2016

ANNUAL INTEGRATED REPORT APR 2015 - MAR 2016

mr price group limited

mr pricegrouplimited

inside

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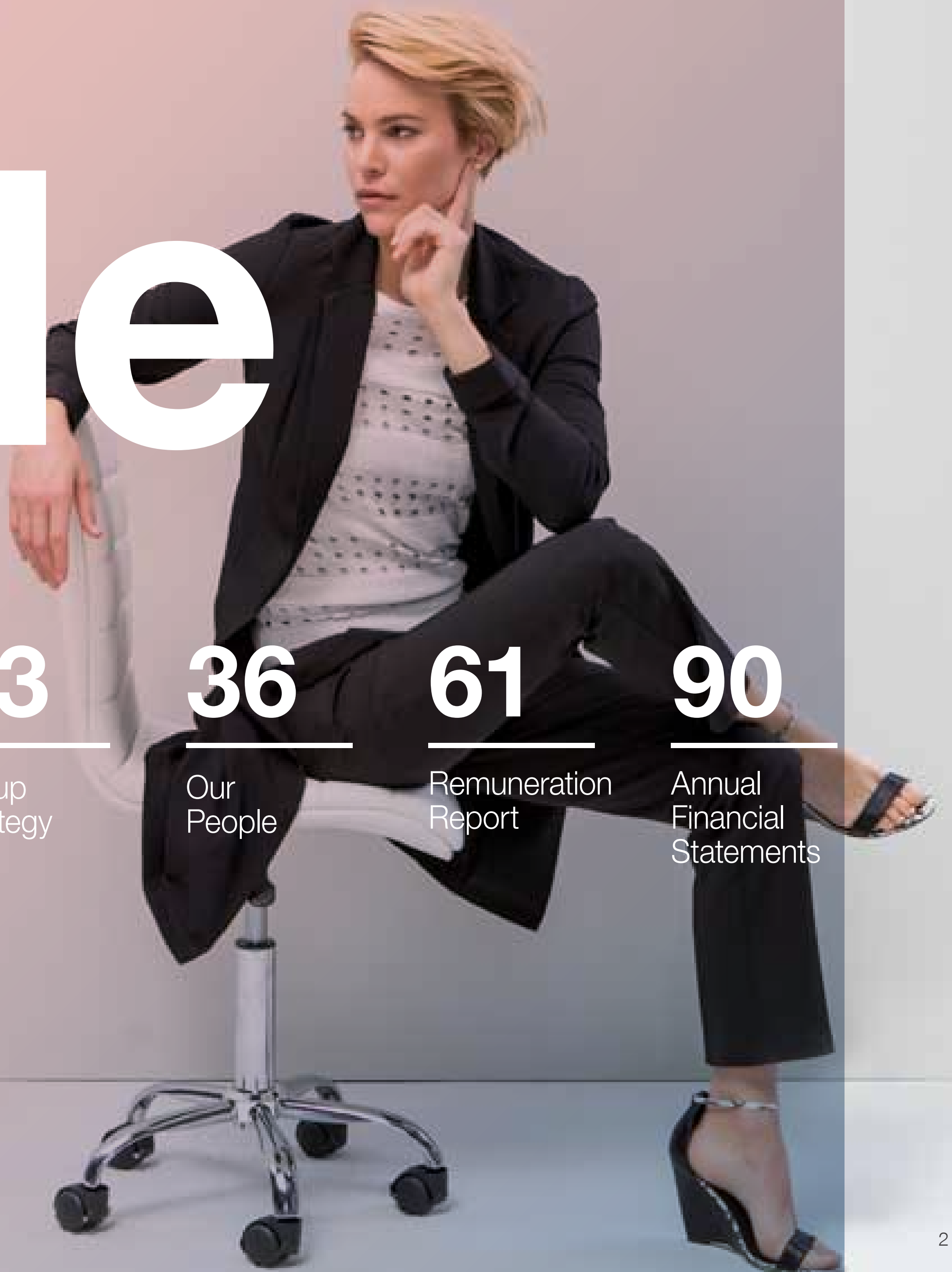


SCOPE & BOUNDARY

We have pleasure in presenting the 2016 integrated report for Mr Price Group Limited and its subsidiaries.

The report is aimed principally at our shareholders – the providers of financial capital – and the broader investment community both locally and offshore. However, we recognise that several stakeholder groups influence our business, primarily but not limited to, our customers, shareholders and employees.

This report aligns with the requirements of the King Code of Governance for South Africa (King III) and the International Integrated Reporting Council's Framework. 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 this report. The information contained in this report is consistent with the indicators used for our internal management and Board reports, and is comparable with previous integrated reports.

Materiality

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

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

Additional information

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

Scope

This report provides a consolidated view of the Group's financial, social, economic and environmental performance for the 53-week period ended 2 April 2016. It includes the financial results of Mr Price Group Limited trading in South Africa, Australia, Botswana, Ghana, Lesotho, Namibia, Nigeria, Swaziland, Zambia and MRP Foundation (all 100% owned subsidiaries), mrpMobile (55% owned subsidiary) as well as the income received from franchise operations trading elsewhere in Africa. Our reporting complies with International Financial Reporting Standards, the Companies Act of South Africa (71 of 2008) and the JSE Listings Requirements. In terms of non-financial indicators, only South African operations are included, unless otherwise indicated.

Boundary

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

Assurance

The Group's consolidated Annual Financial Statements have been audited by the independent external auditor, Ernst & Young Inc. Their unqualified report can be found on page 82. In addition, the independent auditor verified the information contained in the Remuneration Report on page 61.

