mr price group limited

2018

ANNUAL INTEGRATED REPORT

2 April 2017 - 31 March 2018

CONTENTS

KEY ICONS

GROUP STRATEGY PILLARS

GROWTH
Extend earnings through local and international growth.

BUILD HIGH PERFORMING BRANDS
Build strong customer relationships by delivering an ongoing experience of surprising and delighting.

OPERATIONS
Continually strive for world class methods and systems.

PEOPLE
Maintain an energised environment with empowered and motivated people.

SUSTAINABILITY
Subscribe to high ethical standards and sustainable business practices.

THE SIX CAPITALS

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

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

INTELLECTUAL
The intangibles that constitute our product and service offering and provide our competitive advantage.

HUMAN
The skill and experience vested in our employees that enable us to deliver our products and services and implement our strategy, thereby creating value for our stakeholders.

SOCIAL & RELATIONSHIP
The key and long-term relationships that we have cultivated with customers, suppliers and business partners.

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

STAKEHOLDERS

SHAREHOLDERS & THE INVESTMENT COMMUNITY

CUSTOMERS

ASSOCIATES & PARTNERS

SUPPLIERS

GOVERNMENT & SOCIETY

OTHER

IV

KING IV PRINCIPLES

TRACK RECORD

MARKET STATS

SHARE PRICE (R)
285*
10 YR CAGR: 31.7%

DPS c 693.1
10 YR CAGR: 19.6%
32 YR CAGR: 23.1%

ROCE 57%
(RETURN ON CAPITAL EMPLOYED)

HEPS c 1100.1
10 YR CAGR: 17.5%
32 YR CAGR: 21.6%

TSR 83%
(TOTAL SHAREHOLDER RETURN)
10 YR CAGR: 55.7%

MARKET CAP 73 R'BILLION*
5 YR CAGR: 20.0% | 10 YR CAGR: 32.2%

PEOPLE 18k+

UNITS 220 MILLION
5 YR CAGR: 1.2%
10 YR CAGR: 4.4%

FCF 3 R'BILLION
(FREE CASH FLOW)
5 YR CAGR: 22.2%
10 YR CAGR: 25.1%

PERFORMANCE

GROSS SPACE 731 190m²
5 YR CAGR: 3.0%
10 YR CAGR: 3.5%

OPERATING MARGIN 17.6%

RSOI 21 R'BILLION
(RETAIL SALES AND OTHER INCOME)
5 YR CAGR: 9.2%
10 YR CAGR: 11.2%

DEBTORS ACCOUNTS 1.4 MILLION
5 YR CAGR: 1.3% | 10 YR CAGR: 6.7%

ACHIEVEMENTS

JSE RANKING 31*

TOP APPAREL RETAILER BY MARKET CAP*

HIGHEST RANKED APPAREL RETAILER APP IN SA*

>1 MILLION FB & INSTAGRAM FOLLOWERS

* at 31/03/2018

SCOPE & BOUNDARY

PRINCIPLES: 5 15 16

We have pleasure in presenting the 2018 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 adding value to our customers lives and worth to our partners, while caring for the communities and environment in which we operate. The report also includes all statutory reporting specifically required relating to financial information.

SCOPE 5

This report provides a consolidated view of the group's financial, social, economic and environmental performance for the 52-week period ended 31 March 2018. It includes the financial results of Mr Price Group Limited trading in South Africa, Australia, Botswana, Ghana, Lesotho, Namibia, Nigeria, Swaziland, Zambia, Kenya and MRP Foundation, as well as the income received from franchise operations trading elsewhere in Africa. Our reporting complies with International Financial Reporting Standards, the Companies Act of South Africa (71 of 2008) and the JSE Listings Requirements. In terms of non-financial indicators, only South African operations are included, unless otherwise indicated.

This report aligns with the requirements of the King IV Report on Corporate Governance for South Africa 2016 and the International Integrated Reporting Council's Framework. The Framework contains the 6 forms of capital that impact on value creation and diminution in a business. These comprise financial, manufactured, intellectual, human, social and relationship, and natural capital. The group's activities and performance relating to these capitals are covered throughout the report. The information contained in this report is consistent with the indicators used for our internal management and board reports, and is comparable with previous integrated reports. We have strived to provide useful information that enables stakeholders to make informed decisions. The outputs contained within this report are the result of a focused

THIS REPORT PROVIDES A CONSOLIDATED VIEW OF THE GROUP'S PERFORMANCE FOR THE YEAR ENDED MARCH 2018

and considered process by both senior management and the board and its committees.

MATERIALITY 5 16

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

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

ADDITIONAL INFORMATION

This 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/associated with other stakeholders 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 15

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 & Young Inc. Their unmodified report can be found on pages 90 to 92. The statistics disclosed within the social, ethics, transformation & sustainability committee report (pages 72 to 83) were verified by internal audit. 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 at this point. Any forecast financial information contained herein has not been reviewed and reported on by the company's external auditors.

APPROVAL

The audit and compliance committee has reviewed the integrated report (including the full annual financial statements) and recommended these to the board for approval. The board has applied its mind to the integrated report and believes that it addresses all material issues, and fairly presents the integrated performance of the group.

The 2018 annual integrated report was approved for release to stakeholders by the board on 11 June 2018.

NG Payne
Chairman

SI Bird
CEO

MM Blair
CFO

KING IV ON A PAGE

GOOD BUSINESS IS GOOD GOVERNANCE. GOOD GOVERNANCE IS GOOD BUSINESS.

PRINCIPLE: 5

The impact of corporate governance on operations and the creation of capitals to provide value to stakeholders cannot be underestimated. Where there is bad business, there is poor corporate governance and conversely poor corporate governance is likely to result in bad business. The group supports the shift in King III to King IV towards an outcomes-based and holistic approach to corporate governance and the mindful application of the governance practices in the pursuit of achieving the aspirational governance principles. The ultimate goal being the realisation of an ethical culture, good performance, effective control and legitimacy. This King IV overview is included early in the report 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.

KING IV ENHANCEMENTS AND APPLICATION

A practical approach was taken to the transition from King III to King IV to understand what it means to the group. Details of the action taken and application of the King IV principles are on page 40 of the board report.

KING IV DISCLOSURES IN THIS REPORT 5

The board has purposefully not published an application register in support of the move away from “tick-box” governance. The application of King IV and other governance practices has instead been integrated throughout the report, in the same way that good corporate governance is integrated with and implicit in everything the group does. The specific King IV disclosures included in the content of this report and in the specific committee reports and are denoted by the icon. In addition, the number of the related governance principles are referenced in the icon at the start of each section to indicate the principles covered by that section in its entirety and against each paragraph to denote the principles relevant to the content of the specific paragraphs. The principles and practices of King IV have not simply been regurgitated. Rather the group has endeavoured to provide relevant and material disclosure of not only the specific King IV matters requiring disclosure but also practices and procedures adopted over and above King IV practices, to enable stakeholders to make informed decisions based on material and meaningful information. As this is the group’s first disclosure in terms of King IV, the development of disclosure best practice will be closely monitored.

The board is cognisant that good corporate governance is a journey and requires continuous monitoring and improvement, particularly as the business develops and grows, and must be aligned to the achievement of strategy. The group thus continually seeks to improve and adjust its already robust corporate governance practices in line with best practice and stakeholder expectations.

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

WHO WE ARE

CASH-BASED, OMNI-CHANNEL, FASHION VALUE RETAILING

Targeting younger customers in the mid to upper LSM categories

Retailing predominantly own-branded merchandise

83.7%

OF SALES ARE CASH

BUSINESS MODEL

FASHION

Wanted items at "everyday low prices"

How do we satisfy our customers' need for fashion?

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

VALUE

Lower mark-ups and selling higher volumes to offer "excellent value"

Increasing sales + low overhead structure = acceptable operating margins

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

CASH

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

A high cash sales component means:

- Less impacted by the cyclical nature of retail
- Not dependent on credit to drive sales, particularly during poor economic times
- Less exposed to bad debt
- Able to fund future growth without incurring debt
- Strong cash flows will support future growth and maintain an appropriate dividend payout ratio

VISION

To be a top-performing international retailer.

PRINCIPLES: 2 4

PURPOSE

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

VALUES

PASSION

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

VALUE

Value is the heart of our business and we strive to add value in everything we do. It is more than just product, it is the way we service the business, each other and our customers. Value is about doing more than what is expected or required.

PARTNERSHIP

Mutual respect is integral to the culture of the group. We therefore refer to our co-workers as "associates" and, once they own shares or share options, they are referred to as "partners". Partnership is sharing the ownership and success of the company with all our associates and fostering solid and long-term relationships with our suppliers. Without our customers, we would not have a business, and they are one of our most valued partners. We also partner with communities, by investing in strategic initiatives that will improve the lives of those who are less fortunate, particularly children and youth.

VALUE CREATION

THROUGH THE USE OF CAPITALS

PRINCIPLES: 3 4

GOVERNANCE FRAMEWORK

VISION

To be a top-performing international retailer.

PURPOSE

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

VALUES

- PASSION
- VALUE
- PARTNERSHIP

Refer to page 9

BUSINESS MODEL

Cash-based, omni-channel, fashion value retailing.

FASHION

- Wanted items at "everyday low prices"
- Target younger customers in the mid to upper LSM

VALUE

- Fashion + Quality + Price
- Omni-channel retailing of own-branded merchandise

CASH

- A cash driven retailer with cash sales >80% of total sales

Refer to page 8

STRATEGIC PILLARS

Strategic pillar	Number of key objectives*	Number of material issues*	Input capitals	Stakeholders
GROWTH Extend earnings through local and international growth.	7	5		
BUILD HIGH PERFORMING BRANDS Build strong customer relationships by delivering an ongoing experience of surprising and delighting.	3	3		
OPERATIONS Continually strive for world class methods and systems.	2	5		
PEOPLE Maintain an energised environment with empowered and motivated people.	3	3		
SUSTAINABILITY Subscribe to high ethical standards and sustainable business practices.	4	3		

*Refer to pages 18 to 23

The International Integrated Reporting Council's Framework requires organisations to, as a fundamental concept underpinning the framework, report on the resources and relationships that it uses or affects, and the critical interdependencies between them. These resources and relationships are referred to as "the capitals" (refer to page 2).

The group is committed to integrated reporting and, as such, has adopted the framework. In the section below, we show the value that has been created through the use of the six capitals. The group considers the trade-offs between the capitals in decision making on allocating capital resources and seeks to maximise positive outcomes.

INPUTS

Human capital
- Established culture (Dreams & beliefs)
- 18k+ engaged associates
- Tailored Mr Price Group retail training programmes
- Jump Start associate pipeline available

Intellectual capital
- The Mr Price Way: Passion, Value, Partnership
- Mr Price fashion-value formula
- Real estate investment criteria (ROOA)
- 32 years historic data available to aid decision-making

Manufactured capital
- 1 216 stores at beginning of year
- Opening space of 616 934m^2
- Updated app allowing for shopping across mrp brands
- Trading in 9 countries

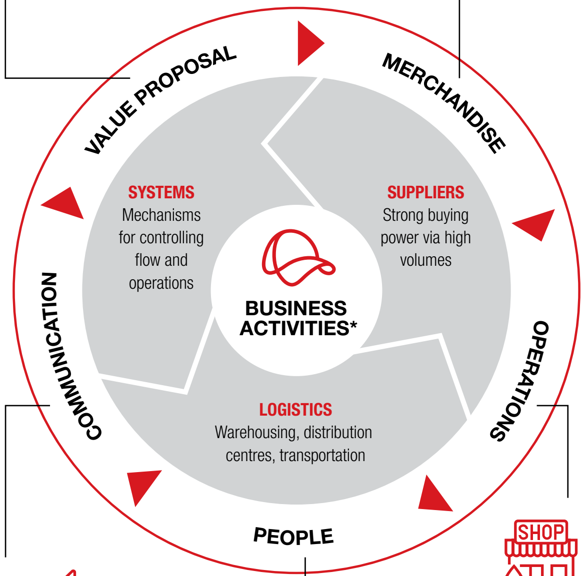
Financial capital
- R1 784m cash available at beginning of year
- R445m in credit facilities available
- R2.1bn inventory at beginning of year

Social & relationship capital
- MRP Foundation donation
- Online customers: followers on Facebook and Instagram
- Mature landlord relationships
- Established supplier relationships

Natural capital
- LED lights
- Solar panels
- Environmental awareness campaigns and recycling initiatives
- DC water tanks available

- Best price for quality & fashion offered
- Everyday low prices

- Style, fashion & assortment
- Merchandise intensity
- Ethical & sustainable



- Positional
- Promotional
- Aligned to brand personality

- Passionate & energised
- Strong organisational culture
- Our staff are our partners

- Store size & location
- Layout & design
- Omni-channel

* Refer to pages 12 to 13

OUTPUTS

Human capital
- 4% increase in heads
- R36.7m investment in learning & development
- 4k adults benefitted from Jump Start

Intellectual capital
- 43 senior associates on LEAD^
- 9.6 years average length of service of senior management and executives
- New DC design creates efficiency and item handling optimisation

Manufactured capital
- 1 258 stores and 621 512m^2 net trading space at end of year
- 2.1% weighted average space growth
- 219.6m units sold
- R461m capital expenditure in F2018

Financial capital
- 72% growth in free cash flow
- R1 893m dividends paid
- 57% return on capital employed

Social & relationship capital
- CSI of R28.2m
- R3.6bn merchandise sourced from RSA
- 914 suppliers with Sedex membership
- >1m Facebook & Instagram followers

Natural capital
- Carbon footprint down by 38.5m kWh
- Decreased carbon footprint to 121 016 tonnes of CO_2
- Head office average recycling at 79%
- DC average recycling at 92%

^ Internal leadership programme

OUTCOMES

Human capital
- Empowered employees contributing to positive results
- Skills attraction and retention
- Increase in Jump Start candidates available for employment

Intellectual capital
- DC efficiencies through technology and mechanisation provides infrastructure capable of handling long-term growth targets
- Increased retail knowledge and experience of senior management

Manufactured capital
- Improved cash flow from operating assets
- Footprint expanded improving retail presence
- New DC processes and system enhancements enable speed to market

Financial capital
- Re-established HEPS growth track record
- Improved return on capital employed
- Improved profitability, solvency and liquidity ratios

Social & relationship capital
- Growing social media position aligned with needs of our core customers
- Strategic business relationships retained
- Positive impacts of investment in local community and South Africa's social and economic landscape

Natural capital
- Steady progress on the creation of a sustainable value chain which is transparent, efficient and compliant
- The group and the environment have benefitted from various initiatives undertaken

KING IV OUTCOMES

Ethical culture
Good performance
Effective control
Legitimacy

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. Decision-making is guided by our strategic pillars enabling us to focus on what matters most to our business. In doing so, we are able to optimise the trade-offs between our capitals (refer to page 2) 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

- Passionate & energised
- Strong organisational culture
- Our staff are our partners

Mr Price Group strives to be a sought-after company to work for by offering leading career opportunities in fashion value retailing. The group recognises that it has highly passionate and committed people that drive the successful business model.

Inspired by the group's core founding values of Passion, Value and Partnership, the culture and climate of the working environment is surveyed to ensure that the needs of associates are heard to enrich their working lives.

The group's share schemes and incentive remuneration philosophy allows associates to participate in the company's success.

The group supports retail skills development through e-learning and programmes for specialised buyer and planner skills, which are critical areas to the business. MRP Foundation's Jump Start programmes provide a sustainable pipeline of retail talent to our operations.

STRATEGIC PILLARS:

VALUE PROPOSAL

- Best price for quality & fashion offered
- Everyday low prices

The value model is the very core of the group's existence and being a fashion value retailer means lower mark-ups and selling higher volumes to offer excellent value with everyday low prices.

The group retails differentiated private label assortments that are dominant in the wanted fashion items of the season. Our primary focus is providing our customers with the best price for the quality and fashion offered.

By remaining a cash driven retailer, the group is able to fund future growth without incurring debt. Operating margins are driven by improving trading densities and a low overhead structure.

STRATEGIC PILLARS:

MERCHANDISE

- Style, fashion & assortment
- Merchandise intensity
- Ethical & sustainable

We satisfy our customers' needs for fashionable items through specialist trend teams, frequent international travel and thorough research. We visit trend offices, trade shows and international retailers for inspiration and study local and international street styles to keep in touch with what customers are wearing.

From our research and travel process, we identify key commercial looks for our customers with test programmes that manage the risk to the businesses.

Post-seasonal analysis facilitates rationalising what worked and what did not work from the previous season and is a key factor in planning calls for the future.

STRATEGIC PILLARS:

OPERATIONS

- Store size & location
- Layout & design
- Omni-channel

The group retails apparel, homeware and sportswear through owned and franchise stores and online channels. Retail operations are located in Africa and Australia.

The group fits stores at a cost aligned to our value model, while delivering an appealing store experience to customers. Occupancy costs are minimised through negotiation and a stringent lease renewal policy.

Return from space is maximised by suitably locating stores, and right-sizing space in line with trading conditions and market changes.

Our e-commerce platform and our mobile app also provides other channels to interact with customers.

STRATEGIC PILLARS:

COMMUNICATION

- Positional
- Promotional
- Aligned to brand personality

The business and merchandise strategies are the foundations upon which we build seasonal advertising campaigns. Clear product and price advertising is integrated with our brand personality.

Our product presentation, together with its visual support material, provides customers with a consistently clear offer of what we stand for. All print and TV campaigns are fully supported in store.

Active dialogues through social and digital media enables the group to respond to customers' changing fashion needs. This feedback plays a vital role in keeping us in touch with social trends. Customers are able to shop the looks worn by #mrpmystyle online or seen on #mrpyourhome.

STRATEGIC PILLARS:

DC & LOGISTICS

- Warehousing, distribution centres, transportation

The group owns and operates a 70 920m^2 distribution centre (DC). A courier partner is responsible for transportation of merchandise to stores locally and operates 15 depots.

The new Hammarsdale DC has been operational for the F2018 year with all divisions' inventory moving through the facility. The DC is able to handle current production as well as to create a lean and agile omni-channel supply chain to support the group's growth plans. We manage our distribution facilities and provide a visible and ideal flow of merchandise through integration with store operations and outbound transportation to ensure optimal efficiency and experience for store associates and both store and e-commerce customers. Within our business model, we remain customer driven to ensure that product is shipped, distributed and delivered intact to the right place at the right time.

STRATEGIC PILLARS:

SYSTEMS

- Mechanisms for controlling flow and operations

An effective information technology (IT) system is essential to support the business, enable growth and achieve future efficiencies.

The mrpIT division provides value to the group through alignment of IT systems and capabilities to support business needs and strategies. These include developing and implementing hardware, software and analytics solutions and supporting and sustaining the IT environment.

The broad range of ICT services and solutions which are aligned to the business strategic objectives include merchant, in-store, digital, logistics & supply chain, enterprise information management and finance solutions; data centre and store infrastructure; and end user computing support.

STRATEGIC PILLARS:

SUPPLIERS

- Strong buying power via high volumes.

Partnership includes the relationships we have with our suppliers, as without them, there would be no value to add to our customers lives.

There has been increased focus on building sustainable, competitive value chains and suppliers are expected to comply with the group's supplier code of conduct. The group interacts with suppliers according to high professional and ethical standards (refer page 81).

STRATEGIC PILLARS:

DIVISIONAL SUMMARIES

APPAREL

DIVISION	mrp	mrpsport	MILADYS
BRAND SUMMARY	A fashion-leading clothing, footwear and accessories retailer that offers on-trend and differentiated merchandise at exceptional value to ladies, men and children. Through constant innovation and product development, staying on the pulse of international fashion trends and diligent resourcing, this brand is able to make catwalk fashion accessible to customers at highly competitive prices.	Comprehensive range consists of sporting apparel, footwear, equipment and accessories. All major seasonal and non-seasonal sport types are represented in our sport & fitness brand Maxed and extends to our outdoor brand, Maxed Terrain.	Delighting customers with feminine women's smart and casual fashion apparel, intimate wear, footwear and accessories, of exceptional fit, quality and versatility at competitive prices, with clothing offered in extended size ranges. Miladys really understands women. The division employs over 1 300 women of all shapes, ages and backgrounds. That means women are buying for women.
TARGET CUSTOMER	Young and youthful customers who love fashion and appreciate exceptional value, and who are primarily in the 6 to 10 LSM range (mid to upper).	Value-minded sports and outdoor enthusiasts from age 6 upwards who are primarily in the 8 to 10 LSM range (upper).	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.

HOME

DIVISION	mrphome	sheet street
BRAND SUMMARY	Contemporary designed homeware and furniture to value-minded customers, who have a young-at-heart attitude. The division aims to delight its customers with innovative products at everyday low prices.	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 CUSTOMER	Primarily fashion value minded females, aged 25 years and older who love to decorate their homes. Customers, who have a young-at-heart attitude, are primarily in the 8 to 10 LSM range (upper).	Middle-income households (LSM range 5 to 8) looking to co-ordinate their homes tastefully but responsibly.

FINANCIAL SERVICES

mrpmoney

The MRP Money division is focused on supporting the group's profitable growth in retail market share through the development of the right relationship with customers.

The primary financial products - store cards, airtime and insurance - are positioned to reward and retain our most valuable customers by being competitive, simple and easy to understand.

Our product offering includes granting of credit, management and collection of debtor's books and marketing of financial services and cellular products.

STORE FOOTPRINT

mrp	mrphome	mrpsport	sheet street	MILADYS
481 stores	171 stores	105 stores	294 stores	207 stores
649m² Average store size	779m² Average store size	613m² Average store size	174m² Average store size	293m² Average store size
312 051m² Total trading area	133 252m² Total trading area	64 348m² Total trading area	51 280m² Total trading area	60 581m² Total trading area

1 258 total owned stores

621 512m² total traded net area

South Africa
1 157 total stores

428	mrpApparel
156	mrpHome
101	mrpSport
276	Sheet Street
196	Miladys

Botswana
24 total stores

12	mrpApparel
3	mrpHome
1	mrpSport
6	Sheet Street
2	Miladys

Ghana
4 total stores

4	mrpApparel
0	mrpHome
0	mrpSport
0	Sheet Street
0	Miladys

Lesotho
5 total stores

2	mrpApparel
1	mrpHome
0	mrpSport
1	Sheet Street
1	Miladys

Namibia
40 total stores

18	mrpApparel
6	mrpHome
3	mrpSport
8	Sheet Street
5	Miladys

Nigeria
5 total stores

5	mrpApparel
0	mrpHome
0	mrpSport
0	Sheet Street
0	Miladys

Swaziland
11 total stores

4	mrpApparel
1	mrpHome
0	mrpSport
3	Sheet Street
3	Miladys

Zambia
9 total stores

7	mrpApparel
2	mrpHome
0	mrpSport
0	Sheet Street
0	Miladys

Australia
3 total stores

1	mrpApparel
2	mrpHome
0	mrpSport
0	Sheet Street
0	Miladys

Franchise
23 total stores

16	mrpApparel
7	mrpHome
0	mrpSport
0	Sheet Street
0	Miladys

CEO'S REPORT

By Stuart Bird

PRINCIPLES: 3 4 5

As expected for this past year, the markets in which we trade, particularly our major South African market, were weak and volatile. Poor economic growth exacerbated by significant political uncertainty saw both business and consumer confidence at low levels. This rebounded significantly after the change in political leadership and improved hope for the future.

I am thus pleased that after a difficult prior year, we have delivered a solid result in trying circumstances. This was primarily achieved by MRP Apparel getting back to executing our formula of great fashion and quality at exceptional prices, which has served us so well over time and for which our customers love us. This was done by renewing the values and disciplines that have guided us successfully in the past.

Miladys also delivered a much improved result after a period of underperformance. The change in leadership and intense focus on giving their core customers the product and value they love, has seen a pleasing improvement in the division's performance.

MRP Sport did not meet expectations primarily due to merchandise issues, which we expect to be resolved over this coming year.

Both the home divisions delivered solid results in an environment of diminished demand in their merchandise categories, typically more discretionary than apparel in a constrained economic environment. However, we have seen an improvement in homeware trade in the last quarter of the year.

The financial services division again produced a sound result in a tight environment, particularly as a consequence of the restrictive and ill-considered proof of income regulations, which thankfully have now been rescinded after being successfully challenged.

OUR HIGH PERFORMANCE CULTURE IS GUIDED BY OUR BELIEFS OF PASSION, VALUE AND PARTNERSHIP, WHERE THE SUCCESS OF THE BUSINESS IS SHARED BY ALL ASSOCIATES AND NOT JUST A SELECT FEW.

BUILDING FOR THE FUTURE

The move to our new 70 920m^2 distribution centre was successfully completed this past year. I am pleased that a project of this magnitude was completed and commissioned on time and within budget.

As previously reported, the re-platforming of our merchandise planning and ERP IT systems were set back through the failure of a significant vendor's product to meet our performance requirements. The project is now back on track after a further round of product and vendor assessments, which will enable greater agility in product procurement as well as enhance the ability to trade seamlessly in multiple markets and geographies.

Our online capabilities are well advanced and we continue to grow revenues strongly. Although online has a relatively low market share in South Africa, we believe this will grow over time, much the same as in other markets. We also view our electronic media channels as being critical to successful and meaningful customer engagement.

Good progress is being made on our supply chain with improvements in efficiencies and costs. This is an ongoing, multi-sphered project where we continue to seek opportunities to execute better value and agility.

Recently our African growth plans have met some headwinds due to external factors significantly affecting many of the countries in which we trade. Most of these have stabilised and we are now seeing opportunities for further growth in existing and new markets.

THE MR PRICE WAY

Our high performance culture is guided by our beliefs of Passion, Value and Partnership, where the success of the business is shared by all associates and not just a select few.

Closely allied to this is our commitment to being a good corporate citizen and I am proud of what we have achieved in our transformation efforts, which are meaningful, sustainable and not just guided by a compliance mentality.

LOOKING AHEAD

While the South African outlook is undoubtedly better than it was a year ago, one cannot ignore the enormity of the challenges being faced in getting the country moving ahead after the damage done over the last few years.

Thus, despite the current much improved consumer and business confidence, real positive outcomes will only happen when the economy starts growing meaningfully again. Consequently, we expect the economy in the year ahead to again be lack lustre.

Nevertheless, by continuing to execute our model of great fashion and quality at exceptional prices, we see good opportunities to increase our market share in our existing markets and enter new ones - in doing so realising our vision of being a top performing international retailer.

Finally, I thank all our partners in our business who have shown exceptional resilience, enthusiasm and talent to achieve the results they did.

GROUP STRATEGY, MATERIAL ISSUES & KEY RISKS

OUR VISION IS TO BECOME A TOP PERFORMING INTERNATIONAL RETAILER.

PRINCIPLES: 4 11

The group's strategy requires sustainable value creation over the short, medium and long-term. The board of directors reviews the appropriateness of the strategic objectives annually and performance against set targets regularly throughout the year. Key risks and progress against strategic imperatives are agenda items at each quarterly board meeting. An integrated approach to strategy, risk management, performance and sustainability has been adopted and there is continued commitment to the alignment of 'people, profit and planet'.

The group has identified material issues as being those items that could significantly impact value creation in the business over the short, medium and long-term.

The International Integrated Reporting Council's Framework requires organisations, as a fundamental concept underpinning the framework, 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". The group has adopted this framework and highlight below the value that has been created through the use of the six capitals.

GROWTH

OBJECTIVES	CAPITAL CREATED	STAKEHOLDERS	PERFORMANCE AGAINST OBJECTIVE: OUTPUTS	PERFORMANCE AGAINST OBJECTIVE: OUTCOMES
Maintain sales growth trajectory and increase market share			Retail sales were R20.0bn, up 7.6%. Comparable store sales increased 5.6%.	Sales growth achieved in a muted local retail trading environment.
Introduce quality new space and exit from unproductive space			57 new stores were opened and 13 expanded. New space added increased 3.8%, and after closures and reductions net space increased by 2.1%.	Expanded store footprint. Space movements delivered returns in line with our stringent requirements. Multi-faceted space opportunity that is not dependent upon one store type or one trading division.
Maintain profit wedge (growth in GP rand exceeding sales growth, and operating costs increasing at a lower rate than GP)			GP rand growth 16.0% exceeded revenue growth of 8.0%. Expenses increased 11.5% and operating profit 22.4%.	Profit wedge achieved by operating profit growth exceeding revenue growth.
Improve under-performing areas of the business			Miladys – sales increased 8.4%, GP% increased and costs were well controlled, resulting in strong operating profit growth. MRP Apparel – sales up 11.4% and GP% aided by improved markdowns. Operating profits substantially improved on PY.	Miladys – successfully refocused on needs of core customer. MRP Apparel – gained market share as sales growth exceeded the market in 11 months of the year.
Focus on cash sales and grow credit sales responsibly			Cash and credit sales grew 8.4% and 4.1% respectively. Net bad debt ratio of 5.9%.	Credit growth restricted by affordability rules introduced by credit regulator in F2017. Retailers won the case against the credit regulator in March 2018, which should provide impetus in F2019.
Increase the contribution of international sales to total sales			South African store sales increase of 8.3% was higher than non-South African corporate owned stores of 3.8%. Acquired 12 franchise stores in Kenya in May 2018.	Focus in the current year was on improving the performance of the largest chain in its core market, South Africa. Sales growth in Southern Africa has been impacted by a severe drought and resource dependent economies.
Identify appropriate markets and formats for expansion			Research into possible new markets, both on the continent and beyond, is ongoing. Potential acquisition opportunities reviewed did not meet our criteria.	Reduce reliance on one key market.

