digital transformation, further automation and innovation will also be explored. Details of the impact of IT projects on the delivery of the group's strategy are included in the strategy, material matters and key risks section on pages 43 and 51.



Remuneration and Nominations Committee Report

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

Capitals	Stakeholders	Business Activities	King IV™ Governance Outcomes	Strategic Pillars
F I H			• Good performance • Effective control	

Sustainable Development Goals

5 8 10 11

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. The committee members, their qualifications and experience, the number of meetings held and attendance at meetings is detailed in the board report on pages 70, 71 and 79.

Role

The board, ultimately responsible for the remuneration policy and implementation thereof, seeks to deliver the most desirable outcomes and practices that appropriately balance the welfare of all interested stakeholders in a transparent and integrated manner. The committee oversees the group's approach to remuneration to ensure fair, equitable and responsible remuneration in support of the group's strategy. The committee is further responsible for overseeing that remuneration processes are carried out consistently and aligned to the group's remuneration policy, thus ensuring that the intellectual capital required to achieve the group's imperatives is attracted, motivated, retained and rewarded. In addition, the committee oversees the composition and performance of the board and its committees.

The committee's remuneration report is structured as follows:

• Background statement	Page 103
• Remuneration policy	Page 105
• Remuneration implementation report	Page 114

Key areas of focus for the reporting period were:
Executive remuneration:

- Benchmark executive director roles and make adjustments where there were significant differences from the peer group. Similar size companies are looked at in detail with respect to how they remunerate their executive director roles to ensure that remuneration is fair and objective
- Approve short-term incentive (STI) structure with performance criteria linked to financial performance, strategic KPIs and leadership as well as COVID-19 risk management
- Engage with shareholders on appropriate performance conditions for the new long-term incentive plan (LTI)
- Approve performance conditions, weightings and targets for the new LTI

Associate remuneration:

- 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
- Review fair and responsible remuneration with an emphasis on equal pay for work of equal value
- Review of employee benefits with a view of implementing a flexible benefits structure

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 have been provided with additional wellness support, there have not been large-scale retrenchments and salaries were not cut for associates below executive director level
- 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 2021 financial year and that the remuneration philosophy achieved its stated objectives. The committee further confirms that there were no deviations from the remuneration policy during the year. Refer page 104 for future areas of focus.

Background Statement

Letter from the chair:

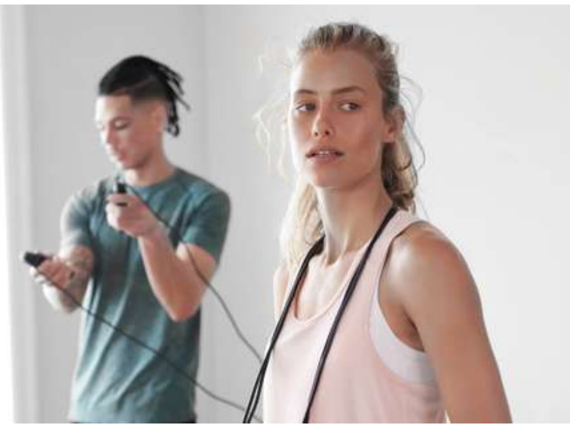
On behalf of the committee, I am pleased to present the group's remuneration and nominations committee report for the 2021 financial year. The core objective of our remuneration policy is to attract, motivate, retain and reward top retail talent to deliver superior results. One of the group's core values is Partnership, with the most important partnership being with the Mr Price associates.

Our guaranteed pay is aimed at the median of our chosen comparator group, placing a lesser burden on the group's fixed staff costs in years of under-performance while still ensuring that we remunerate our associates in line with the market. It makes sense to us to reward generously when the group experiences successful years, and to contain our fixed costs to reasonable levels in years of poor performance; hence the group takes the approach of rewarding outperformance through its variable pay structures. To ensure that we provide remuneration that is fair, appropriate and responsible, we conduct an internal benchmarking exercise annually. Every second year we engage an external remuneration consultant to confirm our objectivity in discharging our committee mandate.

Pay ranges are benchmarked against the comparator group's market median, allowing a tolerance band of 20% below and above this measure. Benchmarking is conducted on both a retail and national level for stores and head office respectively. The group prescribes to a pay for performance principle while still ensuring that associates fixed pay aligns with the chosen comparator group's market median.

The committee (and the board) is acutely aware of the global issue regarding fair and responsible remuneration between management and junior level employees. We believe that our unique and inclusive approach to short and long-term remuneration enables the best possible outcomes, is substantively fair, and is applied consistently throughout the group. By addressing equal pay for work of equal value, we consequently close the gap between pay disparity.

Our performance and impact on remuneration
The second wave of COVID-19 in South Africa proved to be far more contagious and devastating than that first experienced in early 2020. The regression into an adjusted level 3 lockdown from December 2020 added further uncertainty and challenges to the country's economic recovery. Households are likely to be cautious in their spending due to negative impacts on income and the cessation of government support initiatives affecting discretionary categories. Despite this the group's business model has proven resilient to date, underpinned by its differentiated cash-based, omni-channel, fashion-value retailer offering. These factors played a role in our incentive outcomes. Following the cautionary approach taken in the early part of the reporting period where executives and non-executive directors (NEDs) received no annual salary or fee increases and instead took voluntary salary and fee reductions, the committee approved the adjustment to the CFO's salary in 2021 to better align to the market median. The CEO requested that his salary not be adjusted, which request the committee has acceded to. Following a benchmarking exercise, shareholder support will be sought to adjust board and committee fees to align with the comparator group median. STIs were paid out based on financial performance, strategic key performance indicators as well as leadership shown during this period. STIs were paid out to associates across the group including store associates and store managers who received a once-off payment. The majority of the LTIs due to vest this year have lapsed and have been forfeited.



Effects of COVID-19
The economic, financial and trading uncertainty caused by COVID-19 impacted the setting of appropriate performance conditions for both STIs and LTIs. For STIs, performance conditions included:

- strategies implemented to protect the workplace at head office and stores
- ensuring that our value of Partnership guides our responses and strengthens stakeholder relationships
- generate and preserve cash
- manage inventory and debtors levels in a responsible manner (new accounts and collections)
- hold in tension the growth plans of the group

For the LTIs, awards were made during November 2020 for the performance period 01 April 2021 to 31 March 2024 to mitigate the negative impact of COVID-19 on the group's performance relating to these awards.

Voting and shareholder engagement
Stakeholder engagement is one of the group's key strategic pillars of which shareholders and the investment community are one of its primary stakeholders. Its ability to deliver value depends on these relationships and the contributions and activities of its shareholders. The group's key value of Partnership was displayed clearly through the year as the group communicated frequently and transparently with shareholders ahead of its AGM and the implementation of its new LTI. Ahead of the AGM the group sent communication to 25 shareholders representing approximately 67.3% of its issued ordinary shares for purposes of engaging generally on the resolutions proposed at the AGM and particularly on the group's remuneration policy and remuneration implementation report. Through this process, the group actively engaged with 16 of these shareholders. Although we were encouraged by the substantial increase in shareholder support from

the 2019 AGM, we are disappointed that less than 75% of shareholders who voted supported our remuneration policy and implementation report. 72.09% of ordinary shareholders voted in favour of our remuneration policy (2019: 49.66%) and 72.57% of ordinary shareholders voted in favour of our implementation report (2019: 42.28%). Shareholders acknowledged the positive adjustments made to the remuneration policy and remuneration implementation report following engagement last year and the proposed new LTI (details of which were disclosed in the 2020 remuneration policy). The group subsequently released a SENS announcement on 27 August 2020 inviting shareholders to advise the reasons for their dissenting votes, but no responses were received. We endeavoured to address the remaining shareholder concerns as follows:

Feedback provided	Actions taken
Poor disclosure of performance conditions and targets.	Performance conditions and targets on LTIs have been disclosed in the remuneration policy. Refer to page 111.
Poor disclosure of awards made during the year.	The group has increased our level of disclosure and this will be disclosed on a retrospective basis.
Long-term incentive plan awards may lead to excessive dilution.	The new LTI scheme does not result in any shareholder dilution as the only settlement mechanism is a market purchase of shares, hence this is non-dilutive. The old share scheme is settled by purchasing shares in the market.

Similarly, ahead of the group's adoption of its new LTI, it followed a comprehensive shareholder consultation process between July and November 2020. This included multiple engagements with the group's top 25 shareholders, to provide the supporting details of the LTI as well as engaging in virtual meetings with six shareholders who requested time to ask detailed questions. The process facilitated open and transparent engagement and resulted in overwhelming shareholder support for the scheme. Shareholders were in favour of introducing additional performance measures and appreciated the positive adjustments we had made which include no dilution, all awards have performance conditions, and no dividends are awarded on shares which have not yet vested.

Annually the committee tables the remuneration policy and remuneration implementation reports as contained in this committee report for a vote by shareholders at the AGM. As has been the practice, communication will be sent ahead of the 2021 AGM to the group's largest shareholders for the purpose of engaging on the resolutions proposed, particularly the remuneration-related resolutions. In order to comply with King IV™ and the JSE LR, we actively engage with shareholders in the event of a more than 25% vote against either resolution.

The committee encourages and appreciates feedback from shareholders on remuneration matters. Issues raised are tabled at committee meetings and are duly considered when reviewing policy, implementation of policy and remuneration disclosure.

External advisors:
During the year, the committee requested assistance from external remuneration advisor, PwC, which provided the following services:

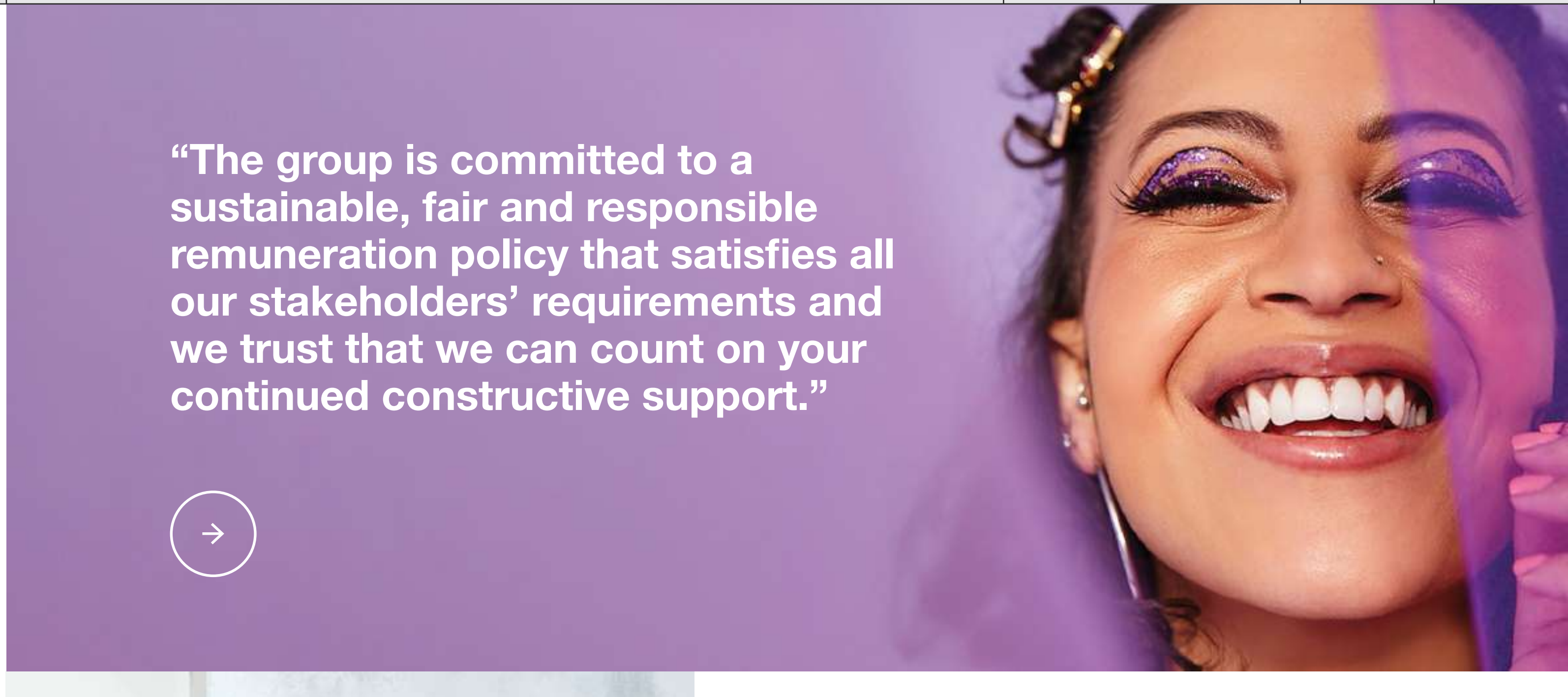
- Remuneration reporting
- Executive director remuneration benchmarking
- NED fees benchmarking

Future focus areas:

- Continuing the process of rationalising and simplifying all benefits and converting all associates to a hybrid salary structure to allow flexibility in how associates structure their remuneration package to suit their own unique needs and circumstances
- Implementing a new fit-for-purpose credible and widely accepted job evaluation system and grading tool to be used to conduct a strategic review of grades across the entire group
- Developing a comprehensive strategy to identify and rectify pay anomalies throughout the group, with the initial focus on critical and scarce skills. This will be done through, but not limited to, annual salary increases, pay progression using a tolerance band or range and out of cycle salary increases

The group is committed to a sustainable, fair and responsible remuneration policy that satisfies all our stakeholders' requirements and we trust that we can count on your continued constructive support.

Mark Bowman
Committee Chair



> **"The group is committed to a sustainable, fair and responsible remuneration policy that satisfies all our stakeholders' requirements and we trust that we can count on your continued constructive support."**

Remuneration Policy

At the heart of the business, the group's purpose is to be Your Value Champion. This is supported by rewarding associates with a total remuneration mix that drives Passion, Value and Partnership, which are key enablers of group success. The group's remuneration policy is to reward all associates for their contribution to its performance, taking into consideration an appropriate balance between guaranteed and variable (short and long-term) remuneration components.

Being a value retailer, the group aims to remunerate all associates at the retail market median on total guaranteed package and reward superior performance through incentives (STIs and LTIs) when targets are achieved, enabling associates to exceed the market median on total earnings. Given that performance-related incentives form a material part of the remuneration structure, ongoing performance feedback is vital. Associates participate in performance and career development evaluations annually, focusing on work achievements against targets, learning and development needs, values and cultural alignment.

Remuneration is not influenced by race, creed or gender, with the emphasis on equal pay for work of equal value. 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, job requirements and the need to attract and retain key skills. Below are the remuneration policies as it applies to all associates, followed by an in-depth overview of the arrangements applicable to executive directors. The group further aims to ensure that executive directors' total reward packages are more heavily weighted towards the company's longer-term goals to better align their interests with those of the group's shareholders. The potential actual outcomes against the policy for the CEO, CFO and group executive director are set out in the remuneration implementation report.