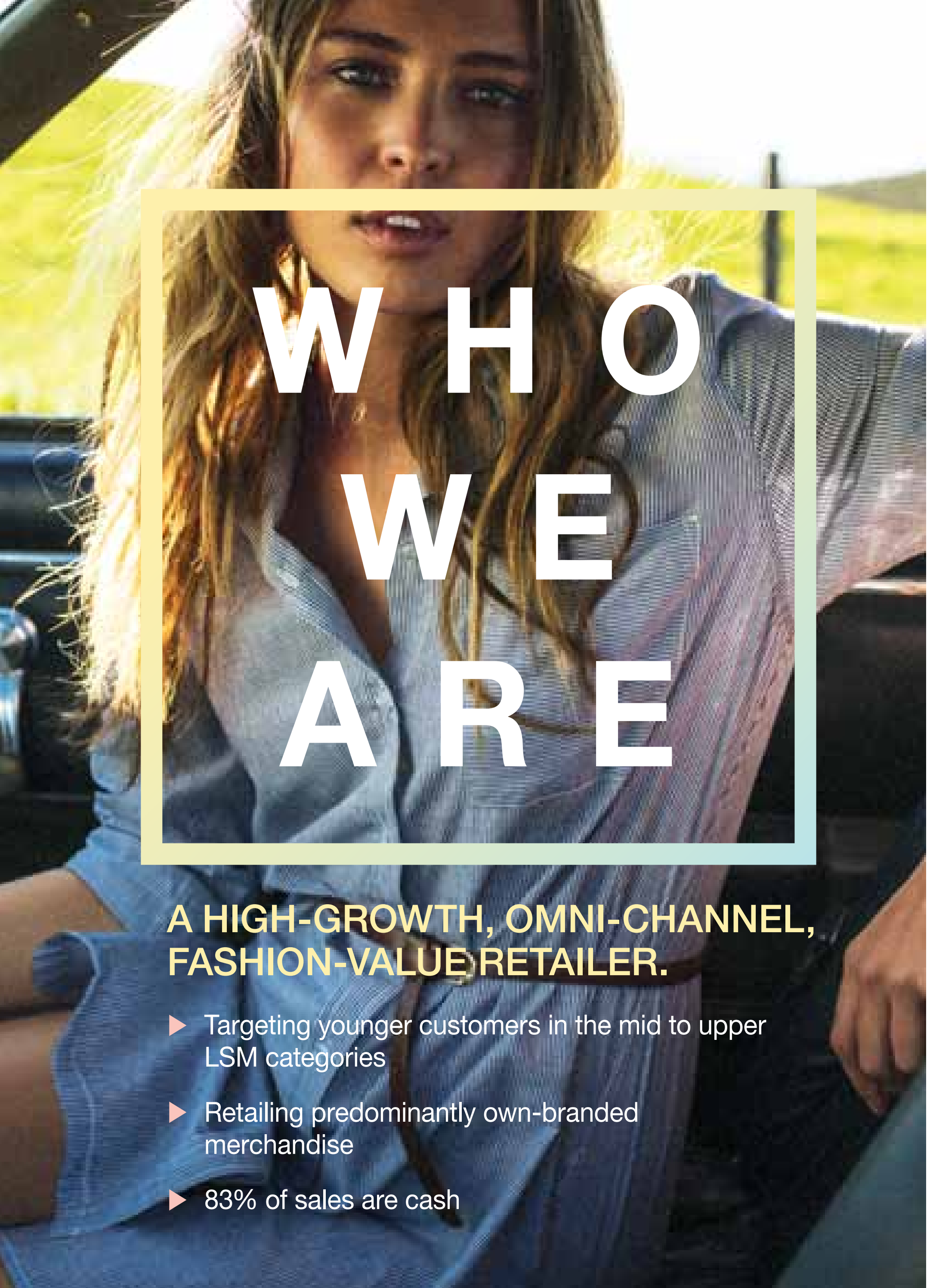
The disclosures within Our People Report (page 36) and Building Sustainability through Shared Value Report (page 41) were verified by our Internal Audit division. The Board is satisfied with the level of assurance on the Annual Integrated Report and does not believe that it should be subject to further external assurance at this point.

Approval

The Audit and Compliance committee has reviewed the integrated report (including the full and abridged 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 2016 Annual Integrated Report was approved for release to stakeholders by the Board on 31 May 2016.

NG Payne **Chairman**	SI Bird **CEO**	MM Blair **CFO**



WHO WE ARE

A HIGH-GROWTH, OMNI-CHANNEL, FASHION-VALUE RETAILER.

- Targeting younger customers in the mid to upper LSM categories
- Retailing predominantly own-branded merchandise
- 83% of sales are cash

business model

fashion

Fashionable merchandise 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

Fashion + quality + price

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

mr pricegrouplimited

1 200 owned and franchised stores and online channels offering full product assortments

Market capitalisation of R45 billion (year end)