MATERIAL ISSUES AND KEY RISKS	RISK MITIGATION AND OPPORTUNITIES
Economic, social, political & legislative environments	• Focus on business model in order to maintain low-cost structures and fashion value positioning • Retain focus on cash sales. Credit sales not to exceed 20% contribution of group sales • Geographic diversification through international expansion
Exchange rate risk	• An equipped treasury committee applying a robust policy to address dynamic hedging requirements
Increasing competition, including growing presence of international retailers	• Strong value positioning via good product execution – fashion and quality at the best price • Ensure highly responsive to promotional activity
Growth in new markets is dependent upon: • Well considered evaluation of each market • People leadership and capacity • Supporting IT and supply chain capabilities, which will require ~3 years for full completion	• Identified various trading opportunities detailed under 'focus areas' • Thorough research methodology, including economic and retail environments, consumer needs, competitors and market positioning • A clearly defined risk appetite - a research and test approach prior to committing to a roll-out • Refer operations (page 21), people (page 22) and sustainability (page 23) sections • Short-term focus will be on identifying and testing new markets, thereby gaining valuable insights in respect of the consumer and their needs, which will aid growth once enabling systems are in place • Continued consideration of acquisition opportunities
Risks associated with acquisitions	• Strict criteria set, including alignment with our core skills and organisational culture, size and growth prospects

FOCUS AREAS FOR NEXT YEAR

- Capitalise on the identified merchandise opportunities to grow sales and manage margins in a muted local consumer environment
- Grow new trading space ~4% (2.5% net of space reductions)
- Improve performance in foreign territories. Refocus efforts on Africa, including bedding down the Kenyan franchise store acquisition. Improve performance in Australia.
- Grow mobile and cellular revenues and profits, via MRP Mobile MVNO and store kiosk rollout
- Conduct research on additional international territories that support our fashion value business model and for suitable acquisition opportunities
- Open a test MRP Home store in Poland in October 2018

BUILD HIGH PERFORMING BRANDS

OBJECTIVES	CAPITAL CREATED	STAKEHOLDERS	PERFORMANCE AGAINST OBJECTIVE – OUTPUTS	PERFORMANCE AGAINST OBJECTIVE – OUTCOMES
WANTED MERCHANDISE • Clear market positioning in all markets (fashion value cash based EDLP model) • Quality achieved via exceptional product execution • Differentiated & category dominant private label assortments • Appropriate balance of fashion & core merchandise			Strong product execution resulted in group sales growth of 8.0% and lower markdowns than the prior year. Comparable store sales growth was 5.6%. Increased market share, particularly in the largest division, MRP Apparel, which grew local sales 11.4% ahead of the market growth of 7.7% (per Stats SA). Sold 220m units, an increase of 6.4%.	Understood the needs of our target customers and successfully executed our fashion value merchandise offers. MRP Apparel: GenNext 2017 – 'Coolest store' since 2013. Miladys: Ask Afrika Orange Index Awards – 3rd in clothing retail category; 4th overall out of 165 entrants. Sheet Street: Daily News Your Choice Awards – Best Linen Store; Tiso Blackstar Time Shopper Survey - 2nd in homeware category. MRP Home: Kasi Star Brands Awards -1st in Homeware & Décor category; The Times / Sowetan Shopper Survey - 1st in Homeware & Décor category. Recent Nielsen studies reflect: MRP Apparel has the highest 'brand equity' score amongst its competitor set and has the strongest 'top of mind awareness' out of the main competitor brands. MRP Home continues to lead the fashion value matrix, with its 'value for money' score being the highest in its category.
COMMUNICATION • Integrated marketing strategy. Build on sector leading social media position. • Convey strong brand personality via multiple touchpoints to target market, ensuring consistent and seamless • Bold communication of value • Develop a single view of the customer (CRM)			Achieved an appropriate balance between marketing spend (traditional and social media) and in-store promotional activity. Strengthened social media position - MRP Apparel has the highest number of Facebook fans (>1m) and Instagram followers (293 000) amongst the local competitor set. The division has continued to strengthen its omni-channel experience, as evidenced by its online sales growth of 31.9% and 65% of customers browsing online before shopping in store MRP Home has 379 000 Facebook fans and 39 000 Instagram followers. CRM – a single view of credit customers across all divisions and products has been achieved.	Strong social media position aligned with needs and expectations of our core customers. Seamless online and store experiences – 50% of all MRP Apparel online orders are collected in store, while 20% of online shoppers made an additional purchase while in store. Customers surprised and delighted by value offered a merchandise assortment which meets the wants and needs of the target customers, supported by confident and aggressive pricing.
INNOVATION • Lead with technology to re-inforce our brand			Appropriate level of investment, which requires clear returns (ROI). Mobile POS now accounts for ~12% of MRP Apparel transactions and has improved checkout times. Paperless receipting: 1 135 km of paper saved (~8m receipts emailed). mrpEmpower: ~1 600 tablets deployed in stores has improved communication (merchandising, training etc). Cellular kiosks launched in 103 stores. Online showroom via in-store kiosk in 44 MRP Home stores.	Customer feedback has confirmed an improved in-store experience is supported by increased user adoption rates.

MATERIAL ISSUES AND KEY RISKS	RISK MITIGATION AND OPPORTUNITIES
Brand positioning	• Clear definitions of each divisions customer and fashion value positioning • Being in stock of wanted items at value prices • Transition of resourcing strategy, including increased visibility and supplier grading • Robust quality control processes • Development of trend and merchant skills • Raised level of pre-season planning
Compelling & seamless omni-channel experience and messaging	• Accurate recording and monitoring of key performance indicators across channels. Established benchmarks and targets • Monitor and respond to customer feedback across all channels
Product assortments and allocations	• Continued focus on market research, trend and design • Experienced management in position to ensure oversight of key product lifecycle processes

FOCUS AREAS FOR NEXT YEAR

- Grow market share by strong product execution and bold communication of our value offer
- Continue to focus on the needs of our core customers and fundamental success factors of our business model
- Review of foreign markets, including supply chain, operational processes and fashion value positioning
- Further enhancement of the customer's seamless omni-channel experience
- Ensure the single view of the customer is fully integrated across all touchpoints. Implement Powercurve (automated decision engine) and Inquba (enhanced customer communication)

OPERATIONS

OBJECTIVES	CAPITAL CREATED	STAKEHOLDERS	PERFORMANCE AGAINST OBJECTIVE: OUTPUTS	PERFORMANCE AGAINST OBJECTIVE: OUTCOMES
DISTRIBUTION CENTRE (DC) Develop a single, world class distribution facility capable of handling forecast unit volumes efficiently			Fully transitioned to new Hammarsdale DC on time and within budget. Existing sites successfully decommissioned.	Provides an infrastructure capable of handling the group's long-term growth. Process and system enhancements will enable increased speed to market and accuracy, positively impacting sales and margins.
LEADING IT SOLUTIONS Replace legacy systems with modern integrated planning, ERP and online systems to support our growth strategy			Online successfully re-platformed in F2017. Total RSA e-commerce sales growth in F2018 of 12.5% and 31.9% in MRP Apparel. Inability of original merchandise planning system to meet our needs caused delays, resulting in certain work performed on Oracle ERP being impaired. New approach adopted will result in staggered IT deliveries into the business over the life of the project.	Delay in delivering enhanced capabilities to maximise sales and margins in current markets and support international growth.

MATERIAL ISSUES AND KEY RISKS	RISK MITIGATION AND OPPORTUNITIES
The DC is a potential single point of failure - work stoppage due to disruption or systems failure, resulting in delays in flow of merchandise to stores	• Extensive interaction with associates and the local community. Appropriate levels of security & insurance are in place • Continual evaluation and testing of business continuity plan
Poor selection or implementation of new IT systems	• Processes in place to ensure the alignment of IT and business strategies • Major projects are monitored by a divisional board, an Executive IT Steering Committee and the main board • Formal Project Management Office (PMO) in place ensures IT delivery by managing and prioritising projects. Process requires agreement from all stakeholders (systems, trading divisions and group). Project management (PM) principles adopted and detailed PM plans in place for critical streams • Phased implementation plans to assist user adoption and manage risk • IT management structures reviewed and implementation of new structure commenced. Executive director assigned on a full time basis to this critical area • Newly appointed non-executive director (NED) with specific IT skills • Newly formed Risk and IT Committee constituted as a committee of the board – initial meeting in May 2018
Data integrity for key information types	• IT team includes a dedicated data architect who has commenced a group-wide data integrity project
Impact of cyber threats and data fraud and theft	• Vulnerability management scanning tool implemented • Firewall and intrusion, detection and prevention systems in place
Resilience of disaster recovery plans	• Disaster recovery IT facilities and back-up processes in place

FOCUS AREAS FOR NEXT YEAR

- Address remaining DC stabilisation issues in H1, and continue to realise planned efficiencies
- Implement expanded IT management structure and review of project prioritisation
- Achieve identified project milestones with regard to merchandise planning and ERP systems
- Approve the mandate of the newly established risk committee and monitor key risks
- Develop a data management blueprint
- Ongoing focus on data integrity and cyber threats

PEOPLE

OBJECTIVES	CAPITAL CREATED	STAKEHOLDERS	PERFORMANCE AGAINST OBJECTIVE	
			OUTPUTS	OUTCOMES
More effective workplace and employee engagement			The culture survey conducted to indicate the health of our human capital reflected improvements in all our key engagement dimensions. Re-ignition programmes were held to educate, refresh and instill the group's vision, values, dreams and beliefs to ensure alignment to our purpose.	Culture survey action plans have been implemented to address opportunities for improvement and preserve positive areas. Re-ignition programmes were successful and contributed to the positive results achieved. The philosophy of all associates being owners continues to be vital to our culture.
Leadership development			In F2017, experienced skills were introduced in the IT and governance/company secretarial functions. A non-executive director (NED) with international trading experience was appointed to the main board. In F2018 a NED with extensive IT skills was appointed to the main board, a new chief audit executive was appointed and an investor relations executive position was created. Senior executives were assigned to provide further leadership in IT and African territories. 43 senior associates are currently on the group's LEAD programme.	The introduction of external human capital to complement our homegrown talent is vital to our competitiveness. Development programmes extends the pool of transformational leaders.
Achievement of EE targets			Achieved Level 8 B-BBEE compliance this year. 94% of associates employed are from previously disadvantaged backgrounds.	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 objectives.

MATERIAL ISSUES AND KEY RISKS	RISK MITIGATION AND OPPORTUNITIES
Attraction and retention of critical skills	• Brand profiling and talent search strategy, including intern and graduate programmes • Ongoing focus on skills development, particularly operations and merchandise skills • Continued focus on embedding of group culture and enhancing the work environment • Competitive remuneration and incentive structures, including our partnership philosophy • Excellent career prospects in a progressive growing business
Leadership capacity and capability for the future	• Effective performance management systems linked to retention tools • Key appointments made detailed above • Robust succession planning
Impact of significant change	• Alignment of service and trading division strategies • Project prioritisation forums • Effective change management processes and governance structures

FOCUS AREAS FOR NEXT YEAR

- Enhance the integrated performance process linked to reward
- Continue to build our talent pipeline and review leadership capacity and succession planning to support the attainment of the group's strategy

SUSTAINABILITY

OBJECTIVES	CAPITAL CREATED	STAKEHOLDERS	PERFORMANCE AGAINST OBJECTIVE: OUTPUTS	PERFORMANCE AGAINST OBJECTIVE: OUTCOMES
SUPPLIERS The value chain development strategy aims to: • Develop meaningful partnerships, get closer to the point of manufacture to assess compliance with social and environmental standards • Strengthen our value position (eliminate hidden or duplicated costs and improve efficiencies) • Maximise sales (meet customer needs by reacting to merchandise opportunities and improving on-time in-full (OTIF) deliveries			The group's supply chain mapping is progressing well, with the number of suppliers with Sedex membership increasing from 301 in F2015 to 914 in F2018. Approximately 85% of the group's tier 1 active supplier base is registered with Sedex. OTIF deliveries have improved but there is still scope for significant improvement. Near sourced, quick response capability is being developed in order to allow the business to respond better to in-season product sales.	Steady progress is being made on the creation of a sustainable value chain which is transparent, efficient and compliant.
DEVELOP THE LOCAL INDUSTRY Enhance sustainable business practices and partnerships in the local industry			During F2018, the group sourced 76m units totalling R3.6bn from local suppliers. This represented 34% of total input units, or 43% including other African territories. Founding retailer of Sustainable Cotton Cluster (SCC) – procured 2 800 tons of cotton from South African farmers in F2018 and have made ongoing commitments. The group purchased ~4m t-shirts and towels containing SA cotton secured through the SCC. Member of KZN Clothing and Textile Cluster - participated and implemented activities to develop the local industry.	Positively influence the local economy via local procurement. Supported the SCC objectives to promote local RSA beneficiation, economic development and employment by targeting to increase production by 446% by 2019 and to create/secure approximately 7 200 jobs. The support provided to farmers assisted in an estimated 37 133 tons of cotton harvested in the 2017/2018 production year, a growth of 139%.
PARTNER WITH COMMUNITIES Positively impact South Africa's socio-economic landscape through relationship building with key stakeholders around education & skills development			The group donation to MRP Foundation up 27% to R28.1m. The MRP Foundation schools model currently impacts 50 409 South African learners every day. Jump Start retail programmes – 4 194 delegates completed work experience in F2018 and 1 870 were subsequently employed by the group, and more by other retailers. 'Together We Do Good' sustainability communication launched internally to create awareness and ensure buy in.	Our investment in the local community has positively affected RSA's socio-economic landscape, with ~400 000 learners being impacted since 2005. The Jump Start retail programme has enabled us and other participating companies to increase skills and employment, with 12 577 of the 28 010 candidates trained since inception being employed.
PROTECT OUR PLANET Improve resource efficiencies and address climate change			Since the 2013 baseline year the carbon footprint has been reduced by 38.5m kWh (38.3m tons CO_2 emissions) despite the growth in our operational footprint. This has been achieved by a reduction of diesel fuel consumption on outbound transportation, a group head office recycling rate of 79% and the DC's of 92%, paperless administration activities and reduced electricity consumption, partly via the head office and DC photovoltaic systems which generated 565 249 kWh during the year.	The group and the environment have benefitted from various initiatives undertaken.

MATERIAL ISSUES AND KEY RISKS	RISK MITIGATION AND OPPORTUNITIES
Sustainability of supply and availability of procured merchandise	• A value chain working group has been established to research and implement best practice in our supply chain • Improved supplier performance and grading processes and tools • Continued focus on visibility and building more supplier-direct relationships • Outsourced and on-site quality assurance processes • Senior resourcing executive appointed to commence ensuring we have an agile resource model to support our strategy
Ethical business practices	• Responsible sourcing policy and guide • Business code of conduct • Ethical trade training • Supplier code of conduct and supplier's annual declaration process • Supplier relationships and engagement • Member of the ETI and Sedex to encourage socially responsible practices
Competitiveness of locally procured merchandise for sale in international markets	• Value chain project scope includes dual sourcing and direct shipments

FOCUS AREAS FOR NEXT YEAR

- Strategic review of resource model
- Continued execution of the value chain objectives to strengthen our supplier capability, including mapping of tier 2 suppliers (manufacturers)
- Acceleration of dual and direct sourcing to enhance our value proposition and aid international expansion
- Develop associates with skills and knowledge to appropriately respond to the future needs of the retail industry
- Extend 'Together We Do Good' campaign to external stakeholders
- Continue to explore doing business in a sustainable way to reduce environmental impacts
- Continue to further improve Broad-Based Black Economic Empowerment compliance

CFO'S REPORT

By Mark Blair

FINANCIAL SUMMARY		2018	2017	% change
Revenue	R'm	**21 347**	19 763	8.0
Profit from operating activities	R'm	**3 732**	3 048	22.4
Group operating margin	%	**17.6**	15.5	+210bps
Profit attributable to shareholders	R'm	**2 781**	2 263	22.9
Headline earnings per share	cents	**1 100.1**	911.4	20.7
Diluted headline earnings per share	cents	**1 075.4**	887.9	21.1
Return on equity	%	**40.1**	37.8	+230bps
Dividend per share (annual)	cents	**693.1**	667.0	3.9
Free cash flow (FCF)	R'm	**3 042**	1 769	71.8

PRINCIPLES: 3 4 5 13 16

FINANCIAL PERFORMANCE 5

The group has applied its financial capital through its operating and investing decision-making. The use of our capitals is demonstrated in our value creation model on pages 10 to 11. To holistically review the company's performance, refer to the annual financial statements on pages 86 to 133 of this report and/or results presentation, both of which can be accessed at www.mrpg.com/investorrelations/reportsandresults.

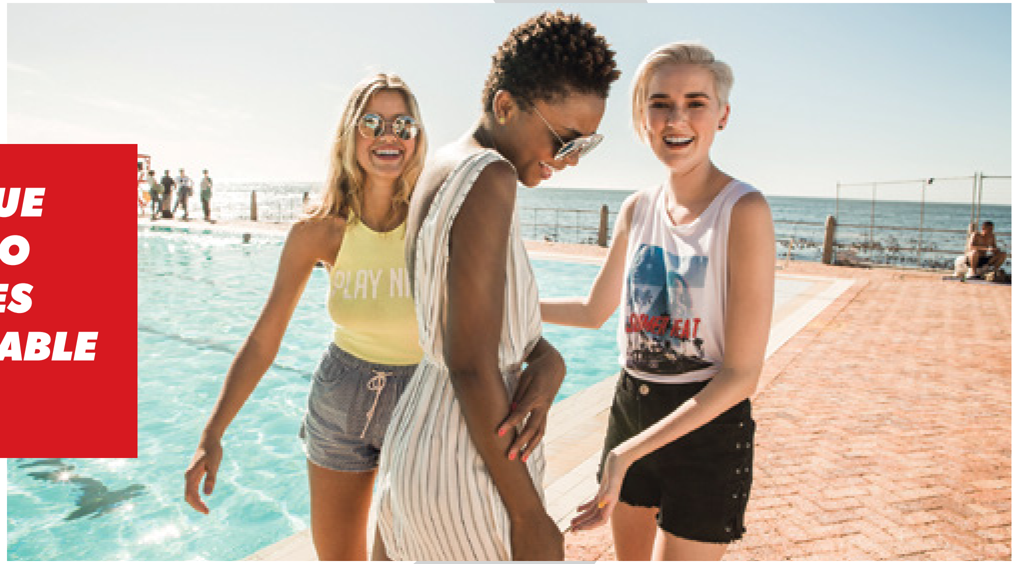
THE RETAIL ENVIRONMENT 4

The company continues to trade in a difficult economic and retail environment locally. The unemployment rate at Q4 2017 was unacceptably high at 26.7%. Household cash flow remains constrained and credit extension has remained low, as supported by NCR data, partly due to consumers' desire to deleverage, and partly due to affordability regulations introduced in 2015.

Taxes (including VAT) have increased and the fuel price is currently at an all-time high. This creates a low growth environment for retailers, competing for market share, resulting in strong promotional activity. We are well placed to outperform competitors locally given our cash-based fashion value business model, providing we execute well.

In contrast, consumer price inflation at year end was lower at 3.8%, an improvement on the 6.1% at the same time last year. Interest rates have reduced twice during the year by 50 bps in total. The ZAR/USD exchange rate improved considerably in Q4 of the financial year following Cyril Ramaphosa's appointment as leader of the majority political party and subsequently as the nation's State President. In response, business and consumer confidence levels have surged but for this to be sustained, and to tackle job creation, GDP growth well in excess of the

TOTAL GROUP REVENUE INCREASED BY 8.0% TO R21.3BN. RETAIL SALES GREW 7.6% (COMPARABLE 5.6%) TO R20.0BN.



2017 figure of 1.3% will be required. Should this be achieved, economic prospects will be bright.

OVERVIEW OF RESULTS 3 5 13

After disappointing results in F2017, the group recorded pleasing growth in both reporting periods in the 2018 financial year. Acute focus on the needs of their core customer and on good product execution resulted in MRP Apparel and Miladys sales growths exceeding market growth as reported by Stats SA, thereby gaining market share. Their improved merchandise offers meant lower markdowns, which together with improved ingoing margins, ensured a substantial increase in the group's gross profit margin as detailed below. Four of the six trading divisions recorded annual operating profit growth and all six achieved this for the second half (H2) of the year.

The group successfully transitioned to its new single facility distribution centre in Hammarsdale. Although the move did not happen without challenges, it was an extremely well-run project, which was critical given the group sold ~220m units of merchandise during the year.

STATEMENT OF COMPREHENSIVE INCOME

REVENUE

Total group revenue increased by 8.0% to R21.3bn. Retail sales grew 7.6% (comparable 5.6%) to R20.0bn. Other income, predominantly from our financial services and cellular division, increased 7.9% to R1.2bn. Finance income, representing interest on cash resources, increased 95.5%, driven by free cash flows increasing 71.8% to R3.0bn. Group retail selling price inflation was well contained at 1.7% and units sold increased by 6.4%.

In total 57 new stores were opened (22 969 m^2) and 13 stores expanded (3 283 m^2), resulting in new space introduced rising 3.8% on a weighted average basis. Space was reduced in 37 stores (13 457 m^2) and 15 non-performing stores were closed (7 666 m^2), positively impacted on profitability. Net weighted average space growth was 2.1%, and the group's store portfolio increased by 3.5% to 1 258 corporate owned stores and 23 franchise stores.

Cash sales, constituting 83.7% of total sales, grew 8.4%. Credit sales, which have been hampered by the introduction of ill-considered affordability assessment regulations by the Department of Trade and Industry (DTI) and the National Credit Regulator (NCR) in 2015, rose 4.1%. In March 2018, pursuant to a legal challenge by a group of retailers, the High Court ruled against the DTI, resulting in the requirement to obtain bank statements and payslips for prospective credit customers falling away. The group has a conservative credit granting policy, as evidenced by its low bad debt rate compared to its competitors and will continue diligently applying its credit scorecard and credit bureau processes.

South African retail sales grew 8.4% to R18.5bn. Store sales were up 8.3% while the e-commerce channel continued delivering double digit growth at 12.6%.

International sales increased 3.7% (comparable: up 1.2%) to R1.5bn, constituting 7.3% of group sales. The rand's strength in F2018 diluted sales growth on translation. The largest regions outside of South Africa, namely Namibia (sales up 3.8%) and Botswana (local sales up 3.5%) were affected by a crippling drought and sluggish commodity dependent economies. However, Botswana's prospects look more positive going into the new year. We continued carefully managing our investment exposure in Nigeria by restricting stock flow and repatriating R60.9m during the year. Sales in local terms were 8.3% higher. We are encouraged by the positive impact a higher oil price has on foreign exchange reserves and potential economic growth.

Zambia and Ghana local sales rose 7.2% and 31.0% respectively. Franchise sales declined mainly due to performance in Kenya, and these stores have now been acquired and will operate as corporate-owned stores from May 2018. Australian sales grew 11.9% to R41.4m and the country will remain in a three store (one MRP Apparel and two MRP Home) test phase until there is a proven profitable business case for expansion. As with any market, focus is being applied to the fashion value positioning, correspondingly dependent on robust information technology (IT) and supply chain capabilities.

COSTS AND EXPENSES

Cost of sales relating to the sales of merchandise (retail) and mobile (cellular) increased 1.9%. The retail GP% improved 310 bps to 43.7% on the back of improved input margins and lower markdowns, supported by good product execution, effective resourcing and an improved ZAR/USD exchange rate. The cellular gross margin improved 490bps to 20.6% mainly due to the product mix explained in the MRP Money divisional performance on page 33.

Selling expenses increased 12.5%, higher than retail sales but below gross profit growth of 16.0%. These costs were impacted by asset impairments, asset write-offs and onerous lease provisions of R52m, of which the majority relates to the Australian operations. Higher performance based turnover rentals and associate incentives and trading space growth also contributed.

Administrative expenses grew 8.5% after absorbing a R55m charge, resulting from a changed approach regarding the new ERP implementation. Employment costs, excluding higher incentive provisions, were well controlled, reflecting growth of 3.4%.

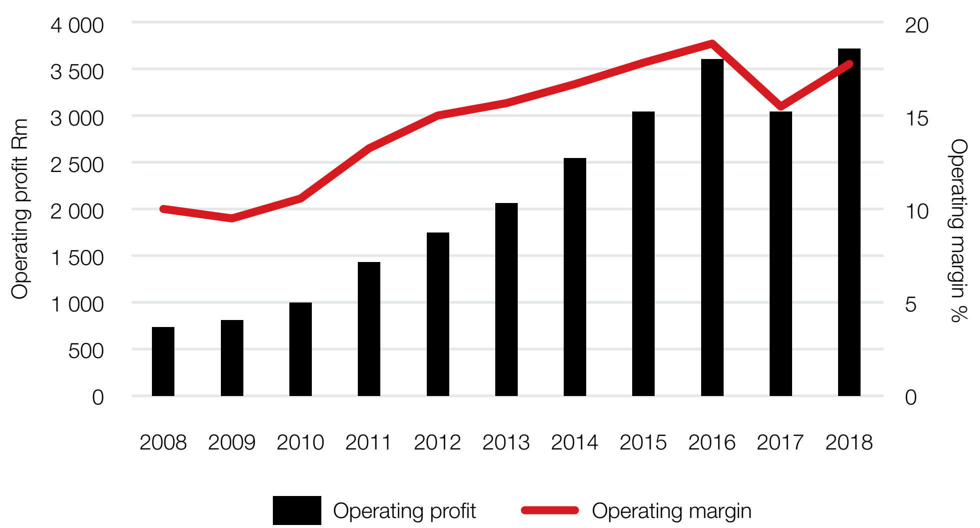
PROFIT ATTRIBUTABLE TO SHAREHOLDERS 4 5 16

The company produced a strong profit wedge, resulting in operating profit before tax growth of 24.3% and the operating margin increasing 210 bps to 17.6%.

The effective tax rate was 28.5% (2017: 27.7%).

Effective 2 January 2018, the group purchased the outside shareholders 45% equity stake in MRP Mobile (Pty) Ltd, and profit attributable to minorities prior to the acquisition date had no impact on profit attributable to shareholders of the parent, which increased 22.9%.

OPERATING PROFIT AND OPERATING MARGIN HISTORY



EARNINGS AND DIVIDENDS PER SHARE 4 5 16

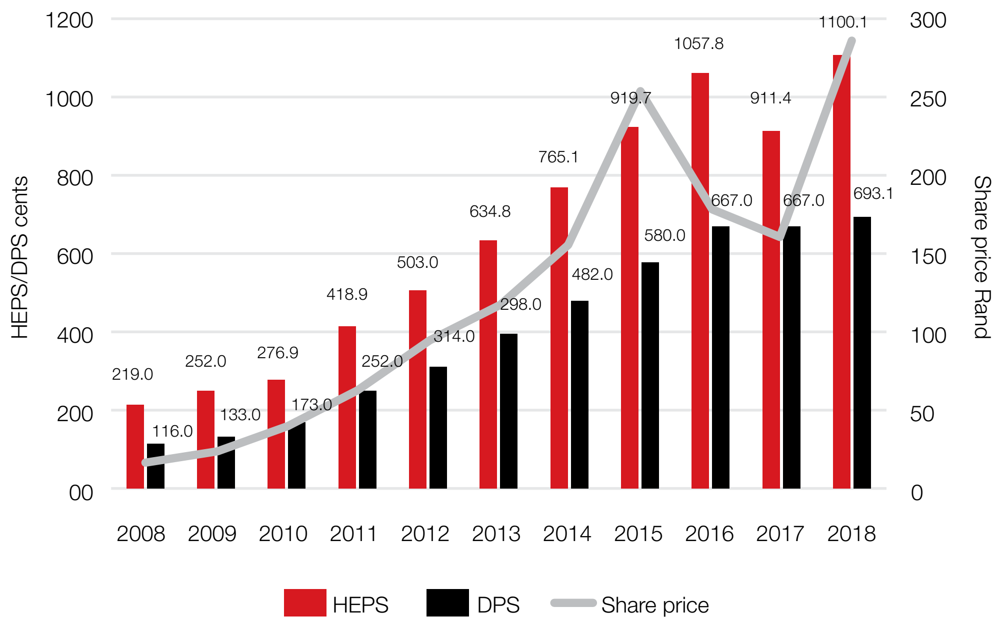
Basic earnings per share (EPS) increased 21.7% to 1 076.4c, slightly lower than the 22.9% increase in profit attributable to shareholders due to a 1.0% increase in the weighted average number of shares (treasury share transactions relating to long-term incentive (LTI) schemes). Headline EPS (HEPS), after accounting for asset write-offs and impairments of R61m net of taxation, increased 20.7% to 1 100.1c. Diluted HEPS was up 21.1%.

The company's annual dividend policy has been set at 63% of HEPS for many years. The previous dividend payout ratio (DPR) at an interim stage (half-year results), was lower, at 58% in F2016, but the company had communicated an intention to work towards equating the interim and annual ratios at 63% over time. This was achieved in F2017, and resulted in the interim dividend per share decreasing 8.0% despite a 15.3% decrease in HEPS. At the F2017 year-end, despite HEPS declining, the annual dividend remained unchanged at 667c per share, effectively temporarily increasing the DPR to 73%.

In the current financial year, the interim dividend per share was consistently based on 63% of HEPS, and increased by 22.3%, in line with HEPS growth. However, due to the treatment in the prior year, the final dividend of 414.1c per share (also based on 63% of HEPS) is 5.6% lower than the prior year. Annual F2018 dividends of 693.1c are 3.9% higher than the comparable period.

Our 32 year compound annual growth rate in headline earnings and dividends per share is 21.6% and 23.1% respectively and the group has achieved total shareholder returns of 1 705% over 10 years and 170% over the five year period.

HEPS, DIVIDEND PER SHARE AND SHARE PRICE



STATEMENT OF FINANCIAL POSITION 5

NON-CURRENT ASSETS
- up 2.0% to R2.6bn

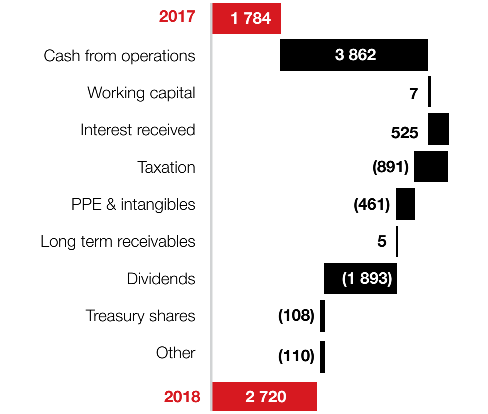
Property, plant and equipment decreased R38m to R2.1bn after accounting for additions (R332m), disposals, reclassifications and impairments (R97m) and depreciation of (R273m). Intangible assets increased R77m to R433m, mainly due to additions (R129m), and amortisation (R55m).

CURRENT ASSETS
- up 18.2% to R7.5bn

Gross inventories increased 3.9% to R2.4bn, or by 5.4% on a net basis. The highest increase in value is in MRP Apparel, which recorded the strongest sales growth in the current year. Overall inventory is in good shape going into the new financial year and stock levels in the divisions where retail merchandise is classified as more discretionary in nature are being carefully controlled.

Trade and other receivables increased 7.3% to R2.4bn. Net trade receivables (retail, franchise and MRP Mobile) increased 4.8% to R2.0bn. The debtors book continues to be conservatively managed, with a net bad debt to book ratio of 5.9% (PY: 5.3%) and an impairment provision to book ratio of 7.7% (PY: 7.3%).

Cash and cash equivalents increased 52.4% to R2.7bn. Cash from operating activities increased 36% to R3.5bn as a result of strong operating profit growth and working capital improvements. Cash flows from investing activities of R455m was lower than the prior year due to reduced capital expenditure, particularly the new distribution centre that was substantially completed by the previous year-end. Cash absorbed by financing activities increased 53.4% due to higher dividend outflows and treasury share transactions. The PAT to free cash flow conversion ratio is 109%.



EQUITY ATTRIBUTABLE TO SHAREHOLDERS
- up 10.8% to R7.5bn

R'm	2018	2017
Opening balance	**6 729**	5 620
Total comprehensive income for the year	**2 650**	2 250
Treasury share transactions	**(98)**	435
Recognition of share-based payments	**87**	112
Dividends to shareholders	**(1 893)**	(1 688)
Acquisition of non-controlling interest	**(20)**	-*
Closing balance	**7 455**	6 729

*Less than R1 million

NON-CURRENT LIABILITIES
- down 23.4% to R257m

The movement relates primarily to lower deferred tax liabilities and the elimination of the non-controlling shareholders loan account following the acquisition of the minority interest in MRP Mobile (Pty) Ltd.

CURRENT LIABILITIES
– up 30.0% to R2.4bn

Trade and other payables increased 15.8%. Trade payables are up 7.6% on the prior trading period, due to higher inventory balances and improved supplier payment terms.

Sundry creditors increased 21.7% due to improved results in F2018 driving turnover rentals and incentives. The taxation liability increased from R6m to R182m.

Derivative financial instruments relating to forward exchange contracts taken on inventory (hedged item) have been marked to market at the reporting date. This will be capitalised to the value of the stock on utilisation and form part of the stock value on sell through.

REGULATORY ENVIRONMENT
Regulators appear to be more closely scrutinising large businesses, which at times seems unjustified. A recent example is the NCR affordability regulations matter where the High Court ruled in favour of the retailers.

The High Court also dismissed with costs the NCR's bid to overturn a ruling in favour of another retailer regarding club fees. The high court recently ruled in favour of Edcon and the group is optimistic that the Miladys matter will have a similar outcome.