Guaranteed Remuneration Policy

	Remuneration Components (What?)	**Purpose** (Why?)	**Mechanics** (How?)	**Executive Directors**	**Divisional Directors**
Total Guaranteed Package (TGP)	**Basic Salary** Applicable to all associates	To offer competitive market-related basic salaries that attract and retain high-calibre associates capable of crafting and executing the business strategy. Basic salaries for all associates, including executive directors, are benchmarked against the market median.	Remuneration is reviewed annually on 1 April taking into consideration: • Job content and grades • Internal equity • External competition • Consumer price inflation • Individual competence and performance	Total remuneration is benchmarked and aligned to the median of a customised comparator group of JSE listed companies, which are selected using established principles and clear criteria. The survey was last performed in August 2020 by PwC and included the following 14 companies in the peer group: • AVI Ltd • Bid Corporation Ltd • Clicks Group Ltd • Dis-Chem Pharmacies Ltd • Distell Group Holdings Ltd • Massmart Holdings Ltd • Pepkor Holdings Ltd • Pick n Pay Stores Ltd • Shoprite Holdings Ltd • The Foschini Group Ltd • The Spar Group Ltd • Tiger Brands Ltd • Truworths International Ltd • Woolworths Holdings Ltd	Total remuneration is benchmarked and aligned annually to the national and/or retail market median depending on functional area. The group subscribes and submits data to the annual Old Mutual REMchannel remuneration survey which is used as the data source for South Africa.
	Retirement Fund Contributions Applicable to all permanent associates	To ensure the financial wellbeing of associates and their dependants by enabling them to save for retirement.	Defined contribution scheme: Retirement fund contributions are calculated as a % of an associate's salary and includes risk and funeral benefits.		
	Medical Aid Contributions Applicable to all permanent associates	To ensure the mental and physical wellbeing of associates and their dependants.	Medical aid and gap cover: Voluntary membership is offered to associates on the plan of their choice. Dedicated financial wellness and medical aid consultants assist associates to achieve what matters most to them at each life stage.		
	Guaranteed Cash Allowances (in cash) Applicable to specific permanent associates	To provide a relevant and market-competitive suite of benefits which add value and enable associates to perform their duties.	Car allowance, cellphone allowance (where applicable).		
	Fringe Benefits (in kind) Applicable to specific permanent associates		Use of company car; petrol/fuel card; staff discount (where applicable).		
	December Bonus Applicable to all permanent associates	To reward contribution to company performance.	Payable annually in December and calculated as a % of monthly basic salary based on length of service as follows: - 1 years' service: 20% - 2 years' service: 40% - 3 years' service: 60% - 4 years' service: 80% - 10 years' service: 100%		

Short-Term Incentive Policy

Short-term Incentives (STI)

Remuneration Components (What?)	(Who?)	**Purpose** (Why?)	**Mechanics** (How?)	**Executive Directors**	**Divisional Directors**
Performance Bonus The aim is to ensure that a strong relationship exists between strategy, performance targets and remuneration thus enabling sustainable value creation	Executive and Divisional Directors	To motivate and reward associates for the achievement of the group's short-term performance in areas which they can influence.	The group aims to ensure that a well-balanced set of measurables are designed for each level of associate. Targets are tailored annually recognising prevailing economic and trading conditions.	A substantial amount of the award requires outperformance and is therefore at risk. The table below reflects target and maximum awards expressed as a % of annual basic salary. Associates must be in the group's employ at year-end to receive incentive bonuses unless due to specific circumstances the committee has approved alternative arrangements. Bonus payments are not deferred and are payable annually in May in cash.	

2021 STI Framework

Group Strategy Pillars	**Measures**	**CEO & CFO**[2]		**Executive Director**		**Trading Divisions**		**Centres of Excellence**	
		Target	Max	Target	Max	Target	Max	Target	Max
Growth **Build High-Performing Brands** **Operations** **People** **Sustainability**	**Financial Performance** Executive directors: HEPS Growth and ROE Centres of excellence directors: combined operating profit Trading division directors: divisional operating profit	42%	67%	21%	33%	42%	67%	31%	50%
	Achievement of strategic KPIs	42%	67%	21%	33%	10%	17%	21%	33%
	Personal Performance[1] Determined via individual and peer reviews considering leadership, innovation, effort and teamwork	42%	67%	21%	33%	10%	17%	10%	17%
Total (as a % of Annual Basic Salary)		**125%**	**200%**	**63%**	**100%**	**63%**	**100%**	**63%**	**100%**

Non-financial Measures

- Evidence of self-development
- Developing others including succession
- Efforts aligned to strategy and most important matters

- Value to the executive team and support of vision and purpose
- Living the group's values
- Maintaining personal energy, new experiences, interests
- Group thinking, removal of silos
- Operating within the approved mandate of the CEO

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[1] Full personal performance awards are only achieved in exceptional circumstances and have rarely been paid. A poor personal performance evaluation can reduce or eliminate incentives achieved under measurable group performance.

[2] The group has re-aligned the targets for the CEO and CFO.

Long-Term Incentive Policy

LTIs play a dual role in achieving strategic goals: in line with the group's core value of Partnership, share schemes appropriate to the various levels of associates are in place. The new LTI was implemented during the year. A key factor of the Partnership Scheme is that it encapsulates the group's intentions regarding the ownership criteria of Broad-Based Black Economic Empowerment (B-BBEE). Rather then entering into an ownership deal with external parties, the committee and board resolved to embrace the true spirit of B-BBEE and, subject to certain qualifying criteria, included all associates employed in the Southern African Customs Union region in its various share and share option schemes. Additionally, the group uses LTIs to reinforce its pay for performance culture amongst not only executive management but also all associates who participate in the LTIs. The new LTI comprises of a number of instruments such as partnership awards, forfeitable share awards, share appreciation rights, bonus awards and performance conditional rights. At present the share appreciation rights and performance conditional rights are used.

Award type	Share appreciation rights	Performance conditional rights
Instrument and application	Share appreciation rights (SARs) – rights over the appreciation in the share price are awarded. Each SARs has an award price. SARs will vest after satisfaction of the employment condition and is subject to a performance condition of HEPs growth.	Conditional right share awards are delivered on the vesting date, based on the satisfaction of performance and employment conditions.
Eligibility	Executive directors and divisional directors.	Executive directors and divisional directors.
Vesting period	Three year vesting period and a two year exercise period.	Three year vesting period, exercise immediately.
Performance conditions	The vesting of all SARs are subject to performance vesting conditions based on HEPs growth. This has been approved by the committee.	All awards are subject to performance conditions. A combination of performance conditions relating to HEPS, RONW, Sales Growth, Absolute TSR and Non-financial measures. Performance is measured on linear vesting according to threshold, target and stretch outcomes. The vesting percentages are also disclosed in the next tables. This has been approved by the committee.
Dilution	No dilution.	No dilution.
Malus	All unvested awards will be subject to malus should a trigger event occur during the vesting period. Malus is regulated in the LTI rules.	
Clawback	Any incentive remuneration settled under the LTI will be subject to clawback as is regulated in the company's remuneration policy.	

Further details in relation to the application of the new LTI scheme to executive directors
The following award quantum and performance conditions and performance vesting levels are used for FY2022:

Position	SAR award quantum (face value) as a % of AGR[1]	Performance awards quantum (face value) as a % of guaranteed pay	Total face value award quantum as a % of guaranteed pay
CEO	175%	175%	350%
CFO	150%	150%	300%
Group Executive Director	75%	75%	150%

[1] Annual guaranteed remuneration.

The following performance conditions, targets and vesting levels are used for FY2022. Due to COVID-19, the awards were made in FY2021. The performance measures apply from 1 April 2021 to 31 March 2024.

Conditional Rights

Performance Conditions		HEPS	RONW	Sales Growth	Absolute TSR	Non Financial Measures
		HEPS Growth relative to Real HCE[1]	"Weighted Average Cost of Capital WACC (JIBAR+7%, Beta 1.2x)"	Stats SA - Retail Sector D & E	Risk Free Rate + premium	SETS Scorecard
% of award		20%	20%	20%	20%	20%
% Vesting						
Threshold	80%	Real HCE +5%	WACC+10%	Stats SA	Jibar + 5%	Improve 50% of metrics
Target	100%	Real HCE +6%	WACC + 12%	Stats SA + 1%	Jibar + 6%	Improve 60% of metrics
Stretch 1	150%	Real HCE +7%	WACC + 14%	Stats SA + 3%	Jibar + 7%	Improve 70% of metrics
Stretch 2	200%	Real HCE +8%	WACC + 16%	Stats SA + 5%	Jibar + 8%	Improve 80% of metrics

Share Appreciation Rights
HEPS Growth > Real HCE[1] + 3%

For the share appreciation rights, the target incentive is 100% with no threshold or stretch target.

[1] Real Household Consumer Spending.

Executive employment contracts vesting conditions – general disclosure
All associates sign a letter of employment that stipulates their notice period. The contract may be terminated by either party giving written notice, which ranges from one month for a store or head office associate to six months for executive directors. Despite these provisions, either party may terminate the contract of employment without notice for any cause recognised in law or by agreement by both parties to waive the notice period. Contracts are also terminated in the event of 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 group, providing neither balloon payments on termination or retirement, nor restraint of trade payments (although the latter may be contained elsewhere).

In all other retirement or dismissal situations, unvested options and shares will lapse unless the trustees of the relevant share trust and committee exercise their discretion and permit the retention of any or all the unvested options and shares. The schemes have been designed in such a way that the option awards decrease as an associate approaches retirement and retention become less imperative.

The vesting rules for the new LTI make a distinction between fault and no-fault terminations. Unvested or unexercised awards are generally forfeited for a fault termination, while unvested awards for no-fault terminations are pro-rated for service and performance up to the date of termination of employment.

Malus and clawback
The committee has adopted a malus and clawback policy with a view to further align the interests of associates with the long-term interests of the group and all interested stakeholders and to ensure that excessive risk-taking is mitigated. The policy applies to all associates, prospectively to STI awards effective from 2019 and prescribes three years after the award of any STI. All prospective awards made under the new LTI will also be subjected to malus and clawback.

Following written recommendation from the committee, the board may act to adjust (malus) or recover (clawback) incentive remuneration, where substantiated and as agreed by the committee, for reasons including but not limited to:

- Contributing to or being responsible for material financial misstatements; or
- Personal dishonesty, fraud or gross misconduct; or
- Instructing, directly or indirectly, any person to act fraudulently, dishonestly or negligently

Non-executive directors (NEDs)

	Remuneration Components (What?)	Purpose (Why?)	Mechanics (How?)	Opportunity and Limits	Performance Conditions
Emoluments	Fees are related to the skills, experience and time commitment to fulfil the respective duties and responsibilities of the board and committees. The group pays fixed NED fees and does not pay a base fee plus attendance fee per meeting as historically, attendance at meetings has been good and the board has always felt that NEDs contribute as much outside of meetings as they contribute in meetings. NEDs do not have service contracts but receive letters of appointment and retire by rotation every three years. Shareholders vote for their re-appointment at the AGM.	To offer market-related fees that attract and retain high calibre NEDs.	Fees, exclusive of VAT, are proposed by management and are detailed in the notice of AGM for approval at the forthcoming AGM. Fees are paid quarterly in advance. NEDs are reimbursed for travel related costs incurred on official group business and receive discounts on purchases made in group stores. No other benefits are received. NEDs do not receive STIs nor do they participate in LTI schemes.	Fees are benchmarked biennially to the median of an identified comparator group of companies as selected for executive directors' remuneration. The benchmarking survey was last performed in August 2020 by remuneration advisors, PwC and included the following 14 companies in the peer group: • AVI Ltd • Bid Corporation Ltd • Clicks Group Ltd • Dis-Chem Pharmacies Ltd • Distell Group Holdings Ltd • Massmart Holdings Ltd • Pepkor Holdings Ltd • Pick n Pay Stores Ltd • Shoprite Holdings Ltd • The Foschini Group Ltd • The Spar Group Ltd • Tiger Brands Ltd • Truworths International Ltd • Woolworths Holdings Ltd No contractual arrangements exist relating to compensation for loss of office.	Specific group performance conditions do not apply. The performance of non-executive directors is reviewed annually via peer evaluation. Effective from the 2019 reporting period, the board has introduced a further mechanism providing the chairman with the means to deduct a maximum annual amount of 20% of NEDs fee in the event of non-performance, specifically non attendance.

NED emoluments for FY2021 (Rand)

	Main Board	Audit and Compliance	Remnomco	SETS	Risk and IT	Total
SB Cohen	747 478	-	-	-	-	**747 478**
D Naidoo	370 782	256 833	-	95 665	119 569	**842 849**
NG Payne[1]	1 494 956	-	-	-	-	**1 494 956**
MR Johnston	146 361	54 062	38 959	-	-	**239 382**
BJ Niehaus	273 208	-	-	-	198 878	**472 086**
M Bowman	442 594	136 958	189 000	-	-	**768 552**
K Getz	370 782	-	98 696	150 639	-	**620 117**
RM Motanyane-Welch	370 782	-	-	95 665	-	**466 447**
M Chauke	370 782	136 958	-	-	-	**507 740**
LA Swartz[2]	253 693	-	-	-	-	**253 693**
JA Canny[3]	25 180				8 120	**33 300**
Total	**4 866 598**	**584 811**	**326 655**	**341 969**	**326 567**	**6 446 601**

1 The board chairman's fee is an all-inclusive fee that includes committee membership. The chairman is a member of Remnomco and chairs the risk and IT committee.
2 Appointed August 2020 so fees are pro-rated.
3 Appointed March 2021 so fees are pro-rated.

NED fees FY2022

The below table sets out the proposed NED fee increases for FY2022 (effective 1 April 2021).

Shareholders are reminded that approval was obtained at the 2020 AGM to increase non-executive director fees by 4% for the second half of FY2021, however this increase was limited to the lower of the prevailing consumer price index or the percentage increase applied to general staff. Since there was no general staff salary increase in FY2021, there were no non-executive director fee increases during the year. Further to this, the non-executive directors took a voluntary 10% reduction in fees for the first six months of FY2021. Following a benchmarking exercise by independent remuneration advisors, PwC, in August 2020, the fees for FY2022 thus reflect an increase on FY2020 fees. The proposed increases are in line with the group's remuneration policy to remunerate non-executive director roles in line with the market median of the comparator group. Special resolution 1 for the approval of NED fees is on page 252 of the notice of AGM.

Committee Member	Fees FY2021[1]	Fees FY2022	Percentage Increase[2]
Independent non-executive chair of the board	1 573 638	1 778 211	13%
Honorary chair of the board	786 819	865 501	10%
Lead independent director of the board	465 889	600 997	29%
Non-executive directors	390 297	409 812	5%
Audit and compliance committee chair	270 350	329 827	22%
Audit and compliance committee members	144 166	161 466	12%
Remuneration and nominations committee chair	198 947	216 852	9%
Remuneration and nominations committee members	103 891	108 047	4%
Social, ethics, transformation and sustainability committee chair	158 567	179 181	13%
Social, ethics, transformation and sustainability committee members	100 700	104 728	4%
Risk and IT committee members[3]	125 862	130 896	4%
Risk and IT committee - IT Specialist[4]	284 112	295 476	4%

1 Full year equivalent and excluding the voluntary 10% fee reduction for the first half of FY2021; these fees reflect 0% increase on the FY2020 fees.
2 This reflects the % increase on the fees paid in FY2020 as no fee increases were effected for FY2021.
3 The board chair, as the chair of this committee, earns a "bundled fee" and as such does not earn a separate committee chair fee.
4 This fee relates to the pre-approval of fees if and to the extent the board, on the recommendation of the risk and IT committee, identifies the need for a non-executive director risk and IT committee member to act as an IT specialist resource during the course of FY2022. In this case the fee for such committee member will comprise of:
- the annual risk and IT committee member fee of R130 896; and
- an additional IT specialist fee of R164 580 in respect of the added IT governance oversight responsibilities delegated by the board and risk and IT committee

If no additional IT specialist input is required (as is the case as at the date of this report), the fee payable is the risk and IT committee member fee.