30-year CAGR in HEPS of 23.0% and DPS of 24.6%

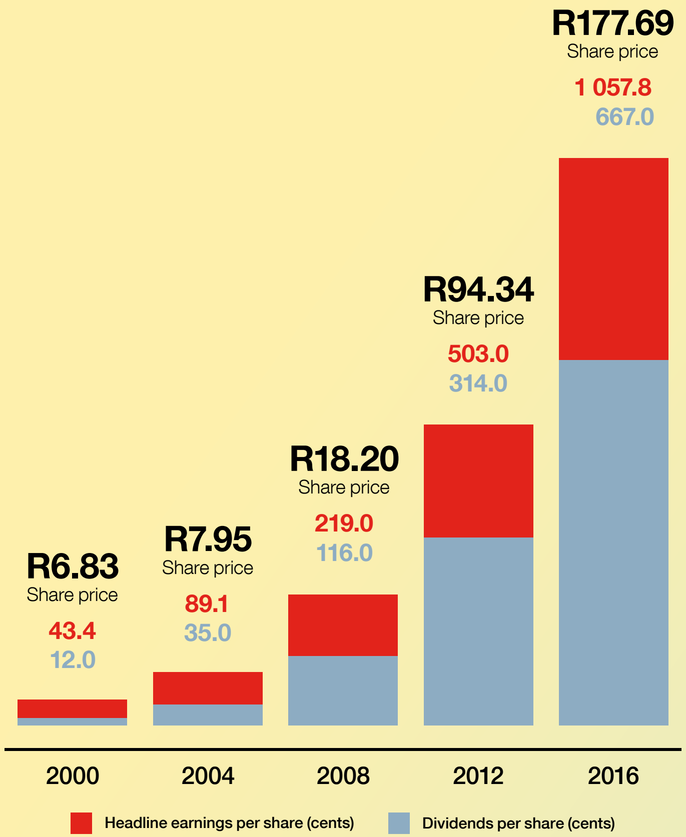
Included in MSCI Emerging Markets Index

International shareholding of 52%

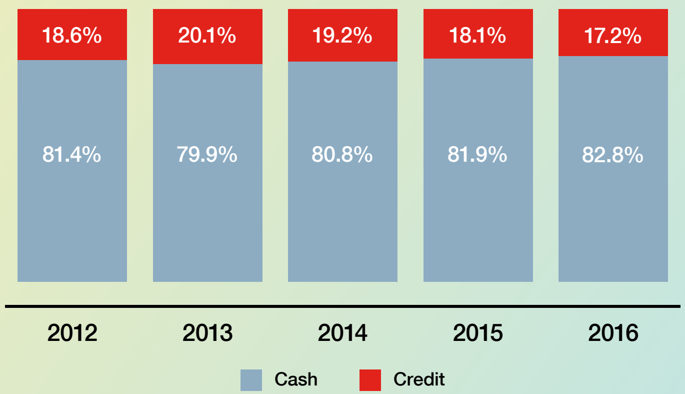
17th in Business Times Top 100 Companies, highest ranked retailer

Ranked 3rd in Financial Mail Top Companies 2015

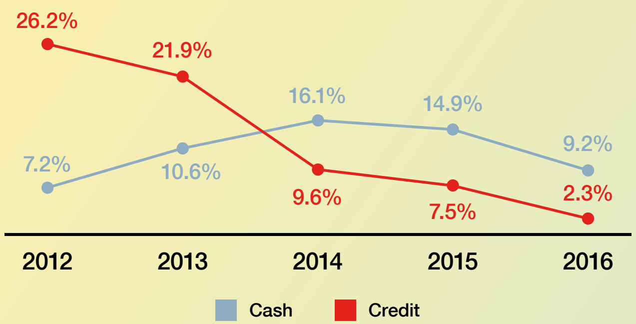
Included in JSE Top 40 Index and Socially Responsible Investment Index



Cash and credit sales % of total retail sales



Cash versus credit sales growth



OPERATIONS & FOOTPRINT

1 181
Total owned stores

594 557m²
Total trading area

mrp

458
Total Stores

642m²
Average store size

293 849m²
Total trading area

mrpHome

163
Total Stores

803m²
Average store size

130 843m²
Total trading area

mrpSport

82
Total Stores

711m²
Average store size

58 315m²
Total trading area

Sheet Street

280
Total Stores

181m²
Average store size

50 557m²
Total trading area

Miladys

198
Total Stores

308m²
Average store size

60 993m²
Total trading area

OPERATIONS & FOOTPRINT

1 089 Total Stores **South Africa**

407	mrp
149	mrpHome
79	mrpSport
264	Sheet Street
190	Miladys

37 Total Stores **Namibia**

18	mrp
5	mrpHome
2	mrpSport
8	Sheet Street
4	Miladys

22 Total Stores **Botswana**

12	mrp
3	mrpHome
1	mrpSport
4	Sheet Street
2	Miladys

7 Total Stores **Swaziland**

2	mrp
1	mrpHome
2	Sheet Street
2	Miladys

5 Total Stores **Nigeria**

5	mrp

5 Total Stores **Lesotho**

2	mrp
1	mrpHome
2	Sheet Street

6 Total Stores **Ghana**

4	mrp
2	mrpHome

8 Total Stores **Zambia**

6	mrp
2	mrpHome

2 Total Stores **Australlia**

2	mrp

19 Total Stores **Franchise**

10	Kenya
3	Uganda
2	Tanzania
3	Mozambique
1	Rwanda

OUR VISION PURPOSE VALUES

vision

To be a top performing, international retailer.

purpose

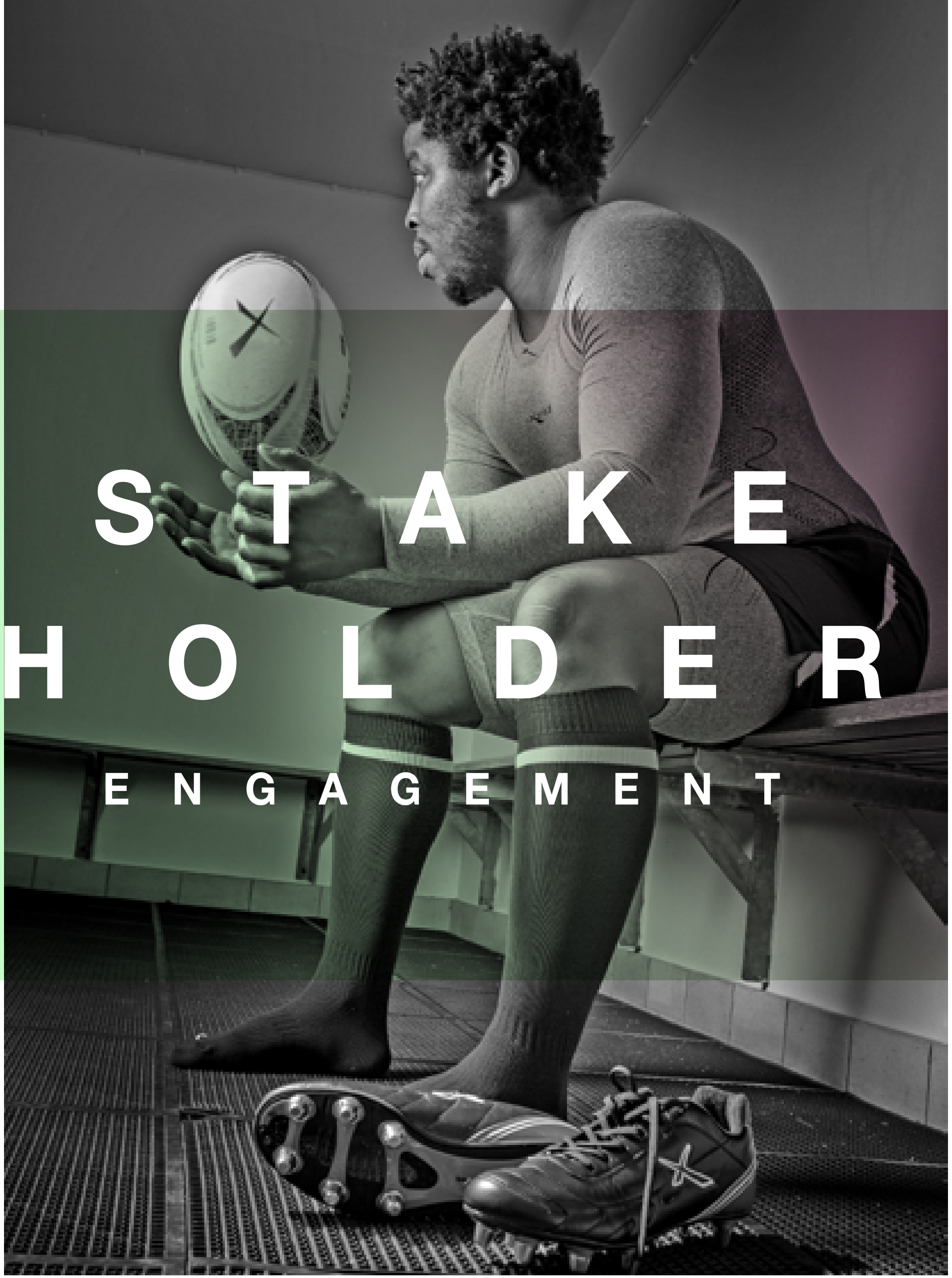
To add value to our customers' lives and worth to our partners' lives, while caring for the communities and environments in which we operate.