The group received an assessment from SARS disallowing the deduction of the entire bad debt expense and leasehold improvements allowance claimed in the 2014 year of assessment. Our views have been supported by those of Senior Counsel, however the formal objection to the assessment has now been disallowed by SARS. The company has lodged an appeal, with the intention of proceeding to the Tax Court to have this matter resolved. The company successfully argued against having to settle the payment obligation as originally required by SARS. The company will continue to pursue a low tax risk approach, as reflected in the effective tax rate detailed earlier.

NEW ACCOUNTING STATEMENTS
New statements impacting the 2019 financial year, which are not expected to have a material impact on the group's results, are detailed in note 1 to the financial statements and in the presentation to analysts.

OUTLOOK 4

We are proud of the resilience of our business model and the character shown by our associates in challenging times. Management remain cautiously optimistic about the future. In our major market South Africa, President Cyril Ramaphosa's leadership provides hope that the wheels of the economy will again begin to turn. However, numerous structural challenges remain that will not be fixed overnight. Until that happens, our fashion value positioning provides a competitive advantage and we are ideally positioned to capture further market share. There are various trading opportunities on which to capitalise and we are confident of our team's ability to execute well and to benefit considerably in what will hopefully be a recovering and more stable economy in the medium-term.

The key medium-term focus will be to deliver our strategic enablement projects of ERP (planning, mechanising and finance), DC stabilisation and value chain. These are imperative for us to realise trading opportunities locally and to trade effectively internationally.

A new research unit will be tasked with evaluating various growth opportunities and the structures required to realise these. MRP Home is planning to launch a test store in Poland in the second half of the financial year. Our African operations will receive renewed focus, including bedding down the Kenyan acquisition, and Sheet Street testing a store in the Zambian market.

We shall continue being selective on space growth and plan to open 60 stores in the 2019 financial year. Operating profits will benefit further from store expansion opportunities, mainly in MRP Apparel and from space rationalisation in the remaining divisions. Capital expenditure of R550m is expected.

THERE ARE VARIOUS TRADING OPPORTUNITIES ON WHICH TO CAPITALISE AND WE ARE CONFIDENT OF OUR TEAM'S ABILITY TO EXECUTE WELL AND TO BENEFIT CONSIDERABLY IN WHAT WILL HOPEFULLY BE A RECOVERING AND MORE STABLE ECONOMY IN THE MEDIUM-TERM.

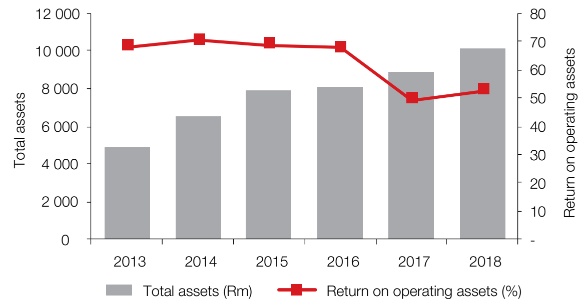
SIX YEAR REVIEW

ABRIDGED STATEMENTS OF FINANCIAL POSITION, CASH FLOWS AND INCOME 5

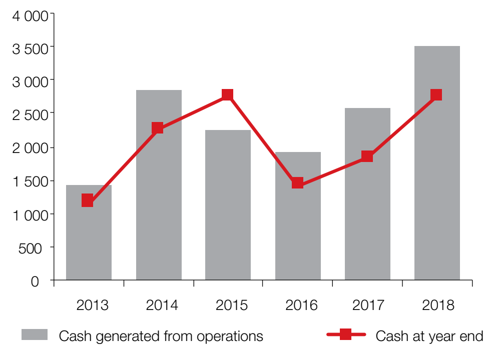
R'm	32 year compound growth %	2018	2017	2016	2015	2014	2013
STATEMENT OF FINANCIAL POSITION							
Assets							
Non-current assets		**2 628**	2 577	2 241	1 364	1 137	927
Property, plant and equipment		**2 092**	2 130	1 672	838	718	660
Other		**536**	447	569	526	419	267
Current assets		**7 491**	6 338	5 822	6 503	5 426	3 971
Inventories		**2 215**	2 102	2 168	1 741	1 403	1 236
Trade and other receivables		**2 370**	2 221	2 136	1 874	1 673	1 513
Reinsurance asset		**146**	129	99	124	98	72
Cash		**2 756**	1 823	1 419	2 764	2 252	1 150
Taxation		**4**	63	-	-	-	-
		10 119	8 915	8 063	7 867	6 563	4 898
Equity and liabilities							
Equity attributable to shareholders		**7 455**	6 729	5 620	5 021	3 922	3 309
Non-current liabilities		**257**	335	244	213	220	206
Current liabilties		**2 407**	1 851	2 199	2 633	2 421	1 383
Trade and other payables		**2 115**	1 744	2 105	2 116	1 982	1 270
Reinsurance liabilities		**38**	41	30	46	34	28
Other		**254**	66	64	471	405	85
		10 119	8 915	8 063	7 867	6 563	4 898
STATEMENT OF CASH FLOWS							
Cash flows from operating activities		**3 502**	2 574	1 906	2 264	2 862	1 431
Cash flows from investing activities		**(455)**	(809)	(1 153)	(456)	(381)	(335)
Cash flows from financing activities		**(2 053)**	(1 338)	(2 123)	(1 276)	(1 377)	(1 101)
Net increase/(decrease) in cash and cash equivalents		**994**	427	(1 370)	532	1 104	(5)
Cash and cash equivalents at beginning of the year		**1 784**	1 419	2 764	2 252	1 150	1 150
Exchange (losses)/gains		**(58)**	(62)	25	(20)	(2)	5
Cash and cash equivalents at end of the year		**2 720**	1 784	1 419	2 764	2 252	1 150
INCOME STATEMENT							
Retail sales	18.8%	**19 994**	18 575	19 038	17 285	15 227	13 266
Retail sales and other income	19.0%	**21 185**	19 679	19 923	18 011	15 829	13 744
Profit from operating activities	22.0%	**3 732**	3 048	3 603	3 076	2 537	2 069
Profit attributable to shareholders	25.0%	**2 781**	2 263	2 645	2 293	1 868	1 534
Headline earnings attributable to shareholders	25.1%	**2 842**	2 331	2 674	2 299	1 888	1 554

Notes:
1. 2016 was a 53 week period.
2. The 32 year compound growth rates are calculated from the date of acquiring joint control in 1986.

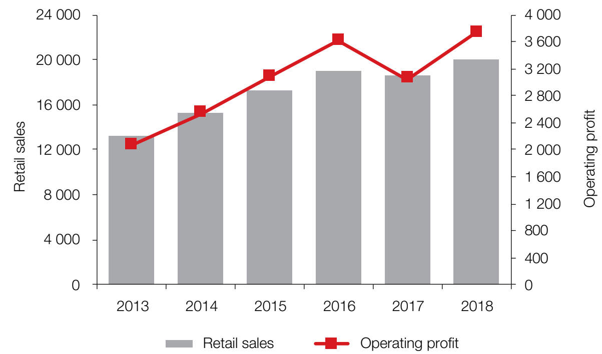
Total assets (R'million) and return on opearting assets (%)



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



Retail sales and operating profit (R'million)



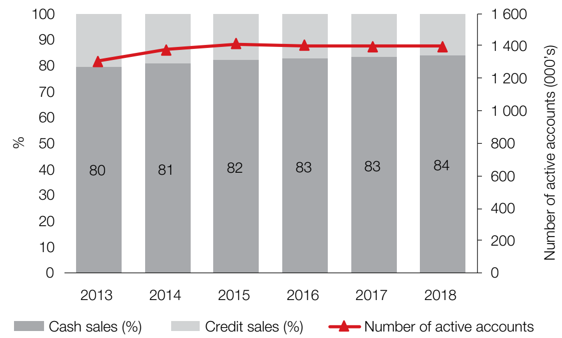
SIX YEAR REVIEW

STORES AND PRODUCTIVITY MEASURES 5

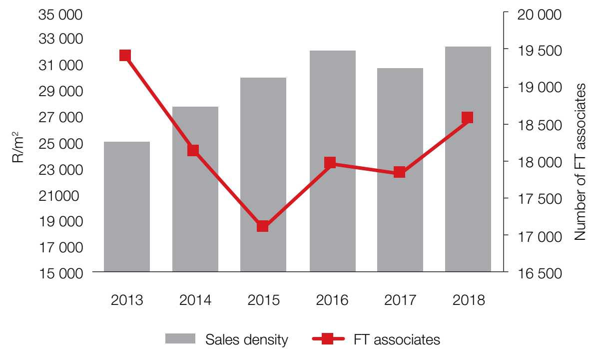
R'm	32 year compound growth %	2018	2017	2016	2015	2014	2013
Operating statistics							
Depreciation as a % sales [a]		**1.4%**	1.1%	1.0%	1.0%	1.1%	1.2%
Employment costs as a % sales [b]		**11.1%**	10.4%	10.2%	10.5%	11.2%	11.4%
Occupancy costs as a % sales [c]		**7.6%**	7.5%	7.1%	7.1%	7.2%	7.4%
Total expenses as a % sales		**29.4%**	28.3%	26.3%	27.5%	28.8%	29.6%
Number of stores by segment							
MRP Apparel		**481**	470	458	438	404	384
MRP Sport		**105**	92	82	72	61	53
Miladys		**207**	202	198	196	191	189
Total Apparel Stores		**793**	764	738	706	656	626
MRP Home		**171**	168	163	166	158	150
Sheet Street		**294**	284	280	278	265	253
Total Home stores		**465**	452	443	444	423	403
Franchise		**23**	21	19	15	23	26
Total group stores	8.0%	**1 281**	1 237	1 200	1 165	1 102	1 055
FT associates [d]	9.9%	**18 536**	17 822	17 956	17 098	18 104	19 384
Trading area							
- weighted average net m²		**618 684**	605 979	590 714	572 869	545 032	527 326
- closing average net m²	9.5%	**621 512**	616 934	594 557	583 558	554 742	535 702
Total sales (R'm)	18.8%	**19 994**	18 575	19 038	17 285	15 227	13 266
Comparable sales growth %		**5.6**	(3.6)	6.3	9.2	10.6	7.3
Retail selling price inflation %		**1.7**	10.7	7.0	7.7	9.7	5.1
Cash sales %		**83.7**	83.3	82.8	81.9	80.8	79.9
Credit sales %		**16.3**	16.7	17.2	18.1	19.2	20.1
Sales per store (R'm)		**16**	15	16	15	14	13
Sales per Full time associates (Rand)		**1 078 678**	1 042 276	1 060 247	1 010 928	841 102	684 383
Sales density excluding sales to Franchise (Rand per weighted average net m²)		**32 238**	30 654	32 043	30 000	27 752	24 979

Notes:
1. 2016 was a 53 week period.
2. The 32 year compound growth rates are calculated from the date of acquiring joint control in 1986.
3. a Depreciation on property, plant and equipment only.
   b Employment costs include salaries, wages & other benefits (including STIs), 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 land and building lease expenses, including straight line lease adjustments.
   d FT: Full time. Prior to F2015, the Full Time Equivalent associate numbers were disclosed. In F2015, this changed to disclosing Full Time associates.

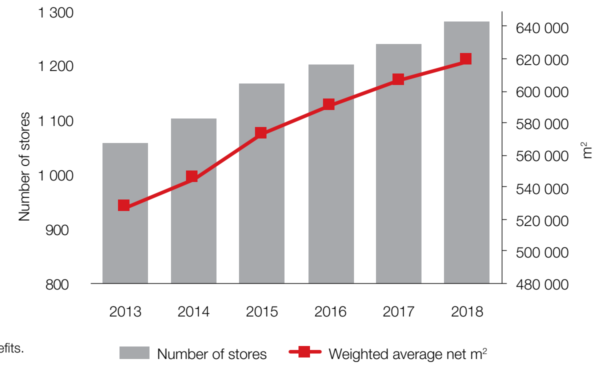
Credit sales and group number of active accounts



Sales density and number of FT associates



Number of stores and trading area



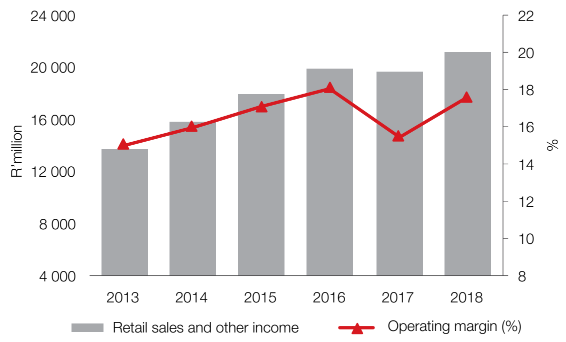
SIX YEAR REVIEW

RETURNS, PROFITABILITY AND SHARE INFORMATION 4 5

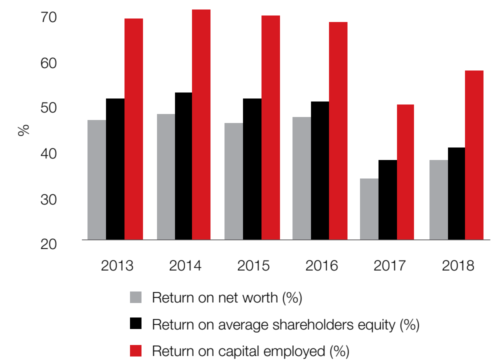
R'm	32 year compound growth %	2018	2017	2016	2015	2014	2013
Productivity ratios							
Net asset turn		**2.7**	2.8	3.4	3.4	3.9	4.0
Gross margin (%)		**43.3**	38.8	40.6	41.1	41.5	41.6
Operating margin (%) *		**17.6**	15.5	18.1	17.1	16.0	15.1
EBITDA margin (%)		**20.3**	17.8	20.1	19.0	17.9	17.0
Profitability and gearing ratios							
Return on net worth (%)		**37.3**	33.6	47.1	45.7	47.6	46.3
Return on average shareholders equity (%)		**40.1**	37.8	50.3	51.4	52.2	51.1
Return on capital employed (%)		**57.0**	49.3	67.6	68.7	70.2	68.0
Return on operating assets (%)		**52.5**	49.3	67.6	68.7	70.2	68.0
Solvency and liquidity ratios							
Current ratio		**3.1**	3.4	2.6	2.5	2.2	2.9
Quick ratio		**2.2**	2.3	1.7	1.8	1.7	2.0
Inventory turn		**5.4**	5.3	5.8	6.5	6.8	6.4
Total liabilities to total shareholders equity		**0.4**	0.3	0.4	0.6	0.7	0.5
Per share performance (cents)							
Headline earnings	21.6%	**1 100.1**	911.4	1 057.8	919.7	765.1	634.8
Diluted headline earnings	21.5%	**1 075.4**	887.9	1 012.9	865.1	715.1	584.2
Dividends	23.1%	**693.1**	667.0	667.0	580.0	482.0	398.0
Operating cash flow		**1 355**	1 006	754	906	1 160	584
Net worth		**2 885**	2 602	2 217	1 989	1 583	1 346
Dividend payout ratio		**63.0**	73.2	63.1	63.1	63.0	62.7
Stock exchange information							
Number of shares in issue ('000)		**258 982**	258 589	253 530	252 449	247 763	245 772
Number of shares on which earnings based ('000)		**258 375**	255 793	252 786	249 990	246 726	244 980
Shares traded ('000)		**426 089**	427 817	325 342	186 184	221 496	375 754
Percentage of shares traded (%)		**164.9**	167.3	128.7	74.5	89.8	153.4
Earnings yield (%)		**3.9**	5.7	6.0	3.7	4.9	5.4
Dividend yield (%)		**2.4**	4.2	3.8	2.3	3.1	3.4
P:E ratio		**25.9**	17.5	16.8	27.4	20.4	18.4
Market capitalisation (R'm)		**73 187**	40 806	45 077	63 792	39 187	29 386
Share price (cents)							
- high		**29 307**	23 973	28 380	26 975	16 585	14 450
- low		**14 395**	13 000	14 126	15 301	11 353	9 575
- closing	25.7%	**28 500**	15 990	17 769	25 196	15 601	11 699
Foreign shareholding at year end (%)		**50.7**	43.2	52.2	54.5	50.2	45.0

Notes:
2016 was a 53 week period.
The 32 year compound growth rates are calculated from the date of acquiring joint control in 1986.
* The basis of computing operating margin has been amended from previously being calculated as operating profit/retail sales to operating profit/retail sales and other income.

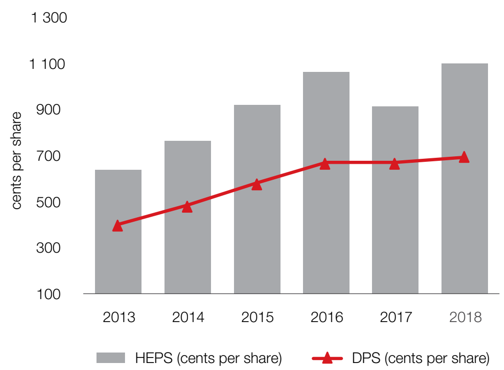
Retail sales and other income and operating margin



Return on net worth, equity and capital



Headline earnings and dividend per share



DIVISIONAL PERFORMANCE

PRINCIPLE: 4

DIVISION

mrp

Retail sales (excluding franchise) rose 11.4% (comparable sales up 8.9%), with over half of the merchandise departments recording double-digit growths. Sales growth exceeded that of Type D retailers per Stats SA in 11 months of the year. Selling price inflation of 2.3% was mainly due to lower markdowns. The number of units sold increased 8.8% to 149m and weighted average space grew 3%. Evidence of our strong social media following is that mrp is the highest ranked SA fashion retailer on Facebook and Instagram and local online sales increased 31.9%. A well-executed merchandise offer translated into improved gross profit margins. Overheads were well-contained resulting in double-digit operating profit growth.

mrphome

Retail sales (excluding franchise) were up 1.0% (comparable sales -0.9%). Low RSP inflation of 0.1% was maintained but unit growth was low at 1.4% as the purchase of homewares remains highly discretionary in the current economic environment. Online sales continued its positive trajectory and rose 0.9%, with the second half growing by 8.4%. Despite an improved sales and operating profit performance in H2, annual operating profits were lower than the prior year.

mrpsport

The division experienced tough trading conditions due to the discretionary nature of its products in a constrained consumer environment. Certain merchandise issues further impacted results. Sales grew 2.7% (comparable sales down 4.5%). Low RSP inflation of 0.7% was insufficient to drive unit sales which were marginally up 2.3%. Non-comparable sales were driven by weighted average space growth of 6.4%. Operating profit declined despite an improved gross margin.

MILADYS

The refocus on the Miladys niche customer delivered strong results. Retail sales increased 8.4% (comparable sales up 8.2%). The division successfully incorporated outsizes into the Miladys range, and together with lower markdowns resulted in RSP inflation of 9.2%. Strong profit growth in both reporting halves was reported as a result of gross profit growing ahead of sales and overheads being well-controlled.

sheet street

Sales growth improved from 2.1% in H1 to 5.4% in H2, resulting in an annual 3.9% growth. RSP inflation was low at 2.0% mainly due to product mix and lower markdowns, while unit sales increased 2.2%. The gross margin percentage improved slightly on the prior year and operating expenses were well managed, resulting in operating profits growing on the prior year.

mrp	2018	2017	% change
Retail sales - including. franchise (R'm)	**12 192**	10 996	10.9
Comparable sales growth (%)	**8.9**	(4.7)	
Retail selling price inflation (%)	**2.3**	8.3	
Units sold (million)	**148.5**	136.4	8.9
Number of stores	**481**	470	
Trading area - weighted ave net m²	**309 887**	300 841	3.0
Sales density (rand/ weighted ave net m²)	**39 200**	36 255	8.1

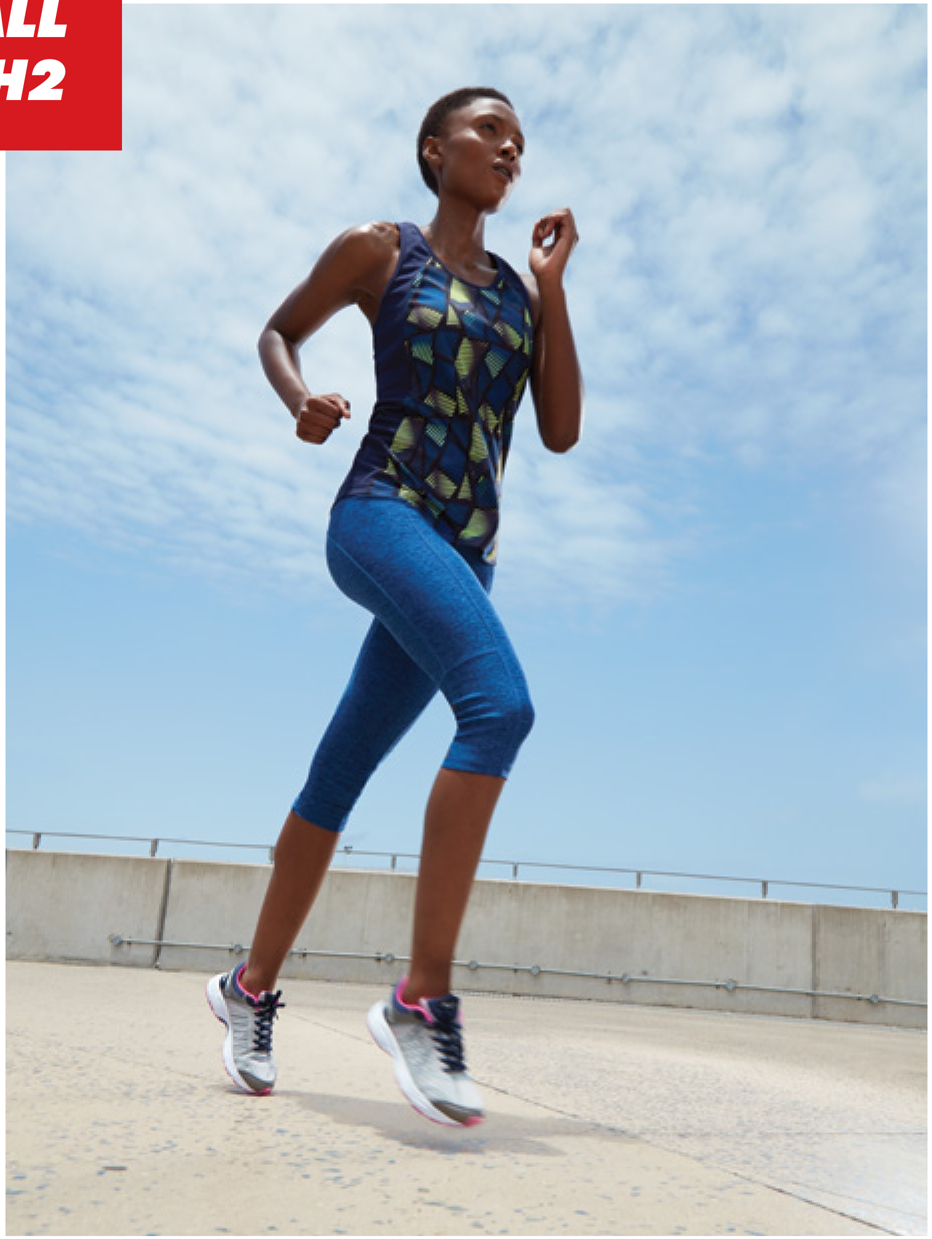
mrphome	2018	2017	% change
Retail sales - including. franchise (R'm)	**3 441**	3 423	0.5
Comparable sales growth (%)	**(0.9)**	(2.4)	
Retail selling price inflation (%)	**0.1**	17.3	
Units sold (million)	**33.7**	33.1	1.8
Number of stores	**171**	168	
Trading area - weighted ave net m²	**133 247**	133 406	(0.1)
Sales density (rand/ weighted ave net m²)	**25 795**	25 512	1.1

mrpsport	2018	2017	% change
Retail sales - including. franchise (R'm)	**1 408**	1 370	2.7
Comparable sales growth (%)	**(4.5)**	(1.8)	
Retail selling price inflation (%)	**0.7**	13.4	
Units sold (million)	**12.7**	12.4	2.3
Number of stores	**105**	92	
Trading area - weighted ave net m²	**63 833**	60 008	6.4
Sales density (rand/ weighted ave net m²)	**22 049**	22 835	(3.4)

MILADYS	2018	2017	% change
Retail sales - including. franchise (R'm)	**1 405**	1 296	8.4
Comparable sales growth (%)	**8.2**	(6.9)	
Retail selling price inflation (%)	**9.2**	11.5	
Units sold (million)	**7.1**	7.1	0.0
Number of stores	**207**	202	
Trading area - weighted ave net m²	**60 875**	61 150	(0.5)
Sales density (rand/ weighted ave net m²)	**23 074**	21 192	8.9

sheet street	2018	2017	% change
Retail sales - including. franchise (R'm)	**1 548**	1 490	3.9
Comparable sales growth (%)	**2.3**	3.3	
Retail selling price inflation (%)	**2.0**	14.2	
Units sold (million)	**17.7**	17.3	2.2
Number of stores	**294**	284	
Trading area - weighted ave net m²	**50 843**	50 574	0.5
Sales density (rand/ weighted ave net m²)	**30 454**	29 452	3.4

PROFIT GROWTH ACHIEVED IN ALL DIVISIONS IN H2



DIVISION

mrpmoney

Interest and charges on credit customer accounts increased 6.5%. Credit sales rose 4.1% and we envision improved growth prospects due to the legislative changes on new account applications, increased consumer confidence, and an improved economic growth rate in our economy. The debtors' book continues to be a high performing one by industry standards. Insurance premium rose 14.2% and there was a good balance between price increases and policy sales, assisted by new product introduction. The cellular division grew revenue 4.3% as we focused on product mix and margins, and a much improved H2, with revenue growth of 14.0%. The company acquired the minority interest in the MRP Mobile MVNO and as operational processes have now improved, this area is set for growth. Hello MRP cellular kiosks were successfully rolled out to 103 stores and will be further extended in the year ahead. Operating profits in the division were well up on the prior year.

	2018	2017	% change
Gross trade debtors (R'm)	**2 134**	1 991	7.2
Total active accounts	**1 396 635**	1 395 755	0.1
Average balance (Rand)	**1 527**	1 426	7.1
% of debtors able to purchase on credit	**89.2**	89.4	-20bps
Retail sales analysis:			
- Cash (%)	**83.7**	83.3	+40bps
- Credit (%)	**16.3**	16.7	-40bps
Net bad debt (net of recoveries) % of debtors	**5.9**	5.3	+60bps
Impairment provision % of debtors	**7.7**	7.3	+40bps

Gross trade receivables per division (R'000)	mrp	mrpHome	mrpSport	Miladys	Sheet Street	Total 2018	Total 2017
6 months	454 142	69 801	10 317	60 649	32 359	**627 268**	615 589
12 months	987 115	116 712	27 435	261 795	83 002	**1 476 059**	1 349 148
24 months		30 335				**30 335**	26 031
	1 441 257	216 848	37 752	322 444	115 361	**2 133 662**	1 990 768

STAKEHOLDER ENGAGEMENT

PRINCIPLES: 4 16

Mr Price Group's activities are under-pinned by a stakeholder inclusive approach. For the group to create value for itself, it must be focused on creating value for all its stakeholders to ensure that we invest in long-standing, sustainable partnerships. These form the foundation of Mr Price Group's ability to create value over the short, medium and long-term.

The board holds ultimate responsibility for the group's stakeholder management, ensuring that our approach balances the needs, interests and expectations of stakeholders in the best interests of the organisation, and the stakeholder. The implementation and monitoring of stakeholder engagement is entrusted to the management teams across the group.

Value creation through a stakeholder inclusive approach is only successful if the group views its business as an ecosystem. This is comprised of groups that cooperate to maximise value creation and compete to realise their share of that value. No ecosystem can thrive if one member group continually benefits at the expense of others. We recognise that it would be amiss to apply focus on shareholder value creation at the expense of all other stakeholders. Our aim is to ensure that our engagement with stakeholders intersect at the point of maximum value creation for all parties. This does not mean that we displace shareholder value from the top of the pyramid, but rather ensure that we recognise the strength of the base upon which it sits. Our different stakeholders all have varying levels of influence and involvement in the life of the business. Knowing this, the group aims to achieve consistency in its approach toward all stakeholders and ensure that they receive the appropriate levels of engagement.

The ability to be consistent is achieved by delivering on a set of key principles on which we base our stakeholder approach:

- Openness and transparency
- Mutual respect
- Supportive and responsive interaction
- Regular and structured engagements that are constructive and co-operative
- Recognition that all stakeholders are also existing or potential customers
- Well defined measurement of stakeholder management

Creating value is key to our partnership with stakeholders, measuring value creation is critical to ensuring that we can be sustainable in delivering value over time. The group has modified its approach over the last year to strengthen relationships with stakeholders by creating more platforms to listen to their needs and views. We recognise that the working relationship we have with stakeholders must be influenced by their feedback. This change in approach will result in a more robust framework being created in the year ahead that will enable better value measurement and result in appropriate action being planned. The group introduced an investor relations department in August 2017, which has resulted in increased engagement with shareholders and analysts. Another platform created to listen to stakeholders is the supplier survey, which gives suppliers an opportunity to share their voice about various aspects of their interaction with us. The necessary action required across the group as a response to stakeholder feedback, will be included in our developing framework in F2019.

The first step in this process has been identifying value creation measurement platforms for each stakeholder, which will result in value creation actions being developed through the framework. The table illustrates this in more detail. Five sections have been carefully thought through to ensure that each one has context in understanding how we view each stakeholder, how we measure value and how we monitor progress over time.

	SHAREHOLDERS & THE INVESTMENT COMMUNITY	CUSTOMERS	ASSOCIATES & PARTNERS (OUR PEOPLE)	SUPPLIERS	GOVERNMENT & COMMUNITY
WHY WE ENGAGE	• To create an informed view of the group • To disclose company performance, prospects and strategy • To educate on retail market trends and issues • To announce dividend policies and share price performance • To inform on our share schemes • To give a view on economic, social and environmental risks	• To understand what customers value • To meet our customers' needs and increase long-term loyalty • To enhance the group's brands and thereby grow market share • To encourage product and quality feedback • To improve customer service levels • To facilitate account queries and payment • To enable e-commerce technical assistance, orders and queries	• Our associates are our most valuable asset and brand ambassadors, as their efforts drive our profitability and the effectiveness of our customer engagement • To enhance their sense of value, commitment and motivation • To align thinking with the group strategy • To receive feedback on areas for workplace and performance improvement	• Suppliers are key to our performance and core to our strategic positioning • To gain visibility into order quantities, factory capacities, product cost and quality • To improve supplier performance • To make known future growth and expectations of the group • To track core competencies • To meet B-BBEE compliance • To improve quick response times	• To fulfill legislative requirements • To undertake national priorities • To contribute to community upliftment • To provide sustainable social impact to our partners
HOW WE ENGAGE	• Annual general meeting • Presentations to Investment Analysts Society, results roadshows and one-on-one meetings • Attendance at investor conferences • Annual integrated report • Pre close calls • SENS announcements, trading updates and press releases • Group website	• In-store interaction • Traditional and social media • Customer and market surveys and panels • Product testing • Inbound and outbound call centres • Advertising campaigns and competitions • Live chat feedback on e-commerce sites • Mystery shopper programme • Club publications • Store account brochures	• Induction programmes • Performance reviews and career planning discussions • Training and development • Culture and climate surveys • Internal media and intranet • Team meetings • Results presentations • Divisional events, including awards events • Whistleblowers' hotline • Share scheme	• Supplier days and supplier survey • Independent focus group • Regular meetings • Performance reviews • Quality audits • Ethical and social audits • DC tours and factory visits and tours • Whistleblowers' hotline • Supplier Ethical Data Exchange • Regional Footwear and Leather Cluster • Southern African Sustainable Textile and Apparel Cluster	• Regular communication with: South African Revenue Services, Department of Labour, Department of Education, Wholesale and Retail, SETA, National credit regulator • Local industry development • Skills development and training • Transformation/Employment equity implementation • Compliance requirements • Energy, water and waste reduction • Education and job creation
VALUE CREATION MEASUREMENT	• Share price growth • Dividend payouts • Return on equity • Total shareholder return	• Value and unit sales growth • Market share • Customer satisfaction feedback • Repeat purchases • New account openings • Facebook fans • Instragram followers • Twitter followers	• Culture survey results • Staff turnover rates • New job creation • Jump Start programme • MRP Academy investment • R36.7m learning and development • B-BBEE level • Long service awards • Exercising share options	• Survey feedback • Supplier day outcomes • Ongoing key delivery metrics • Sedex ranking • Independent reports rating on sustainability measures	• Taxes paid • Track number of units sourced locally • 2 800 tons committed to SCC • MRP Foundation impacts 50 409 learners • 1 870 people employed through Jump Start • Carbon, water and waste measured to continue reduction

Although we have not listed the communities in which we operate, the media, our business partners or all government departments with whom we have relationships, it is important to note that the group acts in a responsible and compliant manner towards these stakeholders.