Voting on the remuneration policy

The committee tables its remuneration policy for a non-binding advisory votes by shareholders at the AGM each year. The group is confident shareholders will support the remuneration policy.

Remuneration implementation report

Annual salary review

The group considered a 4.00% to 4.50% increase on basic salary for all associates including executive directors and NEDs, except where benchmark adjustments were necessary.

STI outcomes for FY2021

Performance awards are made to associates based on their contributions during the year. Group, divisional and individual performance are all taken into account when determining the quantum of the award. For executive directors, the award is split equally between strategic KPIs, leadership and financial measures which include HEPS growth. For the target and outcome, these are measured on an individual basis.

LTI awards granted during FY2021

LTI awards were allocated to eligible associates under the new LTI scheme in November 2020. The performance period applies from 1 April 2021 to 31 March 2024. Details of the targets applicable to the awards made during FY2021 are disclosed below. Please refer to the table of unvested LTIs for details on the number of awards.

Appreciation awards (SARs):

SARs issued to executive and divisional directors have a performance hurdle of HEPS growth above real household consumer spending (HCE) + 3% to vest. This is in addition to the inherent performance hurdle of share price growth that is already attached to the SARs. The full performance conditions have been disclosed in the remuneration policy.

Performance awards (conditional rights to shares):

The conditional rights have five performance conditions that are all equally weighted. A threshold level, target level and stretch 1 and stretch 2 of performance are included in each measure which include[1]:

- headline earnings per share growth relative to real household consumer spending (Target: Real HCE + 6%)
- return on net worth (Target: WACC + 12%)
- sales growth (Target: Stats SA + 1%)
- absolute total shareholder return (Target: Jibar + 6%)
- non-financial measures (Target: Improvement by 60% of SETS Scorecard)

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[1] Refer to page 111 for detailed performance conditions.

Summary and Analysis of Executive Director Remuneration

Total single figure remuneration

Mark Blair Total Remuneration (R'000)	FY2021	FY2020
	CEO	
	1 Apr 20 - 31 Mar 21 (12 months)	1 Apr 19 - 31 Mar 20 (12 months)
Annual Basic Salary (ABS)[1]	5 344	5 700
Retirement Fund Contribution	1 220	1 219
Medical Aid Contribution	182	180
Guaranteed Cash Allowances	415	415
Fringe Benefits	67	455
December Bonus	475	475
Total Guaranteed Package (TGP)	**7 702**	**8 444**
Short-term Incentives (STI)	**10 925**	**2 850**
Dividends (FSP Plans)	177	375
Share and Share Option Valuation[2]	-	2 224
Long-term Incentives (LTI)	**177**	**2 598**
Total Remuneration	**18 804**	**13 892**

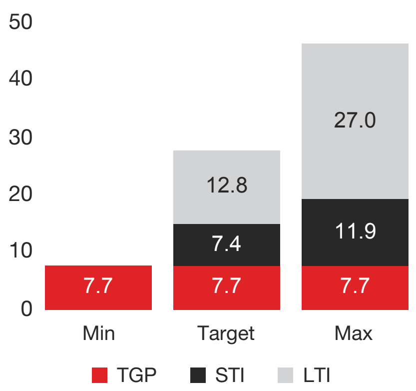
1 Due to the COVID-19 pandemic, there was a voluntary salary sacrifice by the group's executive directors of up to 15% of monthly salary for a period of six months from March 2020 to August 2020.

2 Refer to page 122 and 123 for further detail on the valuation of Shares and Share Option awards.

Performance Bonus Calculation at Target				**CEO**
Performance Measures	**% of ABS**			**ABS**
	Target	Max	Actual	5 700
Financial (HEPs and ROE)	42%	67%	67%	3 800
Strategic KPIs	42%	67%	58%	3 325
Personal	42%	67%	67%	3 800
Total	**125%**	**200%**	**192%**	**10 925**

Total Remuneration Composition

(R'm)



TGP: As earned for FY2021
STI min: Assumes no performance conditions are met and therefore value is zero
STI target: Assumes target level of performance
STI max: Assumes performance conditions are achieved in full
LTI min: Assumes no performance conditions are met and therefore value is zero
LTI target: A 35% and 60% expected value was used for share appreciation rights and conditional rights respectively for these scenarios
LTI max: The maximum number of instruments granted in FY2021 multiplied by the face value on grant

Summary and Analysis of Executive Director Remuneration (Continued)

Total single figure remuneration

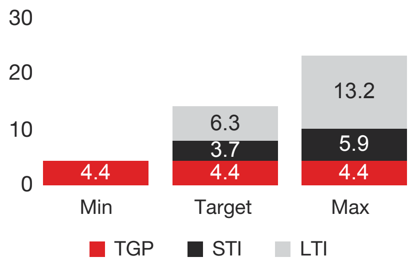
Mark Stirton Total Remuneration (R'000)	FY2021	FY2020
	CFO	
	1 Apr 20 - 31 Mar 21 (12 months)	1 Apr 19 - 31 Mar 20 (12 months)
Annual Basic Salary (ABS)[1]	2 934	2 589
Retirement Fund Contribution	676	456
Medical Aid Contribution	229	176
Guaranteed Cash Allowances	282	240
Fringe Benefits	62	272
December Bonus	233	173
Total Guaranteed Package (TGP)	**4 416**	**3 905**
Short-term Incentives (STI)	**5 534**	**863**
Dividends (FSP Plans)	108	46
Share and Share Option Valuation[2]	-	791
Long-term Incentives (LTI)	**108**	**837**
Total Remuneration	**10 058**	**5 606**

[1] Due to the COVID-19 pandemic, there was a voluntary salary sacrifice by the group's executive directors of up to 15% of monthly salary for a period of six months from March 2020 to August 2020.

[2] Refer to page 124 and 125 for further detail on the valuation of Shares and Share Option awards.

Performance Bonus Calculation at Target				**CFO**
Performance Measures	% of ABS			ABS
	Target	Max	Actual	3 495
Financial (HEPs)	42%	67%	67%	2 330
Strategic KPIs	42%	67%	58%	2 039
Personal	42%	67%	33%	1 165
Total	**125%**	**200%**	**158%**	**5 534**

Total Remuneration Composition
(R'm)



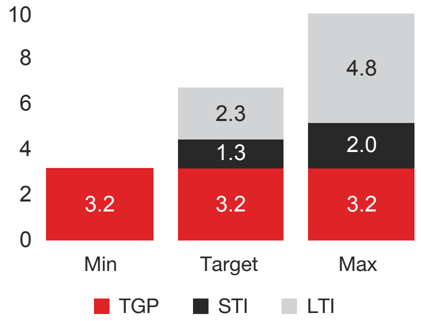
Steve Ellis Total Remuneration (R'000)	FY2021	FY2020
	Group Director	
	1 Apr 20 - 31 Mar 21 (12 months)	1 Apr 19 - 31 Mar 20 (12 months)
Annual Basic Salary (ABS)[1]	2 024	2 112
Retirement Fund Contribution	491	478
Medical Aid Contribution	269	212
Guaranteed Cash Allowances	180	180
Fringe Benefits	76	217
December Bonus	176	176
Total Guaranteed Package (TGP)	**3 216**	**3 376**
Short-term Incentives (STI)	**1 584**	**176**
Dividends (FSP Plans)	25	57
Share and Share Option Valuation[2]	-	361
Long-term Incentives (LTI)	**25**	**418**
Total Remuneration	**4 825**	**3 970**

[1] Due to the COVID-19 pandemic, there was a voluntary salary sacrifice by the group's executive directors of up to 15% of monthly salary for a period of six months from March 2020 to August 2020.

[2] Refer to page 126 and 127 for further detail on the valuation of Shares and Share Option awards.

Performance Bonus Calculation at Target				**Group Director**
Performance Measures	% of ABS			ABS
	Target	Max	Actual	2 112
Financial (HEPs)	21%	33%	33%	704
Strategic KPIs	21%	33%	25%	528
Personal	21%	33%	17%	352
Total	**63%**	**100%**	**75%**	**1 584**

Total Remuneration Composition
(R'm)



TGP: As earned for FY2021
STI min: Assumes no performance conditions are met and therefore value is zero
STI target: Assumes target level of performance
STI max: Assumes performance conditions are achieved in full
LTI min: Assumes no performance conditions are met and therefore value is zero
LTI target: A 35% and 60% expected value was used for share appreciation rights and conditional rights respectively for these scenarios
LTI max: The maximum number of instruments granted in FY2021 multiplied by the face value on grant

TGP: As earned for FY2021
STI min: Assumes no performance conditions are met and therefore value is zero
STI target: Assumes target level of performance
STI max: Assumes performance conditions are achieved in full
LTI min: Assumes no performance conditions are met and therefore value is zero
LTI target: A 35% and 60% expected value was used for share appreciation rights and conditional rights respectively for these scenarios
LTI max: The maximum number of instruments granted in FY2021 multiplied by the face value on grant

LTI vesting outcomes during FY2021

Due to the non-fulfilment of the group financial performance conditions, none of the FSP performance awards and share option awards granted in November 2016 with a performance period that expired on 31 March 2021 will vest. The group's policy is to follow the principle established (and legislated) in the UK where remuneration is reflected as "receivable" in the final reporting period of the applicable performance measurement period. Awards with no performance conditions, other than continued service of the associate, are disclosed in the relevant reporting period in which the awards are made.

FY2021	Vesting Condition	Award Date	Vesting Date	Performance Measurement Years	HEPS CAGR		% of Award vesting	LTIs receivable at fair value[1] / awarded at face value - R'000			
Award Type					Required for vesting	Achieved		Mark Blair	Mark Stirton	Steve Ellis	Total
Share Options	Performance Related	22-Nov-16	29-Nov-21	FY2021	5.4%	-0.3%	0.0%	-	-	-	-
EFSP	Performance Related	22-Nov-16	22-Nov-21	FY2021	5.4%	-0.3%	0.0%	-	-		-
Total Excluding Dividends								**-**	**-**	**-**	**-**
Dividends								177	108	25	311
Total								**177**	**108**	**25**	**311**

FY2020	Vesting Condition	Award Date	Vesting Date	Performance Measurement Years	HEPS CAGR		% of Award vesting	LTIs receivable at fair value[1] / awarded at face value - R'000			
Award Type					Required for vesting	Achieved		Mark Blair	Mark Stirton	Steve Ellis	Total
Share Options	Performance Related	22-Nov-15	29-Nov-20	FY2020	6.0%	2.6%	0.0%	-	-	-	-
EFSP	Performance Related	22-Nov-15	29-Nov-20	FY2020	14.3%	2.6%	0.0%	-	-	-	-
EFSP	Employment Related	22-Nov-19	29-Nov-24	n/a	n/a	n/a	n/a	2 224	791	361	3 376
Total Excluding Dividends								**2 224**	**791**	**361**	**3 376**
Dividends								375	46	57	478
Total								**2 599**	**837**	**418**	**3 854**

[1] IFRS 2 value actuarial valuation (refer pages 122 to 127).

ED Participation In Awarded LTIs (Closing Balances)	MM Blair	MJ Stirton	SA Ellis
Mr Price Executive Share Trust (Options)	-	15 891	
Mr Price Executive Director Share Trust (Options)	528 097	98 566	78 066
Mr Price Executive Forfeitable Share Plan (excl GFSP)	96 223	21 867	12 934
Mr Price Executive Forfeitable Share Plan (GFSP)	-	42 121	-
Mr Price Group Long-Term Incentive Plan - Conditional Rights	89 466	49 046	17 194
Mr Price Group Long-Term Incentive Plan - Share Appreciation Rights	89 466	49 046	17 194

Summary of LTI schemes

Options, Shares and Rights	Type of Instrument	Number of Participants		
			Total[1]	Lapsed
Partners Share Trust	Shares	13 078	4 435 572	-
General Staff Share Trust	Options	2 055	4 191 948	914 984
Senior Management Share Trust	Options	192	2 641 643	632 803
Executive Share Trust	Options	39	1 785 320	579 981
Executive Director Share Trust	Options	5	1 792 813	637 166
Executive Forfeitable Share Plan	Shares	40	474 987	56 410
Group Forfeitable Share Plan	Shares	1	42 121	-
Conditional Rights awards (Executive Directors & Executives)	Rights	37	521 505	-
Share Appreciation Rights awards (Executive Directors & Executives)	Rights	37	521 505	-
Conditional Rights awards	Rights	4 523	644 728	-

[1] The lapsed number of instruments are not included in the total number of instruments.

Partners Share Scheme

Number of participants

13 078

Number of shares

4 435 572

Paid out in dividends since the inception of the scheme

R217 million

Paid out in dividends during the last financial year

R6.5 million[1]

Average interim dividend per associate was paid out during the last year

R584.00

ACI Ownership:

99%

Average Value Held by Associate

R65 665

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[1] FY2020 final dividend was not declared, interim dividend for FY2021 was paid in December 2020.

Details of the interest of Executive Directors in Long-Term Incentives: Share Options, EFSP Shares, Conditional Rights and Share Appreciation Rights

Executive Director	Position Held	Date of Award	Share price at award date	Face Value at award date (R'000)	Vesting / Exercise Date	HEPS CAGR% required for vesting	Shares held at the beginning of the year	Shares awarded and accepted	Shares vested during the year	Shares lapsed during the year	Shares held at end of the year	Fair Value at the end of the year (R'000) [5,6,7]
Mark Blair												
EFSP Employment	CFO	22-Nov-15	R 200	-	22-Nov-20		5 967		5 967			-
EFSP Employment	CFO	22-Nov-16	R 138	1 268	22-Nov-21		9 191	-	-	-	9 191	1 703
EFSP Performance	CFO	22-Nov-16	R 138	-	22-Nov-21	Note 1	9 191	-	-	9 191	-	-
EFSP Employment	CFO	28-Nov-17	R 188	1 327	28-Nov-22		7 047	-	-	-	7 047	1 306
EFSP Performance	CFO	28-Nov-17	R 188	1 327	28-Nov-22	Note 1	7 047	-	-	-	7 047	783
EFSP Employment	CFO	22-Nov-18	R 232	1 410	22-Nov-23		6 084	-	-	-	6 084	1 127
EFSP Performance	CFO	22-Nov-18	R 232	1 410	22-Nov-23	Note 1	6 084	-	-	-	6 084	676
EFSP Employment	CEO	20-Feb-19	R 210	3 548	20-Feb-24		16 908	-	-	-	16 908	3 132
EFSP Performance	CEO	20-Feb-19	R 210	3 548	20-Feb-24	Note 1	16 908	-	-	-	16 908	1 879
EFSP Employment	CEO	22-Nov-19	R 165	2 224	22-Nov-24		13 477	-	-	-	13 477	2 497
EFSP Performance	CEO	22-Nov-19	R 165	2 224	22-Nov-24	Note 1	13 477	-	-	-	13 477	1 498
Total				**18 286**			**111 381**	**-**	**5 967**	**9 191**	**96 223**	**14 601**
Share Options	CFO	22-Nov-14	R 223	12 378	22-Nov-19	HEPS ≥ CPI + 1%	55 608	-	-		55 608	-
Share Options	CFO	22-Nov-16	R 138	-	22-Nov-21	HEPS ≥ CPI + 1%	224 539	-	-	224 539	-	-
Share Options	CFO	28-Nov-17	R 188	14 412	28-Nov-22	HEPS ≥ CPI + 1%	76 510	-	-	-	76 510	5 917
Share Options	CFO	22-Nov-18	R 232	15 312	22-Nov-23	Note 2	66 058	-	-	-	66 058	-
Share Options	CEO	20-Feb-19	R 210	38 522	20-Feb-24	Note 2	183 588	-	-	-	183 588	-
Share Options	CEO	22-Nov-19	R 165	24 145	22-Nov-24	Note 2	146 333	-	-	-	146 333	9 393
Total				**104 769**			**752 636**	**-**	**-**	**224 539**	**528 097**	**15 310**
Conditional Rights	CEO	27-Nov-20	R 148	13 201	31-May-24	Note 3	-	89 466	-	-	89 466	9 945
Total				**13 201**				**89 466**	**-**	**-**	**89 466**	**9 945**
Share Appreciation Rights	CEO	27-Nov-20	R 148	13 201	31-May-24	Note 4	-	89 466	-	-	89 466	5 990
Total				**13 201**				**89 466**	**-**	**-**	**89 466**	**5 990**

1 For EFSP performance awards allocated effective from November 2016, the board approved a revised hurdle structure that required HEPS growth over the vesting period in excess of CPI as follows: HEPS growth < CPI+1%: 100% forfeited. HEPS growth ≥ CPI+1%: 20% vest, 80% forfeited. HEPS growth ≥ CPI+2%: 40% vest, 60% forfeited. HEPS growth ≥ CPI+3%: 60% vest, 40% forfeited. HEPS growth ≥ CPI+4%: 80% vest, 20% forfeited. HEPS growth≥ CPI+5%: 100% vest.