values

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

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



Sustainable relationships form the foundation of Mr Price Group's ability to create value over the short, medium and long term. We understand that stakeholders' perceptions affect our reputation in all the markets in which we operate, and that we need to deal with these proactively while ensuring that we maintain a balance in our treatment of stakeholders. The Board retains oversight of stakeholder management, while the implementation and monitoring of stakeholder engagement is devolved to the various management teams within the Group.

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

Power

The level of influence that the stakeholder has over the Group's ability to make decisions and perform.

Level of interest

The extent of interest that the stakeholder has in the Group and is further divided into 2 key components, namely:

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

Key principles on which we base our stakeholder engagement:

- 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.

The following table illustrates our stakeholder engagement in more detail:

Stakeholder	Why we engage	How we engage	What we engage in
Shareholders and the investment community	• To create an informed perception of the Group and its activities	• Annual General Meeting • Presentations to Investment Analysts Society, results roadshows and one-on-one meetings • Conference calls/dial ins • Attendance at investor conferences • Annual Integrated Report • Annual results booklet • SENS announcements, trading updates and press releases • Group website	• Company performance, future prospects and strategy • Retail market trends and issues • Dividend policy • Share price performance • Share schemes • Economic, social and environmental risks
Customers	• To meet our customers' needs and increase long-term loyalty • To enhance our brands and thereby grow market share	• 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 • Feedback from affiliate publisher partners in foreign markets	• Brand perceptions and expectations • Fashion trends • Product and quality feedback • Customer service levels • E-commerce technical assistance, orders and queries • Community support and fundraising through MRP Foundation • Account queries and payment
Associates and partners (our people)	• 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	• Induction programmes • Performance reviews, fireside chats and career planning discussions • Training and development • Culture and climate surveys • Internal media – Red Cap Radio and TV • Team meetings • Results presentations • Divisional events, including awards events • Whistleblowers' hotline	• Vision and values • Business Code of Conduct • Group strategy and financial performance • Group policies and guidelines • Individual and team performances • Remuneration, benefits and incentives • Transformation and employment equity • People development and training • Wellness programmes • Health and safety • Culture survey results
Suppliers	• Suppliers are key to our performance and core to our strategic positioning	• Supplier days • Regular meetings • Performance reviews • Quality audits • Ethical and social audits • Factory visits and tours • Whistleblowers' hotline	• Order quantities, factory capacities, product cost and quality • Supplier performance • Future growth and expectations of the Group • Core competencies • Future trends in product and sourcing • Distribution centre requirements • Quick response • Supplier Ethical Data Exchange (Sedex) • Southern African Sustainable Textile and Apparel Cluster • Regional Footwear and Leather Cluster

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

VALUE CREATION THROUGH THE USE OF CAPITALS

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

Capital	Input	Output for 2016 (52 weeks)	More information
Financial The funding and financial resources available to and deployed by the Group.	The Group's pool of funds consists of revenue generated, interest income and funds reinvested.	• Revenue of R19.6 billion • R1.6 billion paid to shareholders as dividends • R1.3 billion paid in income taxes • R1.1 billion reinvested to finance future expansion and growth • R81.2 million generated as interest income	• Divisional Summaries • CFO's report • Annual Financial Statements
Manufactured The physical infrastructure used to sell merchandise and includes distribution centres, retail stores (even though these are leased) and the IT systems throughout the business.	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.	• Property, plant and equipment with a book value of R1.7 billion • Inventory to the value of R2.2 billion • R1.4 billion paid to property owners as store rentals • 45 new stores opened during the year • 3.1% increase in weighted average trading space • Full in-house credit management capability supported by established call centre	• Annual Financial Statements
Intellectual Organisational knowledge, systems, protocols and intellectual property.	The intangibles that constitute our product and service offering and provide our competitive advantage.	• Intangible assets with a book value of R373.4 million • Trending and design capabilities • Leading in-house brands • Compelling financial services offering • Consistent customer experience through our omni-channel approach • Registered trademarks	• Annual Financial Statements • Our People Report • Divisional Summaries

Capital	Input	Output for 2016 (52 weeks)	More information
Human The competencies, capabilities and experience of our employees.	The skill and experience vested in our employees that enable us to deliver our products and services and implement our strategy, thereby creating value for our stakeholders.	• An experienced, balanced and diverse Board with a strong commitment to corporate governance • Mature governance structures • Experienced, competent and cohesive management teams • Clearly defined Company values • Performance management system • Ability to manage risk • 17 956 permanent employees • R2.0 billion paid to employees as remuneration • R34.8 million invested in training, resulting in 232 437 training hours for employees, of which 94% were black	• Remuneration Report • Corporate Governance Report • Our People Report • Key Performance Indicators
Social and relationship Stakeholder relationships and engagement, corporate reputation and values.	The key and long-term relationships that we have cultivated with customers, suppliers and business partners.	• Ongoing effort in furthering enterprise and supplier development initiatives • R27.6 million donated to MRP Foundation • R3.5 billion (80.5 million units) of merchandise sourced from South Africa (31% of total) • R21.6 million in dividends paid to participants of Partners Share Scheme	• Our People Report • Building Sustainability through Shared Value Report • Social, Ethics, Transformation and Sustainability Committee Report • Remuneration Report
Natural Environmental resources which impact the Group's prosperity.	The resources that are used in the production of goods.	• Sustainability team co-ordinates and integrates sustainability initiatives across the Group • Supply chain optimisation and monitoring of procurement practices • Ongoing initiatives including retrofitting lighting to lower consumption units	• Building Sustainability through Shared Value Report • Key Performance Indicators

Group strategy

Our vision is to be a top performing international retailer.