CHAIRMAN'S REPORT

By Nigel Payne

PRINCIPLES: 3 4 5

The 21.1% increase in diluted HEPS achieved by the group represents a strong recovery from the under-performance in 2017, which was the first earnings decline in 17 years.

This time last year my key message to our stakeholders was: "The board has full confidence in our management team. We have talented people addressing what needs to be improved. Our high performance culture remains strong. We like to win. We remain focused on providing great value to our customers; indeed we exist to add value to their lives".

The operating environment during the period under review was extremely challenging. Economic conditions have improved recently, but not materially so. Improving confidence that South Africa will overcome some major challenges, including unemployment and inadequate education, has largely been offset by more challenging global conditions. Our improved results thus reflect the talents, passion and hard work of thousands of Mr Price people during the year, inspired by our Dreams and Beliefs. Well done and thank you to you all!

The board and executive management, in response to the underperformance in 2017, re-evaluated the foundations of the Mr Price Group, and found them to be firm. We elected to hold the dividend at the previous year's level. We believed that our fashion value model, well executed, would prove to be resilient, as it had been in the past. This has proven to be the case. Our executive and divisional leadership teams did not make excuses, they identified areas where we had underperformed, took ownership of the corrective actions and have delivered the turnaround reflected in these results.

Further commentary is provided in the reports by CEO Stuart Bird and CFO Mark Blair, with full details in our annual financial statements and integrated report.

The impact of rising US interest rates in the coming year will increase stresses in emerging economies,

THE MR PRICE GROUP MANAGEMENT TEAM HAS A CULTURE OF TRANSPARENCY, ACCOUNTABILITY AND DISCIPLINED FINANCIAL MANAGEMENT BUILT OVER MANY YEARS, ATTRIBUTABLE IN LARGE MEASURE TO EVERYONE HAVING AN OWNERSHIP STAKE IN THE BUSINESS.

particularly where debt levels are excessive. Higher oil prices will increase costs whilst reducing disposable incomes. Outperformance in this environment will require tight control over costs, excellence in execution and growing market share.

The Mr Price Group board continues to believe in our Partnership model, whereby those who contribute to our performance share in the results thereof. We are pleased that the vast majority of our management and staff have a beneficial stake in the company. This model is fair to our people, our shareholders and to the company. We applied these concepts last year, with everyone feeling the underperformance, and do so again this year, as detailed in the remuneration report. The board believes that the group's remuneration structures remain appropriate, and that they have been fairly applied during the past year.

We are deeply committed to employment equity and transformation. Details of our achievements and programmes can be found in the integrated report.

The MRP Foundation continues to make a meaningful impact, as evidenced by the 350 000 scholars and 22 000 job trainees who have been impacted by our programmes, which are increasingly being delivered in partnership with other companies, foundations and individual benefactors. Education, job creation and sustainable businesses are the foundations of a successful society. We are proud of these achievements, indeed they are part of our DNA.

The board's primary strategic focus during the year was to position the group in the context of changing retail business models. We continued to strategise how and where to position the Mr Price Group in order to maximise our growth potential, as well as to invest with confidence in the infrastructure and capabilities this will require. We have been cautious in how we have deployed our capital, have not made any big bets, and have maintained our strong balance sheet.

We are fortunate to have a very experienced, diversely skilled board of directors passionately engaged in the business, whose wisdom and insights have helped the group not only to achieve our short-term performance objectives, but also as we strive to realise our vision to become a top performing international retailer. We have benefitted greatly from their experience gained during the full phase of previous business cycles.

I am profoundly grateful to my colleagues on the board for their commitment and for the sound judgement they bring to our deliberations. The Mr Price Group management team has a culture of transparency, accountability and disciplined financial management built over many years, attributable in large measure to everyone having an ownership stake in the business.

We welcomed Brenda Niehaus to the board during the year, and have already benefitted from her contribution, particularly in light of our ongoing technology investment. We said farewell and thank you to John Swain at the AGM after his many years of valuable service on the board.

Despite the challenging economy, and the ongoing political and economic uncertainties, the board remains confident in the future of the group and its ability to remain a leading performer in its sector.

BOARD REPORT

PRINCIPLES: 1 5 6 7 8 9 10 11 12 16

Good corporate governance is key to achieving the group's vision to be a top performing international retailer, and supports the group's values of:

PASSION VALUE PARTNERSHIP

LEADERSHIP 1

The board of directors (board) recognises that ethical and effective leadership is the starting point of corporate governance. The tone at the top creates the foundation for good governance. Simply put, the group (from its leadership to its store associates, both individually and collectively) should do the right thing to enable delivery of appropriate outputs to those whom its operations impact. The group understands that good governance is aspirational and practices must be continuously monitored, adapted and improved. Critically, governance practices must be aligned to and enable the achievement of group strategy.

The board as a collective and its members as individuals are expected to conduct themselves with integrity, competence, responsibility, accountability, fairness and transparency. This is identified as a key responsibility in the formal board mandate by which the board is bound. This requirement is also highlighted in director letters of appointment and directors are thus contractually required to so act. The detail of how the group conducts business in the right way is contained in the group business code of conduct, with which each associate, including directors, are required to comply. The values of Passion, Value and Partnership (as detailed on page 9), which form the foundation of the business, is the group's internalisation of ethics and the standard of conduct against which each director and the board is measured. The annual assessment of each director and the board includes whether or not the directors and the board have lived the Mr Price values in the delivery of the group's output in the creation of the various capitals. The group's governance framework, which operates in the context, and against the backdrop, of the group's values (brought to life in the business and supplier codes of conduct and the ethics framework) is depicted on page 41.

BOARD STATEMENT 6

The board is satisfied that it has fulfilled its responsibilities in accordance with its mandate for the 2018 financial year, and has provided relevant information to stakeholders to satisfy the King IV disclosure requirements.

BOARD OF DIRECTORS

STEWART COHEN
Honorary chair
Age: 73 | Appointed: March 1989
Qualifications: BCom, LLB, MBA
Other directorships include: Catregav Holdings (Pty) Ltd, Holdspec Investments (Pty) Ltd, Kovacs Investments 343 (Pty) Ltd

NIGEL PAYNE
Chair
Age: 58 | Appointed: August 2007
Qualifications: CA (SA), MBL
Other directorships include: The Bidvest Group Ltd, Bidcorp Ltd, Vukile Property Fund Ltd, Alexander Forbes Holdings Ltd

STUART BIRD
Chief executive officer
Age: 58 | Appointed: September 2008
Qualifications: CA (SA)

MARK BLAIR
Chief financial officer
Age: 52 | Appointed: March 2006
Qualifications: CA (SA)

BOBBY JOHNSTON
Lead independent, non-executive director
Age: 69 | Appointed: February 1998
Qualifications: CA (SA) | Other directorships include: Eljay Financial Services (Pty) Ltd

MAUD MOTANYANE-WELCH
Independent, non-executive director
Age: 66 | Appointed: September 2008 | Qualifications: Diploma Library Science, WPI fellow
Other directorships include: Kagiso Media Ltd, Jet Education Trust, Leshala Mining (Pty) Ltd

MYLES RUCK*
Independent, non-executive director
Age: 63 | Appointed: July 2007
Qualifications: BBusSc, PMD (Harvard) | Other directorships include: Standard Bank Group Ltd, The Standard Bank of South Africa Ltd, ICBC Bank Argentina

* Retiring by rotation at August 2018 AGM

MARK BOWMAN
Independent, non-executive director
Age: 52 | Appointed: February 2017
Qualifications: BCom (Finance) MBA
Other directorships include: Tiger Brands Ltd, Dis-Chem Pharmacies Ltd, Distell Group Limited

DAISY NAIDOO
Independent, non-executive director
Age: 46 | Appointed: May 2012 | Qualifications: CA (SA), MCom (Tax) | Other directorships include: Strate (Pty) Ltd, Hudaco Industries Ltd, Anglo American Platinum Ltd, Barclays Africa Group Ltd, Discovery Health Medical Scheme

NEILL ABRAMS
Alternate director
Age: 53 | Appointed: August 2010
Qualifications: BA, LLB, LLM (Cambridge)
Other directorships include: Ocado Group Plc, Marie Claire Beauty Ltd

KEITH GETZ | Non-executive director
Age: 62 | Appointed: May 2005 | Qualifications: BProc, LLM
Other directorships include: BVPG Consulting (Pty) Ltd, Steak Ranches International BV, Spur International Ltd, Spur Corporation Ltd, Spur Corporation UK Ltd, Cape Union Mart Group (Pty) Ltd, Strate (Pty) Ltd

BRENDA NIEHAUS
Independent, non-executive director
Age: 57 | Appointed: February 2018
Qualifications: Advanced Management Programme (Harvard)
Other directorships include: Standard Bank (Mauritius)

STEVE ELLIS
Alternate director
Age: 56 | Appointed: May 2005
Qualifications: CA (SA)
Group Supply Chain Director

KING IV 5

As the cornerstone of good corporate governance, the meaningful and group-wide application of the King IV corporate governance practices is the starting point towards achieving the desired governance outcomes. In aligning with King IV, the principles of which apply to the reporting period, the group's approach and commitment to corporate governance has not changed. The board and management continue to fully acknowledge the role of good governance across all aspects of the business as a vital component of sustainable value creation.

The shift to King IV was managed as a project, with responsibility for each principle assigned to appropriate functional business areas. The project working group comprised senior representatives of the sustainability (including risk), people (including remuneration), group finance, governance, IT, internal audit and investor relations departments with the chief financial officer as project champion and the company secretary and head of governance as project lead. This inclusive approach ensures a business-wide understanding of the principles and multi-function application of the practices. It also facilitates governance leadership and accountability. The working group benchmarked existing governance practices against King IV practices to identify areas for improvement.

Following this exercise, adjustments were made as follows –

- the board and committee mandates, as well as the internal audit and IT divisional board mandates were updated and approved by the board
- a separate risk and IT committee was formed (primarily due to previously identified business needs but strongly aligned to King IV practices)
- the group's remuneration policy and implementation thereof was updated, simultaneously taking into account shareholder feedback received through engagement prior to the 2017 AGM
- the AGM notice includes separate resolutions for the non-binding approval of the group's remuneration policy and implementation report
- the content of this report has been updated to include the specific disclosure requirements, particularly in relation to remuneration
- the general disclosure in committee reports relating to ethics, risk, compliance and IT governance has been substantively enhanced

While the group already materially applies almost all the practices, the areas to be improved, most of which relate to formalising existing processes, are as follows –

- Periodic independent assessment of adherence to ethical standards (principle 2): formal consideration of periodic independent assessments of adherence to the group's ethical standards
- performance evaluations (principle 9): formal documentation of the current board and committee evaluation process and formal consideration of an externally facilitated performance evaluation (see paragraph below in this regard)
- management evaluation (principle 10): formal documentation of the current evaluation process
- management succession (principle 10): formal documentation of current management evaluation processes
- independent assurance (principles 2, 11, 12, 13): formal consideration of the need to receive periodic independent assurance on the effectiveness of (i) risk management, (ii) the group's technology and information arrangements and (iii) compliance management.

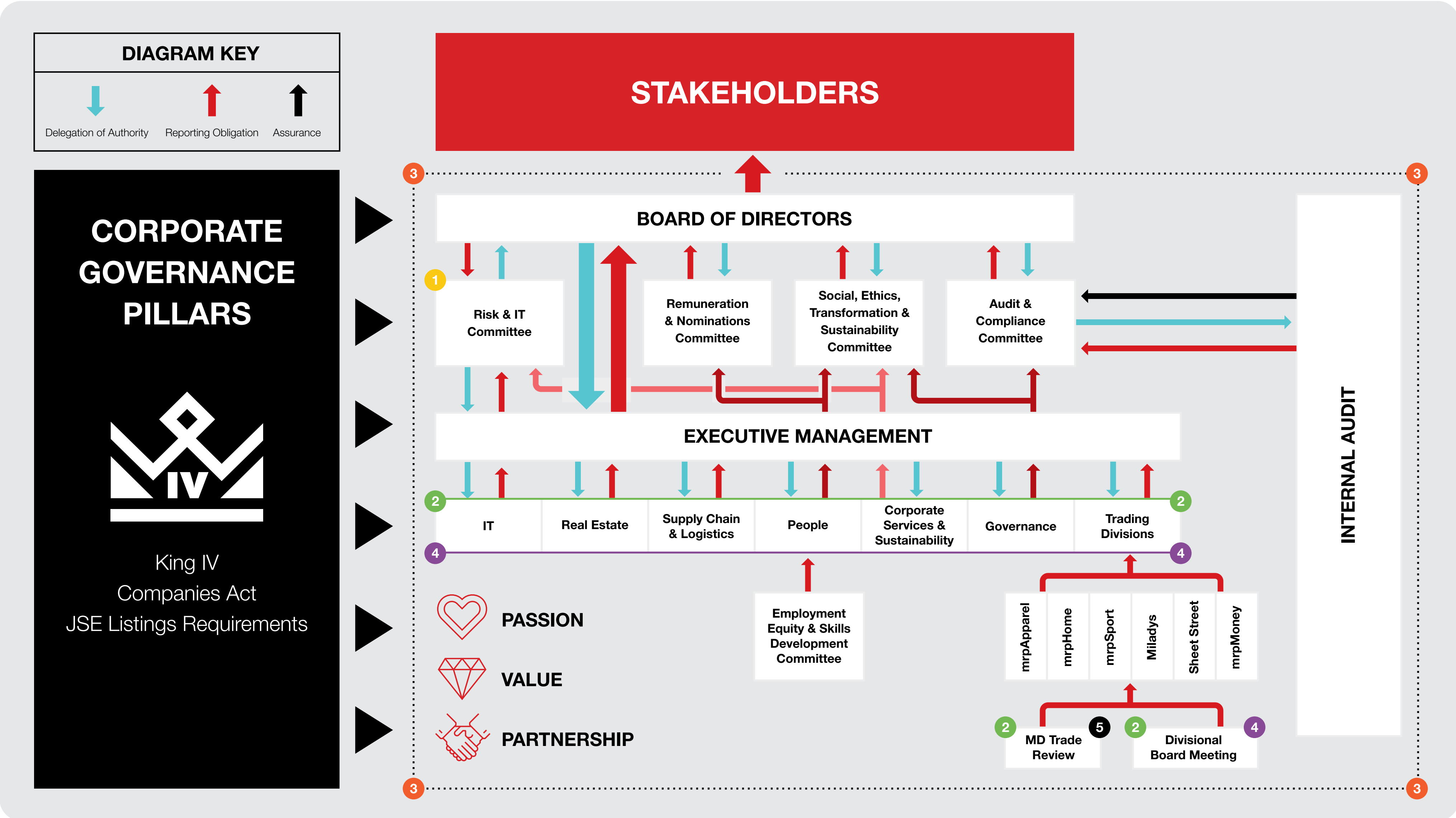
In the above context, the board notes that the practice of having an externally facilitated performance evaluation of the board, its committees, its chair and its individual members at least every 2 years, as recommended in relation to principle 9, is not applied. The board believes the current process (as more fully described on page 43) is robust and meaningful. Instead, the board will consider biennially whether an externally facilitated process should be adopted.

As indicated in the King IV summary on page 7, the board has intentionally not published an application register in support of the move away from "tick-box" governance. The application of King IV and other governance practices has instead been integrated throughout the report, in the same way good corporate governance is integrated with and implicit in everything the group does. The specific disclosures relevant to this report are denoted by the icon. In addition, the number of the related governance principles are referenced in the icon at the start of each section and paragraph headings. The application of King IV as is relevant to the specific committees is referenced in the committee reports.

Additional governance documents located on the group's website: www.mrpricegroup.com

- board mandate
- committee mandates
- policy for the appointment of directors
- policy for the promotion of gender and ethnicity diversity on the board
- outline of board and management committees
- internal audit mandate
- internal audit annual assurance statement
- IT divisional board mandate
- business and supplier codes of conduct
- notice of 2018 AGM

GOVERNANCE FRAMEWORK 16



1 Formed 28 March 2018, first meeting 29 May 2018.

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

3 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 values of Passion, Value, Partnership (ii) the group ethics framework and (iii) the business and supplier codes of conduct.

4 Trading division and support services divisional board meetings occur in March, May, August and October

5 MD trade review meetings occur in January, February, April, June, September and December.

BOARD COMPOSITION 7 12

Key changes: John Swain, independent non-executive director, retired by rotation 31 August 2017; Brenda Niehaus appointed as independent non-executive director 8 February 2018.

The group has a unitary board which both leads and controls the group and has primary responsibility for and is the custodian of corporate governance across the group. The philosophy of the group is to maintain a vibrant board that challenges management's strategies and evaluates performance against established benchmarks. The board currently comprises 11 directors including 2 executive directors, 7 independent non-executive directors and 2 non-executive directors. In addition, the chief executive officer and honorary chair each have an alternate director.

Board composition

Director tenure

The average director tenure is 13 years (2017:14 years)

The board is fortunate to have the business 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 values of passion, value and partnership. There is a strong representation on the board of retail experience blended with a diversity of experience in other disciplines to strengthen the board's collective business acumen. The group values the long service of a number of its directors and believes that this serves the business well given the cyclical and specialist nature of retail and ensures the retention of valuable corporate knowledge. Notwithstanding, the board acknowledges the need for new membership to provide fresh perspectives and insights on best practice and new appointments will be made (as well as certain consequent resignations) at a measured pace to limit disruption and facilitate business knowledge transfer. Accordingly, having not offered himself for re-election, John Swain retired by rotation after serving as non-executive director of the group for 25 years and chair of the audit and compliance committee for 18 years. The board and management express its heartfelt thanks to John for his invaluable contribution to the business. Brenda Niehaus was appointed in February 2018 and will provide much needed expertise on information and technology governance. In May 2018, Myles Ruck, who is due to retire by rotation at the August 2018 AGM, advised the board that he will not be offering himself for re-election. He will consequently retire at the AGM. Although the board is satisfied with its current composition, for the reasons stated above it will benefit from further gender and ethnicity diversity as well as additional chartered accountant skills following John Swain's retirement. The board, through Remnomco, are actively seeking to appoint additional directors with appropriate skills and in furtherance of achieving the initial voluntary gender and ethnicity diversity targets of 30% female representation and 30% ACI representation as contained in its policy for the promotion of gender and ethnicity diversity on the board. Detail on non-executive director fees is contained in the remuneration and nominations committee report on page 70.

Director independence

Each year, facilitated by the lead independent director (LID) on behalf of Remnomco, each non-executive director completes a formal written self-assessment based on the director independence requirements of the Companies Act, the JSE Listings Requirements and King IV. Directors who have served on the board for 9 years or longer are required to complete an additional self-assessment. The results of these assessments are collated and reported to the special corporate governance meeting of the board for consideration. Although the board is satisfied that each director acts with independence of mind in the best interests of the group, the board is cognisant of the appearance of independence and has again classified as not independent Stewart Cohen due to his material holding in the group's shares and Keith Getz as a function of his role as a professional legal advisor to the group. The board is further satisfied that each of the other long-serving directors exercises objective judgement and there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making, and are thus classified as independent.

Board chair

The board considers its chair, Nigel Payne, to be independent. In addition Bobby Johnston is the appointed LID thus ensuring a clear balance of power and that no one director has 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, committee and company secretary performance evaluations and providing regular formal feedback on progress against matters requiring improvement, and acting as chair where the board chair is conflicted or unavailable.

BOARD COMMITTEES 8 12

Key changes: John Swain retired from ACC and Remnomco 31 August 2017, Mark Bowman appointed member of ACC 14 November 2017, RITC established 28 March 2018 with first meeting 29 May 2018.

The board has delegated particular roles and responsibilities to standing board committees to assist with the effective discharge of its duties. Notwithstanding, 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 that each of the committees has satisfied its respective responsibilities in accordance with their mandates for the F2018 reporting period.

	Audit & Compliance committee (ACC)*	Remuneration & Nominations committee (Remnomco)*	Social, Ethics, Transformation & Sustainability committee (SETS)	Risk & IT committee (RITC)*
Members	D Naidoo (chair), B Johnston, M Ruck, M Bowman*	M Ruck (chair), K Getz, B Johnston, N Payne, M Bowman*	K Getz (chair), M Motanyane-Welch, D Naidoo, S Bird	N Payne (chair), B Niehaus, D Naidoo, S Bird, M Blair
Permanent invitees	CEO, CFO, External auditor, CAE, Group Corporate Finance Director, Group Supply Chain Director, Head of Governance, IT Director	CEO, CFO, Group People Executive	CFO, Group People Director, Head of Governance, Head of Corporate Services & Sustainability, Legal & Compliance Officer	Group Supply Chain Director, IT Director, Head of Corporate Services & Sustainability, CAE, mrpApparel MD, mrpHome MD, mrpMoney MD, Group Logistics Director
Meetings per year	4	4	4	4
Role & responsibilities	Refer to individual committee reports on pages 46 to 83			Refer to notes below and Risk governance section on pages 44 to 45
F2018 key focus areas				
F2019 key focus areas				
Notes	* J Swain retired 31 August 2017 * M Bowman appointed 14 November 2017 * M Ruck will retire 29 August 2018	* J Swain retired 31 August 2017 * M Ruck will retire 29 August 2018 * M Bowman appointed 29 May 2018 and will assume position as committee chair 29 August 2018		* Formed by the board 28 March 2018, first meeting 29 May 2018. Risk and IT governance oversight previously residing with board and ACC respectively now delegated to RITC

MEETING ATTENDANCE 6 8

The board and its committees meet formally 4 times a year and convene telephonically in January to review the Q3 trading results and approve the trading update for SENS publication and on an ad hoc basis when required. In addition, the March meeting includes a separate and focused consideration of group and division strategies for approval, and a separate corporate governance meeting is held in November. Meeting attendance is consistently high and is detailed alongside for the reporting period. Keith Getz was unable to attend the November 2017 board meeting (but did attend the committee meetings the prior day), his first absence in his 12 year tenure, due to a timing conflict with an overseas meeting commitment. Although non-member director attendance at committee meetings is not reflected in the table, attendance is also consistently high.

Status	Director	Board	AGM	Special Corporate Governance	ACC	Remnomco	SETS
BOARD MEMBERS							
Executive	Stuart Bird	4/4	1/1	1/1			4/4
	Mark Blair	4/4	1/1	1/1			
Non-executive	Stewart Cohen	4/4	1/1	1/1			
	Keith Getz	3/4	1/1	0/1		4/4	4/4[5]
Independent non-executive	Mark Bowman	4/4	0/1	1/1	2/2[8]	N/A[11]	
	Bobby Johnston	4/4	1/1	1/1[2]	4/4	4/4	
	Maud Motanyane-Welch	4/4	1/1	1/1			4/4
	Daisy Naidoo	4/4	1/1	1/1	4/4[3]		4/4
	Brenda Niehaus	1/1[6]	N/A	N/A			
	Nigel Payne	4/4[1]	1/1	1/1		4/4	
	Myles Ruck[12]	4/4	1/1	1/1	4/4	4/4[4]	
	John Swain	2/2[7]	1/1	N/A	2/2	2/2	
Alternate[9]	Neill Abrams	3/4	0/1	1/1			
	Steve Ellis	4/4	1/1	1/1			
MANAGEMENT (AS PERMANENT INVITEES)							
Head of Corporate Services & Sustainability	Verna Botha-Richards						4/4
Group Company Secretary & Head of Governance	Janis Cheadle	4/4	1/1	1/1	4/4	4/4	4/4
IT Director	Antony Hlungwane				4/4 (IT governance portion of meeting only)		
Chief Audit Executive	Suren Roopnarian				N/A[10]		
Group Corporate Financial Director	Mark Stirton				3/3		
Group People Director	Russell van Rensburg					4/4	4/4

1 board chair
2 Special corporate governance meeting chair
3 ACC chair
4 Remnomco chair
5 SETS chair
6 appointed 8 February 2018
7 retired by rotation 31 August 2017
8 appointed as ACC member 14 November 2017
9 alternate directors are not required to attend each meeting
10 appointed 1 April 2018
11 Appointed 29 May 2018 and will assume position as committee chair 29 August 2018
12 will retire 29 August 2018

PERFORMANCE EVALUATIONS 1 9

Key change: evaluation process span reduced from 3 years to 2 years

The performance of the board and its committees is continually monitored through a formal process facilitated by the LID. The process spans a period of 2 years (having been reduced from 3 years in line with King IV practices) which provides sufficient time for considered implementation of remedial action and measureming the effectiveness of same. The performance of the board, each committee, the board and committee chairs, and individual directors (peer and self) is evaluated through this process. A detailed evaluation comprising questionnaires, telephonic and personal interviews with subsequent feedback to the board and committee chairs and management was conducted in Q4 of the 2017 reporting period. Following this, comprehensive 'steps for improvement' documents were prepared, circulated to the relevant chair and/or management for input, and tabled at the May 2017 board and committee meetings. The progress against the identified 'steps' was updated by the LID, relevant chair and/or management and tabled at each of the August 2017, November 2017 and March 2018 meetings. The key areas for improvement being addressed in the current assessment cycle are (i) the requirement for increased skills in, and focus on, IT governance (which has been addressed by the appointment of Brenda Niehaus and the formation of a new RITC), (ii) increased exposure to management and operations (this has been addressed by inviting the MDs of the material trading and support service divisions to meetings to present to, and interact with, the board and committees, including participation in the March divisional and group strategy session, and a standing quarterly informal engagement with the board), (iii) the requirement to address the ageing profile of board and committee membership to ensure succession and progress towards achieving the ethnicity and gender diversification targets (a board refresh is underway), and (iv) execution of the group's international expansion strategy (this is receiving focused attention from management and is an agenda item for discussion at each board meeting; refer to pages 18 to 23 for further strategy detail). The next formal evaluation process will be undertaken in November 2018.

Annually Remnomco, 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 personal performance portion of STI awards recommended by Remnomco for approval by the board are based on the outcomes of this assessment. Remnomco and the board are satisfied with the performance of both executive directors.

The board is satisfied that the adopted process as explained above is robust and meaningful and enables improved performance and effectiveness. The board considers it unnecessary for the process to be externally facilitated but will reassess biennially.

DELEGATION TO MANAGEMENT 10

Authority to implement and execute approved strategy is devolved sequentially as depicted in the governance framework on page 41 and formally to management through the group delegated limits of authority document. These limits of authority are reviewed annually by the board and management 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 that holistically 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 of processes, the formal delegation document will be revised and supplemented during F2019 to refine and further clarify levels of authority across the group to provide an improved balance of accountability between executive and divisional management.

Chief executive officer

Together with the chief financial officer, the chief executive officer exercises executive control over and management of the group and its trading and support services, and to whom all divisional heads report. The chief executive officer had no professional commitments outside the group for the period. The chief executive officer does not have a fixed term contract but has a notice period of 6 months as stipulated in his engagement letter. Succession planning for emergency situations and succession over the long-term is in place.

Company secretary

The performance of the company secretary against the duties and responsibilities set out in the Companies Act, JSE Listings Requirements and King IV was formally reviewed in March 2018 in compliance with paragraph 3.84(h) of the JSE Listings Requirements. The board is satisfied that the company secretary has the competence, qualifications and experience necessary to effectively discharge her responsibilities, and that she has effectively discharged her duties and provided appropriate professional corporate governance guidance on an arms-length basis.

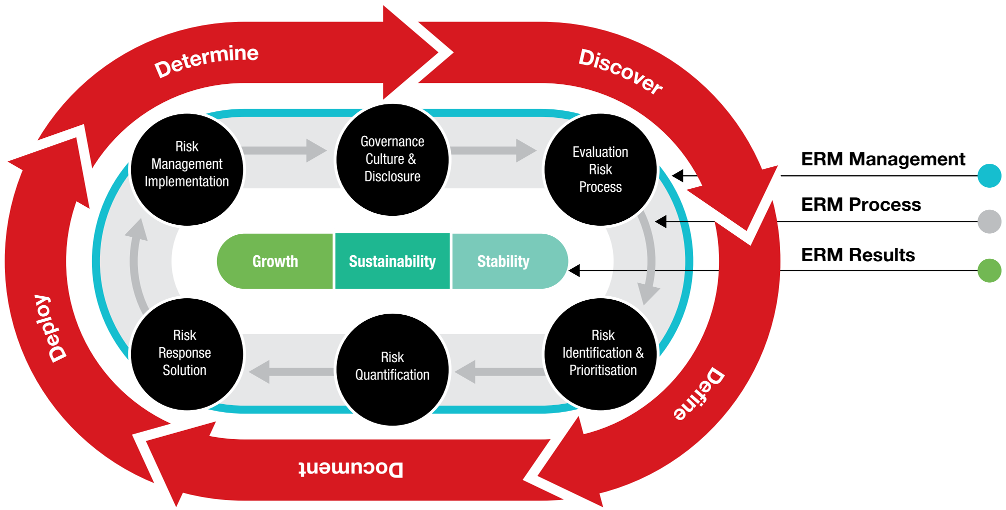
RISK GOVERNANCE 11

Key changes: group risk specialist appointed, RITC established 28 March 2018 with first meeting 29 May 2018

For the reporting period the board was responsible for the management of risk, including IT risk, while the ACC oversees risk in relation to financial reporting. As mentioned above, a RITC was formed in March 2018 and will exercise risk management oversight. The committee held its first meeting in May 2018.

Enterprise risk management (ERM) is a continuous, proactive and dynamic process. It involves associates at every level and requires the application of a portfolio view of risk across the group. By embedding risk management techniques in day-to-day operations, the group is better equipped to identify events affecting its objectives and to manage such events in ways that are consistent with its strategy.

The group maintained a planned, structured and coordinated approach to identifying, assessing and mitigating key risks for the financial year. The ERM process was enhanced following the appointment of a group risk specialist. These enhancements included the transfer of risk management custodianship to the group corporate services and sustainability function, the update of the risk management policy and framework, re-establishment of a dedicated RITC, and the appointment of divisional risk champions. A group ERM training programme was also rolled out.