2 For Share Option awards allocated effective from November 2018, the board approved a revised hurdle structure that required HEPS growth over the vesting period in excess of CPI as follows: HEPS CAGR < CPI+1%: 100% forfeited. HEPS CAGR ≥ CPI+1%: 33% vests, 67% forfeited. HEPS CAGR ≥ CPI+2%: 66% vests, 34% forfeited. HEPS CAGR ≥ CPI+3%: 100% vests, 0% forfeited.

3 Performance conditions required for vesting is a five performance measure (HEPS, RONW, Sales Growth, Absolute TSR and Non-financial Measures).

4 Performance conditions required for vesting is HEPS growth > Real HCE+3%.

5 Fair Value of EFSP Performance and Conditional Rights determined using 20 day VWAP and expected vesting outcome.

6 Fair Value of EFSP Employment determined using 20 day VWAP.

7 Fair Value of Share Options and Share Appreciation Rights determined using IFRS 2 Fair Value Actuarial Valuation. This value takes into account estimated vesting % based on the likelihood of achieving the performance condition.

Details of the interest of Executive Directors in Long-Term Incentives: Share Options, EFSP Shares, Conditional Rights and Share Appreciation Rights

Executive Director	Position Held	Date of Award	Share price at award date	Face Value at award date (R'000)	Vesting / Exercise Date	HEPS CAGR% required for vesting	Shares held at the beginning of the year	Shares awarded and accepted	Shares vested during the year	Shares lapsed during the year	Shares held at end of the year	Fair Value at the end of the year (R'000) [5,6,7]
Mark Stirton												
EFSP Employment	Corporate Financial Director	22-Nov-16	R 138	108	22-Nov-21		785	-	-	-	785	145
EFSP Performance	Corporate Financial Director	22-Nov-16	R 138	-	22-Nov-21	Note 1	785	-	-	785	-	-
EFSP Employment	Corporate Financial Director	28-Nov-17	R 188	125	28-Nov-22		663	-	-	-	663	123
EFSP Performance	Corporate Financial Director	28-Nov-17	R 188	125	28-Nov-22	Note 1	663		-	-	663	74
EFSP Employment	Corporate Financial Director	22-Nov-18	R 232	185	22-Nov-23		800	-	-	-	800	148
EFSP Performance	Corporate Financial Director	22-Nov-18	R 232	185	22-Nov-23	Note 1	800	-	-	-	800	89
EFSP Employment	CFO	20-Feb-19	R 210	899	20-Feb-24		4 284	-	-	-	4 284	794
EFSP Performance	CFO	20-Feb-19	R 210	899	20-Feb-24	Note 1	4 284	-	-	-	4 284	476
EFSP Employment	CFO	22-Nov-19	R 165	791	22-Nov-24		4 794	-		-	4 794	888
EFSP Performance	CFO	22-Nov-19	R 165	791	22-Nov-24	Note 1	4 794	-	-	-	4 794	533
GFSP	CFO	20-Feb-19	R 210	8 838	20-Feb-24		42 121	-	-	-	42 121	7 804
Total				**12 946**			**64 773**	**-**	**-**	**785**	**63 988**	**11 074**
Share Options	Corporate Financial Director	22-Nov-16	R 138	-	22-Nov-21	HEPS ≥ CPI + 1%	18 523	-	-	18 523	-	-
Share Options	Corporate Financial Director	28-Nov-17	R 188	1 357	28-Nov-22	HEPS ≥ CPI + 1%	7 204	-	-	-	7 204	557
Share Options	Corporate Financial Director	22-Nov-18	R 232	2 014	22-Nov-23	Note 2	8 687	-	-	-	8 687	-
Share Options	CFO	20-Feb-19	R 210	9 761	20-Feb-24	Note 2	46 518	-	-	-	46 518	-
Share Options	CFO	22-Nov-19	R 165	8 588	22-Nov-24	Note 2	52 048	-	-	-	52 048	3 341
Total				**21 720**			**132 980**	**-**	**-**	**18 523**	**114 457**	**3 898**
Conditional Rights	CFO	27-Nov-20	R 148	7 237	31-May-24	Note 3		49 046	-	-	49 046	5 452
Total				**7 237**				**49 046**	**-**	**-**	**49 046**	**5 452**
Share Appreciation Rights	CFO	27-Nov-20	R 148	7 237	31-May-24	Note 4		49 046	-	-	49 046	3 284
Total				**7 237**				**49 046**	**-**	**-**	**49 046**	**3 284**

1 For EFSP performance awards allocated effective from November 2016, the board approved a revised hurdle structure that required HEPS growth over the vesting period in excess of CPI as follows: HEPS growth < CPI+1%: 100% forfeited. HEPS growth ≥ CPI+1%: 20% vest, 80% forfeited. HEPS growth ≥ CPI+2%: 40% vest, 60% forfeited. HEPS growth ≥ CPI+3%: 60% vest, 40% forfeited. HEPS growth ≥ CPI+4%: 80% vest, 20% forfeited. HEPS growth≥ CPI+5%: 100% vest.

2 For Share Option awards allocated effective from November 2018, the board approved a revised hurdle structure that required HEPS growth over the vesting period in excess of CPI as follows: HEPS CAGR < CPI+1%: 100% forfeited. HEPS CAGR ≥ CPI+1%: 33% vests, 67% forfeited. HEPS CAGR ≥ CPI+2%: 66% vests, 34% forfeited. HEPS CAGR ≥ CPI+3%: 100% vests, 0% forfeited.

3 Performance conditions required for vesting is a five performance measure (HEPS, RONW, Sales Growth, Absolute TSR and Non-financial Measures).

4 Performance conditions required for vesting is HEPS growth > Real HCE+3%.

5 Fair Value of EFSP Performance and Conditional Rights determined using 20 day VWAP and expected vesting outcome.

6 Fair Value of EFSP Employment determined using 20 day VWAP.

7 Fair Value of Share Options and Share Appreciation Rights determined using IFRS 2 Fair Value Actuarial Valuation. This value takes into account estimated vesting % based on the likelihood of achieving the performance condition.

Details of the interest of Executive Directors in Long-Term Incentives: Share Options, EFSP Shares, Conditional Rights and Share Appreciation Rights

Executive Director	Position Held	Date of Award	Share price at award date	Face Value at award date (R'000)	Vesting / Exercise Date	HEPS CAGR% required for vesting	Shares held at the beginning of the year	Shares awarded and accepted	Shares vested during the year	Shares lapsed during the year	Shares held at end of the year	Fair Value at the end of the year (R'000) [5,6,7]
Steve Ellis												
EFSP Employment	Group Director	22-Nov-15	R 200	-	22-Nov-20		1 423	-	1 423	-	-	-
EFSP Employment	Group Director	22-Nov-16	R 138	302	22-Nov-21		2 190	-	-	-	2 190	406
EFSP Performance	Group Director	22-Nov-16	R 138	-	22-Nov-21	Note 1	2 190	-	-	2 190	-	-
EFSP Employment	Group Director	28-Nov-17	R 188	321	28-Nov-22		1 706	-	-	-	1 706	316
EFSP Performance	Group Director	28-Nov-17	R 188	321	28-Nov-22	Note 1	1 706	-	-	-	1 706	190
EFSP Employment	Group Director	22-Nov-18	R 232	343	22-Nov-23		1 478	-	-	-	1 478	274
EFSP Performance	Group Director	22-Nov-18	R 232	343	22-Nov-23	Note 1	1 478	-	-	-	1 478	164
EFSP Employment	Group Director	22-Nov-19	R 165	361	22-Nov-24		2 188	-	-	-	2 188	405
EFSP Performance	Group Director	22-Nov-19	R 165	361	22-Nov-24	Note 1	2 188	-	-	-	2 188	243
Total				**2 352**			**16 547**	**-**	**1 423**	**2 190**	**12 934**	**1 998**
Share Options	Group Director	22-Nov-14	R 223	4 393	22-Nov-19	HEPS ≥ CPI + 1%	19 733	-	-	-	19 733	-
Share Options	Group Director	22-Nov-16	R 138	-	22-Nov-21	HEPS ≥ CPI + 1%	23 782	-	-	23 782	-	-
Share Options	Group Director	28-Nov-17	R 188	3 489	28-Nov-22	HEPS ≥ CPI + 1%	18 520	-	-	-	18 520	1 432
Share Options	Group Director	22-Nov-18	R 232	3 720	22-Nov-23	Note 2	16 051	-	-	-	16 051	-
Share Options	Group Director	22-Nov-19	R 165	3 921	22-Nov-24	Note 2	23 762	-	-	-	23 762	1 525
Total				**15 523**			**101 848**	**-**	**-**	**23 782**	**78 066**	**2 957**
Conditional Rights[8]	Group Director	27-Nov-20	R 148	2 537	31-May-24	Note 3	-	17 194	-	-	17 194	1 911
Total				**2 537**				**17 194**	**-**	**-**	**17 194**	**1 911**
Share Appreciation Rights[8]	Group Director	27-Nov-20	R 148	2 537	31-May-24	Note 4	-	17 194	-	-	17 194	1 151
Total				**2 537**				**17 194**	**-**	**-**	**17 194**	**1 151**

1 For EFSP performance awards allocated effective from November 2016, the board approved a revised hurdle structure that required HEPS growth over the vesting period in excess of CPI as follows: HEPS growth < CPI+1%: 100% forfeited. HEPS growth ≥ CPI+1%: 20% vest, 80% forfeited. HEPS growth ≥ CPI+2%: 40% vest, 60% forfeited. HEPS growth ≥ CPI+3%: 60% vest, 40% forfeited. HEPS growth ≥ CPI+4%: 80% vest, 20% forfeited. HEPS growth≥ CPI+5%: 100% vest.

2 For Share Option awards allocated effective from November 2018, the board approved a revised hurdle structure that required HEPS growth over the vesting period in excess of CPI as follows: HEPS CAGR < CPI+1%: 100% forfeited. HEPS CAGR ≥ CPI+1%: 33% vests, 67% forfeited. HEPS CAGR ≥ CPI+2%: 66% vests, 34% forfeited. HEPS CAGR ≥ CPI+3%: 100% vests, 0% forfeited.

3 Performance conditions required for vesting is a five performance measure (HEPS, RONW, Sales Growth, Absolute TSR and Non-financial Measures).

4 Performance conditions required for vesting is HEPS growth > Real HCE+3%.

5 Fair Value of EFSP Performance and Conditional Rights determined using 20 day VWAP and expected vesting outcome.

6 Fair Value of EFSP Employment determined using 20 day VWAP.

7 Fair Value of Share Options and Share Appreciation Rights determined using IFRS 2 Fair Value Actuarial Valuation. This value takes into account estimated vesting % based on the likelihood of achieving the performance condition.

8 S Ellis qualifies for an additional 10% bonus award in shares (due to holding 3 x annual guaranteed salary equivalent value in shares).

Social, Ethics, Transformation and Sustainability Committee Report

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

Capitals

H S N

Stakeholders

Business Activities

King IV™ Governance Outcomes

- Good performance
- Effective control
- Legitimacy
- Ethical culture

Strategic Pillars

Sustainable Development Goals

1 4 5 6 7 8 9 10 11 12 13 14 15 17

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 (71 of 2008) 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 members, their qualifications and experience, number of meetings held and attendance at meetings is detailed in the board report on pages 70, 71 and 79.

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 monitoring the group's commitment to promoting and protecting human rights.

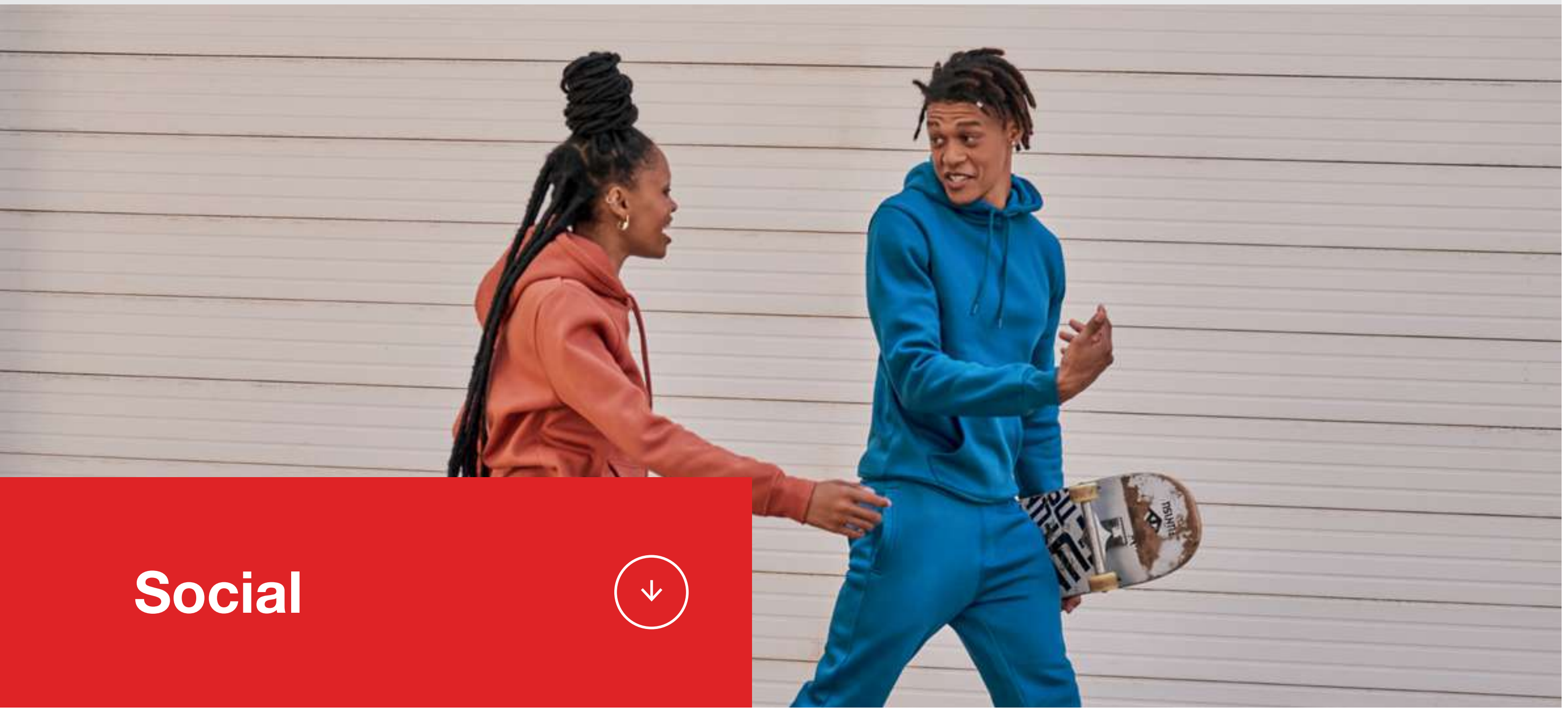
The group understands its role as a responsible citizen and, therefore, aims to build a sustainable business that carefully considers its impact on the environment and its role in strengthening local economies and adding value to people's lives. Meaningful stakeholder engagement, together with impact assessments, guide the formulation of appropriate and relevant business responses. The group is guided by the Sustainable Development Goals (SDGs) and measures performance and impact against the goals, and activates business-wide interventions to shift trajectories towards these goals. The group's dedicated sustainability centre of excellence focuses on ensuring the committee's mandate is fulfilled in accordance with the main board's strategic objectives. Meaningful strategic imperatives are integrated into working to ensure that these receive the required focus and that resources integrate into business operations.