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

THE 5 PILLARS OF THE GROUP'S STRATEGY ARE AS FOLLOWS:

Growth
Extend the Group's earnings track record through local and international growth

Building loved brands
Build strong customer relationships by delivering an ongoing experience of surprising and delighting, enabled by...

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

Growth

Objectives	Performance against objectives
SOUTH AFRICA and BLNS (Botswana, Lesotho, Namibia and Swaziland)	
Maintain sales growth trajectory and increase market share	Sales growth in SA of 8.3% was impacted by a poor economic climate and the introduction of new legislation regarding the granting of credit. We are unable to report on market share since the dissolution of the RLC in January 2015.
Introduce quality new space and exit from unproductive space	45 new stores were opened and 26 expanded. Weighted average new space growth was 4.7%. 14 stores were closed and 20 reduced in size. Net space growth was 3.1%.
Maintain profit wedge throughout growth cycle	Total costs increased by 7.1%, generating operating profit growth of 15.5% from an increase in sales and other income of 8.5%.
Improve performance of under-performing areas of the business (Miladys, mrpMobile and Ecommerce)	Miladys – the impact of the merchandise changes is expected to be realised in Spring/Summer 2016. mrpMobile – as anticipated, the business was profitable in H2 as a result of reaching critical mass in subscriber numbers. Ecommerce – sales grew by 63.6% and the channel is profitable on a Group basis.
Focus on cash sales and grow credit sales responsibly	Credit sales grew by 2.3% due to recently imposed legislation which impacted the granting of credit. The high quality of the debtors' book was maintained, with the net bad debt to book ratio improving to 5.4%.
INTERNATIONAL	
Increase contribution to total sales	International sales grew by 5.1% and constituted 8.4% (2015: 8.5%) of Group sales and 9.5% of mrp. A considered approach to international expansion has been adopted: - West Africa, due to concerns that growth could be unpredictable. - Australia, due to this being the Group's first test of a developed market.
Conduct further research to identify appropriate markets and formats for expansion of the mrp brands of Apparel, Home and Sport	Research of Mozambique, Tanzania and Kenya has confirmed the franchise format as the most appropriate. In Australia, two test mrp stores were opened in October 2015, while mrpHome will open a test store in October 2016. Research into other territories is in progress.
Consider strategic acquisitions to complement organic growth	Evaluated a number of opportunities, many of which did not meet our strict criteria.
Key risks	**Risk mitigation**
Economic, social, political and legislative environments	• Focus on fashion-value business model in order to maintain cost structures and value positioning • Retain focus on cash sales. Credit sales not to exceed 20% contribution to Group • International expansion strategy
Increasing competition, including growing presence of international retailers in SA	• The new foreign entrants primarily compete with the higher priced credit retailers. The Group's focus on its market positioning and retail execution is critical – refer 'Building loved brands' on page 15.
Growth in new markets	• Clearly defined risk appetite • Intensive research and test strategy • Focus on effective retail systems and processes, people development and management structures • Strict criteria for considering acquisitions, including alignment with our core skills, size and growth prospects

Building loved brands

Objectives	Performance against objectives
Consistent fashion-value positioning in all markets - fashion led product at great value - differentiated and category dominant private label assortments	In the largest division, mrp, RSA sales growth was 10.4% (52 weeks) with comparable sales growth of 7.2%, which demonstrates its merchandise success. The division was named winners of the Male and Female clothing categories in the Ask Africa Youth Brand survey and was voted the 'Coolest Clothing Store' in the Sunday Times Generation Next study. The 2nd largest division, mrpHome, was rated 'most loved South African homewares brand'.
Communication - convey our strong brand personality via multiple touchpoints to our target market - build on sector leading social media position - develop a single view of the customer by implementing an appropriate CRM strategy.	The 3 mrp brands are now full omni-channel retailers. The Group predominantly targets the mid to upper LSM market. Research shows that mrp increased its contribution of high LSM (8-10) shoppers over the previous year. mrp ranks in the top 10 in RSA for number of Facebook fans, is the top placed retailer and has the highest number of Instagram followers amongst the local competitor set. Research into segmentation tools and CRM solutions has commenced.
Innovation - Lead with technology to re-inforce our brand	Continued rollout of mobile POS, Tap 'n Go, paperless receipting, online store fulfillment, and mrpEmpower, aimed at improving CRM and in-store visual merchandising, reducing checkout or delivery times and creating a seamless omni-channel experience. The online system replatform is well progressed and will enhance functionality and substantially reduce operating costs.
Key risks	**Risk mitigation**
Brand positioning	• Being in stock of wanted items at value prices • Development of trend and merchant skills • Raised level of pre-season planning • Transition of resourcing strategy
Compelling and seamless omni-channel experience	• Research and effective implementation of CRM strategy • Application of 'one brand' approach • Customer engagement
Product assortments and allocations	• Continued focus on market research, trend and design • Realisation of planned benefits from the new merchandise planning system and distribution centre