Management is accountable to the board for designing, implementing, monitoring and improving the systems and processes of risk management and integrating these into the day-to-day activities of the group. Management is also accountable for building the competencies and capacity required for a sustainable business. In addition to reporting on risks in the traditional silo view, the group also considers a portfolio view on risk which is a composite view forming an entity-wide outlook of risk.

Risk appetite is a fundamental concept that provides the context for strategy setting, entrepreneurial behaviour and the pursuit of group objectives. It is informed by the group values and clarifies what risks the group can, or is willing to take and what risks the group will avoid. The board has formally defined its appetite for risk. The board confirms there were no material deviations from the group's risk appetite in the period.

The board is satisfied that the systems and processes in place to govern and manage risk were adequate and that management had generally executed its risk management responsibilities satisfactorily.

Key threats and opportunities were discussed by the board during the year. The board, having considered the group's key risks, was satisfied that strategy and business plans did not give rise to risks not assessed by management and confirms there were no undue, unexpected or unusual risks incurred during the year.

Significant risk management actions for the new year relate to finalising comprehensive risk response plans for the group's major threats and opportunities, embedding a robust project risk management framework and the establishment of an internal best practices process. Testing of documented business continuity and IT disaster recovery plans are also ongoing focus areas.

RISK APPETITE IS A FUNDAMENTAL CONCEPT THAT PROVIDES THE CONTEXT FOR STRATEGY SETTING, ENTREPRENEURIAL BEHAVIOUR AND THE PURSUIT OF GROUP ACTIVITIES.

AUDIT & COMPLIANCE COMMITTEE REPORT

PRINCIPLES: 8 12 13 15

The committee is constituted as a statutory Mr Price Group Ltd committee in respect of its duties in terms of section 94(7) of the Companies Act (71 of 2008), and has been delegated the responsibility to provide meaningful oversight to the following functions: internal and external audit, finance, IT governance and compliance functions. The committee mandate is published on the group's website: www.mrpricegroup.com

The committee members and their qualifications and experience are detailed in the board report on pages 39 and 42.

Purpose and role: 8

The committee provides independent oversight of the effectiveness of the group's assurance functions and services and the integrity of financial statements. In doing so it assists the board to discharge its responsibility to:

- Safeguard the group's assets
- Operate adequate and effective systems of governance, financial risk management and internal controls
- Prepare materially accurate financial reporting information and statements in compliance with applicable legal/regulatory requirements and accounting standards
- Monitor compliance with laws, regulations and adopted non-binding rules, codes and standards, and
- Provide oversight of the external and internal audit functions including the appointment of the external auditor and the chief audit executive (CAE).

The key areas of focus for the reporting period were:

- The impact of mandatory auditor rotation
- The suitability assessment of the external auditor and audit partner
- The interpretation and impact of IFRS 9, 15 and 16
- Appointment of a CAE, and
- Overseeing ongoing regulatory tax and credit matters. Further detail on the SARS and NCR matters are included in the CFO's report on pages 24 to 28 and annual financial statements note 26.

THE COMMITTEE PROVIDES INDEPENDENT OVERSIGHT OF THE EFFECTIVENESS OF THE GROUP'S ASSURANCE FUNCTIONS AND SERVICES AND THE INTEGRITY OF FINANCIAL STATEMENTS.

COMMITTEE STATEMENT 8

The committee is satisfied it has fulfilled its responsibilities in accordance with its mandate for the 2018 financial year.

COMBINED ASSURANCE 15

The committee oversees that the assurance arrangements in place are effective. The combined assurance model comprises management, the internal audit function and external audit services. The committee is satisfied that these arrangements are effective in providing a robust control environment which enables the provision of reliable information for decision-making purposes.

Management and reporting 8

Having given due consideration, the committee is of the view that Mark Blair, who is the financial director and carries the title of chief financial officer (CFO), possesses the appropriate expertise and experience to meet his responsibilities and that the group's financial function incorporates the necessary expertise, resources and experience to adequately and effectively carry out its responsibilities. The committee believes the group has appropriate financial reporting procedures and is satisfied these procedures are operating adequately. This belief is supported by the effectiveness of internal controls being maintained at a high standard which translates into accurate financial and related information presented to stakeholders in the integrated report. 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, assessment of impairments and assumptions used, going concern assumption, quality of earnings and adoption of new IFRS standards and disclosures. Based on supporting information presented by the external auditors including financial analysis, prior history and best practice, the committee is satisfied these matters were adequately addressed.

External audit 8

Ernst & Young Inc (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 EY is independent of the group. In reaching this conclusion, the committee considered (i) the designated partner, Vinodhan Pillay, was assigned to the group audit in F2016, (ii) the group has a clearly defined and strictly followed non-audit services policy; the extent of non-audit services is immaterial and is continuously monitored, with no excessive, unusual or unnecessary engagements noted; and (iii) the appointment of the group corporate finance director at the beginning of the reporting period, now responsible for overseeing the conduct of the external audit and is the main point of contact with the designated partner, mitigates the risk of familiarity between EY and senior management.

The committee believes the group received a high quality of external audit taking into account the standard of audit planning and scope of activities performed, reliance on work performed by other audit firms and the internal audit function, the audit team assigned to the audit, EY's independence, its relationship with stakeholders, and understanding of the business and the extent of non-audit services provided. Particular focus was placed by the committee on EY's reliance on other firms for assurance and it was satisfied this is isolated to the group's insurance cell captive entity audited by PriceWaterhouseCoopers. EY met with the committee prior to the approval of this report to discuss matters of importance to the auditor and the committee regarding the group's financial statements (as detailed under the "Management and reporting" heading), commentary thereon and general affairs.

The group acknowledges the requirements of mandatory firm rotation as prescribed by IRBA effective 1st April 2023. EY's tenure was discussed in light of these changes. The committee agreed to rotate external auditors from the 2021 financial year to align with the rotation of the current audit partner. However, this timing will be influenced by the progress of the significant IT projects and suitability of other audit firms considering current corporate governance issues in which a number of large firms are implicated. A final decision will be made in due course.

The committee chair met with EY's national audit partner and the Africa professional practice director to discuss the accreditation documents submitted by EY for the purposes of conducting the suitability assessment of EY and the designated audit partner in terms of the JSE Listing Requirements. On the basis of the assessment and the high quality of audit, the committee recommends to the board and shareholders that EY be re-appointed as the external auditors and Vinodhan Pillay as the designated auditor for the current financial year (F2019). Further, in making this recommendation, the committee considered the various corporate scandals that came to light in the last year and have tainted a number of the bigger external audit firms. The resolution for the re-appointment of EY as the group's external auditors is on page 135 of the Notice of AGM.

Internal audit

Independence and authority

All matters of internal audit (IA) scope, procedures, frequency, timing, or report content are free from any form of influence. This ensures an independent mind-set necessary in providing objective opinions and feedback. Additionally, in promoting independence, the following deliberate structures, interventions and processes are in place:

- The committee approves the appointment (and removal), contract and remuneration of the CAE
- The CAE reports functionally to the committee and administratively to the CFO
- IA has direct access to the committee chair, as well as free and unrestricted access to all areas within the group, and
- The CAE has a standing invitation to attend any strategy session, risk assessment session, forum, committee, and divisional board meeting.

The independence of IA is formally considered by the CAE and the committee on an annual basis or as and when changes to the organisational positioning occur. It has been determined that IA has remained independent of all operational functions, and the functional reporting to the committee and administrative reporting to the CFO has enabled appropriate organisational positioning. IA applies high professional audit standards through on-going adherence to the Standards for Professional Practice as well as the Codes of Ethics prescribed by the South African Institute of Internal Auditors. The external, independent quality review of the IA function performed in 2017 revealed the function is well established and well run. Recommendations for improvement were considered and where appropriate for our business, implemented. Accordingly, a further review was not performed in F2018 and will be considered in due course. The committee is satisfied the IA function is effective in providing meaningful assurance. The CAE joined the group on 1 April 2018, thus for the period under review there was no incumbent CAE for the period July 2017 to March 2018. The IA function was competently managed during this time by the senior audit manager.

Approach

The function adopts a risk-based integrated audit approach which includes the following steps:

- Mapping of key risks identified to specific audits to arrive at an audit plan
- Recommendation of the annual audit plan and proposed resource needs to the committee for approval
- Keeping appraised of the changing risk environment across the group to ensure a constant review of risks versus the year audit plan and available resources
- Amending the annual audit plan having considered the impact of the changes to ensure achievement of intended assurance conclusions, coverage, scope and the impact of changes from a resource perspective and
- Providing quarterly reporting of the coverage, audit plan changes, audit results and opinions on the level of governance, risk and control across the business and in accordance with planned or amended coverage and scope to the committee, and divisional boards and to management on an on-going basis.

There is a large degree of involvement by IA in information and technology (IT) throughout the group to ensure satisfactory IT governance and assurance. IA is involved in all new major IT systems from an assurance perspective.

Efforts of IA are closely co-ordinated with those of the external audit team to provide the most efficient and effective assurance to the audit committee.

2018 Audit results

IA confirms there are no undue scope limitations or impairments to independence. Sufficient and appropriate audit procedures have been conducted through the completion of the risk-based audit plan and evidence gathered to support the conclusions hereinafter.

Based on the work completed for the period 2 April 2017 to 31 March 2018, conclusions are as follows:

- The effectiveness of risk management structures, systems and processes is evaluated in every audit, as far as possible and we confirm these are adequate to identify, assess and mitigate key risks and to support the achievement of the group's strategic goals
- Results of reviews performed proved that governance, risk and controls were generally adequate
- Divisional management responds immediately and appropriately to reported weaknesses and demonstrates a willingness to adopt recommended improvements
- Executive management and the board require, encourage and monitor quality and continuous improvement in the group's governance, risk management and controls
- Follow-up reviews on audits prove commitment to remediate
- Current risk management structures are proven to be reliable albeit formally evolving and
- There have been no significant instances of fraud or misappropriation identified.

EFFORTS OF IA ARE CLOSELY CO-ORDINATED WITH THOSE OF THE EXTERNAL AUDIT TEAM TO PROVIDE THE MOST EFFICIENT AND EFFECTIVE ASSURANCE TO THE AUDIT COMMITTEE.

Refer to page 5 for detail on IA's role in preparing this report.

Annual internal audit assurance statement
"It is the opinion of IA that in all material respects, controls evaluated were generally adequate, appropriate and effectively implemented to provide reasonable assurance that risks are being managed to meet the group's objectives."

COMPLIANCE 13

Delegated responsibility for guiding and monitoring the group's compliance with applicable legislation, non-binding rules, codes and standards rest with the committee. The group's compliance management framework and compliance policy is approved by the committee, that in turn delegates to senior management, the implementation and execution of compliance management as the first line of defence. The group and divisional compliance functions act as the second line of defence with the internal and external audit functions as the third line of defence.

The group compliance function assists management discharge its regulatory compliance responsibility by providing compliance risk management support. The group compliance function structure includes a group legal and compliance officer and a dedicated legal and compliance manager overseeing compliance at MRP Money, with general oversight by the head of governance. Within the trading and support divisions (other than MRP Money) compliance is managed as part of existing roles as appropriate.

The group legal and compliance function is responsible for the day-to-day management of the compliance function, including co-ordinating the identification and management of compliance risk, identifying and assessing compliance obligations, co-ordinating divisional and functional compliance functions, monitoring, including legislative updates, reporting and record-keeping. Divisional compliance functions implement controls to meet regulatory requirements, as well as monitoring and reporting relevant to their divisions or departments.

Significant group and divisional compliance risks, trends and mitigation measures are formally reported to senior management at quarterly governance board meetings as well as to the board through both the SETS (regarding compliance matters relevant to the committee's area of oversight) and audit and compliance committee meetings.

Annually a declaration of compliance with the Business Code of Conduct which sets out day-to-day operational compliance with a wide scope of legislation, is undertaken across the business. The results of this process are reported to the audit and compliance committee as part of its compliance oversight role. Further detail on this can be found on page 78 under the Ethics heading. Senior managers to whom responsibility for the management of priority legal compliance risks are delegated, conduct annual self-assessments of the effectiveness of such compliance and submit statements of regulatory compliance and adherence to the group compliance policy. These assessments are reviewed by the group's legal and compliance officer who provides a written report to the audit and compliance committee as substantive compliance assurance.

For the reporting period there were no repeated regulatory (including environmental regulatory) penalties, sanctions or fines for contraventions of or non-compliance with the group's statutory obligations. Other than the pending Miladys club fee matter before the National Credit Tribunal and the SARS assessment objections and appeal (both of which are covered in the CFO's report on page 27), where non-compliance has been alleged but not proved, there was no material non-compliance with the group's statutory obligations during the reporting period.

Key focus areas during the reporting period were a proactive and voluntary externally facilitated NCA compliance audit, managing local ownership requirements necessary to obtain trading licenses and permits in African countries, continued B-BBEE compliance, working towards Payment Card Industry (PCI) and data protection compliance in terms of General Data Protection Regulations (GDPR) and the Protection of Personal Information Act (POPI).

Planned areas of future focus include obtaining PCI compliance certification, achieving GDPR compliance and updating the POPI implementation plan in anticipation of the POPI becoming fully effective, implementing NCA compliance best practice, working towards improved B-BBEE compliance, and finalising local development commitments in non-South African countries to facilitate expansion.

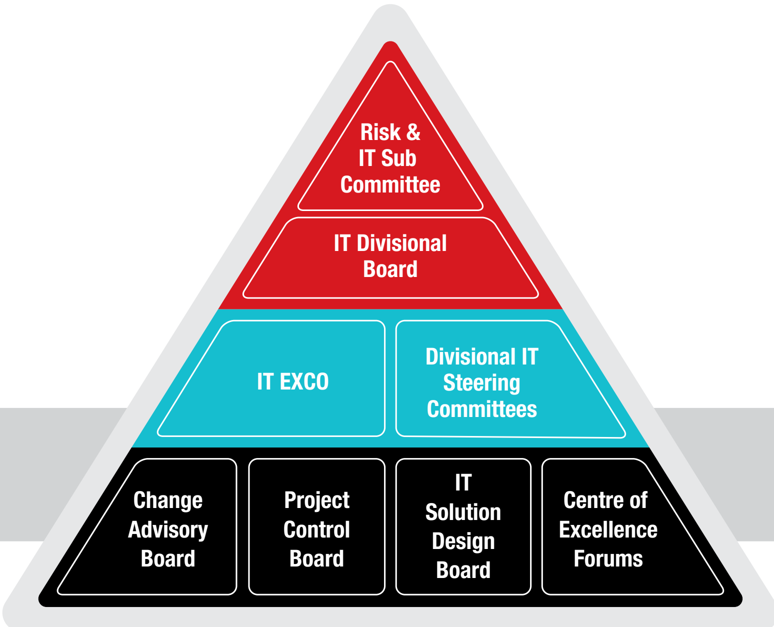
INFORMATION AND TECHNOLOGY GOVERNANCE 12

The committee had delegated oversight of IT governance for the reporting period. From the 2019 financial year the board has delegated this responsibility to the newly established Risk and IT committee. The mrpIT division is responsible for establishing and maintaining effective internal controls over IT to appropriately manage, use and safeguard the group's information through the use of technology aligned with best practice (Control Objectives for Information and Related Technologies) and in support of the achievement of the group's strategies and objectives.

The system of internal IT governance and control is designed to meet the following objectives:

- Strategic alignment: focus on ensuring the linkage between business and IT activities; maintaining and validating the IT value proposition and aligning IT operations with business operations
- Value delivery: execute the value proposition throughout the service delivery cycle to ensure IT supports the strategy, optimising costs and proving its intrinsic value as a business enabler
- Resource management: optimal investment and management of critical IT resources. These include: applications, data, infrastructure and people
- Risk management: regular IT risk awareness campaigns are carried out across the organisation. Compliance with laws and regulations evaluated on an ongoing basis through the use of external and internal partners and tools. Risk mitigation and action plans developed to reduce residual risk to acceptable levels
- Performance measurement: Track and monitor IT strategy implementation, project completion, resource usage, process performance and service delivery

To effectively manage the IT function and ensure IT projects are prioritised according to strategic impact, decisions are made collaboratively and at the appropriate level, a formal structure is in place as depicted below. Further, all IT projects are formally managed by a project management office (PMO) which feeds into this structure.



The threat and management of cyber crime remains of high importance to the committee. With an ever-evolving risk landscape, threats to our business are constantly evaluated against best practice with our external and internal partners aiding to minimise the likelihood of incidence. Opportunities for improvement following a security evaluation are being evaluated and actioned. No material security or other IT incidents were experienced during the reporting period.

The IA function played a key role in monitoring the effectiveness of IT management during the period. The mrpIT internal control environment is currently rated by IA as "adequate". The committee understands the items ranked as "high-risk" form part of management's existing risk register and response plans and will receive continued focus to address the findings.
To deliver maximum value to the group, an IT prioritisation and capacity management plan is being developed and will be implemented by the PMO in the coming financial period. Through this process project lists are being rationalised with tradeoffs made to ensure finite resources are dedicated to core projects which enable and support the group's strategy.

The following key core projects, as strategy enablers, were the focus this financial year, and will require continued focus in the medium-term:

- **Merchandise Planning and ERP (mrpWorld programme)**
- **Value Chain Development**
- **IT Operational projects to support "business as usual"**

Further details on the strategic impact of these projects are included in the strategy section on page 21.

REMUNERATION & NOMINATIONS COMMITTEE REPORT

PRINCIPLES: 3 8 14

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 and their qualifications and experience are detailed in the board report on pages 39 and 42.

ROLE 8

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

The key areas of focus for the reporting period were:

- Engaging with and responding to shareholder remuneration concerns (further detail is provided on pages 53 and 54 of this report)
- Approving the principles for base salary increases and approval of the remuneration of divisional executives and executive directors
- Reviewing the performance of the divisional executives and executive directors and approving their short-term incentives
- Reviewing share trusts' exercise periods and LTI hurdles and proposing amendments for consideration by shareholders at the AGM (further detail is provided on page 54 of this report and the shareholder resolutions are on page 136 of the AGM notice)
- The ongoing board refresh and the identification and appointment of suitable directors (details of director changes can be found on page 42 in the board report); and
- The transition from King III to King IV (details can be found on page 7 and in the board report on page 40).

COMMITTEE STATEMENT 8

The committee is satisfied that it has fulfilled its responsibilities in accordance with its mandate for the 2018 financial year and that the remuneration policy achieved its stated objectives. Future areas of focus are covered on page 55.

OUR REMUNERATION STRUCTURES ARE DESIGNED TO STIMULATE AND INCENTIVISE HIGH PERFORMANCE.

The committee's remuneration report is structured as follows:

BACKGROUND STATEMENT 14

Dear shareholder

The remuneration and nominations committee (remnomco) was pleased to be able to consider 2018 remuneration for group management and associates against the backdrop of an excellent set of results. These followed the disappointing 2017 financial year and were achieved in spite of significant headwinds, details of which can be found in the CFO's report.

In rewarding our associates this year, we have not deviated from our conscious and deliberate decision to skew our remuneration towards variable pay. We believe this part of our philosophy is not only responsible, but the fairest to shareholders and employees alike. Nowhere is this better illustrated than in the remuneration paid in the previous (2017) and the current (2018) financial year. In 2017, the failure to achieve meaningful short-term incentive targets resulted in the CEO, the CFO and the bulk of senior management receiving no short-term incentives at all. This meant that, because we only pay guaranteed packages at around the median of our chosen comparator group, the financial impact of short-term incentives on the 2017 results was limited. The much-improved results in 2018 have been rewarded appropriately. To ensure that we are providing remuneration that is fair, appropriate and responsible we conduct our own internal benchmarking exercises and every second year, make use of an external remuneration consultant to confirm our objectivity in discharging our mandate. In addition, we make use (where possible) of market information provided by interviewees from competitors for various positions within the group to confirm that we are not out of line with the market. We subscribe to the view that too much reliance on relative peer analysis could lead to unjustified escalation in senior management remuneration.

Our remuneration structures are designed to stimulate and incentivise high performance. We aim to create partnerships with our associates in their journey of continued growth through market related base pay and benefits, attractive performance driven short-term (bonuses) and long-term (share scheme) incentives and recognition, reward and retention programmes. The core objective of our remuneration policy is to attract, retain and motivate top retail talent to deliver superior results. The historical 32-year compound earnings (21.6%) and dividend (23.1%) growths and our record of key staff retention over the years, provides tangible evidence that our values and approach to remuneration have delivered on this objective.

Remnomco and the group encourages and appreciates feedback from shareholders on remuneration matters. Issues raised are tabled at committee meetings and considered when reviewing policy, implementation of policy and remuneration disclosure. The remuneration policy and implementation reports are both subject to an annual non-binding shareholders advisory vote at the AGM. This meeting is attended by the committee chair, who is available to answer questions regarding the remuneration policy, its implementation and the committee's activities. To the extent that 25% or more votes are cast against this resolution 6, dissenting shareholders will be invited to engage with the remuneration and nominations committee to discuss their concerns. Details of such engagement will be provided in the AGM results announcement as per the listings requirements, if necessary. As in previous years, contact will be made with the group's larger shareholders prior to the AGM to discuss any concerns, including remuneration concerns, on the proposed resolutions. Details of the remuneration related resolutions are in the AGM notice on page 136. At our AGM held on 31 August 2017, we received a non-binding advisory vote of 65,3% in favour of our remuneration policy. Prior to the AGM, we contacted or attempted to contact our larger shareholders (those holding 1% or more) whose aggregate shareholding comprised approximately 63% of the total issued shares of the group and received responses from approximately half by number of shares. In addition, we communicated with two large proxy advisers who had issued recommendations as to how (in their opinion) shareholders should vote.

Key items concerning remuneration raised by those contacted were:

- **Executive director remuneration mix is skewed towards variable pay**
  As stated above, we have taken a conscious and deliberate decision to skew our remuneration philosophy towards variable pay and we choose to generously reward superior performance through our variable pay structures. At the same time our guaranteed pay packages are aimed at around the median of our chosen comparator group – placing a lesser burden on the group's fixed staff costs in

years of underperformance, provided (as tangibly proven in 2017) we are rigid in applying the formula for payment of variable incentives. It makes sense to us to reward generously when the group (and the shareholders) experience successful years, and to contain our fixed cost commitment to reasonable levels (to the benefit of shareholders) in the event performance targets are not met.

- **HEPS is used as a metric in both the short-term incentive (STI) and long-term incentive (LTI) schemes**
  This is a deliberate action on the part of the remnomco. As can be seen in the 2017 financial year, the failure to achieve the challenging HEPS target for the year (together with other factors) contributed to the zero payment of short term incentives. We set different levels of heps targets for STIs and LTIs. Typically, the STI targets are significantly higher on a short-term basis. However, failure to achieve these higher short-term stretch targets should not be carried through to long-term targets. It is important that we reward consistent growth in the annual HEPS of the group – thus the decision to use a realistic, fair and sustainable target for heps growth for the LTI schemes (with no vesting in the event of poor performance).

- **The present value of LTIs is not disclosed**
  We have now disclosed a fair value of long-term awards but have continued to provide sufficient information for investors to do their own calculations of present value based on their own assumptions, which is consistent with our past approach.

- **A 10-year option life is in excess of King III guidelines (King IV not operational for reporting period ended 31 March 2017)**
  Paragraph 173 of the King III report states: “Options or other conditional awards are normally granted for the year in question and in expectation of service over a performance period of not less than three years. Accordingly, shares and options should not vest or be exercisable within three years from the date of grant. In addition, options should not be exercisable more than ten years from the date of grant. For new schemes, it is best practice to restrict the exercise period to less than seven years (presumably from the date of grant)”. Thus, in future, total vesting and exercise periods under all applicable schemes will be restricted to a maximum of 7 years. This will align all the schemes to the requirements of King III [and endorsed by the Institute of Directors in Southern Africa (IoD)]. The social, ethics, transformation and sustainability committee (SETS) concur with this action on the basis that it is fair, responsible and equitable to all members of the various schemes.

- **Not all executive forfeitable share plan shares (EFSP) are linked to performance – 50% related to continuous employment**
  It is important to stress that EFSP themselves only account for approximately 15% of total LTIs and only half of these relate to employment conditions. Furthermore, these will only vest if the employee remains in the group’s service for 5 years and are therefore aimed at retention. Our scheme (with a meaningful vesting period) is similar to a number of other companies which operate employment related forfeitable share plans and was recommended by external remuneration consultants.

- **A large number of shares were awarded to executive directors to account for a lower share price during the period of review, and to provide additional retention awards. This may lead to “windfall gains” should the share price recover**
  Paragraph 170 of the King III report specifically states: “The regular and consistent granting of share incentive awards and options, generally yearly, is desirable as it reduces the risk of the unanticipated outcomes that arise out of share price volatility and cyclical factors and lessens the possibility and impact of ‘underwater’ options or excessive windfall gains.” The practice notes of the Institute of Directors in Southern Africa (IoD) – PN 170.1 - state further that: “The policy of consistent annual grants has generally found favour in South Africa, compared to the practice of awarding large amounts on grant or promotion with no subsequent annual/’top up’ awards.” We are following this recommended best practice. Furthermore, it follows logically that, since the awards are consistently calculated based on a rand value per award, more shares will be issued at lower prices. The converse is obviously also true – far fewer shares will be issued when the PE multiple is high. In 2017 a number of options were granted over and above the routine annual allocation for purposes of ensuring the long-term retention of certain senior executives and executive directors. It is and has always been remnomco’s intention to use this practice sparingly and only under exceptional circumstances. It is worth noting that since the last major retention schemes were implemented for executives, by far the majority are still in the employment of the group. No once-off retention shares have been issued in the 2018 financial year.

- **Non-executive director (NED) fees are not a base fee plus attendance fee per meeting, as per King III recommendation**
  Effective from the 2019 reporting period the board has authorised the chair of the group, in consultation with the remnomco chair, to deduct up to a maximum of 20% of a non-executive director’s annual fee in the event of non-performance (primarily for non-attendance).

- **The level of the honorary chair’s fees**
  The honorary chair voluntarily attends all board committee meetings and sits as a trustee on the majority of share trusts. In addition, his vast experience and knowledge enables him to provide valuable input to the senior executives and executive directors. He provides significant input into the strategic thinking on the future of the business he founded. The premium he receives compared to a NED who is also a member of all three of the board committees is just 6.5%, which remnomco believes is wholly justifiable.

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 organisation. Our partners share scheme, details of which may be found on page 67 of this report, provides evidence of the ability of all to share in the success of the business. Total dividends received by the associates participating in this scheme amount to R164.6 million. Further, in the context of overall employee remuneration, the group has introduced an internal mechanism for monitoring the ratio of remuneration of the CEO to the average employee across the group.

In remnomco’s view the following matters, inter alia, influenced remuneration during the reporting period:

- A necessity to review the efficacy of the executive director and executive share option schemes’ vesting performance conditions to balance the welfares of stakeholders in a fair, responsible and transparent manner
- During the year 547 228 share options with a 3-year vesting period lapsed under the general share scheme as a result of not achieving an average annual HEPS growth target of 6.5%, being the required annual average CPI+1% growth target (measured at the previous year-end) (refer page 67)
- During the reporting period, 108 076 share options and 37 833 forfeitable shares both vesting in the 2019 reporting period did not achieve the required annual average HEPS growth targets of 6.4% and 14.8% respectively. The share options have a 3-year vesting period, the forfeitable shares a 5-year vesting period (refer page 67)
- The potential threat of a loss of key staff to competitors
- Disparities in exercise periods across share option schemes resulting in associates participating in the general and senior management share schemes being potentially prejudiced as a result of a limited 90-day exercise period, and limitations on trading as a result of closed periods; and
- The improved financial performance of the group.

Future focus areas

The committee intends to focus on the following key issues in the near future (but not limited to):

- The implementation of further internal and external measurement mechanisms that would support and enhance fair and responsible executive management remuneration in the context of overall employee remuneration
- The implementation of agreed malus and clawback provisions; and
- The review of an additional hurdle for STIs.

We hope the above gives you some appreciation of the group's commitment to a sustainable, fair and responsible remuneration policy which satisfies the requirements of all our stakeholders and we trust we can count on your continued constructive support.

Myles Ruck
Chair of the remuneration and nominations committee

REMUNERATION POLICY 14

The group's remuneration policy is to reward all associates for their contribution to the performance of the business, taking into consideration an appropriate balance between short and long-term benefits. Being a value retailer, the group aims to pay base salaries and benefits around the retail market median and to reward superior performance through STIs and LTIs when targets are achieved. Remuneration levels are also influenced by work performance, experience and scarcity of skills.

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

All associates sign a letter of employment which 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).

External service providers assist the remuneration and nominations committee from time to time and, where this involves remuneration, appropriate benchmarking comparatives are made. Benchmarking is a robust indicator of fairness although not the sole determinant. Other important factors include experience, level of responsibility, scarcity of skills and personal performance.

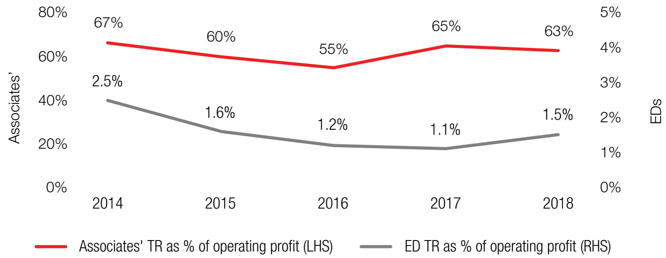
Remuneration structure

Total remuneration (TR) and the supporting reward structures are categorised into the following elements:

- Total guaranteed pay (TGP): base pay, benefits and allowances
- Short-term incentives (STIs): variable remuneration in the form of performance-driven incentive bonuses
- Long-term incentives (LTIs): variable remuneration in the form of shares and share options.

Certain MRP Money associates earn commission based income.

Total remuneration (TR) as a % of operating profit[1]



1. historical ED data has been rebased to disclose ED total single figure remuneration. The ED 2014 % increase to 2.5% results from the GFSP award (refer page 69).

Total guaranteed pay

All associates receive a guaranteed pay package based on their roles, experience and individual performance. Increases are based on a review of market data at the time and consideration of individual performance and potential.

Total guaranteed pay elements:

- Base pay - salary and benefits are reviewed at least annually.
- Medical aid membership - offered to all full-time associates employed in South Africa, Botswana, Namibia, Lesotho and Swaziland, but is not a condition of service.
- Retirement benefits - the majority of associates employed in South Africa, Swaziland and Lesotho are members of two funded defined-contribution funds and a defined-benefit fund (closed to new entrants effective from 1997). Associates employed in Namibia, Botswana, Nigeria and Ghana are members of separate defined-contribution funds in those countries, while Zambian associates are members of the Zambian National Pension Scheme Authority. A new umbrella defined contribution retirement fund arrangement will be established in Kenya following the recent acquisition of our franchised business from Deacons (East Africa) PLC. The funds provide for pensions and related benefits for permanent associates and membership is compulsory after the first year of service. Superannuation contributions are made in respect of Australian associates.

The group remunerates new entry level associates, some of whom are sourced through MRP Foundation, at least at the minimum statutory wage. Substantial opportunities exist for associates to move well away from the minimum wage, as early as their first year of employment, through:

- Group growth and expansion creating opportunities for advancement
- The group's long-standing policy to fill vacancies by 'promoting from within'
- A multiplicity of educational and training mechanisms being available to all associates, tailored to their individual requirements
- Associates' own application and initiative
- Short-term and long-term incentive programmes detailed below and elsewhere in this report
- Wealth creation in the form of share price growth via participation in the Mr Price Group Employees Share Investment Scheme (for further information, refer page 60 for relevant link to group website).