Key areas of focus for the reporting period were:

- Oversee and approve the group's approach to reducing its carbon footprint, waste to landfill and single-use plastic
- Monitor the increase in use of sustainable and recyclable raw materials in products and packaging
- Oversee and monitor the impact of the group's non-profit company, the Mr Price Foundation, on community development through improving education for children and creating meaningful training and income-generating opportunities for young people
- Supervise the group's partnership with its supplier network to develop responsible business and manufacturing practices and improve performance that unlocks further value
- Guide and support the commitment and passion of associates to build a sustainable business for the future
- Oversee and approve investment in the transformation of the business and supply chain that reflects the group's commitment to B-BBEE
- Review the output of the systems and processes to measure sustainability performance and impact of targeted interventions

Committee Statement

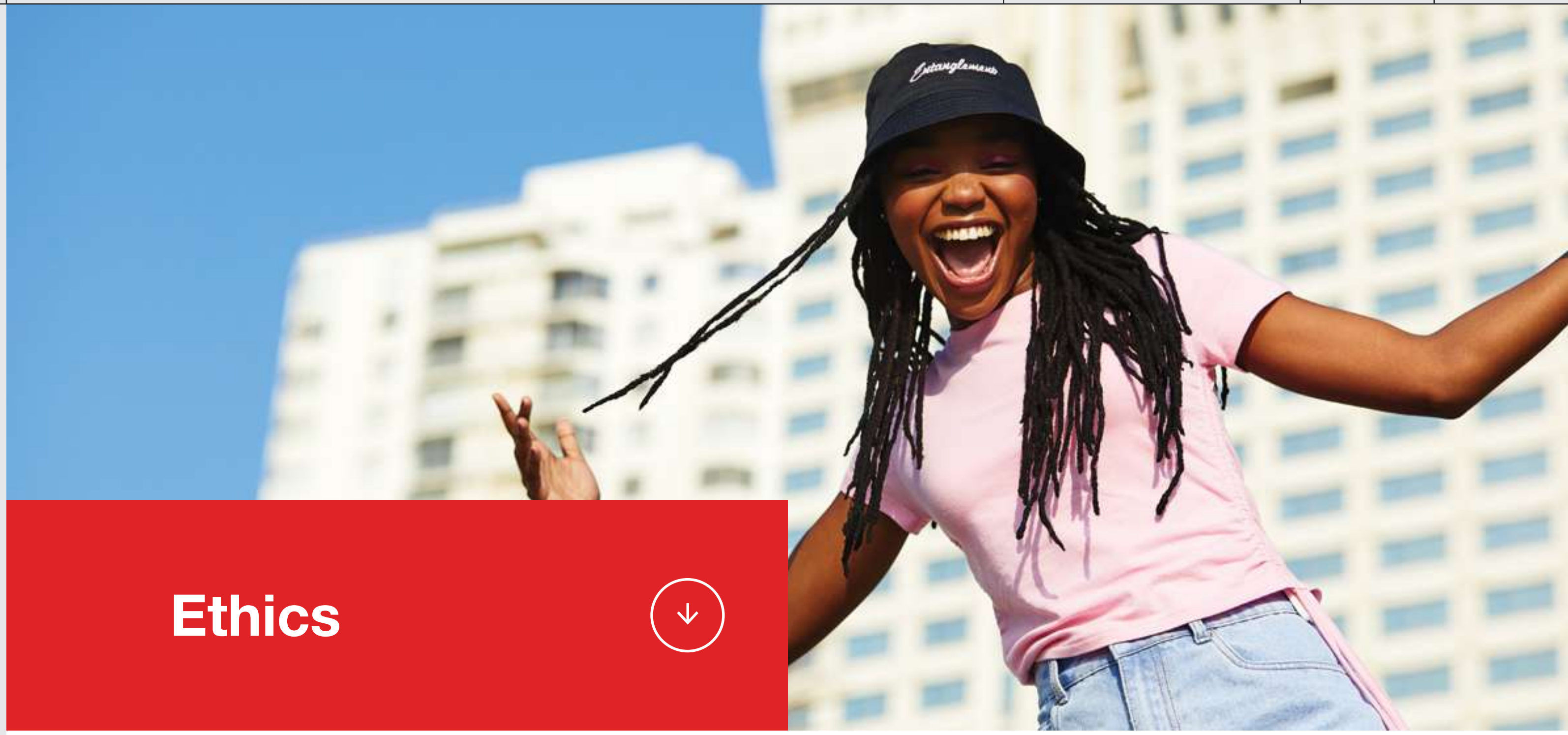
The committee is satisfied that it has fulfilled its responsibilities, in accordance with its mandate and the Companies Act, for the past financial year. The committee chair will be available at the AGM to answer any questions relating to the committee's statutory obligations.



Social

The group's social focus includes all key elements that impact on the health and wellbeing of associates, customers, workers within the value chain and communities the group operates in. The group is guided by the United Nations Guidelines for Consumer Protection (UNGCP) principles 1-6 and therefore respect human rights and aim to ensure compliance and ethical labour practices are applied both in the business and value chain. The aim is to make a meaningful difference to the lives of people who are connected to the business, value chain and communities and thereby make a positive impact on SDGs 1,3,4,5,8,10 and 12.

Information about social initiatives undertaken this year are provided under the Our Community and Partnership headings on this report on pages 136 and 147 respectively.



Ethics

Living out the group's long-standing beliefs of Passion, Value, Partnership in daily action is the foundation of ethical behaviour and leadership. These beliefs permeate all business activities from strategy formulation at the board level to day-to-day store activities. Further detail on the group's beliefs can be found on page 9. More information on ethical leadership is set out in the board report on pages 68 - 75.

The board governs ethics with oversight delegated to this committee. The committee is responsible for directing the group's approach to ethics by approving the code of conduct and related policies and provides ongoing oversight over organisational ethics. In turn, the implementation and management of ethics are delegated by the committee to management. The code of conduct, which formalises the group's stance on various ethical issues, includes and upholds the group's commitment to human rights, equal opportunity, fair treatment, forced and child labour, environment, and anti-bribery and corruption principles. The code of conduct is published on the group's website www.mrpricegroup.com and is incorporated into associate employment contracts and contractual arrangements with suppliers and other service providers. The externally facilitated ethics hotline provides a confidential mechanism for associates and third parties to report non-compliance with the code of conduct. Following the outsourcing of internal audit to KPMG, this service was transferred to KPMG FairCall from 1 November 2020.

The group ethics officer monitors ethical compliance, supported by internal audit and, when necessary, external professional advisors. Annually, a declaration of code of conduct compliance is undertaken across the business, focusing on directors, executive and senior management and associates who engage with and could influence relationships with suppliers, service providers or professional advisors. The outcome is reported to the committee and the audit and compliance committee as part of its compliance oversight role. Any material concerns are investigated by the group ethics officer and escalated to internal audit if required.

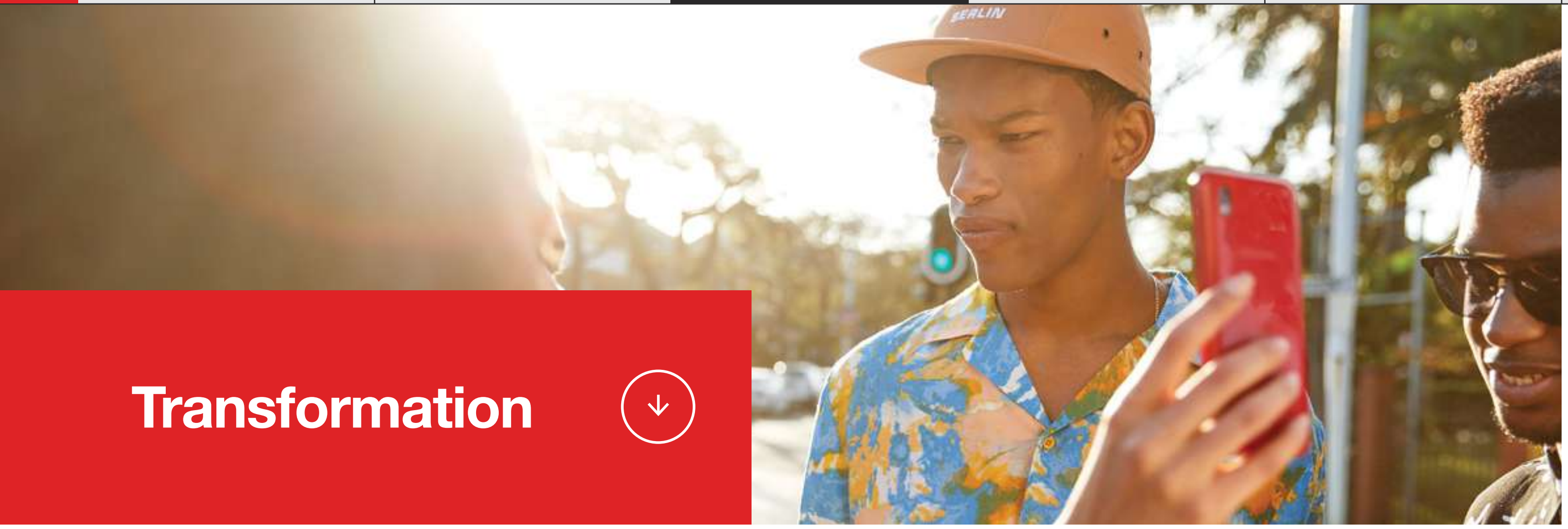
Ethics-related matters are reported at the scheduled governance centre of excellence board meetings, attended by senior management of trading divisions and centres of excellence. This reporting includes statistics and trends regarding ethical issues captured through the ethics hotline, results of the annual code of conduct declarations and other material ethics issues. Matters reported via the group's ethics hotline are investigated internally or externally as required, according to a detailed decision-making framework with appropriate remedial action taken. During the reporting period, no human rights violations were identified or reported. The committee is satisfied that matters reported during the period were appropriately considered, reviewed, investigated (where necessary) and action taken where complaints proved to be founded.

Key areas of focus for the reporting period were:

- Monitoring the transfer of the ethics hotline to KPMG FairCall
- Updating the ethics decision-making framework
- Overseeing the roll-out of ethics training, supported by KPMG, to senior management
- Considering the outcome of a review of the group's online content and social media processes to mitigate the risk of inappropriate content that could cause reputational damage

Future focus areas are:

- Induct acquired businesses with the code of conduct
- Continued roll-out of ethics training to store associates
- Continued communication to retain business awareness relating to ethics officer and ethics function
- Review the group's anti-bribery and corruption and fraud risk management to align with best practice in conjunction with KPMG



Transformation

Broad-Based Black Economic Empowerment

Broad-based Black Economic Empowerment (B-BBEE) is a government policy to advance economic transformation and enhance the economic participation of black people in the economy. The group is committed and working towards this transformation strategy. Primary focus areas were management control (including employment equity), enterprise and supplier development (including preferential procurement) and skills development. Following independent verification B-BBEE Compliance Level 8 was achieved. Despite the group achieving higher points overall than in FY2020, compliance was unfortunately discounted by one level due to the group not achieving the sub-minimum points under supplier development. This was as a result of the group's net profit after tax being higher than anticipated which required a greater supplier development investment than had been planned (see supplier development detail on page 133).

Element	Weighting Points	FY2020 Actual	FY2021 Actual
Ownership*	25	13.21	13.28
Management control (includes employment equity)	19	6.75	7.15
Skills development	20	11.98	10.79
Enterprise and supplier development (includes preferential procurement)	40	21.90	25.40
Socio-economic development	5	5	4.43
Total Points	**109**	**58.84**	**61.05**
Compliance level achieved		Level 7	Level 8
Final B-BBEE status		Level 7	Level 8

Ownership

The comprehensive analysis of the group's shareholding to the individual shareholder level contributes to the points that will be achieved under this element. Further points will be attained as associates share in the business's success by participating in the Partners Share Scheme. Refer to the remuneration implementation report on page 114 for additional information. The group's international shareholding of 44.4% does not attract B-BBEE ownership points.

Management control and skills development (including employment equity)

The group recognises the value in diversity and the need for its workforce to be representative of South Africa's national and regional demographics. It is committed to employing and developing people from designated groups to further its employment equity objectives. The philosophy is to encourage associates to achieve their full potential by applying for and securing growth opportunities within the group as these arise. There is a strong focus on diversity and inclusion in all organisational culture and leadership initiatives to help associates identify with unconscious bias and ensure a vibrant and representative workforce. Of the associates hired in the last year in stores, 99% of new hires and promotions were ACI (African, Coloured, Indian). At head office, 76% of new hires and 70% of promotions were ACI. This is a significant step forward.

The employment equity committee, comprising of top and senior management representation and critical and core positions across the group, meets regularly to discuss progress towards employment equity goals. The committee's purpose is to identify and recommend steps to overcome affirmative action barriers and ensure adherence to relevant legislation.

The group also participated in an unemployed learnership programme in South Africa for 196 black disabled youth to facilitate skills development to enable these young people to secure employment.

Enterprise and supplier development (including preferential procurement)

Supplier development

The group applies due diligence processes to ensure that supplier development investments meet the relevant criteria, have a strong business case and are sustainable and meaningful to the partners. This year the group partnered with ABSA to administer raw material loans to small, black-owned suppliers. Unfortunately there were insufficient qualifying suppliers to utilise the full extent of the budgeted investment funding, which together with the higher than anticipated group net profit after tax, resulted in the sub-minimum points for this element not being achieved.

Enterprise development

The group's seven-year partnership with The Clothing Bank (TCB) has been a success story of economic empowerment. The group donates defective merchandise to this non-profit and public benefit organisation, with TCB's primary aim being to help participants become self-sufficient by acquiring acumen, life skills and mentorship. Since its inception in 2014, the number of merchandise units donated to TCB has increased significantly to 2 706 722 million units. During the reporting period, 337 714 units were donated and 953 entrepreneurs supported by TCB. In the past financial year, donations of 26 466 units were made to the non-profit organisation, Nation Changers, who similarly impact education and job creation in South Africa.