Operations

Objectives	Performance against objectives
LEADING IT SOLUTIONS	
Replace legacy systems with modern integrated planning (IP), online and ERP systems to support our growth strategy	Steady progress has been made on IP and ERP systems, with the project plan avoiding overlap with peak trading periods and the opening of the new distribution centre. The new online system is expected to be operational by July 2016.
DISTRIBUTION CENTRE	
Develop a single, world class distribution facility capable of handling forecast unit volumes efficiently	The project is on plan for the first division to go live in June 2017, with the full transition to be completed by September 2017.
Key risks	**Risk mitigation**
Distribution centre capacity for peak trade and future growth	• Use of off-site facilities during peak periods until new DC is operational • New 57 000 m² facility is capable of doubling in size. Major project which has improved efficiency and decision making at its core, positively impacting profitability by lowering future cost growth, reducing handling and breakages and maximising sales through improved stock throughput and allocations
Alignment of systems and business requirements (including effective implementation of new IT systems)	• Effective IT governance structures and processes are in place • Processes in place to ensure the alignment of IT and business strategies and monitor performance • Dedicated team of senior resources for major new systems implementation, supported by external specialists and advisors, and overseen by the Executive Steering Committee and Main Board • Phased implementation plan and effective change management processes
Volume and impact of significant change	• Alignment of service and trading division strategies • Effective change management processes and governance structures • Business continuity plans, disaster recovery facilities and back-up processes in place

People

Objectives	Performance against objectives
More effective workplace and employee engagement (including review of remuneration structures)	A review of remuneration structures was completed and a comprehensive assessment of the share schemes is underway. There has been significant progress in the operations work environment, with employment contracts and incentive structures being re-designed and operations leadership and management structures improved. mrpFlow is being developed to automate HR and payroll administration processes and mrpEmpower is planned to enable more effective communications between head office and stores. Improved recruitment practices resulted in a substantial reduction in time taken to fill core positions.
Integrated HR Management Systems (HRMS)	A HRMS optimisation committee has been established to fully optimise the expected benefits. Staff scheduling improvements are being targeted. Payroll and people analytics are being utilised effectively and are adding value. A review of the training administration system is in progress and a new candidate relationship management and applicant tracking system is being considered.
Leadership development	The Leadership NEXT programme which develops both current and future leaders, focusing on strategy, operating in a global marketplace and management and leadership skills, is well entrenched in the business.
Achievement of EE targets	On track to achieve our 2017 EE goals. 93.2% of associates are from previously disadvantaged backgrounds.
Key risks	**Risk mitigation**
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 (both short and long term) offered to enhance retention throughout the organisation • Excellent career prospects in a progressive growing business
Leadership capacity and capability for the future	• Executive development initiatives to enhance the pool of leadership skills, including strategy and operating in a global marketplace • Effective performance management systems linked to retention tools • Robust succession planning

Sustainability

Objectives	Performance against objectives
SUPPLIERS	
Transition merchandise resourcing strategy to: - enhance sustainability (getting closer to the point of manufacture to assess supplier compliance with social and ethical standards) - strengthen our value proposition (eliminate hidden/duplicated costs, mine efficiencies and maintain an appropriate balance between cost and quality) - maximise sales (strengthen our ability to react to merchandise opportunities and improve on-time, in-full deliveries)	The mrp division imported 61% of its merchandise from the East, in line with last year. However, the mix changed, with two thirds of the imported merchandise now being procured directly from a foreign third party or factory, rather than via a local third party importer. Having access to all bills of materials and negotiating prices at a component level, coupled with our large order quantities, has resulted in lower USD input prices. 78% of the Group's direct suppliers are Sedex members. Refer page 42. Focused on strengthening our supplier grading system and for suppliers' risk ratings to inform their level of future orders.
SUPPORT LOCAL BUSINESS	
Enhance sustainable business practices and partnerships in the local market to promote socio-economic development	During F2016, the Group sourced 80.5 million units totaling R3.5 billion from local suppliers. This represented 31% of total inputs, or 39% including territories in SADC. The Group is a founding member in the development of two competitiveness improvement clusters in the country. The Sustainable Cotton Cluster aims to promote local RSA beneficiation, economic development and employment. In the current year, the Group purchased 4.2 million t-shirts and towels containing SA cotton. Cotton commitments for 2016 are confirmed at 2 800 tonnes. The cluster is targeting to create 7 200 jobs and increase production by 450% by 2018.
ENGAGE WITH COMMUNITIES	
Support the national priorities of education and skills development	The various MRP Foundation school programmes impacted 65 000 learners in the current year. The JumpStart Retail Programme, in collaboration with the JobsFund, promoted the participation of unemployed youth in the retail sector by training 10 000 youth in the last 3 years, resulting in 4 300 being employed. The JumpStart Manufacturing Programme, piloted in collaboration with certain key suppliers, equipped 550 youth in the last 2 years with the necessary skills to access jobs in the clothing and textile manufacturing industries, resulting in 76% being employed.
PROTECT OUR PLANET	
Improve resource efficiencies and address climate change	The Group's carbon footprint (on baseline FY13) has been reduced by 17% or 29 500 tonnes CO_2 emissions through improved energy usage behaviour and retrofitting stores with lower energy intensive lighting. 94% of distribution centre waste and 50% of head office waste has been recycled in the last year.
Key risks	**Risk mitigation**
Sustainability of supply and availability of procured merchandise	• Improved supplier performance and grading processes and tools • Continued focus on building more direct supplier relationships • Outsourced and on-site quality assurance processes
Adherance of suppliers to the standards contained in the Group's Code of Conduct	• Enhanced Supplier Code of Conduct and supplier's annual declaration process • Supplier relationships and engagement • Member of the ETI and Sedex to encourage socially responsible practices
Possibility of further decline in the manufacturing industry which is already struggling with competitiveness	• Supplier and enterprise development plans by the merchandise, resourcing and sustainability teams aimed at improving supplier sustainability and quick response capabilities in South Africa
Non-compliance with the Amended B-BBEE Codes	• Opportunities to achieve compliance are currently being evaluated. Refer page 45.
Increased direct exposure to exchange rate fluctuations	• Formalised treasury (including hedging) policy