In April 2018 our general head office staff, divisional executives, executive directors and non-executive directors received annual increases of 6.0% guided by CPI and retail remuneration market data, while store associates received increases of between 6.0% and 6.6%.

Associates participating in the Mr Price Partners Share Scheme received dividends of up to R7 175 each in the reporting period, depending on their employment date and share quantum awarded.

Short-term incentives

The group offers performance-driven short-term incentive (bonuses) and recognition and reward programmes. Associates across all levels are provided the opportunity to earn well above the market median, through generous incentives that offer a significant proportion of the variable reward at risk for the achievement of challenging stretch targets. Awarding of STI bonuses requires the achievement of budgeted targets and exceeding relevant stretch hurdles (refer to STI detail later in the report).

The programmes are designed to reward all associates for their contribution to group performance in the areas that they can influence:

- Store associates' short-term incentives can amount to the equivalent of three months' salary, assuming all stretch targets are achieved
- Divisional executives' incentive structures (including stretch) incorporate the achievement of key imperatives linked to their respective division's strategy (refer structures on page 59).

Long-term incentives

In line with the group's core value of 'Partnership', share schemes appropriate to all levels of associates are in place.

A key factor of the share schemes is that, in essence, they also incorporate the group's intentions regarding the ownership criteria of broad-based black economic empowerment (B-BBEE). Rather than enter into an ownership deal with external parties, the board resolved to embrace the true spirit of B-BBEE and, subject to certain qualifying criteria, included all associates employed in the Southern African Customs Union (SACU) region in its various share and share option schemes. In this way, those responsible for contributing to the group's success become partners in the business and are rewarded for sustained high performance. By associates thinking and acting like owners on group performance, this has led to a substantial transfer of wealth to all levels of associates over the life of the schemes, providing them with increased financial security when they eventually retire from the group.

Junior associates in the SACU receive free shares (the number of which is based on their salary level, percentage allocation and share price) after one year's employment and, in addition, qualify for share options once they reach the qualifying salary level.

Higher level associates in operations and at head office generally participate in the general or senior management share option schemes.

Divisional executives participate in the executive share trust (share option scheme) and executive forfeitable share plan (EFSP) and, in some cases, the group forfeitable share plan (GFSP).

Depending on exceptional circumstances at the time, non-routine awards are occasionally made to retain and motivate key senior associates critical to the success of the group's strategic objectives. No non-routine awards were made in the current reporting period.

EXECUTIVE DIRECTORS AND DIVISIONAL EXECUTIVES

GUARANTEED PAY POLICY

COMPONENT	PURPOSE AND LINK TO BUSINESS STRATEGY	MECHANICS	OPPORTUNITY AND LIMITS
		EXECUTIVE DIRECTORS	
Base pay	To offer competitive market related pay taking into consideration specific role requirements, and levels of skill and experience. To attract and retain high calibre executives capable of crafting and executing the business strategy.	Remuneration is reviewed annually on 1 April. Employment contracts are terminated in the event of a dismissal, without the executive directors having an entitlement for compensation. Employment contracts do not contain provisions relating to the compensation for a change of control of the company, providing neither balloon payments on termination or retirement, nor restraint of trade payments (although the latter may be contained elsewhere). No material ex-gratia payments are routinely paid. A notice period of six months is required. The appointment of executive directors is aligned with the Companies Act, 2008. As a result, they do not retire by rotation as per the policy for non-executive directors. Instead, their performance is reviewed annually by the committee.	Pay reviews are influenced by skills, scope of responsibilities and individual performance, including leadership and conduct in line with the group's values. Total remuneration is benchmarked and aligned biennially to the median of a comparator group of JSE listed companies, which was selected using established principles and clear criteria, contemplating, but not limited to, complexity, profitability and turnover. The survey was last performed in October 2016 by remuneration advisors PwC Tax Services and included the following 15 companies in the peer group: • Sector (Pick 'n Pay, the Foschini Group, Massmart, Clicks, Truworths, Woolworths and Shoprite) • Market capitalisation (Tiger Brands, PSG Group, Life Healthcare, Spar Group, Imperial Holdings) • Growth (Coronation, Capitec Bank, Aspen). In non-benchmark years, salary increases are guided by the prevailing consumer price inflation rate and retail remuneration market data.
		DIVISIONAL EXECUTIVES	
		Remuneration is reviewed annually on 1 April. Employment contracts are terminated in the event of a dismissal, without the executive having an entitlement for compensation. Employment contracts do not contain provisions relating to the compensation for a change of control of the company, providing neither balloon payments on termination or retirement, nor restraint of trade payments (although the latter may be contained elsewhere). No material ex-gratia payments are routinely paid. A notice period of three months is required.	Divisional executives are benchmarked to the median of the PwC REMchannel National (all industries) database, last performed in October 2016 by remuneration advisors, PwC Tax Services. In non-benchmark years, salary increases are guided by the prevailing consumer price inflation rate and retail remuneration market data.
Benefits	Provide a market-competitive suite of benefits.	Retirement funding (RF) – membership of the defined contribution retirement plan. Medical aid (MA) – membership of Discovery Health Executive Plan. Motor vehicle (MV) related allowances.	Company RF contributions are set at 18% of basic salary. MA plan type is at the discretion of the executive. MV benefits reflected below under total single figure remuneration.

SHORT-TERM INCENTIVE POLICY

COMPONENT	PURPOSE AND LINK TO BUSINESS STRATEGY	MECHANICS	OPPORTUNITY AND LIMITS
		EXECUTIVE DIRECTORS	
Annual performance incentive	To motivate executives to achieve short-term performance goals which relate primarily to earnings, but which also measure the achievement of near-term targets relating to the group's strategic objectives, personal behaviour and leadership. Although challenging targets which support the group's strategic imperatives are set, the incentive schemes are potentially generous and attainable to: • Encourage the achievement of targets that can be directly influenced by superior performance; and • Avoid the company being exposed to undue risk as a result of the executive's behaviour. A substantial proportion of the financial or 'quantifiable' aspects of the award requires outperformance and is therefore at risk. The aim is to ensure that a strong relationship exists between strategy, targets and remuneration linked to the KPIs thus enabling sustainable value creation for shareholders over the long-term. If either the company or individual performance is not at desired levels, incentives will reflect that situation.	The committee aims to ensure that a well-balanced set of measurables are designed, which include: **Measurable group performance** Targets are tailored annually recognising the prevailing economic and trading conditions: • HEPS growth, with a strong element of stretch • Return on equity (ROE) • Key imperatives linked to the business strategy. **Personal performance** This incorporates areas of demonstrated performance, leadership, innovation, effort and teamwork. Measuring these KPIs necessitates judgement and is determined via individual and peer reviews. A poor personal performance evaluation could reduce or eliminate the incentive achieved under measurable group performance. **General** Bonus payments are not deferred and are payable annually in May in cash. 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. Incentives do not, at the current time, contain clawback provisions.	**Measurable group performance** For the 2018 reporting period, the quantifiable targets against which the CEO and CFO were measured included: • Growth in headline earnings per share 75% • Return on equity 8% • Achievement of strategic KPIs 17% **Total 100%** The maximum that can be earned in this category is equal to 100% of annual basic salary (ABS). If the group achieves only its budgeted half-year and annual headline earnings per share targets, a maximum award of 25% of ABS is made. The quantifiable targets against which the group supply chain director was measured: • Growth in headline earnings per share 66% • Specific supply chain operational targets 17% • Supply chain strategic KPIs 17% **Total 100%** The maximum potential award is equal to 83% of ABS. If the group achieves its budgeted half-year and annual headline earnings per share targets, a maximum award of 13% of ABS is made. **Personal performance** Personal awards for the CEO and CFO are capped at 100% of ABS. However this will only be achieved in exceptional circumstances and has rarely been paid. The group supply chain director is generally capped at 17% of ABS. The ED remuneration framework is illustrated in the implementation report, on a single total figure basis, under minimum, on-target, maximum and actual performance outcomes.

SHORT-TERM INCENTIVE POLICY

COMPONENT	PURPOSE AND LINK TO BUSINESS STRATEGY	MECHANICS	OPPORTUNITY AND LIMITS
		DIVISIONAL EXECUTIVES	
Annual performance incentive	The principles which apply to executive directors also apply to divisional directors.		**Measurable divisional performance** A typical incentive structure for trading division executives is as follows: • Divisional operating profit (budget) 25% • Divisional operating profit (stretch) 41% • Achievement of divisional KPIs 17% • Personal performance 17% **Total 100%** Financial targets comprise approximately 66% of total KPIs (at target component 38%, stretch component 62%), while non-financial targets compromise 34% of total KPIs. A typical incentive structure for service division executives is as follows: • Group operating profit (budget) 12% • Group operating profit (stretch) 21% • Achievement of divisional KPIs 50% • Personal performance 17% **Total 100%** Financial targets comprise approximately 33% of total KPIs (at target component 36%, stretch component 64%), while non-financial targets comprise 67% of total KPIs. The above award structures are generally capped at 100% of ABS although, in exceptional circumstances, the CEO may motivate a higher personal performance award thereby potentially exceeding 100% of ABS.
Service bonus	To promote retention, subject to company performance.	All associates participate in a loyalty bonus scheme, payable annually in December at the option of the company.	The benefit commences at the level of 20% of monthly salary per completed year of service up to 80% (after four years). After the completion of 10 years' service, an additional 20% is awarded, with subsequent awards being equal to a month's basic salary.

LONG-TERM INCENTIVE POLICY

COMPONENT	PURPOSE AND LINK TO BUSINESS STRATEGY	MECHANICS	OPPORTUNITY AND LIMITS
		EXECUTIVE DIRECTORS	
Background	Partnership and reward for performance are among the group's key philosophies. The group has ambitious growth plans that will require substantial capital expenditure and the continued dedication of its associates. The long-term incentives are to motivate and retain associates critical to the achievement of these goals. To that end, various share and share option schemes have been established to enable all associates the opportunity to share in the long-term success of the group. Given the socio-economic environment in South Africa, we believe that our unique inclusive approach to share ownership enables the best possible outcomes and imbues good corporate citizenship, is a key differentiator and is essential to achieving a sustainable high level of performance. In other companies, long-term incentives are typically reserved for company executives. However, in our case executive directors interest is only 8.8% of total routine long-term incentive awards.	The share option schemes operate on a rolling basis, in that smaller annual awards are made, rather than larger upfront awards. The timing of these awards usually coincides with a tranche vesting. This mechanism spreads the market risk and lessens the possibility and impact of "underwater" options and excessively large windfall gains. All option and share awards are based on an award value, determined by annual guaranteed remuneration (AGR) multiplied by a factor (benchmarked where possible), divided by the share price (lower of either the 30-day VWAP or the closing price the day before the award). Re-pricing of options is not permitted. Options are not awarded to or exercised by key personnel in the executive director share schemes during closed periods. Executive share scheme participants may exercise their options during closed periods subject to adhering to strict criteria prior to entering the closed period. In exceptional circumstances, where supported by remnomco, the board may authorise non-routine LTI awards. Management has the authority to prevent both the award and vesting of share options in circumstances where the individual is determined to have demonstrated poor personal performance. Associates retiring at the age of 65 may retain unvested shares which will vest according to their original timeframes. However, given that associates are entitled to take early retirement from the age of 50, guidelines were established considering the age and years' service of associates retiring before 65. This permits the retention, post-retirement, of unvested options on a sliding scale. Associates can take early retirement from age 50 and retain their options if they have a minimum 25 years' service. This graduates to retirement at 64, requiring 11 years' service. Retirement at 65 does not require a minimum service period. In the Partners Share Scheme, retirement causes the shares to vest unconditionally and the age and length of service guidelines detailed above have also been applied to those associates retiring before 65. In all other retirement or dismissal situations, unvested options and shares will lapse unless the board exercises its discretion and permits the retention of any or all the unvested options and shares. As an associate approaches retirement, and retention becomes less of an issue, the schemes have been designed in such a way that the option awards decrease. The board has the authority to exercise its discretion and allow associates to retain unvested options post resignation. Since the inception of the schemes, the board has granted this on a limited number of occasions, after considering the associate's length of service, resignation circumstances, past service to the group and the vesting period remaining on all unvested awards. Generally, no accelerated vesting of share options is permitted in any LTI scheme. Acceleration, in part, is permitted under the rules of the GFSP due to the restrictive conditions agreed to by both parties.	**Company level** In terms of specific authority received from shareholders, the company may issue 46 548 430 shares to satisfy the requirements of its share schemes. Since the schemes were introduced in 2006, the company has issued 11 775 305 shares and therefore still has 34 773 125 shares that may be issued for this purpose. However, to avoid shareholder dilution, the group's policy to date has generally been to purchase shares on the open market to satisfy the schemes' requirements, as opposed to issuing new shares. The company's partnership approach has resulted in 12 979 associates participating in the various share schemes in operation at year-end (refer page 67). Total long-term incentive award obligations represent 5.5% of the issued share capital, which has reduced substantially over time as a result of the change to the award formula (refer graph on page 67). The board believes that it is not appropriate to include shares allocated under the Partners Share Scheme, which effectively operates as the group's B-BBEE scheme, in this overall participation total. Excluding this scheme, the total number of shares committed under the various equity incentive schemes equates to 3.9% of the issued share capital (refer page 67). **Individual level** The scheme in which associates can participate depends on their position in the group. Long-term incentives are subjected to an annual review to confirm their efficacy and affordability. Further information can be found on the group's website www.mrpricegroup.com/governance/remunerationphilosophy/groupshareschemes. The award value is applied in full to the shares or options offered to the majority of associates. However, in the case of divisional executives and EDs, the award value is split into options and forfeitable shares (refer pages 61 and 62 for further details).

LONG-TERM INCENTIVE POLICY

COMPONENT	PURPOSE AND LINK TO BUSINESS STRATEGY	MECHANICS	OPPORTUNITY AND LIMITS	PERFORMANCE CONDITIONS
			EXECUTIVE DIRECTORS	
Share option schemes	To motivate executives to achieve long-term performance goals contained in the group's strategy. To offer an attractive long-term incentive scheme for potential future executive directors and divisional executives, and to enhance current retention. A strong relationship exists between strategy, targets and remuneration linked to the KPIs thus enabling sustainable value creation for shareholders over the long-term.	Per detail outlined under mechanics on the previous page. Share options vest five years from award date. Share options must be exercised within five years from vesting, failing which, they will lapse. Long-term incentives do not, at the current time, contain performance clawback provisions.	The base face values of total LTIs offered, as a % of annual guaranteed remuneration, are as follows: • Chief executive officer 354% • Chief financial officer 311% • Group supply chain director 150%. The value of shares held at qualifying date annually must be at least equal to three times annual guaranteed remuneration. The high minimum shareholding requirements for executive directors is aligned to the ownership culture of the group. Bonus awards are offered equal to 10% of total awards, based on personal shareholding in the company. The personal shareholding of all executive directors exceeded the required level. The total award is split into share options and forfeitable shares (refer EFSP overleaf) on an approximate 85% and 15% basis respectively. No single participant's interest in routinely awarded long-term incentive plans exceeds 0.4% of the issued share capital (refer page 66). Awards are compared to benchmark every two years.	The committee's intent is not to raise performance hurdles to a level that would cause the schemes to lose their motivational appeal. Should the long-term incentive schemes lose their motivational appeal, the group will have to adopt a less favourable approach of increasing guaranteed pay to retain key associates. However, to protect shareholders from executives being rewarded for poor company performance, average HEPS growth of CPI + 1% over the vesting period must be achieved, failing which the awards will lapse.
			DIVISIONAL EXECUTIVES	
			The basis upon which total routine long-term incentive awards are calculated range from 100% to 250% of annual guaranteed remuneration, depending on the role and level of responsibility.	As per executive directors.

LONG-TERM INCENTIVE POLICY

COMPONENT	PURPOSE AND LINK TO BUSINESS STRATEGY	MECHANICS	OPPORTUNITY AND LIMITS	PERFORMANCE CONDITIONS
		EXECUTIVE DIRECTORS AND DIVISIONAL EXECUTIVES		
Executive forfeitable share plan (EFSP)	The company's advisors, PwC, recommended the implementation of a FSP as the vast majority of companies surveyed had more than one type of long-term incentive scheme operating in parallel. A mix of long-term incentive supports the attraction, motivation and retention elements while continuing to align their interests with that of shareholders. In the event of options being 'out-the-money', FSPs offer more certainty to the recipient as the value is in the share that vests, not growth on strike price, as is the case with options. From a company perspective, FSPs are attractive as shares result in a lower number of instruments than options. Participants can also receive performance related forfeitable shares, which are subject to performance conditions.	Forfeitable shares are free shares awarded to participants, subject to certain conditions. Shares awarded are included in the award value and form part of the rolling nature of long-term incentive schemes. The shares vest 5 years from offer date and must be exercised immediately. Participants receive dividends on the restricted shares from the award date. The shares acquired by the company to fully satisfy these obligations are held by an institutional third party.	FSPs account for approximately 15% of the total share option and share award.	**Employment related award** Half of the EFSP award is linked to continued employment with the company. **Performance related award** Half of the EFSP award is subject to stretch HEPS targets for awards made up to and including November 2015 (refer page 69). For EFSP performance awards allocated effective from November 2016, the board approved a new hurdle structure as follows: HEPS growth < CPI +1%: 100% forfeited HEPS ≥ CPI + 1%: 20% vests, 80% forfeited HEPS ≥ CPI + 2%: 40% vests, 60% forfeited HEPS ≥ CPI + 3%: 60% vests, 40% forfeited HEPS ≥ CPI + 4%: 80% vests, 20% forfeited HEPS ≥ CPI + 5%: 100% vests.
		EXECUTIVE DIRECTORS AND DIVISIONAL EXECUTIVES		
Group forfeitable share plan (GFSP)	To retain the services of executives who are central to the group's growth strategy. It is advantageous to the company and shareholders that the executives are prevented from joining a competitor and taking their intimate knowledge of the company's successful business formula with them.	Participants receive a once-off award of free shares which vest in full after 5 years and must be exercised immediately. Participants receive dividends on the restricted shares from grant date. Participants qualify to retain a portion of shares should they leave the employ of the business before the vesting date, subject to a pro-rata formula. The shares acquired by the company to fully satisfy these obligations are held by an institutional third party.	Award of shares equivalent to between two and three times annual guaranteed remuneration, depending on the executive's position. In total, the scheme has 13 participants, including the CEO and CFO. The supply chain director is subject to previous restraint agreements. No awards were made during the year.	The performance conditions relate to associates entering into a restraint and retention agreement, which: • Requires them to be employed by the company for a period of 5 years from grant date; and • Precludes them from joining a competitor for a period of two years should they leave the company.

NON-EXECUTIVE DIRECTORS

POLICY

COMPONENT	PURPOSE AND LINK TO BUSINESS STRATEGY	MECHANICS	OPPORTUNITY AND LIMITS	PERFORMANCE CONDITIONS
Emoluments	To offer market related fees to attract and retain high calibre non-executive directors.	Fees are related to the skills, experience and time commitment to fulfil the respective requirements of the board and committees. The company does not pay an attendance fee per meeting as historically the attendance at meetings has been good and the board has always felt that directors contribute as much outside of meetings as they contribute in meetings. Fees, exclusive of VAT, are proposed by management and are detailed in the notice of meeting set out in the annual results booklet for approval at the forthcoming annual general meeting (AGM). Fees are paid monthly in cash. Non-executive directors do not have service contracts but receive letters of appointment. Non-executive directors retire by rotation every three years and shareholders vote for their re-appointment at the AGM.	Fees are benchmarked biennially to the median of the same comparator group of companies as selected for executive directors' remuneration. The benchmarking survey was performed in October 2016 by remuneration advisors, PwC Tax Services.	Specific company 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 authorised the chair of the group, in consultation with the remnomco chair, to deduct a maximum annual amount of 20% of a non-executive director's fee in the event of non-performance (primarily for non-attendance).
Other			Non-executive directors are reimbursed for travel related costs incurred on official company business and receive discounts on purchases made in group stores. No other benefits are received. No contractual arrangements exist relating to compensation for loss of office.	Non-executive directors neither receive short-term incentives nor do they participate in long-term incentive schemes.

NON-EXECUTIVE DIRECTORS CONTRIBUTE AS MUCH OUTSIDE OF MEETINGS AS THEY CONTRIBUTE IN MEETINGS.

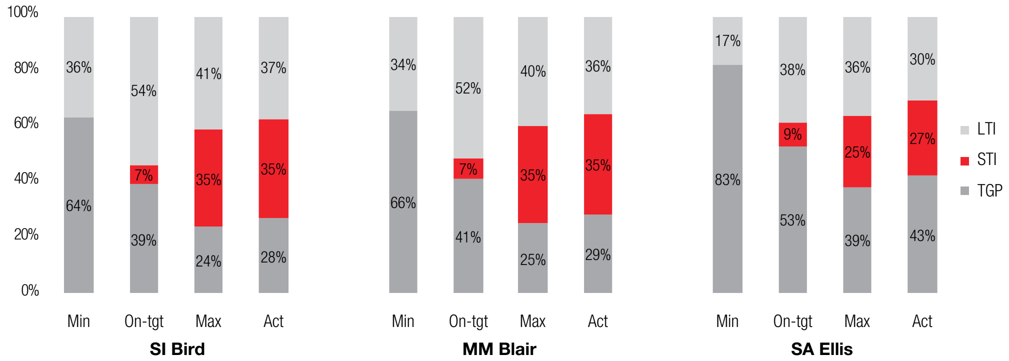
REMUNERATION IMPLEMENTATION REPORT 14

EXECUTIVE DIRECTORS

Summary and analysis of executive director total remuneration

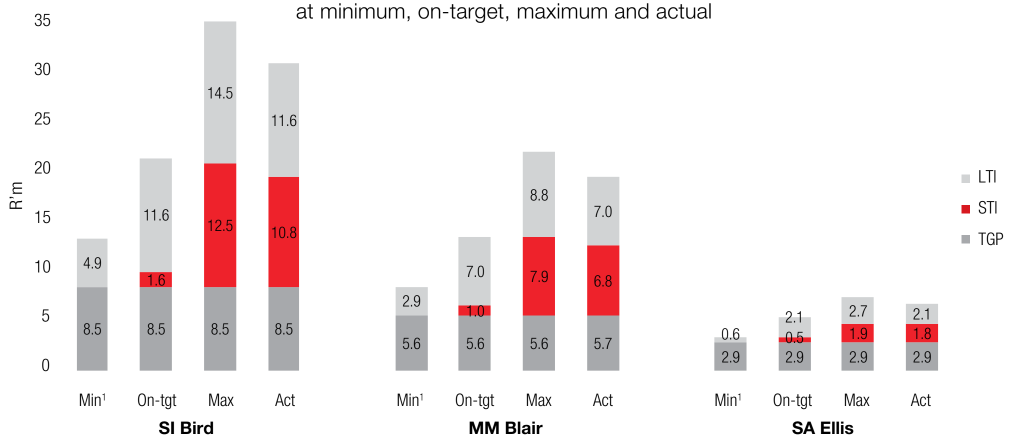
The graphs below reflect ED total remuneration under minimum, on-target, maximum and actual performance outcomes:

ED total remuneration framework (%)
at minimum, on-target, maximum and actual



The framework is presented on a single total figure basis as disclosed under 'emoluments for the year'. The minimum performance outcomes include TGP received in the reporting period, employment related forfeitable shares awarded in the reporting period and dividends received in the reporting period. 'On-target' LTIs include share options. For further detail on the LTI disclosure methodology, refer to 'LTIs disclosed in single figure remuneration' on page 66).

ED total remuneration framework (R'm)
at minimum, on-target, maximum and actual



1. the minimum performance outcome excludes the loyalty bonus which is paid at the discretion of the group (refer page 59)

Salary increases for the 2019 reporting period (effective 1 April 2018), being a 'non-benchmark' year, were guided by the headline consumer price index (CPI). Executive directors received salary increases of 6.0% in line with the general head office staff rate which was guided by the CPI rate at December 2017 and retail remuneration market data.

Salary increases for the 2018 reporting period (effective 1 April 2017), being a 'benchmark' year, were guided by the headline consumer price index (CPI) since executive directors' guaranteed remuneration fell within the tolerance bands. Technical adjustments were therefore not deemed necessary at the time. Accordingly, both the CEO and CFO received salary increases of 6.0%.

Emoluments for the year – TGP, STIs and LTIs (R'000)

Total single figure remuneration

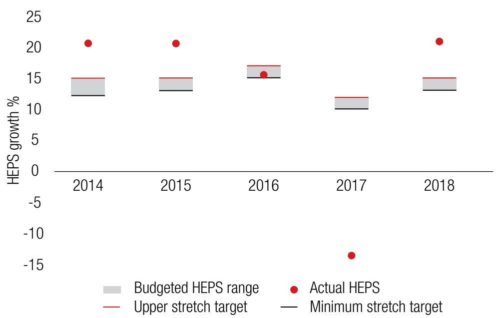
2018	Basic salary	Motor vehicle benefits	Pension contributions	Other benefits	TGP	Short-term incentives[2,3]	Dividends (FSP plans)	Long-term incentives[4,5]	Total
SI Bird [1]	6 271	236	1 281	737	8 525	10 755	1 404	10 185	**30 869**
MM Blair [1]	3 960	355	850	484	5 649	6 791	905	6 123	**19 468**
SA Ellis	1 898	237	426	313	2 874	1 843	119	1 937	**6 773**
Total	**12 129**	**828**	**2 557**	**1 534**	**17 048**	**19 389**	**2 428**	**18 245**	57 110

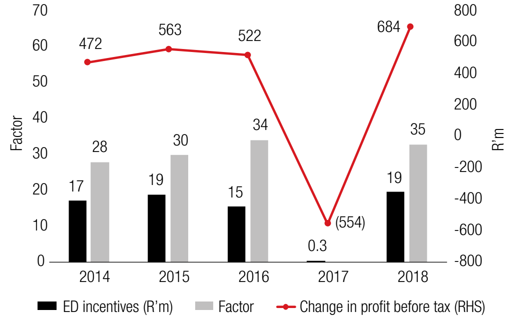
1. considered to be prescribed officers
2. annual loyalty bonus now included under 'other benefits'
3. refer page 65 for further detail on determination of STIs receivable
4. determined using IFRS 2 actuarial valuation or market value at year-end (refer pages 68 and 69)
5. determined based on achievement of performance conditions at reporting period year end for performance related awards made in November 2013, and employment related FSP shares awarded in the current reporting period.

2017	Basic salary	Motor vehicle benefits	Pension contributions	Other benefits	TGP	Short-term incentives[2]	Dividends (FSP plans)	Long-term incentives	Total
SI Bird [1]	5 859	235	1 213	723	8 030	-	1 071	8 621	**17 722**
MM Blair [1]	3 700	336	810	500	5 346	-	703	5 537	**11 586**
SA Ellis	1 773	210	403	288	2 674	298	81	1 876	**4 929**
Total	**11 332**	**781**	**2 426**	**1 511**	**16 050**	**298**	**1 855**	**16 034**	**34 237**

1. considered to be prescribed officers
2. annual loyalty bonus now included under 'other benefits'

Relationship between ED incentives and performance





Short-term incentives

When performance is at the required level, the group generously rewards superior performance through its STI structures which ultimately manifests in the desired shape of the TR structures. STIs comprise financial measures (group HEPS, ROE), strategic KPIs and personal performance.

Over the last five years, the incentive structures required:

- HEPS growth varying between:
  - o 10.2% (2017) - which was the lowest base target in any year, attracting no incentives; and
  - o 17.1% (2016) - which was the highest stretch performance target, attracting on average 15.7 months' incentives: financial targets and KPIs 6.0 months' and personal targets 9.7 months'.
- An average growth in HEPS of 12.8%, which, if not achieved, would have resulted in no incentives being paid under this category.
- Profit before tax to increase at a faster rate than executive directors' incentives. For the period 2014 to 2018, the ratio of increased profit to incentive increased from 28 to 35, however, did not apply in 2017 due to the profit decrease.
- In 2018, each of the three stretch performance levels required an additional profit before tax to cost (additional incentive) ratio of 11.4:1.

Historical HEPS incentive targets vs actual HEPS reported

	2014	2015	2016*	2017	2018
% OF ABS THAT WOULD APPLY FOR ACHIEVING:					
- budgeted HEPS growth	25	25	25	25	25
- stretch target HEPS growth (incl all KPIs)	75	75	75	75	75
ACTUAL HEPS REPORTED (CENTS):	765	920	1 058	911	1 100
Actual HEPS growth (%)	20.4	20.2	15.0	(13.8)	20.7
Headline CPI for the year (%)	6.0	4.0	6.3	6.1	3.8
Real HEPS growth achieved (%)	14.4	16.2	8.7	(19.9)	16.9
% of HEPS based incentive achieved	100	100	33	0	100

*denotes a 53-week trading period

Composition of STIs

2018			**ABS (R'000) Percentage of target achieved**			**STI receivable R'000**			
STI framework			**Bird**	**Blair**	**Ellis**	**Bird**	**Blair**	**Ellis**	**Total**
Target type	Target	Structure	6 271	3 960	1 898				
Financial	HEPS, ROE	10 mths	100%	100%	100%	5 226	3 300	1 044	9 570
Strategic KPIs	-	2 mths	79%	79%	90%	826	521	483	1 830
Financial/KPIs[1]		12 mths	97%	97%	97%	6 052	3 821	1 527	11 400
Personal[2]	-	12 mths	75%	75%	100%	4 703	2 970	316	7 989
Total[1,2]		**24 mths**	**86%**	**86%**	**97%**	**10 755**	**6 791**	**1 843**	**19 389**

The CEO and CFO did not receive STI payments relating to the prior reporting period during the current reporting period as minimum performance targets were not achieved. However, the group supply chain director received an STI payment which related to his valuable contribution and leadership in respect of the new distribution centre project (refer below).

2017			**ABS (R'000) Percentage of target achieved**			**STI receivable R'000**			
STI framework			**Bird**	**Blair**	**Ellis**	**Bird**	**Blair**	**Ellis**	**Total**
Target type	Target	Structure	5 859	3 700	1 773				
Financial	HEPS, ROE	10 mths	0%	0%	0%	-	-	-	-
Strategic KPIs	-	2 mths	0%	0%	0%	-	-	-	-
Financial/KPIs[1]		12 mths	0%	0%	0%	-	-	-	-
Personal[2]	-	12 mths	0%	0%	100%	-	-	298	298
Total[1,2]		**24 mths**	**0%**	**0%**	**17%**	**-**	**-**	**298**	**298**

1. the group supply chain director is generally capped at 83% of ABS
2. the group supply chain director is generally capped at 17% of ABS

Composition of LTIs

The awarding of LTI awards to executive directors on a rolling annual basis at the base face values indicated in the policy is aligned to the ownership culture and values of the group, a proven retention and motivational philosophy for delivering exceptional long-term performance.

The significant level of accountability assigned to executive directors requires commensurate reward across the various remuneration elements. Where group performance and long-term incentive targets have been met or exceeded, this will be reflected in the value of the gain above the strike price. However, where group performance is not at the required levels, the extent of LTI gains will reflect this situation at vesting date or, in the case of options being 'out-the-money' or HEPS minimum hurdles not being achieved, complete forfeiture of the options and shares (refer pages 67 to 69).

LTIs disclosed in single figure remuneration

For purposes of single figure remuneration disclosure, 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 employee, are disclosed in the relevant reporting period in which the awards are made.