Preferential procurement

Sourcing teams continue to focus on increasing local supplier B-BBEE compliance, with good progress made in transforming local South African trade suppliers. Refer pages 139 - 141 for the group's efforts in supporting the local supply base. Local procurement (South African) represents 36.3% of total input units and during FY2021, the group sourced 79.1 million units from South African suppliers. This investment is worth R9.3 billion at retail value.

Total workforce profile - March 2021

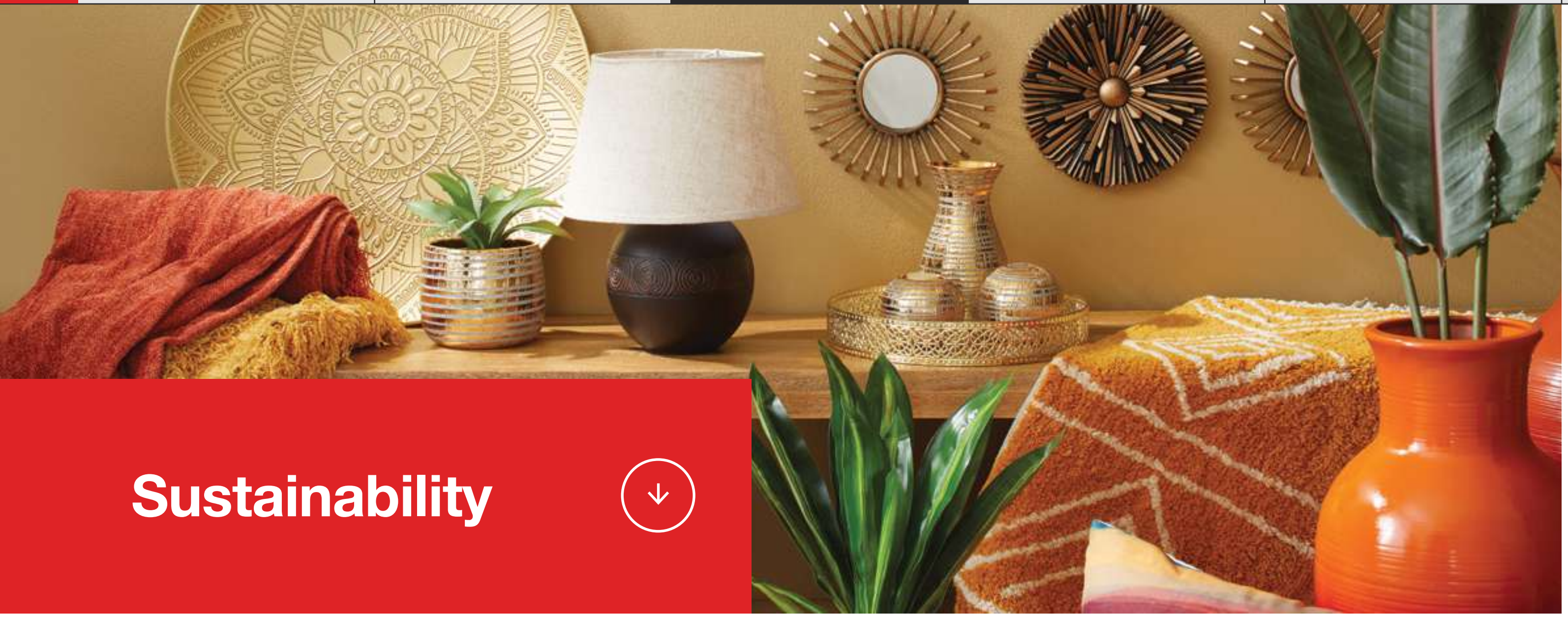
Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	1	-	2	10	-	-	-	3	-	-	16
Senior management	5	-	9	34	3	3	9	44	-	3	110
Professionally qualified	45	14	65	108	46	30	80	143	5	5	541
Skilled technical	717	151	163	79	2 271	660	329	316	5	7	4 698
Semi-skilled	2 544	339	99	18	7 128	1 232	271	51	12	19	11 713
Unskilled	4	-	-	-	31	2	1	-	-	-	38
Total permanent	**3 316**	**504**	**338**	**249**	**9 479**	**1 927**	**690**	**557**	**12**	**34**	**17 116**
Temporary employees	494	110	7	1	1189	318	17	9	-	1	2146
Grand total	**3 810**	**614**	**345**	**250**	**10 668**	**2 245**	**707**	**566**	**22**	**35**	**19 262**
ACI as % of total	Male	95%			Female	96%				Total	95%

Disabled workforce profile - March 2021

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	-	-	-	-	-	-	-	-	-	-	-
Senior management	-	-	-	-	-	-	-	-	-	-	-
Professionally qualified	-	-	-	1	-	-	-	-	-	-	1
Skilled technical	1	-	1	1	4	2	1	2	-	-	12
Semi-skilled	9	-	-	-	10	1	-	-	-	-	20
Unskilled	39	-	-	-	45	-	-	-	-	-	84
Total permanent	**49**	**-**	**1**	**2**	**59**	**3**	**1**	**2**	**-**	**-**	**117**
Temporary employees	-	-	-	-		1	-	-	-	-	1
Grand total	**49**	**-**	**1**	**2**	**59**	**4**	**1**	**2**	**-**	**-**	**118**
ACI as % of total	Male	96%			Female	97%				Total	96%

Socio-economic development

The group's strategic partnership with the Mr Price Foundation supports South Africa's youth. Further information on the Mr Price Foundation can be found on page 136.



Sustainability

Building a sustainable business is a key pillar of the group strategy and aligns with the business's values. The scope of sustainability incorporates business operations, the value chain and communities where the business operates.

The group is committed to the United Nations Global Compact (UNGC) principles and uses the SDGs to guide implementation. Innovation is critical to delivering greater value through fair social contribution and within the boundaries of the planet. A sustainability framework incorporating the SDGs measure the group's impact on society and the environment and monitor the scope of implementation and commitments. The group environmental policy and responsible sourcing guidelines provide direction on commitments and implementation of sustainable practices. The sustainability centre of excellence facilitates and guides key interventions in collaboration with cross-divisional and cross-functional working groups and task teams. These include a responsible sourcing working group, a packaging working group and a working group on customer awareness and communication. Their purpose is to identify opportunities to implement sustainable products, processes and practices. Trading divisions incorporated sustainability targets into their business and value chain strategies. The group provides education and training to associates, suppliers, partners and other key stakeholders to enable improvement of their sustainability performance.

The group's Together We Do Good theme helps communicate its position to customers and other key stakeholders by sharing the wins and inviting them to partner with the group as it aims to achieve sustainability goals.

As a signatory of the Retail-CTFL Master Plan 2030 of South Africa, the group continues to work collaboratively with government and industry to develop meaningful interventions to unlock a competitive and sustainable local manufacturing industry. As part of the group's commitment, the group identified opportunities to unlock further local production over the next ten years, thereby strengthening the South African economy and creating meaningful jobs. The group partners with Proudly SA to increase customer awareness and promote the benefits of buying locally made products. In addition, the group continues to work with international partners such as the Ethical Trade Initiative (ETI) to guide suppliers in their effort to develop responsible practices that respect and protect workers and the environment.

To achieve this commitment, efforts have been focused as follows:

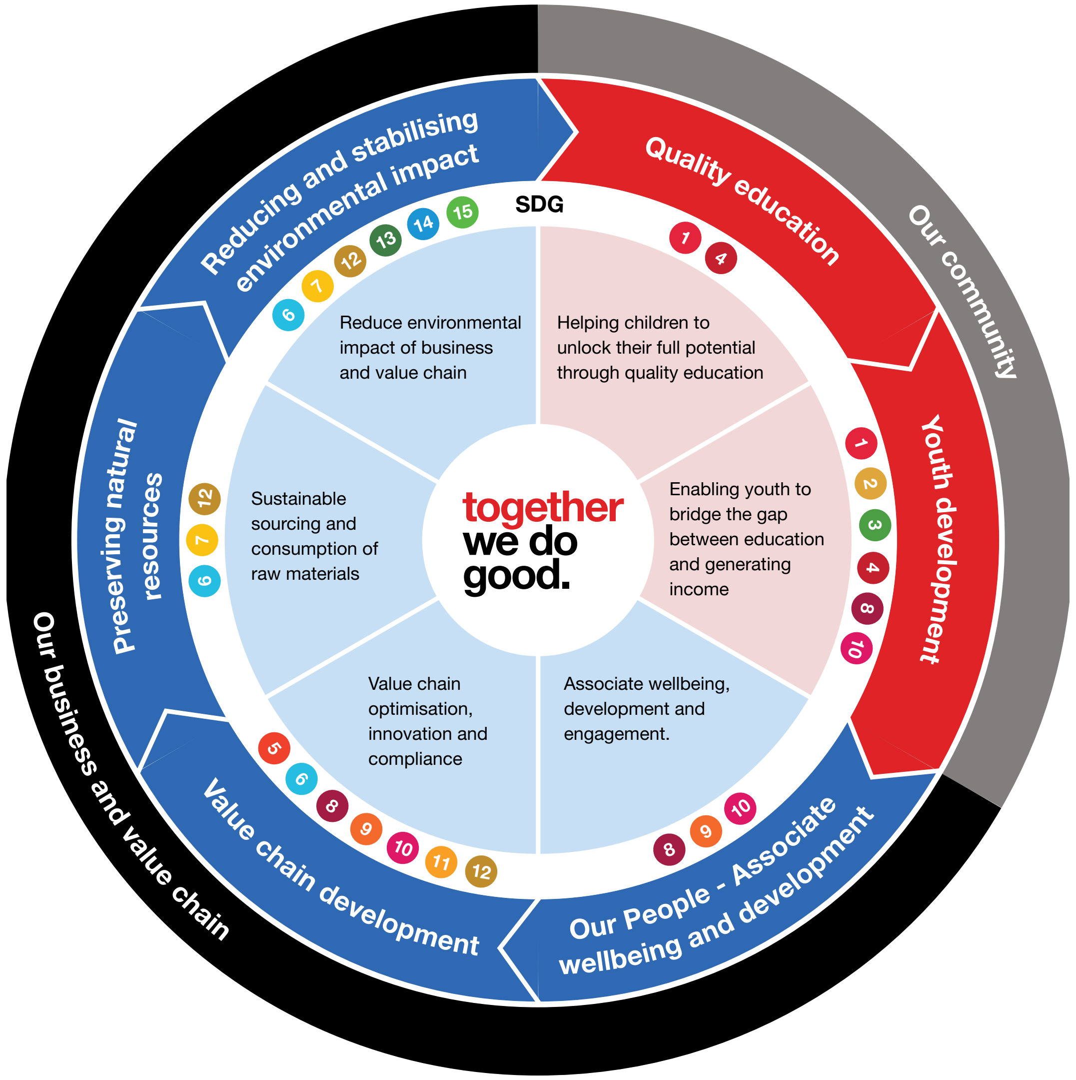
- Mapping 95% (estimated) of first and second-tier production sites
- Reshoring production closer to market to reduce carbon footprint, improve efficiencies and strengthen the South African manufacturing industry
- Sourcing sustainable raw materials including cotton (BCI, CMiA), timber (FSC) and recycled polyester (RPET)
- Single-use plastic shopper bags reduced by 34%
- Support local cotton farmers by committing to procure 407 tons of cotton grown by South African farmers
- Develop 27 suppliers to improve product quality and production efficiencies
- Provide financial loans to the value of R24 million to support small black-owned companies in the supply chain

While significant progress has been made to deliver these commitments, the scope and depth of sustainability measurement and reporting will broaden. To deliver this, the group's sustainability strategy has prioritised measurement indicators aligned to Environmental, Social and Governance (ESG) reporting, the SDGs, and relevant business performance measures and stakeholder requirements.

Sustainability Outcomes

The group strives to achieve six key outcomes. The outcomes are rooted in the goal to build a sustainable business and value chain, as well as the vision of the Mr Price Foundation, which is to break the cycle of poverty and inequality.

The group aligns its approach to SDG implementation to global best practice, pulling from various sources to ensure it is innovative and fit for business purpose.



Sustainable Development Goals (SDGs)

The six outcomes highlighted above include:

- **Quality education**
- **Youth development**
- **Our People - Associate wellbeing and development**
- **Value chain development**
- **Preserving natural resources**
- **Reducing and stabilising environmental impact**

Our Community

Reducing the impact of poverty and inequality in our communities

The business cares about young people in the communities in which it operates. An annual investment, equivalent to approximately 1% of net profit after taxation from South African operations, is made into South African communities by donating to the Mr Price Foundation. The foundation, a registered non-profit organisation (with public benefit organisation status), was established in 2005 to focus on South Africa's youth development.

What makes the Mr Price Foundation different?
As a youth development organisation, Mr Price Foundation is passionate about developing youth from underserved South African communities through education and skills development, equipping them to succeed in their lifelong learning journey. By stimulating sustainable and systematic change, the foundation aims to empower youth to break the cycle of poverty and inequality in their lives. The education programme contributes positively to the delivery of sustainable quality, holistic education in selected lower socio-economic status schools through the upskilling and mentoring of school management and educators, thereby enabling children to unlock their full potential. Through demand-driven development, the JumpStart programmes develop unemployed youth's skills by bridging the gap between school/ tertiary education and the working world.

Mr Price Foundation is aware that proactive engagement, systemic partnerships, and innovative solutions are necessary to achieve its vision. It invests significantly into building relationships with key stakeholders such as Mr Price, other businesses, government, and civil society, thereby aiming to find strategic solutions designed to positively impact South Africa's socio-economic landscape.

FY2021 Impact

64 649	primary school learners benefited
1 560	educators participated in content knowledge workshops
101	JumpStart training sessions conducted
1 462	unemployed youth benefited
66%	employment rate of JumpStart candidates
R12 050 million	invested in EduRise (schools programme)
R12 922 million	invested in JumpStart (skills development programme)

Reflections from the Mr Price Foundation

The unprecedented events of 2020 challenged us to work together in new and better ways. By choosing to respond to adversities through the lens of opportunity, we have grown and emerged more robust and able to continue to break open opportunities for our beneficiaries.

Reflection often accompanies change, and in 2020 we reflected upon our journey. Our name change to Mr Price Foundation acknowledges our roots — being birthed out of the Mr Price business in 2005 to address South African's socio-economic challenges — and reaffirms the guiding principles we follow:

- Passion drives actions; we may have a small team, but we testify to ordinary people achieving extraordinary things
- Value is measured by value added to beneficiaries
- Partnering with like-minded organisations with the same purpose enables a more significant impact

Although we are an NPO and PBO, we steer our organisation with a business mindset founded on strong governance and financial controls. Monitoring and evaluation are critical, and we regulary engage with stakeholders to measure actual impact. Building a sustainable organisation is vital for our impact. As a separate entity, we don't make a profit; we create impact. Through generous resources from Mr Price and other donors, we wisely use funds to benefit beneficiaries.

This newfound resilience and adaptability will propel us into the future. Thank you to all our partners, donors, followers and friends for your support in 2020, and we look forward to working together in 2021.

Karen Wells
Head of Mr Price Foundation

Refer to Mr Price Foundation's Integrated Report for a full breakdown of impact on www.mrpfoundation.org

Our Business and Value Chain

Our People - Associate wellbeing and development

The group's unique culture gives it a competitive advantage and positions it as an employer of choice in the retail industry. Culture plays a vital role in uniting people as a collective force; this has never been more relevant than during COVID-19 as people endured high-stress circumstances and remote working conditions. To understand the group's DNA and what makes Mr Price Group unique, now and into the future, a group-wide initiative was undertaken. The CEO will launch this exciting initiative in early FY2022 with a roll-out plan to ensure adoption and momentum. The associate experience will build in key mechanisms to enable, sustain and protect culture and support leadership and the transformation strategy. Leaders will play a vital role in enabling this work and setting an example of how the group lives out its core values and DNA.