Key Performance Indicators

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

	Unit	2016	2015	2014	2013	2012
Economic						
Revenue						
-53 weeks	R'm	**20 004**	18 099	15 892	13 800	12 122
-52 weeks	R'm	**19 628**	18 099	15 892	13 800	12 122
Headline earnings per share						
-53 weeks	cents	**1 057.8**	919.7	765.1	634.8	503.0
-52 weeks	cents	**1 035.2**	919.7	765.1	634.8	503.0
Operating margin						
-53 weeks	%	**18.1**	17.1	16.0	15.0	14.4
-52 weeks	%	**18.2**	17.1	16.0	15.0	14.4
Dividends per share	cents	**667.0**	580.0	482.0	398.0	314.0
Share price (closing)	Rand	**177.69**	251.96	156.01	116.99	94.34
Return on net worth	%	**47.1**	45.7	47.6	46.4	43.8
Cash sales as a % of total sales	%	**82.8**	81.9	80.8	79.9	81.4
Social						
Total number of people employed		**17 956**	17 098	18 104	19 384	17 894
Staff turnover[1]	%	**26.2**	32.7	20.1	21.5	22.6
Black staff as a % of total permanent staff	%	**93**	93	91	94	91
Promotions of black staff as a % of total promotions	%	**92**	91	82	87	85
Investment in people learning and development	R'm	**34.8**	38.5	33.8	30.8	25.1
Black staff participating in learning and development	%	**94**	95	90	88	87
Corporate Social Investment	R'm	**27.6**	23.5	18.8	16.7	13.0
Enterprise Development Investment[2]	R'm	**11.9**	36.0	28.0	23.2	21.4
Environmental[3]						
Carbon emissions (estimated) (in SA)	Tonnes	**127 304**	154 155	157 639	210 786	Not reported
Electricity consumed (Kwh in SA)	Million	**122.2**	142.3	158.1	Not reported	Not reported

1 Primarily store associates, and has historically been below industry norms.
2 The reduction in investment is due to changes in the qualifying criteria under the new B-BBEE Codes of Good Practice.
3 Refer to Building Sustainability through Shared Value Report on page 41 for further information.

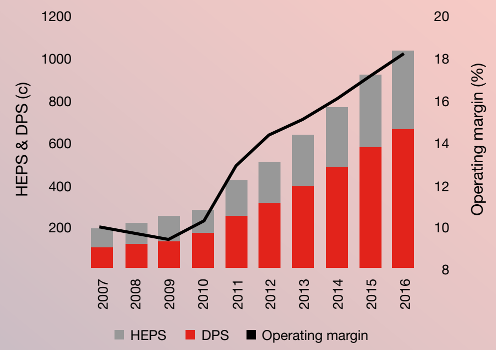
mr pricegrouplimited

CHAIRMAN'S REPORT

By Nigel Payne
Chairman

On behalf of the Board, I am privileged, in this our 30th year since our founders Stewart Cohen and Laurie Chiappini started our exciting journey, to report to our shareholders, people, customers, suppliers and all other stakeholders. As with any major birthday, this is a good time to reflect on the past and to plan for the future. The Group has reached a milestone R20 billion turnover and R10 earnings per share. Our youngest division, mrpSport, has come of age, is growing rapidly and is making a meaningful contribution to our customer offering and to our bottom line. While it is gratifying to reflect on our past successes, the Mr Price culture has always been to retain a long-term view, to resist complacency and to strive to be better tomorrow than we were yesterday.

Notwithstanding significant economic uncertainty globally, in South Africa and in some of our other major markets, the Board and senior management continue to believe that the best way to align the interests of our customers, associates, shareholders and the Group is by relentlessly pursuing our long term vision, while daily living out the dreams and beliefs that have sustained our 30 year compound annual growth in earnings and dividends per share of 23% and 25% respectively. Our resilient business model has allowed us to ride through several tough business cycles in past years. For this reason, the themes and messages in our integrated report are consistent with those of the past few years.



Our operational and financial performance as reported by the CEO, Stuart Bird, and CFO, Mark Blair, confirm that our business model remains appropriate and continues to deliver superior results. Our reported profits are matched by our cash flows, enabling us to invest for the future while maintaining our dividend growth.

As I stated in my 2012 Chairman's report, our current market share, profitability, capitalisation and reputation are a result of:

- the vision and values of the founders, as defined by our Dreams and Beliefs. The Board has recently reviewed these foundations and confirmed them as the bedrock upon which the Group will continue to be built;
- a coherent strategy, implemented consistently over a number of years; and
- excellent operational implementation by our passionate leaders and their teams.

The Board devotes a significant portion of its time and effort to ensuring that these foundations remain robust in support of our operational plans, budgets and five year targets.

As indicated in the CEO's report, we have progressed a number of strategic initiatives, including internationalisation via our Australian test stores, upgrading our IT systems and further improving our merchandising, supply chain and logistics capabilities, including our new distribution centre.

These investments will enable us to serve more customers, more efficiently, with greater productivity and lower costs in the long term. We have allocated our human and financial capital thoughtfully and have specifically avoided any large bets that could jeopardise the future of the Group. The fact that the Board has approved so many significant initiatives simultaneously is reflective of our confidence in the leadership team, the capacity of our divisional executives and the passion of all in the Mr Price family.

The Board believes that the Group's remuneration structures, as detailed in the Remuneration Report, remain appropriate, and that they have been fairly applied during the past year. We are pleased that the vast majority of our management and staff have a beneficial stake in the Company. This model has proved itself over a number of years to add value not only to our people, but also to the Group and its shareholders.

The MRP Foundation continues to make an impact via its focus on education, job creation and sustainable businesses. A notable achievement is the 4 266 delegates employed via Jumpstart Retail and 550 via the Jumpstart Manufacturing Programmes. Education and employment are the foundations of a successful society.

The composition of the Board was unchanged this year. I believe that the Board, its committees and each individual Director has functioned effectively during the year and has made a valuable contribution to the Group. I thank my fellow Board members for their contributions and ongoing commitment.

Much remains to be done - we have many opportunities for profitable growth. The Board, management and all Mr Price associates will continue to focus on adding value to our customers' lives as we build for the future. The Mr Price vision to be a top performing international retailer will drive the future growth of our Group.

CEO'S REPORT

By Stuart Bird
Chief Executive Officer

I am pleased to report that the Group has delivered another satisfactory performance, growing diluted earnings per share by 14.6% on a 52 week basis. Profit in our South African business grew by more than 20% on a 52 week basis.