2018	Vesting condition	Award date	Vesting date	Performance measurement period	Heps CAGR% required for vesting	Heps CAGR% achieved	Percentage of award vesting	LTIs receivable / awarded at fair value (IFRS 2[1], market value[2]) (R'000)			
AWARD TYPE								**Bird**	**Blair**	**Ellis**	**Total**
Share options	performance related[1]	2013/11/22	2018/11/22	2018	6.3%	11.6%	100%	6 717	4 115	1 450	12 282
EFSP	performance related[2]	2013/11/29	2018/11/29	2018	14.8%	11.6%	0%	-	-	-	-
EFSP	employment related[2]	2017/11/28	2022/11/28	2022	na	na	na	3 468	2 008	487	5 963
Total excl dividends								**10 185**	**6 123**	**1 937**	**18 245**
Dividends								1 404	905	119	2 428
Total								**11 589**	**7 028**	**2 056**	**20 673**

1. IFRS 2 fair value actuarial valuation (refer page 68)
2. fair value determined using current reporting period year-end closing share price (refer page 69)

2017											
AWARD TYPE								**Bird**	**Blair**	**Ellis**	**Total**
Share options	performance related[1]	2012/11/22	2017/11/22	2017	6.7%	12.6%	100%	6 076	4 067	1 526	11 669
EFSP	employment related[2]	2016/11/22	2021/11/22	2021	na	na	na	2 545	1 470	350	4 365
Total excl dividents								**8 621**	**5 537**	**1 876**	**16 034**
Dividents								1 071	703	81	1 855
Total								**9 692**	**6 240**	**1 957**	**17 889**

1. IFRS 2 fair value actuarial valuation calculated at R46.82 per option
2. fair value determined using current reporting period year-end closing share price of R159.90

LTIs vested and exercised during the reporting period

2018								Gain on options exercised (R'000)			
AWARD TYPE								**Bird**	**Blair**	**Ellis**	**Total**
Share options	performance related[1]	2012/11/22	2017/11/22	2017	6.7%	12.6%	100%	11 066	6 782	2 544	20 392
Total								**11 066**	**6 782**	**2 544**	**20 392**

1. refer page 68

ED participation in awarded LTI's (closing balances)

	SI Bird	MM Blair	SA Ellis
Mr Price Executive Director Share Trust (options)	834 163	490 211	101 725
Mr Price Executive Forfeitable Share Plan (excl GFSP)	103 523	60 986	16 505
	937 686	**551 197**	**118 230**
% of Share Capital (Ords & B Ords)	0.35%	0.21%	0.04%

Remnomco is satisfied that the remuneration policy was complied with in the current reporting period without deviation.

MR PRICE PARTNERS SHARE SCHEME 3

Participants in the partners share scheme are awarded shares instead of share options. Associates in junior positions, where staff turnover is relatively high, are awarded shares after being permanently employed for 12 months. Participants in this scheme receive dividends bi-annually and are eligible to vote on their shares as shareholders. Half of the trustees overseeing the operation of this scheme were elected by participants, thereby ensuring partners are appropriately informed of the mechanics of the scheme through effective and regular communication to associates. Black ownership in this scheme is 95.5% and the average value of shares held on behalf of each individual associate is R111 190. Associates who became participants between the date of introduction of this scheme and November 2010 were either allocated 1 000 shares or 1 250 shares as an assistant store manager. The value of the latter's shares has grown from R26 000 to R356 250 over time. Further growth will materially impact our partners' lives at retirement, at which stage the shares vest unconditionally. Participants received dividends amounting to R22.8 million over the last year (final 2017 and interim 2018 dividends). Refer to SETS report on pages 72 to 83.

The group has paid out total dividends of R164.6 million to associates participating in the partners share scheme since its inception in 2006.

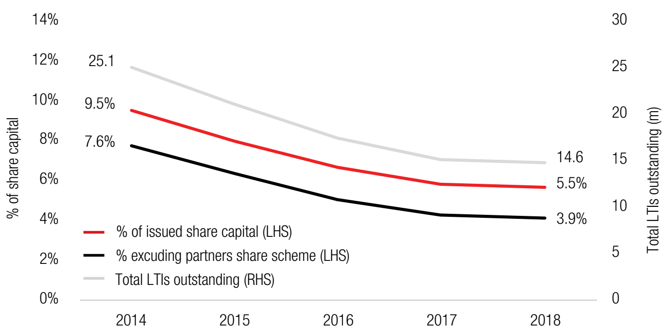
Summary of LTI schemes

TOTAL OPTIONS AND SHARES OBLIGATION			
Trust	Number of Participants	Number of Options/Shares	
		Total	Lapsed[1]
Partners Share Trust	10 627	4 146 033	-
General Staff Share Trust	2 036	3 221 843	108 076
Senior Management Share Trust	227	3 029 747	-
Executive Share Trust	36	1 821 710	-
Executive Director Share Trust	3	1 426 099	-
Executive Forfeitable Share Plan	37	453 724	37 833
Group Forfeitable Share Plan	13	472 012	-
TOTAL	**12 979**	**14 571 168**	**145 909**

1. during the reporting period, 108 076 General share scheme options and 37 833 forfeitable shares both vesting in the 2019 reporting period did not achieve the required annual average HEPS growth targets of 6.4% and 14.8% respectively. The share options have a 3-year vesting period, the forfeitable shares a 5-year vesting period. Lapsed options/shares are included in the relevant scheme totals.

During the year, 547 228 General share scheme options lapsed as a result of not achieving the required annual average HEPS growth target of 6.5% in respect of awards with a 3-year vesting period, the vesting performance condition determined at the end of the previous reporting period.

LTIs outstanding vs issued share capital



Relative to the unhedged commitment of R2.5bn calculated at the year-end share price, the strike price payable by participants in respect of the total obligation is R1.6bn.

DETAILS OF THE INTEREST OF EXECUTIVE DIRECTORS IN LONG-TERM INCENTIVES (Total share options and shares – Mr Price executive director share trust and forfeitable share plans)

Executive director	Date of award		Options/shares held at beginning of year	Options/shares awarded and accepted during year	Options exercised during year	Option price of award	Gain on options exercised during year (R'000)	Options/shares held at end of year	Face value of options/shares (R'000)	Fair value of options[2] and shares[3,4] (R'000)	Vesting date	Expiry date for exercise
SI Bird	22-Nov-12	Options	129 777	-	129 777	R 133.67	11 066	-	17 347	-	22-Nov-17	-
	22-Nov-13	Options	112 271	-	-	R 151.94	-	112 271	17 058	6 717	22-Nov-18	22-Nov-23
	22-Nov-14	Options	90 486	-	-	R 222.60	-	90 486	20 142	7 421	22-Nov-19	22-Nov-24
	22-Nov-15	Options	110 459	-	-	R 200.01	-	110 459	22 093	6 657	22-Nov-20	22-Nov-25
	22-Nov-16	Options	388 845[1]	-	-	R 138.00	-	388 845	53 661	18 746	22-Nov-21	22-Nov-26
	28-Nov-17	Options	-	132 102	-	R 188.37		132 102	24 884	10 215	28-Nov-22	28-Nov-27
Total options			**831 838**	**132 102**	**129 777**	**-**	**11 066**	**834 163**	**155 185**	**49 756**		
Total shares			**186 076**	**24 334**	**-**	**-**	**-**	**200 069**	**35 147**	**57 019**		
Total CEO			**1 017 914**	**156 436**	**129 777**	**-**	**11 066**	**1 034 232**	**190 332**	**106 775**		
MM Blair	22-Nov-12	Options	86 870	-	86 870	R 133.67	6 782	-	11 612	-	22-Nov-17	-
	22-Nov-13	Options	68 770	-	-	R 151.94	-	68 770	10 449	4 115	22-Nov-18	22-Nov-23
	22-Nov-14	Options	55 608	-	-	R 222.60	-	55 608	12 378	4 560	22-Nov-19	22-Nov-24
	22-Nov-15	Options	64 784	-	-	R 200.01	-	64 784	12 957	3 905	22-Nov-20	22-Nov-25
	22-Nov-16	Options	224 539[1]	-	-	R 138.00	-	224 539	30 986	10 825	22-Nov-21	22-Nov-26
	28-Nov-17	Options	-	76 510	-	R 188.37		76 510	14 412	5 917	28-Nov-22	28-Nov-27
Total options			**500 571**	**76 510**	**86 870**	**-**	**6 782**	**490 211**	**92 794**	**29 322**		
Total shares			**120 541**	**14 094**	**-**	**-**	**-**	**128 301**	**22 395**	**36 564**		
Total CFO			**621 112**	**90 604**	**86 870**	**-**	**6 782**	**618 512**	**115 189**	**65 886**		
SA Ellis	22-Nov-12	Options	32 591	-	32 591	R 133.67	2 544	-	4 356	-	22-Nov-17	-
	22-Nov-13	Options	24 242	-	-	R 151.94	-	24 242	3 683	1 450	22-Nov-18	22-Nov-23
	22-Nov-14	Options	19 733	-	-	R 222.60	-	19 733	4 393	1 618	22-Nov-19	22-Nov-24
	22-Nov-15	Options	15 448	-	-	R 200.01	-	15 448	3 090	931	22-Nov-20	22-Nov-25
	22-Nov-16	Options	23 782	-	-	R 138.00	-	23 782	3 282	1 147	22-Nov-21	22-Nov-26
	28-Nov-17	Options	-	18 520	-	R 188.37		18 520	3 489	1 432	28-Nov-22	28-Nov-27
Total options			**115 796**	**18 520**	**32 591**	**-**	**2 544**	**101 725**	**22 293**	**6 578**		
Total shares			**15 326**	**3 412**	**-**	**-**	**-**	**16 505**	**3 344**	**4 706**		
Total Group Supply Chain Director			**131 122**	**21 932**	**32 591**	**-**	**2 544**	**118 230**	**25 637**	**11 284**		
Total options			**1 448 205**	**227 132**	**249 238**	**-**	**20 392**	**1 426 099**	**270 272**	**85 656**		
Total shares			**321 943**	**41 840**	**-**	**-**	**-**	**344 875**	**60 886**	**98 289**		
TOTAL			**1 770 148**	**268 972**	**249 238**	**-**	**20 392**	**1 770 974**	**331 158**	**183 945**		

1. includes additional 'non-routine' retention awards
2. IFRS 2 fair value actuarial valuation
3. fair value determined using current reporting period year-end closing share price
4. refer page 69 for details of forfeitable shares

DETAILS OF THE INTEREST OF EXECUTIVE DIRECTORS IN LONG-TERM INCENTIVES (Shares - forfeitable share plans)

Executive director	Date of award	Shares granted	Share price at award date	Face value (R'000)	Fair value (R'000)[1]	Vesting / exercise date	Heps CAGR% required for vesting[2]	Shares lapsed during year	Shares held at end of the year
SI Bird									
Mr Price Group Executive FSP (EFSP)									
- employment related share award	29-Nov-13	10 341	R 155.97	1 613	2 947	29-Nov-18	-	-	10 341
- performance related share award	29-Nov-13	10 341	R 155.97	1 613	-	29-Nov-18	14.8%	10 341	-
- employment related share award	22-Nov-14	8 334	R 228.78	1 907	2 375	22-Nov-19	-	-	8 334
- performance related share award	22-Nov-14	8 334	R 228.78	1 907	2 375	22-Nov-19	14.2%	-	8 334
- employment related share award	22-Nov-15	10 173	R 200.01	2 035	2 899	22-Nov-20	-	-	10 173
- performance related share award	22-Nov-15	10 173	R 200.01	2 035	2 899	22-Nov-20	14.3%	-	10 173
- employment related share award	22-Nov-16	15 917	R 138.00	2 197	4 536	22-Nov-21	-	-	15 917
- performance related share award	22-Nov-16	15 917	R 138.00	2 197	4 536	22-Nov-21	note 3	-	15 917
- employment related share award	28-Nov-17	12 167	R 188.37	2 292	3 468	28-Nov-22	-	-	12 167
- performance related share award	28-Nov-17	12 167	R 188.37	2 292	3 468	28-Nov-22	note 3	-	12 167
Mr Price Group FSP (GFSP)	29-Nov-13	96 546	R 155.97	15 059	27 516	29-Nov-18	-	-	96 546
		210 410		**35 147**	**57 019**			**10 341**	**200 069**
MM Blair									
Mr Price Group Executive FSP (EFSP)									
- employment related share award	29-Nov-13	6 334	R 155.97	988	1 805	29-Nov-18	-	-	6 334
- performance related share award	29-Nov-13	6 334	R 155.97	988	-	29-Nov-18	14.8%	6 334	-
- employment related share award	22-Nov-14	5 121	R 228.78	1 172	1 459	22-Nov-19	-	-	5 121
- performance related share award	22-Nov-14	5 121	R 228.78	1 172	1 459	22-Nov-19	14.2%	-	5 121
- employment related share award	22-Nov-15	5 967	R 200.01	1 193	1 701	22-Nov-20	-	-	5 967
- performance related share award	22-Nov-15	5 967	R 200.01	1 193	1 701	22-Nov-20	14.3%	-	5 967
- employment related share award	22-Nov-16	9 191	R 138.00	1 268	2 619	22-Nov-21	-	-	9 191
- performance related share award	22-Nov-16	9 191	R 138.00	1 268	2 619	22-Nov-21	note 3	-	9 191
- employment related share award	28-Nov-17	7 047	R 188.37	1 327	2 008	28-Nov-22	-	-	7 047
- performance related share award	28-Nov-17	7 047	R 188.37	1 327	2 008	28-Nov-22	note 3	-	7 047
Mr Price Group FSP (GFSP)	29-Nov-13	67 315	R 155.97	10 499	19 185	29-Nov-18	-	-	67 315
		134 635		**22 395**	**36 564**			**6 334**	**128 301**
SA Ellis									
Mr Price Group Executive FSP (EFSP)									
- employment related share award	29-Nov-13	2 233	R 155.97	348	636	29-Nov-18	-	-	2 233
- performance related share award	29-Nov-13	2 233	R 155.97	348	-	29-Nov-18	14.8%	2 233	-
- employment related share award	22-Nov-14	1 817	R 228.78	416	518	22-Nov-19	-	-	1 817
- performance related share award	22-Nov-14	1 817	R 228.78	416	518	22-Nov-19	14.2%	-	1 817
- employment related share award	22-Nov-15	1 423	R 200.01	285	406	22-Nov-20	-	-	1 423
- performance related share award	22-Nov-15	1 423	R 200.01	285	406	22-Nov-20	14.3%	-	1 423
- employment related share award	22-Nov-16	2 190	R 138.00	302	624	22-Nov-21	-	-	2 190
- performance related share award	22-Nov-16	2 190	R 138.00	302	624	22-Nov-21	note 3	-	2 190
- employment related share award	28-Nov-17	1 706	R 188.37	321	487	28-Nov-22	-	-	1 706
- performance related share award	28-Nov-17	1 706	R 188.37	321	487	28-Nov-22	note 3	-	1 706
		18 738		**3 344**	**4 706**			**2 233**	**16 505**
TOTAL		**363 783**		**60 886**	**98 289**			**18 908**	**344 875**

1. fair value determined using current reporting period year-end closing share price of R285.00
2. HEPS CAGR% achieved was 11.6%
3. 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 ≥ CPI+1%: 20% vests, 80% forfeited, HEPS ≥ CPI+2%: 40% vests, 60% forfeited, HEPS ≥ CPI+3%: 60% vests, 40% forfeited, HEPS ≥ CPI+4%: 80% vests, 20% forfeited, HEPS ≥ CPI+5%: 100% vests

NON-EXECUTIVE DIRECTORS

Non-executive directors fee increases for the 2018 financial year (effective 1 April 2017), being a 'benchmark' year, were based on the benchmarking survey performed. Since non-executive directors emoluments at a total individual level fell within the tolerance bands, no immediate technical adjustments were deemed necessary. Non-executive directors therefore received fee increases of 6.0% (excl VAT), guided by CPI, in line with that awarded to head office associates, divisional executives and executive directors.

With respect to the 2019 financial year (effective 1 April 2018), being a 'non-benchmark' year, non-executive directors received salary increases of 6.0% (excl VAT), guided by CPI, in line with that awarded to the majority of associates, divisional executives and executive directors. The shareholder resolution for the approval of non-executive director remuneration is in the AGM notice on page 136.

Emoluments for the year (Rands)

	2018	2017	% Change
SB Cohen	703 600	663 750	6.0%
K Getz	583 700	550 700	6.0%
M Motanyane	439 050	414 200	6.0%
D Naidoo[1]	656 350	534 250	22.9%
MR Johnston[2]	638 400	682 400	(6,4%)
NG Payne	1 407 150	1 327 500	6.0%
MJD Ruck[3]	655 800	538 500	21.8%
M Bowman[4]	402 708	27 438	-
B Niehaus[5]	50 896	-	-
WJ Swain[6]	237 833	538 500	(55.8%)
	5 775 487	**5 277 238**	**9.4%**

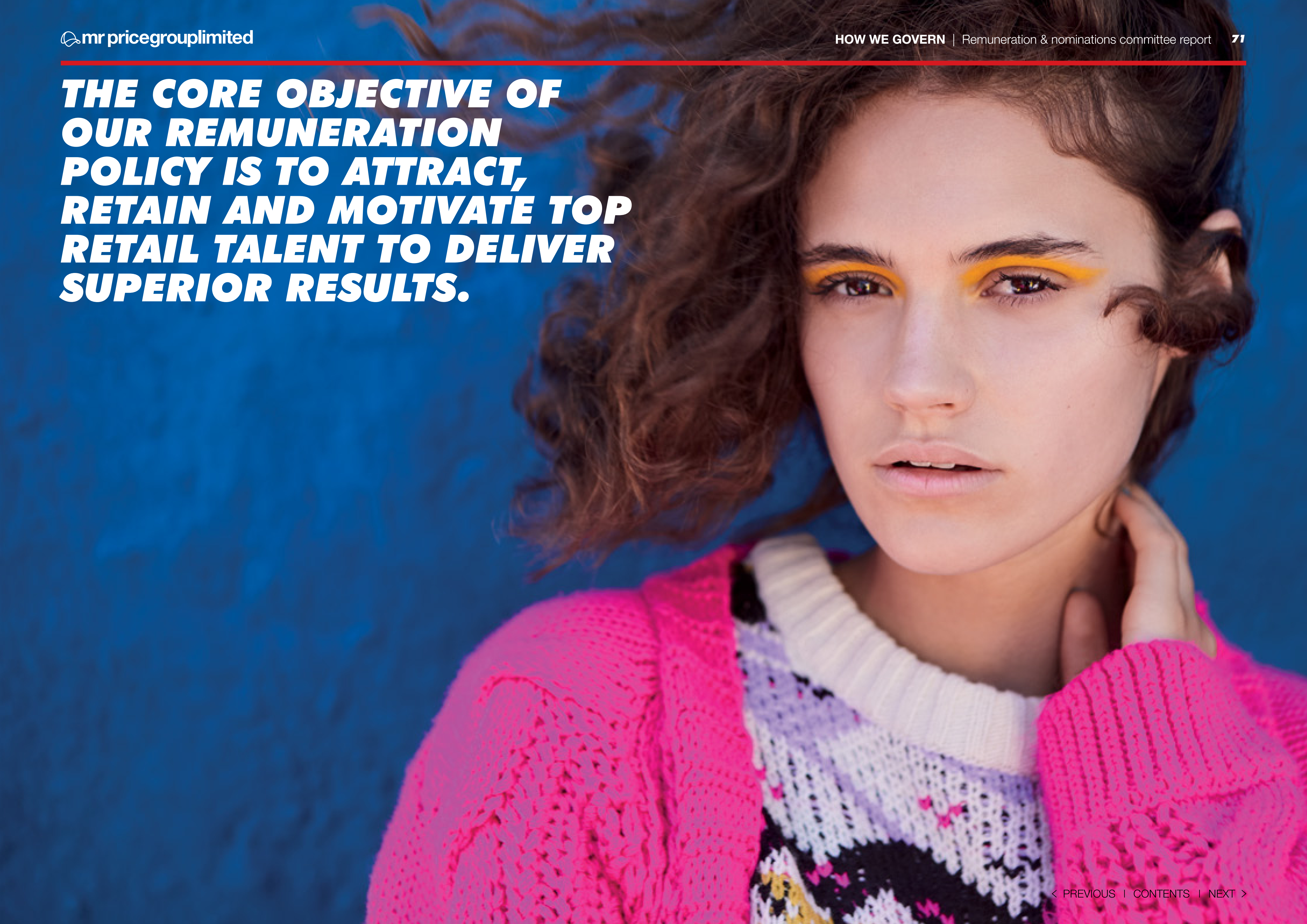
1. Daisy Naidoo was appointed to the social, ethics, transformation and sustainability committee effective 23 March 2017
2. Bobby Johnston relinquished his role as chair of the remuneration and nominations committee effective 31 March 2017
3. Myles Ruck was appointed chair of the remuneration and nominations committee effective 1 April 2017
4. Mark Bowman was appointed to the board effective 28 February 2017, and to the audit and compliance committee effective 14 November 2017
5. Brenda Niehaus was appointed to the board effective 8 February 2018
6. John Swain retired from the board effective 31 August 2017

Current and proposed emoluments

	2018 ACTUAL		2019 PROPOSED			
	Chair	Member	Chair	Increase	Member	Increase
MAIN BOARD	**R**	**R**	**R**	**%**	**R**	**%**
- Director	1 407 150	349 000	1 491 600	6.0%	369 950	6.0%
- Honorary chair	703 600	-	745 800	6.0%	-	-
- Lead independant director	-	416 600	-	-	441 600	6.0%
Audit and compliance committee	217 300	128 900	230 350	6.0%	136 650	6.0%
Remuneration & nominations committee	177 900	92 900	188 575	6.0%	98 475	6.0%
Social, ethics, transformation and sustainability committee	141 800	90 050	150 300	6.0%	95 450	6.0%
Risk and IT committee	-	-	-	-	119 300	-
Risk and IT committee - IT specialist member*	-	-	-	-	269 300	-

*This fee relates to Brenda Niehaus and comprises the annual committee member fee and an additional fee of R150 000 in respect of additional IT governance oversight responsibilities delegated to her.

THE CORE OBJECTIVE OF OUR REMUNERATION POLICY IS TO ATTRACT, RETAIN AND MOTIVATE TOP RETAIL TALENT TO DELIVER SUPERIOR RESULTS.



SOCIAL, ETHICS, TRANSFORMATION & SUSTAINABILITY COMMITTEE REPORT

PRINCIPLES: 1 2 3 4 8 13 16

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 qualification and experience, the number of meetings held and attendance at meetings is detailed in the board report on pages 38 to 45.

ROLE 8

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, sustainable development and stakeholder relationships. It reviews and monitors the transformation and environmental practices of the group and ensures the group responsibly and ethically creates shared value in the achievement of its vision and strategy.

The group's desire to be a responsible corporate citizen is reflected in its purpose. The group's purpose is to offer value to customers that allows the group to unlock worth to its partners (associates, suppliers and communities) that in turn enables it to meaningfully contribute to communities and the environment in which it operates. Unlocking worth to partners has a multiplier effect on customers and builds the market to facilitate future sales and growth opportunities. Doing good business now facilitates doing better business in future. The creation of shared value is enabled by incorporating social and environmental imperatives into the group's business strategy and ways of working (group culture). This ensures these initiatives receive the required focus and resources and that being a good corporate citizen is part of the day-to-day business. Further details of the group's vision, purpose and values are on page 9 of the report and the group's strategy is on pages 18 to 23.

The key areas of focus of the committee for the reporting period were: (i) monitoring and assessing the group's transformational progress and the measures in

DOING GOOD BUSINESS NOW FACILITATES DOING BETTER BUSINESS IN THE FUTURE.

place to support achieving the group's transformation and employment equity goals; (ii) monitoring and assessing group compliance with applicable laws, regulations and adopted non-binding rules, codes and standards, including anti-corruption legislation, in conjunction with the audit and compliance committee; (iii) monitoring the group's environmental and social sustainability strategy and execution including the corporate social investment programmes undertaken by the MRP Foundation and (iv) monitoring the group's B-BBEE status. Detail on the group's activities in responsibly creating shared value is provided in this report.

The committee is satisfied it has fulfilled its responsibilities in accordance with its mandate for the 2018 financial year. The committee chair will be available at the AGM to answer questions relating to the committee's statutory obligations.

SOCIAL

OUR PEOPLE 3 16

The group's strategic competitive advantage with regards to people has been built on our strong culture. People who are driven by passion, guided by value and committed to partnership have enabled our success as an organisation. We strive to be a first-choice destination for retail talent and a sought-after international employer. Our employee value proposition aims to attract, develop and retain global top talent who aspire to an exciting career in fashion value retailing.

CAPACITY BUILDING

Driven by our ambitions to grow locally and internationally, we continuously invest in the development of human capacity. We pay high attention to creating workplaces consisting of vibrant, energised and motivated associates encouraged to go beyond the ordinary; believing every successfully motivated and developed associate reinforces the group's competitiveness in the global retail arena.

While we strive to grow, develop and retain our own talent, we are also constantly searching for people who enjoy working in a fast-paced, progressive and changing environment and who thrive on high performance. This approach is consistent across our international locations and is reflected in our human capital management practices.

We continue to give full attention to executive succession plans and the growth of our leaders. Focused instructor-led, e-learning and on-the-job training is provided and encouraged for all associates. With improvements in processes, systems and technologies, extensive training is conducted on new ways of working.

ASSOCIATE ENGAGEMENT

We monitor and respond to the climate within our working environments closely using online engagement, on-boarding and exit surveys. Our group-wide engagement survey is followed-up by feedback sessions and focus groups designed to listen to the needs of associates, co-create solutions and identify business improvement and leadership development opportunities.

Direct communication with associates occurs through frequently held *Comm Times* and regular internal broadcasts. Digital communication platforms ensure associates have access to engaging content related to their employment experience with the company. A key emphasis is placed on communication with new associates to ensure they have access to the information needed to set them up for success. Close working relationships between managers and associates are valued with importance placed on providing associates with information relating to their work performance and career management.

PERFORMANCE RECOGNITION AND REWARD

Central to our values is to reward high performance and instil a culture of celebration and recognition.

Our group thrives on happy, motivated employees. We incentivise and reward generously for exceptional performance, strongly encouraging the achievement of personal goals. Well-defined incentive targets are set annually with performance discussions conducted as required during the year. All associates within the Southern African Customs Union (SACU) region are invited to participate in the Mr Price Group share or share option schemes after fulfilling the specific employment tenure requirements of that scheme. As these employees are part-owners in the group, we refer to them as partners or associates. Further details are contained in the remuneration report on pages 52 to 71 and on the group's website.

We use every opportunity to celebrate team or personal achievements and reinforce the spirit of performance. Group results are presented to associates bi-annually. A highlight is the award of the Mr Price Group "Running Man" statue presented to selected associates who have made extraordinary contributions over an extended period. These highly valued individuals embody the group's culture and core beliefs and demonstrate consistently high dedication and performance. Additionally, the Mr Price Group medallion is awarded to associates who have delivered exceptional performance or innovation during the year, thereby setting new standards and becoming role models.

HUMAN CAPITAL MANAGEMENT (HCM) POLICIES AND SYSTEMS

Our HCM policies are designed to contribute to the motivation and retention of our people and are easily accessible to all associates. Specific HCM policies are reviewed as required and a full HCM policy review is conducted every two years.

We continue to transform our HCM capabilities to cater for our growth and people development by seeking to optimise our workforce management, talent management, employee administration, human resource business intelligence, reward management and payroll systems.

Our Talent Management System (Cornerstone) has been enhanced to include Applicant Tracking for talent acquisition and the Learning Management module (LMS) will be extended to all of our stores. Associate On-boarding, and Performance Management will be deployed to head office and senior operations associates in the new year. We continue to improve on business intelligence solutions that provide people managers with relevant human capital metrics to facilitate accurate cost analysis, decision-making and risk mitigation.

Turnover at senior management and executive levels is low, indicating the group's ability to retain key associates. Our stringent pre-employment assessments for store and key positions, including numeracy and behavioural attributes, ensure the required skill levels are maintained across the group.

ASSOCIATE DEVELOPMENT

Talent acquisition

Developing and retaining home-grown talent is a strategy that has served the group well and will continue to be our core focus area. However, sourcing the right retail skills externally is increasingly important and we constantly search for and attract top talent through our ability to offer an outstanding training ground for career retailers, a compelling working experience and the promise of exciting future company growth.

To achieve this, we profile our employment proposition to potential associates through our careers website and social networking platforms or via direct involvement with schools, colleges and universities. Internationally we partner with local service providers in the search for top talent, but maintain the responsibility for socialising new associates into our culture and ways of working.

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

CAREER AND PERSONAL DEVELOPMENT

We offer outstanding career opportunities and associates are actively encouraged to pursue their ambitions within our dynamic and evolving working environments. Business growth and new skill requirements frequently creates new roles associated with organisation and infrastructure improvements. Most roles are filled internally, drawing from the pool of retail talent across the group.

Personal growth and career development is discussed with each associate annually. Line managers are responsible for ensuring these discussions result in meaningful development plans.

MANAGEMENT AND LEADERSHIP GROWTH

The group recognises and rewards leadership innovation and leaders are encouraged to be forward thinking in their approach while also building high performing teams with positive and constructive attitudes. We encourage an entrepreneurial mind-set among managers as the foundation of the group's success as a progressive retailer and employer.

The growth and development of our leaders and managers is supported by personal and career development discussions, leadership assessments and regular performance feedback. Succession planning in all divisions is actively monitored to ensure the constant availability of high quality managers and executives.

We partner with credible training professionals and business schools, locally and internationally, to design and facilitate internal leadership programmes catering for peer group needs within the demands of our busy day-to-day working environments.

Our productive relationship with the Wholesale and Retail Sector Education and Training Authority (SETA) has led to numerous managers being selected for the SETA's International Leadership Development Programme and Retail Management Development Programme.

TALENT DEVELOPMENT

Recognising that attracting, developing and retaining world-class retailers is critical to our competitiveness and long-term sustainability, we strive to improve the quality and delivery of training through our MRP Academy. The academy's success is founded on specialist learning and development programme managers working closely with our faculty of internal subject matter experts that are instrumental in developing and facilitating business-focused learning interventions.

Our well supported Trainee Buyer and Planner programmes have been updated and are being adopted in all trading divisions. These ensure a solid pipeline of critical merchant skills, and a consistency of competence across the group. New Trainee programmes for IT, location planners, store managers and logistics are being crafted to build our pipeline in these critical areas.

Learnerships remain a critical part of the development strategy, as they build our talent pipeline and give associates opportunities to gain a formal qualification. We had 577 associates registered on learnerships during the last financial year, 97% of whom are from previously disadvantaged backgrounds.

All existing e-learning programmes as well as new programmes are currently being updated. All new courses are developed in shorter, bite-size modules and can be delivered across multiple platforms, including mobile.

KEY ACHIEVEMENTS IN TALENT DEVELOPMENT	2018	2017	2016	2015
Investment in learning and development	**R36 654 735**	R37 288 003	R34 783 011	R38 469 092
Total annual number of hours allocated to learning	**218 388**	200 623	232 437	159 276
Average learning and development days per person	**1.4**	1.4	1.8	1.2
Previously disadvantaged individuals as a percentage of total participants in learning and development	**95%**	95%	94%	95%
Females as a percentage of total participants in learning and development	**72%**	74%	73%	72%
Previously disadvantaged associates as a percentage of total of associates trained through e-learning	**98%**	97%	97%	97%
Previously disadvantaged associates as a percentage of associates on learnerships	**97%**	92%	93%	97%

EMPLOYEE RELATIONS

Treating our associates fairly is at the heart of our company's values. We are committed to a workplace free from discrimination, compliant with all relevant labour law and centred on open communication channels between managers and associates. This ensures that workplace grievances are avoided or speedily resolved. The company has maintained a low referral rate to the Commission for Conciliation, Mediation and Arbitration (CCMA) and has an excellent success rate for matters arbitrated.