Engagement
The group monitors and responds to its working environments through regular open conversations, online performance engagement and onboarding and exit surveys. Feedback sessions and focus surveys listen to associates' needs, co-create solutions and identify business improvement and leadership development opportunities. In the year ahead, the group will research ways to measure organisational health regularly through specific people metrics (engagement, performance and productivity, associate wellness, development, innovation and transformation), to allow for a proactive response to associates' and business needs.

The group wellness programme played a central role in ensuring associates could access support to reduce stress levels. In FY2021, a professional employee assistance programme launched to all associates and their families to access this support. The internal communications platform, Mr Price Group Voice, plays a vital role in ensuring strategic group messaging reaches associates, especially as many work remotely due to the pandemic.

Talent acquisition
Developing and retaining homegrown talent is a strategy that has served the group well in the past and will continue to be a core focus. The applicant tracking system ensures all vacancies are visible to associates and they are aware of updated career opportunities. Sourcing the right skills and expertise externally is equally important. Stringent pre-employment assessments ensure required skill levels are maintained. The current attrition rate across the group is just over 17%, which falls below the national level of 19%, but the group will always continue to improve retention rates.

Talent management
The group offers various career opportunities and associates are encouraged to pursue their ambitions within this dynamic and evolving work environment. The improved succession planning and high-potential development processes have proven effective in ensuring the right talent is available when a critical vacancy arises. More improved visibility of internal talent across the group allowed for 62% of all new vacancies to be filled by internal candidates, a huge boost for career progression and retention.

The group values close working relationships between managers and associates, with personal growth and career development annually discussed through a performance framework. Line managers are responsible for ensuring these discussions result in meaningful development action plans and career growth for associates. Traditionally, divisions set and measure performance targets but this framework's phase two and three roll-out will introduce goal-setting elements to all associates as well as group-wide recognition aligned to culture.

Associate development

Attracting, developing and retaining talent is critical to competitiveness and long-term sustainability. The group strives to deliver high quality and relevant training through the learning and development team. Their impact relies on specialist learning and development managers working with subject matter experts to develop and facilitate business-focused and blended learning interventions. This year, the economic climate and the pandemic has impacted online training spend. A more intentional approach has been taken to transition classroom training to online learning.

Trainee buyer, planner and store manager development programmes are designed and implemented to develop a firm pipeline of critical skills. Learnerships remain a critical part of the development strategy to afford associates opportunities to gain formal qualifications. Three hundred and sixty-seven associates were registered for learnerships with the Wholesale and Retail Sector Education and Training Authority (W+R SETA) in the previous financial year. All these learners are from previously disadvantaged backgrounds. In FY2021, no new learnerships were registered as the learners mentioned above were still active on their programmes. Owing to the pandemic's impacts, the learnership duration was delayed by six months and the W+R SETA extended the learnership end date to 31 July 2021.

Leadership development

The group partners with credible training professionals and business schools, locally and internationally, to design and facilitate leadership programmes. The senior leadership development programme (LEAD) equips leaders with transformational leadership skills. The leadership essentials programme develops leadership skills for associates. The pandemic postponed LEAD delegates' intake, but ongoing development tools were available to the alumni and relevant leaders due to increased social and online learning.

Recognition and reward

Central to the group's values is rewarding high performance and instilling a celebration and recognition culture. Well-defined targets are set annually, with performance discussions conducted as required during the year. A highlight is the Running Man award, 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 group medallion and team cap awards are awarded to associates who have delivered exceptional performance or innovation during the year, thereby setting new standards and becoming role models.

Through its all-inclusive and comprehensive benefits offering, the group offers social security through its retirement fund, unemployment insurance contribution, sick leave, and several risk benefits to ensure that associates are not left exposed to risk events. These are governed by the applicable group policies and are readily available to associates.

All associates participate in one of the group's share schemes after fulfilling that scheme's specific employment tenure requirements. These associates become part-owners and are referred to as partners, in line with the group's core value of Partnership. A new long-term incentive plan was introduced within the group. This plan will be operated via a single set of rules that comply with leading remuneration practice and includes multiple instruments to address the group's requirements for long-term flexibility. Refer to the remuneration implementation report on page 114. and on the group's website www.mrpricegroup.com for further details.

Associate relations

Treating all associates fairly is at the heart of the group's values. The group is committed to a workplace free from discrimination, compliant with relevant labour laws, with open communication between managers and associates. This enables workplace grievances to be avoided or speedily resolved. Over the last financial year, approximately 39 associates were impacted by reorganisation and new ways of working. The group's default response is always to explore alternate positions for affected associates subject to appropriate skills and experience.

Wellness and safety

The group wellness offering has improved further, focusing on holistic physical, mental, emotional and financial wellbeing initiatives during the year. This has been beneficial as associates required personalised mental and emotional support during the pandemic. The business encourages safe working practices, and in the year under review, there were no major associate or customer incidents reported.

Occupational health and safety in the workplace is a top priority. The group ensures strict monitoring of incidents and continuously audits processes. At each store within the group, a designated senior person ensures the observation of health and safety protocols to facilitate quick emergency responses. At head office, a health and safety committee of health and safety representatives meet quarterly to strategise and interrogate standards for improvements and efficiencies.

> **Doing good business now facilitates doing better future business.**

Investment in learning and development	2021	2020
Investment in learning and development	24 211 310	35 565 375
Total annual number of hours allocated to learning*	87 489	145 288
Average learning and development days per person*	0.61	0.90
Previously disadvantaged individuals as a % of total participants in learning & development	94%	95%
Females as a % of total participants in learning and development	71%	69%
Previously disadvantaged individuals as a % of total associates trained through e-learning	97%	99%
Previously disadvantaged associates as a % of associates on learnerships	100%	100%

*This outcome was impacted by COVID19

Value Chain Development

The group aims to build a supportive supplier engagement model that collaborates with suppliers to develop a sustainable and competitive value chain. Key focus areas are supplier enablement, sustainable sourcing and measuring key performance metrics to improve practices. The group acknowledges that developing long-term partnerships is essential and has dedicated divisional sourcing and merchandise teams (including senior management) to manage supplier relations. To collaborate meaningfully and strengthen value chain performance, relevant information is shared with suppliers and collective training and development establishes sustainable practices, processes, and products. Suppliers are guided on governance and standards through the group's code of conduct and the responsible sourcing framework guidelines (a buyer and supplier guide).

Supplier performance measurement and development

The supplier grading tool is a critical enabler of value chain development. Using the tool, divisional sourcing and merchandising teams can assess the performance of individual suppliers and the broader value chain against a variety of metrics. It also assists in identifying supplier development candidates and is used to design and deliver support initiatives aligned to the group's supplier development framework. In FY2021, online communication platforms were leveraged to deliver broad-based supplier training and conduct monthly supplier performance management sessions.

Sustainable sourcing and manufacturing

Workers in the value chain

The group recognises its role as a lead catalyst within the value chain to influence the responsible and ethical treatment of workers. As a member of the Ethical Training Initiative (ETI), the group works on a continuous improvement model to embed practices that ensure workers' fair treatment. To support this, the group set out to map all first and second-tier suppliers, reaching an estimated 95% visibility of all first and second-tier manufacturing sites. This allows trading divisions to measure and monitor social, environmental and business practices more closely and to guide and facilitate improved practices where necessary.

A responsible sourcing framework and implementation guide for trading divisions and their suppliers guides responsible practices and is aligned to national and international regulations, good practice and implementation codes. Trading divisions monitor and guide suppliers to align their business practices and processes to the guide and the group's code of conduct. The code of conduct can be viewed at www.mrpricegroup.com.

The group acknowledges the significant complexities involved in influencing responsible practices throughout the value chain, and therefore aims to monitor, guide and instil responsible trade practices at different stages. The diagram below illustrates the group's sphere of influence to guide, monitor, and evaluate sustainability.

A responsible sourcing working group, established in 2015, drives the implementation of responsible social and environmental practices across all trading divisions.

Supplier due diligence
To enhance value chain visibility, the supplier portal was upgraded in 2020 to map tier one and two production sites. All purchase orders now require production sites to be declared before confirmation of the order is received. This resulted in the mapping of 1 778 production sites estimated at providing 95% visibility, allowing suppliers to provide information on health and safety, business, labour, and environmental practices and enable the group to categorise a risk profile to each production site.

Suppliers and manufacturing facilities are expected to remediate all identified issues from audits conducted within recommended timeframes and maintain audit and corrective action records. A responsible exit process applies where a lack of commitment and improvement is found. A strict supplier onboarding due diligence process ensures that trading relationships are only developed with suppliers who share the group's values and commitment to responsible labour practices. Accordingly, the group has not onboarded any suppliers or production sites based in Xinjiang Autonomous Region due to alleged human rights violations.

Grievance mechanisms
The group has an established hotline for grievances to be reported anonymously and promotes the KPMG FairCall facility to factory workers to encourage them to report grievances safely. Worker interviews (individual and group) are also an integral part of the social audit process. No reports of human rights violations were received via KPMG FairCall during the year.

COVID-19 response and purchasing practices
Dedicated group representatives manage supplier relationships within the trading divisions. A key outcome of the pandemic has been proactive and transparent communication with suppliers. Despite the inability to trade during April 2020, the group undertook to minimise the negative impact on value chain partners. Purchase order cancellations were kept to a minimum and were only actioned after collaborative consultation with suppliers at senior management level. In addition, the group provided financial assistance to suppliers for fabric ordered, and early payment was provided where necessary. No discounts were taken on previously agreed prices. As sales commenced with the lifting of lockdown restrictions, the group continued to manage supplier relationships responsibly. All purchase orders cancelled or rolled due to the South African lockdown have now been taken up.

Decent work and fair wages
While social audits are conducted in all major sourcing countries, a specific focus has been placed on decent work in South African manufacturing facilities. The group initiated the establishment of a national stakeholder task team, facilitated by the Department of Trade, Industry and Competition, to improve working conditions in all factories. Participation from all key stakeholders is required to address the systemic factors that contribute to wage non-compliance in South African factories. In addition, the group participates in the recently established Living Wage South Africa network.

Monitoring social and environmental compliance
Dedicated resources at a group and divisional level monitor and guide compliant and sustainable practices in the value chain. During FY2021, the group incorporated COVID-19 health and safety protocols into social audits to ensure worker safety. To support this, suppliers participated in a survey on COVID-19 health and safety awareness. Benchmark social audits conducted this year indicate that improvements are still required to improve health and safety practices, working hours (China) and wage compliance (South Africa) all of which are contained in group and divisional risk registers.

Mr Price Group accepts SMETA, BSCI, SA 8000 and WRAP third-party audit standards. Low-risk audits are valid for two years, while sites with high or medium risk scores are required to submit annual social audits. Enhanced forced labour monitoring will be incorporated into social audits conducted in China during FY2022 to identify migrant Uyghur workers in the group's value chain.

Ethical buying practices
Regular training, supported through a licensing agreement with ETI, is conducted to equip buyers to understand the impacts of purchasing practices when engaging with suppliers.

To further enhance knowledge of sustainable manufacturing processes for merchants, the group's academy created a programme to develop production knowledge and understand decision making within the critical path. The academy has also developed in-house solutions to support ETI training:

- Buying ethically: 636 delegates trained since inception
- Introduction to supply chain: 257 delegates since inception
- Supply chain game: 166 delegates since inception
- Critical path: 95 delegates since inception
- Introduction to sustainability: 394 delegates since inception

Preserving natural resources

The group's environmental policy guides its commitment to provide products and services produced in an environmentally friendly manner, that are healthy and safe to use, ensuring no harm to product users. This extends to protecting biodiversity, the welfare of animals and the natural resources used to manufacture products.

The group's aim is to source increased levels of sustainable raw materials, with targets incorporated into forward-looking strategies. Key focus includes the sourcing of sustainably grown cotton and timber and increasing recycled polyester. As the group proceeds to map further value chain tiers, additional monitoring and protection levels will be activated. To support this, the sustainability centre of excellence guides and supports divisional merchandise and sourcing teams. Management oversight monitors progress against targets and reports quarterly.

An enhancement made to the purchase order system allows tracking of products with sustainability attributes. Merchants are empowered with knowledge on preferred fibres choices to design and select products, consciously linking their impact on natural resources. Supplier manuals provide guidance to ensure that all products are fit for purpose and meet the group's safety requirements.

Sustainable Sourcing of Raw Materials

47% sustainably sourced cotton

In FY2021, sustainable cotton made up 47% of the group's cotton products, including cotton grown with Better Cotton Initiative (BCI) and Cotton Made in Africa standards. This means cotton growers use methods that reduce the environmental impact of cotton growing and apply socially responsible labour standards. The group also includes recycled cotton, where there are verified content claims.

In South Africa, the group has been actively developing a sustainable cotton value chain in collaboration with the relevant stakeholders. An essential part has been to secure a BCI alliance for South Africa to ensure all local cotton farmers follow sustainable practices. BCI standards reduce water and pesticide usage and contribute to improved profitability for the farmers. This year, the group committed to procuring 407 tons of sustainably grown South African cotton, which will be manufactured into 3.2 million knit and woven products in the 2021 retail year.

21% recycled polyester (RPET)

In FY2021, the group incorporated recycled polyester (RPET) into 21% of polyester products. This includes 3 131 756 duvet and pillow inners filled with RPET locally produced from bottles recovered from landfill sites. RPET has a lower carbon footprint than virgin PET.

9% of Mr Price Home timber product is FSC approved

The group is committed to increasing the volume of sustainably sourced timber and paper products. Forest Stewardship Council (FSC) approved timber accounts for 9% of wood products within Mr Price Home. This means that environmentally responsible forestry practices are applied that maintain forest biodiversity, productivity and ecological processes. In addition, the group's cardboard swing tickets are now produced on FSC approved board.

Reducing and stabilising environmental impact

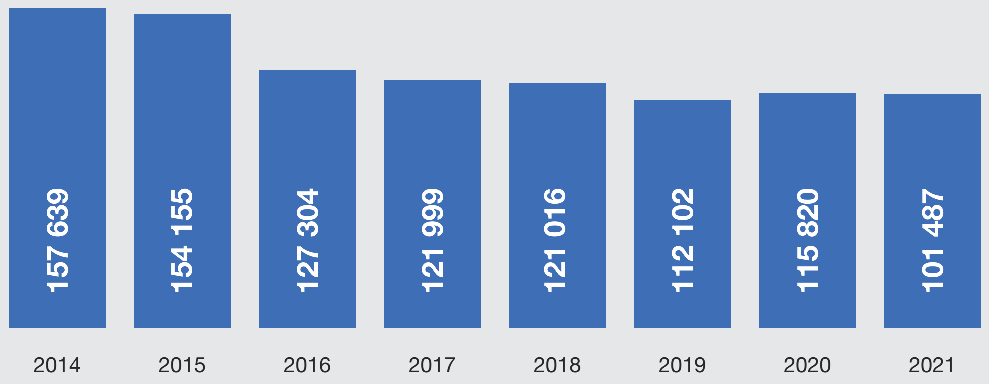
The group is committed to reducing its environmental impact with a particular focus on water, energy, transportation, product manufacturing and disposal. Since 2015, the focus has been to increase energy and transportation efficiency (including renewable energy), reduce water usage at head office and, in 2018, the group started introducing circular economy principles with particular focus on products and packaging materials. Suppliers are required to comply with in-country environmental legislation and regulations. Regular testing of product for the presence of a banned or restricted substance is part of the group's quality assurance and due diligence process. In addition, standardised care instructions on apparel and home textile products encourage customers to wash and dry at lower temperatures.

The disposal of textile waste is a systemic concern in apparel value chains. Defective products are donated to South African non-profit organisations where products are repurposed and used to support female entrepreneurs. To address the concern of textile waste at manufacturing sites, the group plans to work collaboratively with its suppliers, industry and government to recycle textile waste generated at manufacturing sites.

Carbon Footprint

The group's South African carbon footprint (tons of CO_2e) is based on Scope 1 and Scope 2 emissions, including stores, head offices and distribution centre (DC). Whilst significant carbon footprint reductions were achieved since 2014, further reductions are targeted which will include scope 3 measures.

Mr Price Group Carbon Footprint Scope 1 & 2



Energy Productivity

The group has invested in roof-top solar photovoltaic (PV) systems at both the head office and Hammarsdale DC. The investment outcomes have been met and have generated 4 173 626 kWh since inception. Phase 3 implementation, commissioned in March 2020, consists of additional 7x50kW solar inverters and 1 248 x 370 watt solar panels. This is expected to produce approximately 589 942 kWh of energy per annum. Ongoing monitoring of store-level energy drives behavioural change and reduces energy usage. An established benchmark ensures all new and revamped stores comply with specified energy efficient lighting. The real estate and operations teams work collaboratively to identify and activate further energy reduction opportunities.

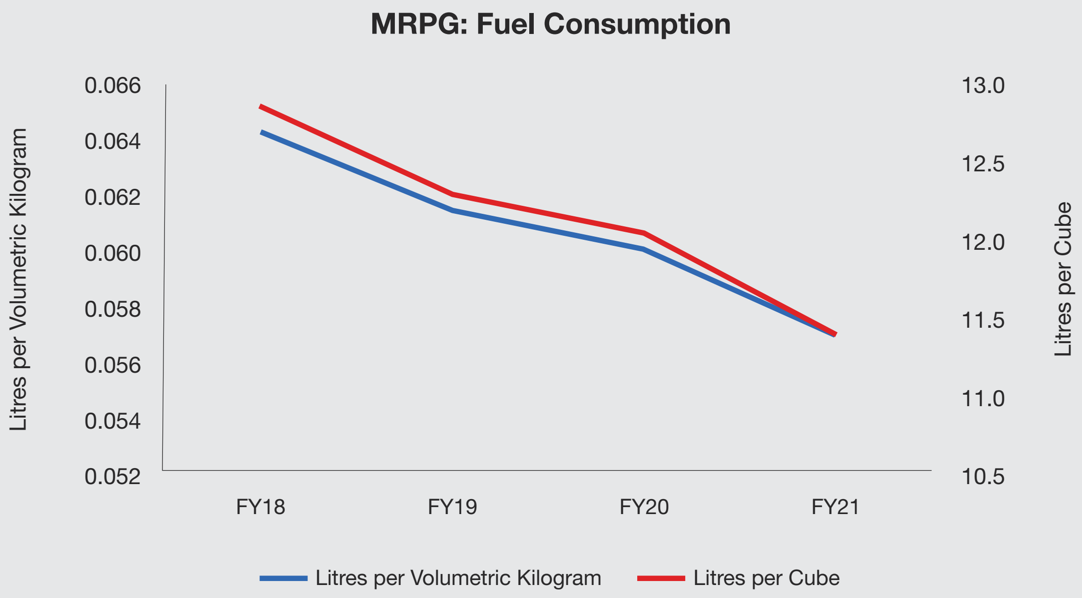
Renewable Energy

FY2021

Site	FY2021		FY2020		FY2019	
	% of building's energy derived from solar	kWh	% of building's energy derived from solar	kWh	% of building's energy derived from solar	kWh
MRPG (Mr Price Home Roof)	30.67	107 291	25.47	111 461	30.83	116 141
MRPG (DC Rooftop)	19.87	175 962	20.16	176 007	18.81	180 018
Hammarsdale DC	29.51	1 262 749	18.53	748 907	6.86	262 830
Total	28.03	1 546 001	19.36	1 036 375	10.82	558 989

Transport

Since 2016, the group's transport partner has used idling cut-off systems to improve fuel efficiency and reduce carbon emissions.



There has been a constant improvement in fuel efficiencies between FY2018 and FY2021 in both litres per kilogram and litres per cube. Various initiatives across the supply chain contributed to this, including supplier packaging projects, improvements in vehicle utilisation, and optimisation of warehouse efficiencies.

Plans for FY2022 include the following:

- Switching to a cleaner fuel across the transporter's network
- Modernisation of the courier fleet including the replacement of older vehicles (owned) with benefits including increased fuel efficiency, reduced CO_2 emissions and improved safety

Waste

Packaging

In 2019 a packaging working group was established to drive the reduction of single-use packaging in the value chain and ensure collaboration on sustainable solutions to reduce environmental pollution and post-consumer waste to landfill. This year, trading divisions established targets to reduce plastic in all packaging by 50% and ensure that the remaining packaging is recyclable.

Initiatives to reduce plastic

Mr Price Home and Sheet Street have taken a phased approach to eliminate PVC (a problematic plastic) from all product packaging. In FY2021 Mr Price Home converted approximately 35 tons PVC to recyclable alternatives and removed approximately 19 tons of unnecessary plastic packaging. In addition, Mr Price and Mr Price Sport eliminated approximately 70 million single-use plastic polybags through revision of packing instructions issued to suppliers.

The group is on a journey to eliminate single-use plastic shopper bags and is taking a phased approach to achieve this. Current single-use bags have post-consumer waste incorporated, and this will be incorporated into e-commerce courier bags during FY2022. Reusable bag options were introduced in stores in May 2019 and across all trading divisions by September 2019. Supporting this was customer communication, resulting in a total of 2 505 551 reusable bags sold in FY2021. To support the reduction of non-recyclable content in product packaging, merchants are trained to avoid and reduce problematic raw materials or unnecessary single-use packaging. The group participates in the SA Plastics Pact Working Group.

Waste Management

The group is committed to reducing its own waste through reusing and recycling as well as purchasing recycled, recyclable or refurbished products and packaging where alternatives are available. Waste generated at head office and DC is sorted for recycling by on-site waste sorters. The reduction of volumes in FY2020 and FY2021 resulted from removing single-use and unnecessary plastic utensils and packaging from the canteen and a reduced amount of people on-site due to COVID-19. In FY2021, the recycling rate at Hammarsdale DC was 91.4% for recyclable waste.

Recycling in kgs	FY2019	FY2020	FY2021
Head Office	102 937	82 569	64 892
Hammarsdale DC	187 277	1 519 835	1 235 844
Total	**1 690 214**	**1 602 403**	**1 300 735**

Surplus Product

Donations of defective products to non-profit entities such as TCB and Nation Changers ensure that these products are not directed to landfill sites and, in the case of TCB, are used as a female empowerment programme that generates income for families. The table below indicates the volume of products that were reused.

Year	The Clothing Bank	Nation Changers
	Units	Units
FY2019	538 811	
FY2020	643 430	97 562
FY2021	337 714	26 466
Total	**1 519 955**	**124 028**

Paper

Paperless administration at store level and the promotion of e-dockets are fundamental paper-saving initiatives. The group saved 2 311 km of paper in FY2021, the equivalent of driving from the group's Durban head office to the Plettenberg Bay Mr Price store and back. Since inception, over 12 330km of paper has been saved. This amounts to almost 24 tons of paper saved in stores in FY2021.

Water

The group's water consumption is currently measured at head office locations and its DC. The group recognises that the greatest water impacts are in the value chain, specifically cotton cultivation, as well as fabric production and dyeing. Measuring water and energy usage within the value chain has limitations but as approximately 95% of first and second-tier sites have been mapped, measuring water usage within the value chain will be explored as a future measure.

In working with production sites, particularly textile manufacturing firms, the group acknowledges that significant changes can be made to preserve water. An example of this is the Milady's Wonder Fit denim collection that saves millions of litres of water a year using recycled water. Water usage at head office has continuously been reduced, from 35 064 kiloliters in 2017 to 19 618 kiloliters in 2021.

Water consumption at head office

FY2021	FY2020	FY2019	FY2018	FY2017
Kilolitres	Kilolitres	Kilolitres	Kilolitres	Kilolitres (Estimates)
19 618	22 192	23 345	24 419	35 064

Climate Change

The group recognises the impact of climate change on business operations, the value chain and communities at large. In the short, medium and long term, an increasing impact is expected on the business and its communities due to changing climate patterns and extreme weather conditions, both on direct and indirect operations. To understand the business impact, the group will be conducting a high-level climate change risk assessment in line with the recommendations and guidelines of the Task Force on Climate-related Financial Disclosures. The assessment will guide the appropriate governance, strategy and measurement required to adequately respond to climate change.

The group currently monitors both existing and emerging climate change regulations, such as the Carbon Tax Act and the Climate Change Bill. Technology, where practical, is used to reduce climate change and includes electricity meters to monitor usage in all stores and LED lighting in new stores, the DC and head office buildings.

Partnerships

The group believes in the value of Partnership and actively participates in selected membership organisations. In 2014, the group joined as a foundation stage member of ETI and progressed to full membership in 2017. Other membership organisations include the National Clothing Retail Federation (NCRF), WWF South Africa, the South Africa Cotton Cluster (SACC), the KwaZulu-Natal Clothing and Textiles Cluster (KZN CTC) and Proudly SA.

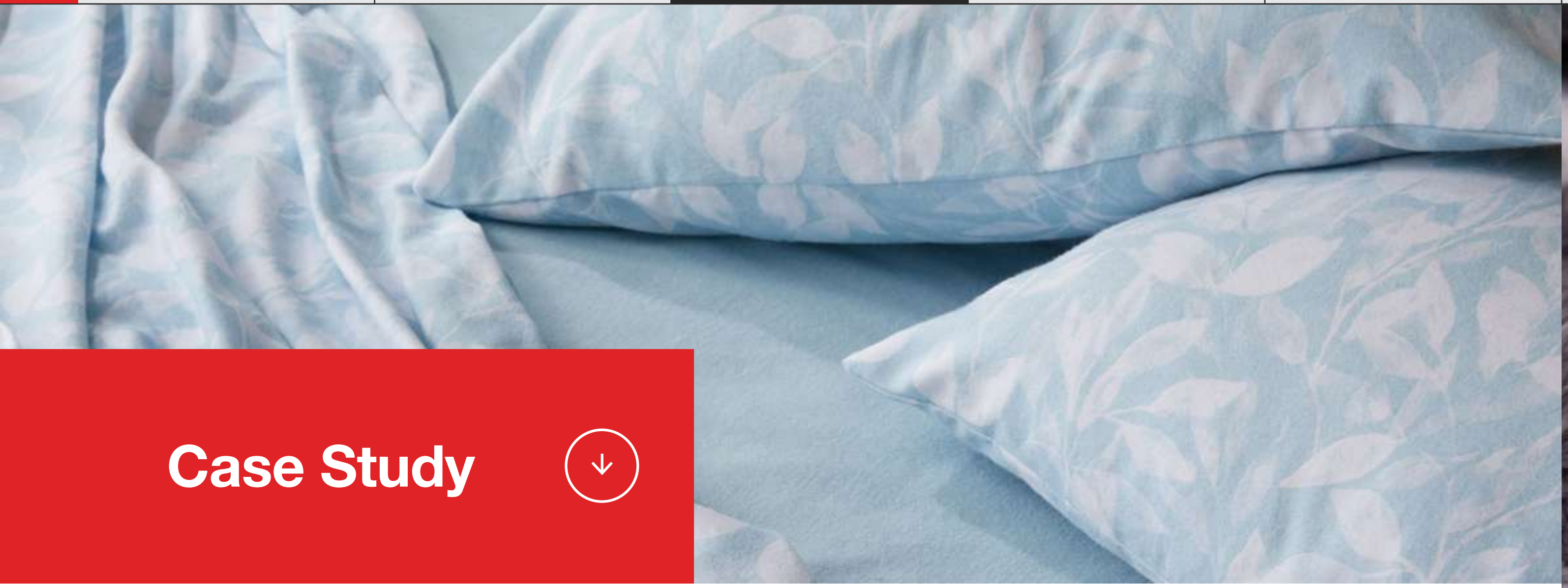
As a member of the NCRF, the group has played an active role in developing the 2030 Retail-CTFL Master Plan and has committed to increasing competitively produced products in South Africa over the next ten years. The group head of sustainability participates as a member of the core retail team in all areas of the master plan implementation. The group CEO serves as a member of the executive oversight committee, chaired by the Minister of Trade, Industry and Competition. Key commitments are supported with action plans across all trading divisions and centres of excellence.

The group's long-term partnership with TCB, an economic empowerment project, addresses excess merchandise and has the environmental benefit of prolonging product usage. The group is an active member of the National Retail Association, facilitating representation and participation in discussions of national interest.

Partnering with customers
Customers are the primary stakeholder group, as indicated in the business purpose. Therefore, much organisational effort focuses on value creation for customers. Customer health and safety and consumer protection are key focus areas for the trading divisions. The customer's voice is critical to sustaining the business, and special attention is paid to all channels that provide this valuable input.

Formal and informal engagements with customers occur daily through various channels, including social media, traditional marketing, customer call centre, interactions with store associates, and customer surveys. Any complaints received are managed effectively and efficiently. The number of complaints referred by customers to the Consumer Goods and Services Ombud remains minimal. In the year under review, there were no reports of significant customer incidents.

A working group was established to execute the communication plan that delivers the group's sustainability messaging to key stakeholders, including customers. The working group's objective is to ensure alignment and consistency of the messaging under Together We Do Good across all channels and media to drive awareness and invite key stakeholders to partner with stakeholders.



Case Study

mr price home

Take It Easy on the Planet!

Guided by international trends and local consumer research, Mr Price Home successfully actioned a sustainability-focused campaign in 2020 to raise customer awareness around the division's sustainability initiatives, making strides in its journey towards a more sustainable future.

As South African customers' expectations of sustainability in business continue to gain traction, it has also proved to drive customers' behaviour in homeware stores. Before the campaign launch, inroads had already been made to improving the triple bottom line (people, planet and profit). Together with merchants and the group sustainability centre of excellence, the sourcing team initiated and embarked on product development and supplier-based initiatives, played a significant role in developing the South African cotton cluster, and implemented packaging audits and sustainable fibres workshops.

By the end of June 2020, the full-circle campaign, Take It Easy on the Planet!, covered every consumer touchpoint. The alignment and collaboration between merchandise, sourcing, operations and marketing were crucial for implementing the most extensive core product and price campaign the division had ever executed. The campaign focused on core messages determined by the progress in sustainability targets, including removing plastic packaging from duvet covers and curtains and towels made from sustainably sourced South African cotton.

Post-campaign research found the initiative to be overwhelmingly positive with customers saying that sustainability impacted their brand buying behaviour and that they were aware of Mr Price Home's sustainability efforts. At year-end, the division's sustainability KPI's increased customer awareness and adoption. The campaign provided invaluable learnings, most notably to ensure facts and figures are supported with extreme accuracy. Transparency is as big a consumer trend as sustainability and as such, the group together with its supply partners, must continue to trace and track statistics accurately.

As part of our journey to reduce the amount of plastic impacting on the environment, we have removed the plastic packaging from our duvet covers. 100% feel good for the planet.

> **"By the end of June 2020, the full-circle campaign, Take It Easy on the Planet!, covered every consumer touchpoint."**

mr price group limited