EMPLOYMENT LEGISLATION

Specialist employee relations practitioners guide our line management in interpreting and applying legislation in the workplace. Internationally we partner with local firms to conduct research into employment practices to ensure compliance as required by individual countries. We have maintained active membership of the National Retail Association that facilitates representation to the National Economic Development and Labour Council (Nedlac) and participate in discussions of national interest.

WELLNESS

Group wellness initiatives, facilitated through our wellness forum, provide associates with access to services promoting individual health and well-being, including financial wellness.

On-site health screening is available at our support centre through our nursing provider and these services, including HIV testing, are offered at store level. Currently we have 2 520 associates covered by medical aid that includes a low-cost entry-level medical plan for store associates.

HEALTH AND SAFETY

Safe working practices are encouraged throughout our businesses and are closely monitored. In the year under review no major associate or customer accidents were reported.



OUR CUSTOMERS 3 16

Our customers are key partners in our business and are the focus of the group's purpose. Customer health and safety and consumer protection form part of compliance management and is the responsibility of each of the trading divisions. The customer's voice is a valuable one to which the group pays special attention. Customers are engaged daily, both informally and formally, through various channels including social media, traditional marketing, the customer call centre, interaction with store associates and participation in customer surveys.

The group is a member of the Consumer Goods Council of South Africa and engages with the Ombudsman (CGCSO) in resolving consumer complaints. The group strives to manage consumer complaints effectively and efficiently and the number of complaints referred by customers to the CGCSO is minimal. Associates are required to engage with customers in accordance with the group's business code of conduct and in a respectful and ethical manner. The group is also a member of the National Clothing Retail Federation of South Africa (NCRF) and works together with other clothing retailers on matters materially impacting clothing retailers and our customers. The group, together with other clothing retailers, successfully challenged the National Credit Regulator (NCR) to ensure that affordable credit is available to all customers. Further details are on page 27.

OUR CORPORATE SOCIAL INVESTMENT (CSI)

The group reinvests 1% of net profit after tax from the South African operations into the communities in which it operates by making a donation to MRP Foundation. This registered non-profit organisation (NPO) focuses on youth development with the vision of young people breaking the cycle of poverty and inequality by reaching their full potential. The focus of MRP Foundation remains on education (MRP Foundation Schools) and skills development (Jump Start).

KEY ACHIEVEMENTS OF MRP FOUNDATION PER YEAR	2018	2017	2016	2015
Group donation to MRP Foundation	**R28 177 838**	R22 259 933	R27 560 965	R21 726 130
Percentage of MRP Foundation funded by group	**72%**	66%	74%	60%
MRP Foundation funds invested into education[1]	**R18 036 573**	R14 755 143	R12 098 100	R19 369 892
MRP Foundation funds invested into skills development[1]	**R16 360 427**	R15 800 069	R19 014 444	R12 927 683
Previously disadvantaged individuals as a percentage of total participants in programmes	**99%**	100%	100%	100%
Number of learners who have benefitted from school programmes	**50 409**	36 395	65 236	60 727
Number of young adults who have benefitted from Jump Start programmes	**4 210**	4 913	3 687	3 697
Percentage Jump Start programme participants placed into jobs (refer to Jump Start section on page 77)	**45%**	41%	49%	60%

Note
1. MRP Foundation funds invested include external donations, in addition to the R28m donated by the group.

mrpfoundation

MRP Foundation finds strategic solutions to positively impact South Africa's socio-economic landscape through relationship building with key stakeholders around education and skills development. This year MRP Foundation achieved BEE Level 1 Compliance status. For further information on the activities of MRP Foundation, refer to www.mrpfoundation.org.

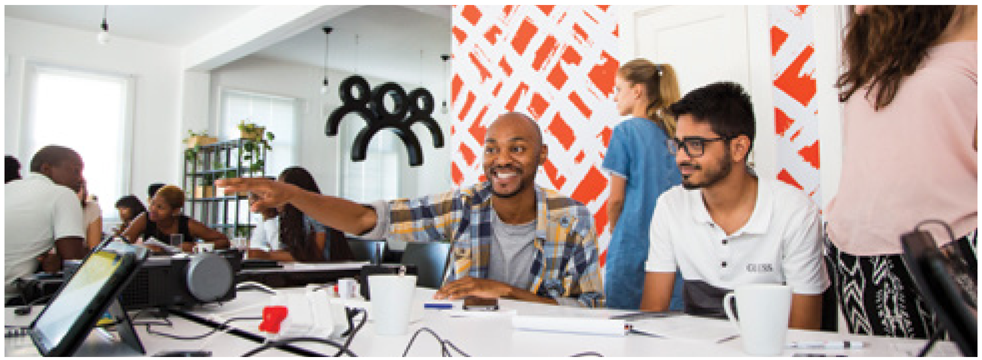
MRP FOUNDATION MODEL

How we do what we do:
- Passionately
- Creating value for all
- In partnership

What we do:
- Hard skill development
- Soft skill development
- Connection to job markets

Critical enablers:
- Sustainable business model
- Relationship management

MRP Foundation is a developmental organisation that drives social change and upliftment in the lives of children and youth from low-income communities, with measurable impact. It is founded on a sustainable business mindset, to ensure funding is used cost effectively to achieve maximum impact. Strong governance, financial controls and monitoring and evaluation ensure visibility of programme deliverables and associated spend within agreed parameters.



mrp foundation schools

EDUCATIONAL ENVIRONMENTS WHERE LEARNER POTENTIAL IS UNLOCKED.

MRP Foundation has developed a holistic school model and the strategy is to scale up the number of schools in each of the regional clusters from the new financial year.

The approach to holistic school development involves building staff capacity and supporting the running of a well-functioning government school. This includes teacher development in content knowledge and curriculum delivery, development of school leadership to ensure good governance and involving parents and the community to create a successful learning environment. The sustainability of quality education is prioritised.

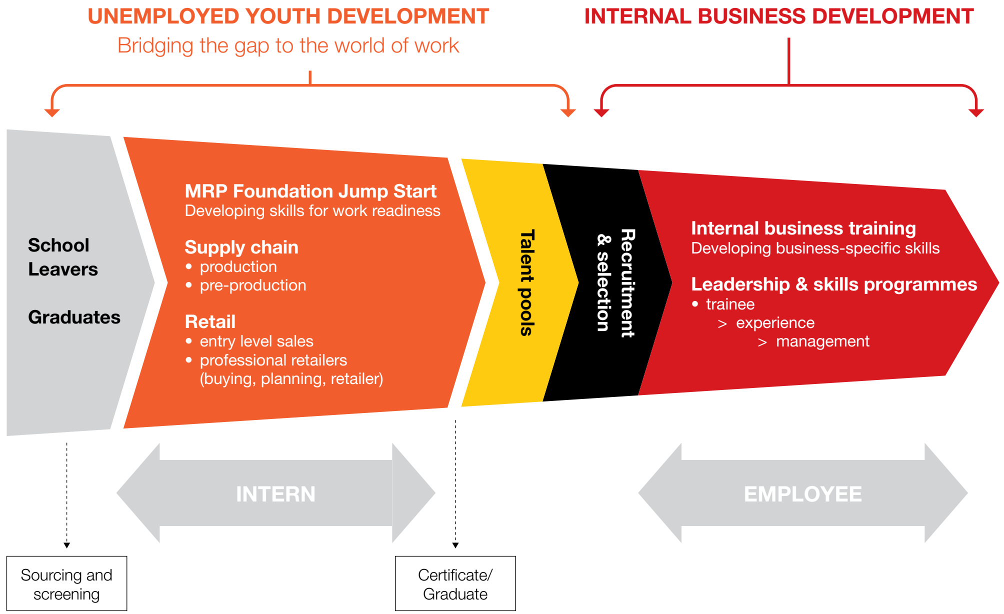
MRP Foundation views the development of a child within the school context as broader than academic development. The programme addresses additional development areas like creative, physical and relational needs through interventions in arts and culture, sports and physical education, physical environment, educational technology, life skills and work readiness. All programme components are aligned to complement the Curriculum Assessment Policy Statement (CAPS) as the national curriculum.

mrp foundation jumpstart

SKILLS DEVELOPMENT FOR UNEMPLOYED YOUTH.

Jump Start incorporates job readiness programmes for unemployed youth (school-leavers and graduates) in both retail and manufacturing that enables them to enter the job market better prepared.

Programmes are developed for the industry, by the industry, and aim to bridge the growing gap between school leavers/graduates and the world of work. Candidates successfully completing the programme have the potential to access employment opportunities in the group as well as other participating companies with access to the database of employable people.



The programmes provide both employer partners and learners with a dynamic and versatile delivery of learning, specifically informed by and tailored to the demands of the industry.

A measure of success is the number of candidates who successfully complete the Jump Start programme and are employed and therefore careful attention is paid to matching employer partner demands to the supply of suitable Jump Start candidates and not to train people where there are no job prospects.

The diagram below reflects the approach followed to create a talent pipeline for MRP Foundation Employer Partners including Mr Price Group.

In **Jump Start Supply Chain**, the number of suppliers engaging in the upskilling of production candidates has been limited. This is in keeping with the strategy to ensure suitable supplier development is carried out prior to MRP Foundation involvement in any required skills development to ensure that the supplier has capacity to absorb at least 50% of successful production candidates.

The **Jump Start Retail** entry level programmes develop the skills of unemployed youth for jobs in the local retail sector at entry level positions, such as store associate, distribution centre (DC) associate and call centre associate. In the past year 4 194 delegates completed work experience and 1 870 were employed into various employment contracts within the group (additional delegates were employed by other retailers). The decrease on employment rates is being addressed through improved individual engagements with each employer partner to determine appropriate targets by region in addition to linking targets to respective employment equity demographics. A key focus is matching employer partners demands to the supply of suitable Jump Start candidates and not to train people where there are no job prospects. This ensures employable youth and employment opportunities are matched.

The **Professional Retailers** Internship was piloted this year with the aim of positioning the retail industry as a career opportunity for recent graduates and establishing a critical skills pipeline for retail-specific roles like buying, planning and store management. The calibre of delegates is a key focus to ensure candidates have the willingness and competence to enter a career in retail - 33 interns started the programme and 16 graduated at the end of October 2017 with a 100% employment rate.

ETHICS 1 2 13

The group's long standing and embedded beliefs of Passion, Value, Partnership form the backdrop of the group's objective to ensure ethical practices that filter throughout the business from the group's vision and strategy to day-to-day activities. Further detail on these values can be found on page 9. The directors actively practice ethical leadership, and are always required to act with integrity, competence, responsibility, accountability, fairness and transparency. The tone at the top, including the board, executive management and senior business leadership, is a key contributor to achieving a tangible ethical culture. Further detail on ethical leadership can be found in the board report on pages 38 to 45.

Ethics is governed by the board and through delegation to the SETS committee. The SETS committee directs the group's approach to ethics by approving codes of conduct and policies to give effect to this to address key ethical risks and set the tone for interaction with internal and external stakeholders and society. The SETS committee also provides ongoing oversight of the management of ethics to ensure what happens in practice aligns with policy.

In turn, the management of ethics is delegated by the SETS committee to management. All associates must practice organisational ethics on a daily basis in the form of appropriate business conduct, decision-making and relationships with stakeholders. The group's approach to ethics is formalised in the Business and Supplier Codes of Conduct applicable to all associates, directors, suppliers and persons acting on behalf of or representing the group. Training on these Codes of Conduct is conducted during associate and director induction programmes, leadership programmes and supplier onboarding processes. They are also frequently communicated and referred to and are available on the group's website and associate intranet.

The ethics officer reports ethics management. The SETS committee-approved group ethics management framework will formalise and enhance the group's ethics management practices. The ethics officer monitors general ethics compliance and is supported by the internal audit department and external professional advisors where necessary. The group has an active fraud hotline used by associates to report fraudulent activity and other general non-ethical behaviour. The fraud hotline will be rebranded and re-launched as an ethics hotline in F2019 and made available to suppliers, customers and associates. Annually a declaration of compliance with the Business Code of Conduct is undertaken across the business, focusing on executive and senior management as well as associates who engage with and have the ability to influence relationships with suppliers or professional advisors. The outcome is reported to the audit and compliance committee (as part of its compliance oversight role) and the SETS committee, and any concerns investigated by the ethics officer and internal audit. For the reporting period no material issues were noted.

There is high level and frequent reporting on ethics to management through the quarterly governance divisional board meetings attended by senior management of the trading and support service divisions, as well as to the board through the SETS committee. This reporting includes statistics and trends regarding ethics issues reported to the fraud hotline, ethics feedback from group culture surveys, results of the annual Codes of Conduct declarations, and other material ethics issues.

The key ethics focus areas for the reporting period were the formal appointment of the ethics officer, general review of current organisational ethics governance and management, and update of the Codes of Conduct including the gift policy to align with ethical best practices and clarify and enhance the group's stance on anti-bribery and corruption.

Planned ethics focus areas for F2019 are implementing of the formal ethics framework; drafting an ethics strategy and implementation plan; relaunching the fraud hotline facility as an ethics hotline and increased meaningful reporting on organisational ethics.

TRANSFORMATION 4 13 16

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (B-BBEE) COMMITMENT

The group is committed to meeting the requirements of B-BBEE and the spirit of transformation. The significant changes introduced under the Revised Codes of Good Practice have challenged both the group and its local merchandise supply base. Despite these challenges, the group has achieved B-BBEE compliance with an increased total number of BEE points this year. The local merchandise supply base is working to achieve compliance against the Revised Codes but a delay in attaining the certification lowered the preferential procurement points this year.

This resulted in the minimum number of points under the enterprise and supplier development element of the scorecard not being achieved thereby triggering a level discounting from level seven to level eight. Increased focus and investment will be applied to this element to prevent the future application of the penalty level.

SCORECARD

ELEMENT	WEIGHTING POINTS	POINTS F2017	POINTS F2018
Ownership	25	10.93	12.62
Management control (includes employment equity)	19	5.44	5.49
Skills development	25	10.86	16.91
Enterprise and supplier development (includes preferential procurement)	40	20.53	18.88
Socio-economic development	5	5	4.87
TOTAL POINTS	**114**	**52.76**	**58.77**
Compliance level achieved		Level 8	Level 8

OWNERSHIP

The group's international shareholding of 50.7% negatively affects the group's potential local ownership points. However a comprehensive exercise was conducted this year to understand the group's entire shareholding down to individual shareholder level. This has contributed to an improvement in points achieved under this element. Furthermore, associates have the opportunity to share in the group's success by participating in the various share schemes. Participants in the Partners Share Scheme hold 4.4m shares and received dividends of R22.7m during the year. Refer to the remuneration report on pages 52 to 71 for additional information.

SKILLS DEVELOPMENT – ASSOCIATES

Refer to the talent development section on page 75.

SKILLS DEVELOPMENT – UNEMPLOYED PEOPLE

The group's strategic partnership with MRP Foundation provides a training ground for work experience through Jump Start. The group also participated in an unemployed learnership programme for 134 black youth with disabilities to facilitate skills development and hope for these young people.

EMPLOYMENT EQUITY (EE)

The group recognises the value in diversity and 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 group's 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 our associates identify with unconscious bias and ensure a vibrant and representative workforce.

The committee reviews and assesses, while the board ratifies, appropriate employment equity goals and targets. A new employment equity committee has been convened with improved top and senior management representation as well as critical and core positions across the group. The intention is to drive the transformation agenda and enable the achievement of our 2020 employment equity goals. The committee meets regularly to discuss progress; identify and recommend steps to overcome barriers to affirmative action and ensure adherence to relevant legislation.

The group is in its first year of its new employment equity plan (2018 – 2020 plan) and is pleased to note it is progressing well towards achieving its 2020 targets to goals.

TOTAL WORKFORCE PROFILE - MARCH 2018

OCCUPATIONAL	MALE				FEMALE				FOREIGN NATIONALS		TOTAL
Occupational Levels	A	C	I	W	A	C	I	W	Male	Female	
Top management	1	-	-	10	-	-	-	4	-		**15**
Senior management	4	1	5	38	1	3	5	34	1	3	**95**
Professionally qualified	44	13	62	128	34	23	68	151	5	6	**534**
Skilled technical	658	154	174	109	1 890	669	333	408	7	12	**4 414**
Semi-skilled	2 785	380	125	18	7 425	1 416	364	76	11	27	**12 627**
Unskilled	61	-	-	-	119	1	-	-	-	-	**181**
TOTAL PERMANENT	**3 553**	**548**	**366**	**303**	**9 469**	**2 112**	**770**	**673**	**24**	**48**	**17 866**
Temporary employees	107	27	3		268	29	4	3	-	-	**441**
GRAND TOTAL	**3 660**	**575**	**369**	**303**	**9 737**	**2 141**	**774**	**676**	**24**	**48**	**18 307**
ACI as % of total	Male	94%			Female	95%				Total	**94%**

DISABLED WORKFORCE PROFILE - MARCH 2018

OCCUPATIONAL	MALE				FEMALE				FOREIGN NATIONALS		TOTAL
Occupational Levels	A	C	I	W	A	C	I	W	Male	Female	
Top management	-	-	-	-	-	-	-	-	-	-	**-**
Senior management	-	-	-	-	-	-	-	-	-	-	**-**
Professionally qualified	-	-	-	1	-	-	-	-	-	-	**1**
Skilled technical	1	-	1	2	6	1	2	3	-	-	**16**
Semi-skilled	3	-	-	-	4	3	-	-	-	-	**10**
Unskilled	55	-	-	-	85	-	-	-	-	-	**140**
TOTAL PERMANENT	**59**	**-**	**1**	**3**	**95**	**4**	**2**	**3**	**-**	**-**	**167**
Temporary employees	-	-	-	-	-	-	-	-	-	-	**-**
GRAND TOTAL	**59**	**-**	**1**	**3**	**95**	**4**	**2**	**3**	**-**	**-**	**167**
ACI as % of total	Male	95%			Female	97%				Total	**96%**

ENTERPRISE AND SUPPLIER DEVELOPMENT (INCLUDES PREFERENTIAL PROCUREMENT)

Supplier development

The group applies robust due diligence processes to ensure all investments meet the definition of B-BBEE supplier development criteria; have a strong business case and are sustainable and meaningful to the partners.

The partnership with the Sustainable Cotton Cluster (SCC) and the financial support provided to qualifying farmers continued this year with the purpose of reigniting the local cotton growing industry. This initiative has increased the economic wealth of black cotton farmers; created jobs and improved cotton farming standards. For further information refer page 81.

Enterprise development

The partnership with The Clothing Bank (TCB) is now four-years strong and continues to be a success story of economic empowerment win-win for all partners.

A registered NPO and public benefit organisation, TCB channels donated stock through an enterprise development programme. The programme initially focused on unemployed mothers, but has been extended to include men as well as a group of sewers and cobblers. The programme aims to break the cycle of poverty and for the participants to become self-sufficient through training and mentorship centred on basic business and life skills. The amount of stock donated to TCB has increased significantly and exceeded 1 million units since inception in 2014. In the reporting period, over 897 entrepreneurs were supported by TCB's programme. Further information on TCB and its activities can be found at www.theclothingbank.co.za.

Preferential procurement

Procurement practices across the group are continuously reviewed with the expectation of B-BBEE compliance from all local South African suppliers. The challenge remains finding suitable local manufacturing capacity, capability, competency and compliancy to produce the required merchandise and address the need for more local production to more swiftly respond to changing customer needs. Refer to the value chain section below where the efforts to support a local supply base are highlighted - 76.1m units (R3.6bn) was sourced from South Africa this year.

SOCIO-ECONOMIC DEVELOPMENT

The group's donation to MRP Foundation meets the socio-economic development requirements set out in the BEE scorecard. The strategic importance of the foundation's activities is discussed above and further information can be found at www.mrpfoundation.org.

SUSTAINABILITY 2 3 4 16

The group's sustainability is focused on creating shared value and embedding good social and environmental practices within the business and its value chain.

VALUE CHAIN

In 2017 a value chain development strategy was developed focusing on building a sustainable, competitive and efficient value chain. While there is a focus on the group's global value chain, South Africa has been prioritised and innovative solutions are being tested with local key suppliers and in partnership with other organisations and relevant government departments.

Responsible sourcing

Suppliers are expected to comply with the group's Supplier Code of Conduct, which includes requirements regarding the environment, labour, ethics, and health and safety regulations. The Supplier Code of Conduct is located on our website at www.mrpricegroup.com.

The group has a Responsible Sourcing Guide to assist trading divisions in assessing, monitoring and evaluating responsible practices within their supply chains. Key resources within the group are trained to assist divisions in executing this.

There's been an increased focus on ethical trade globally which the group supports. Buyers are trained on ethical trading principals and the associated risks of procuring clothing, footwear and textile products globally. We encourage our merchants to collaborate with suppliers in achieving the goal of responsible sourcing practices.

Since January 2017, 50 assessments have been carried out at 39 sites in SACU against a benchmark and required standards on cost control, flexibility, reliability, quality, efficiencies and labour standards (21 benchmarks and 29 labour standard assessments). Gaps were identified and a phased implementation plan activated. Improvements were recorded on health and safety standards as well as priority performance areas in relation to production capability. Implementation of these development areas will continue into F2019 and beyond in collaboration with our suppliers.

GLOBAL PARTNERSHIPS

The group has membership in the following organisations with the aim to work together to develop sustainable solutions for the business and industry at large.

Supplier Ethical Data Exchange (SEDEX)

Sedex is a not-for-profit membership organisation dedicated to driving improvements in responsible and ethical business practices in global supply chains. The database is a valuable tool to map suppliers and factories as well as record supplier business ethics, labour, health and environmental practices to enable the risk assessment of suppliers in accordance with these metrics. For further information refer to www.sedexglobal.com.

The group's global supply chain mapping has progressed well as the number of suppliers with Sedex membership has increased from 301 (base year of 2015) to 914 in F2018. The first-tier mapping covers approximately 85% of all trade suppliers with which the group places orders and the mapping of second-tier suppliers (manufacturing sites) is progressing well and remains a key focus area for the resource teams, as visibility and transparency are required to ensure supply chains are sustainable, efficient, effective and compliant.

Ethical Trading Initiative (ETI)

The ETI is a leading global alliance of companies, trade unions and NGOs promoting respect for worker rights. The group is committed to ethical trade and has partnered with ETI to participate in collectively tackling the many issues that cannot be addressed by companies working in isolation. The group reports annually to ETI on its progress. The group achieved full membership status in 2017 for its progress and commitment to the implementation of ETI principles. For further information refer to www.ethicaltrade.org.

LOCAL PARTNERSHIPS

Sustainable Cotton Cluster (SCC)

The group is committed to developing the South African cotton industry and has partnered with the SCC to secure a sustainable local cotton value chain (BCI standards) to unlock value for all stakeholders (from the farmer to the consumer). This is a remarkable move towards business, government and civil society working together to address national priorities by creating jobs and unlocking potential in the country. The group is proud to have been involved as the foundation retail member.

This year the group procured 2 800 tons of cotton from South African farmers (of which 514 are small-scale farmers) and has beneficiated a total 2 096 tons into towels, t-shirts and other products. Several of our suppliers are participating in the programme and have made commitments to source the cluster cotton.

The support provided to South African cotton farmers assisted the SCC in an estimated 37 133 tons of BCI standard cotton harvested in 2017/18 production year with a subsequent growth of 139%. A facility of R16.6m was approved to assist small scale farmers further with seed, fertiliser and other input costs.

While great strides have been made to grow sustainable cotton in South Africa, work to unlock further bottlenecks within the value chain has prohibitted the group from expanding this programme.

The knowledge gained through this initiative has encouraged the group to explore the procurement of sustainable cotton products beyond South Africa. A target of 80% sustainable cotton sourced by F2023 has been set.

For further information on the cluster's activities, refer to https://sustainablecottoncluster.wordpress.com and www.cottonsa.org.za.

KwaZulu-Natal Clothing and Textile Cluster (KZNCTC)

The KZNCTC is a public-private partnership between the government, learning institutions and the local clothing, textiles, footwear and leather industry. The KZNCTC works with the KwaZulu-Natal value chain to develop competitiveness from raw material production to retail. It is an industry-driven initiative drawing on the experience and leadership of member firms. For more information refer to www.kznctc.org.za.

The partnership with the KZNCTC has been valuable as the group has been exposed to new thinking, knowledge sharing opportunities and invaluable research. This year the group partnered with the KZNCTC in developing and testing a supplier due diligence tool to promote industry-wide compliance to social, economic and environmental standards and will facilitate adopting manufacturing best practices.

ENVIRONMENTAL

Commitment

The group's purpose to add value to customers' lives and worth to partners' lives, while caring for the communities and environments in which we operate defines the group's environmental commitment. This provides guidance for the group's environmental framework by describing the values in the partnership with society and the planet and the group's impact on natural capital. Understanding and responding to the significant environmental impacts is an ongoing process.

Reduce, Reuse, Recycle

The group is committed to the principles of reduce, reuse and recycle, a globally accepted waste hierarchy.

This year, the aspect of REFUSE has been introduced, which means to first refuse any unnecessary elements such as unnecessary packaging or single-use items. Further to this, the recent requirements of Section 28 of the Waste Act, which requires producers to subscribe to and implement an appropriate Industry Waste Management Plan for specific packaging and certain goods, has seen the group taking the necessary steps to register and develop a response plan.

ENERGY

Lighting

Opportunities to reduce energy usage through more efficient lighting technology, energy monitoring, energy awareness and user behaviour have been undertaken at store level, the new DC as well as at the group's head office.

Energy usage is a key sustainability indicator and major operational expense. Since 2013 (baseline year) the group's carbon footprint has been reduced by approximately 38.5 million kWh (38 311 tons CO_2 emissions).

The group has benefited from various initiatives to reduce electricity costs and positively impact on the environment. The roof-top solar photovoltaic (PV) systems at the group head office and new DC continue to run successfully, achieving continuous environmental and electricity cost saving. The PV systems have generated 565 249 kWh hours in this financial year. The retrofitted stores also consistently reduce environmental and electricity usage. Stores with installed meters are monitored on a live system where any exceptions or issues can be addressed immediately ensuring ongoing efficiency.

Heating and cooling systems

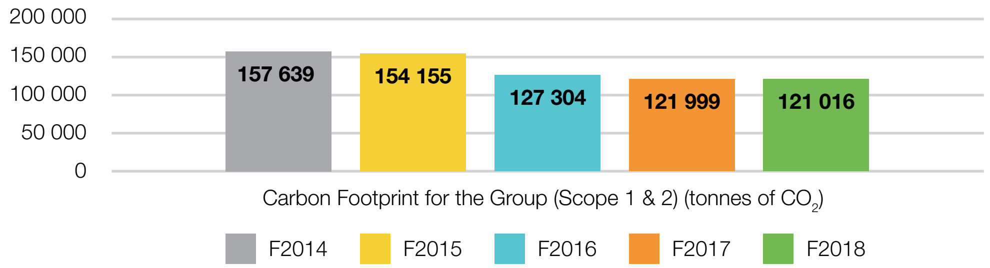
A new heating, ventilation and air-conditioning system was implemented at the head office complex to further improve energy efficiency.

Fuel usage

The group's contracted courier is continuously looking at efficiency opportunities for delivering group's merchandise around the country. Idling cut-off systems have been installed and the vehicles run on efficient technology relating to fuel consumption and routes.

Carbon footprint

The graph below represents the group's South African carbon footprint (tonnes of CO_2) based on scope one and scope two emissions (including stores, head office and DC).



CO_2 emissions in this year have been influenced by the following:

- Change in the emission factor from 1.01 in 2017 to 0.99 in 2018
- New stores opened this year
- The new DC in Hammarsdale was commissioned with a 131% increase in the kWh usage due to an increased size and mechanisation over the old facility
- Financial Services expanded to additional office space with a 15% increase in the kWh usage.

WATER

Water is a significantly impacted resource in South Africa and globally, as highlighted by the Cape Town water crisis, meaning that individuals, companies and the government must proactively address this scarce resource.

The group's direct water consumption needs are being tracked at head office locations and is in progress at stores. Currently 85% of the group's stores are in shopping centres and rely on landlords for water and sanitation requirements. Landlords are being engaged to understand response plans and risk mitigations. The group's new DC in Hammarsdale is totally self-sufficient, with a 2.5 million litre water catchment tank to provide its water needs.

It is acknowledged that the primary water impacts are in the group's upstream and downstream value chains. The downstream production process of the clothing and textile industry is substantial, but the group is working on mapping its entire supply chain to better understand impacts and to then work with suppliers to investigate their water footprint. Upstream impacts pertain to consumer usage through washing and there remains an opportunity to increase awareness at a customer level around water use and impacts.

OTHER ACTIVITIES

Other reduction activities that yield environmental and cost savings include:

- Reduced use of paper and related consumables at head office and stores
- Electronic till slip option in stores
- Paperless administration at stores
- Standardised carton sizes enabling better reuse of cardboard boxes
- Elimination of plastic straws and
- Removal of polystyrene cups and containers from the group canteen.

AWARENESS

Associates

The group launched its sustainability communication, Together We Do Good, in October 2017 to associates. The ethos of this messaging is to create awareness and buy-in from all associates that to effect sustainable change, we have to do this together. The positioning has been well received and the roll-out to external stakeholders is in progress.

Community awareness

MRP Foundation's Schools Programme has an environmental element to teach learners about the environment. The programme creates awareness and action around environmental sustainability in schools and the surrounding communities and supports education for sustainable development in the national curriculum. Through the Together We Do Good communication the messaging will go out to our communities.

PARTNERSHIPS

Partnerships are critical to the group's success and sustainability journey.

The group's WWF Corporate Network Partnership provides thought leadership and is a critical friend to ensure the group considers material environmental impacts.

The group participates on the BUSA environmental committee to keep informed of environmental legislation.

CORPORATE CITIZENSHIP TRACK RECORD

PRINCIPLES: 4 11

The following key indicators have been identified to measure the group's social and environmental progress. Refer to the six year review for the group's economic progress.

	Unit	2018	2017	2016[4]	2015	2014	2013
SOCIAL & RELATIONSHIP AND INTELLECTUAL							
Total number of people employed		**18 536**	17 822	17 956	17 098	18 104	19 384
Staff turnover[1]	%	**31.0**	34.0	26.2	32.7	20.1	21.5
Black staff as a % of total permanent staff	%	**95**	94	93	93	91	94
Promotions of black people as a % of total promotions	%	**92**	90	92	91	82	87
Investment in people learning and development	R'm	**36.7**	37.3	34.8	38.5	33.8	30.8
Black people participating in learning and development	%	**95**	95	94	95	90	88
Corporate social investment	R'm	**28.2**	22.3	27.6	23.5	18.8	16.7
Enterprise and supplier development investment[2]	R'm	**59.2**	48.6	11.9	36.0	28.0	23.2
NATURAL[3]							
Carbon emissions (estimated) (in SA)	Tonnes	**121 016**	121 999	127 304	154 155	157 639	210 786
Electricity consumed (Kwh in SA)	Million	**118.7**	116.6	122.2	142.3	158.1	Not reported

1 Primarily store associates, and has historically been below industry norms.
2 The reduction in investment in 2016 is due to changes in the qualifying criteria under the new B-BBEE Codes of Good Practice.
3 Refer to page 82 for further information.
4 2016 was based on 53 weeks

TOGETHER WE DO GOOD