Our formula of great fashion and quality at excellent prices has stood us in good stead in the trying and volatile trading conditions we faced this past year, with solid progress being made towards our vision of being a top performing international retailer.

Current trade

While we anticipated a more challenging environment this past year, we did not anticipate how severe some of the factors would be:

- the collapse in oil and resource prices and the effect on resource based economies;
- the Southern African sub-continent experiencing the worst drought in decades;
- a much weaker and volatile currency, exacerbated by local politics;
- allied to the above, rapid increases in both local and imported cost of goods; and
- the changes to credit granting legislation in September 2015.

The mrp division was particularly affected by the sharp fall-offs in Namibia, Botswana, Ghana and Nigeria. If sales in these markets had just matched those of the previous year, their ultimate result for the year would have been very good. Despite this, the division still produced a good performance in South Africa which offset the much slower performance in other countries.

Sales growth in home merchandise was expected to be muted and it was. However, by carefully managing their margin and overheads, both mrpHome and Sheet Street delivered strong performances, beating their internal targets.

With its offer of authentic performance sportswear and equipment at great value, mrpSport produced another very good result.

While Miladys had another difficult year, the division still contributed significantly to Group profits. With the change in leadership and refocusing on their core customer, we expect an improvement over the coming year.

The Financial Services division delivered good results through managing bad debt within our targeted risk range as well as increasing the take up of great value insurance products. It was also pleasing to see mrpMobile meet our requirements of moving into a profitable position in the second half of the financial year.

We are, however, concerned about the impact of the affordability regulations introduced in September 2015, which have resulted in a significant decline in new accounts opened.

Building for the future

We continue to invest in our people, systems, processes and supply chain as they are the key enablers to our vision of being a top performing international retailer. Good progress has been made on the major IT projects and the new distribution centre's completion date remains June 2017. While pleasing results have been achieved in our supply chain projects, many of the benefits were used to offset the effects of the volatile and weakening currency.

Two mrp test stores were opened in Melbourne, Australia in November 2015. These tests have informed us on a number of issues that we are working on before considering a rollout plan. We intend opening a mrpHome test store in Melbourne later this year.

The Mr Price Way

Our high performance culture is anchored by our beliefs of passion, value and partnership and these continue to guide us as we move ahead. Allied to this is our commitment to real transformation that has always gone beyond scorecards, sharing the success of the business with all associates and not just a select few. We have had outstanding success in our Jumpstart projects to educate and equip young people to obtain jobs, both with our suppliers as well as in retail.

We are also very proud of our involvement as the founding retailer in the Sustainable Cotton Cluster which, just in its pilot stage, has directly resulted in creating over 900 new jobs and through which we purchased over 4.2 million items of clothing and homewares. We are committed to escalating this project to ultimately multiply the cotton production and the rest of the value chain in South Africa, creating thousands of jobs.

Looking ahead

We believe that the next financial year will be even more challenging than the one just past, with the consumer coming under immense pressure in what we see as a stagflation environment in South Africa and difficult conditions remaining in our other African markets. Despite this, we see opportunities to grow market share by delivering on our formula of great fashion and quality at excellent prices. Combined with our philosophy of challenging every line in income, gross margin and overheads, we intend to continue to deliver acceptable returns.

In closing, I would like to thank all our extraordinary associates who have delivered the results we have achieved. They constantly amaze me with their passion, resilience and talent, reassuring me that our business will continue to grow and prosper.

CFO'S REPORT

By Mark Blair
Chief Financial Officer

highlights		2016		2015	% change	
		53 weeks	52 weeks	52 weeks	53 weeks	52 weeks
Revenue	R'm	**20 004**	**19 628**	18 099	10.5	8.4
Profit from operating activities	R'm	**3 603**	**3 553**	3 076	17.1	15.5
Group operating margin	%	**18.1**	**18.2**	17.1		
EBITDA	R'm	**3 835**	**3 785**	3 292	16.5	14.9
Profit attributable to shareholders	R'm	**2 645**	**2 611**	2 293	15.4	13.9
Headline earnings per share	cents	**1 057.8**	**1 035.2**	919.7	15.0	12.6
Diluted headline earnings per share	cents	**1 012.9**	**991.2**	865.1	17.1	14.6
Dividend per share - annual	cents	**667.0**	**667.0**	580.0	15.0	15.0
- final	cents	**419.0**	**419.0**	368.5	13.7	13.7
Dividend payout ratio	%	**63.1**		63.1		
Return on equity	%	**50.3**		51.4		

Accounting policies

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

Although not classified as accounting policy changes, the Company altered its treatment of the following during the year:

- the Group qualified to apply cash flow hedge accounting to new forward exchange contracts entered into from 1 January 2016. This has the effect of mark-to-market adjustments on effective hedges being reported in equity (through other comprehensive income) and released to the income statement in subsequent periods. Before the Group qualified for hedge accounting, unrealised gains or losses on forward exchange contracts were accounted for at the reporting date, directly in the income statement (administrative expenses).
- additional disclosure has been provided by now separately reflecting the financial services business, which includes mrpMoney and mrpMobile, in the segment report. The comparative figures have been restated accordingly.

53rd week

The Group manages its retail operations on a 52 week retail calendar basis and, as a result, a 53rd week is required every 5 years for calendar realignment purposes. For comparability purposes, the income statement commentary below evaluates financial performance on a like-for-like 52 week on 52 week basis. For detail on the pro-forma 52 week results, which separates out the 53rd week numbers, refer to the Group's website, www.mrpricegroup.com.

Financial performance

As expected, the poor economic situation, both locally and elsewhere in Africa, resulted in a challenging retail environment:

- the annual real GDP growth rate averaged 1.3% for the year
- consumer price inflation of 6.3% in Q1 2016 breached the upper end of the targeted 4-6% range
- political events fueled an already volatile currency, with the USD/ZAR exchange rate weakening by 28% y/y
- credit growth came under pressure due to amendments to the National Credit Act and general consumer reluctance to incur further debt during a period in which the prime interest rate increased by 125 basis points to 10.5%.

We successfully navigated these short-term headwinds while maintaining a long-term view of the business:

- investing in key projects (distribution centre and ERP and merchandise planning systems) to support future growth
- opening our first test stores in a foreign developed market, Australia
- migrating to a more direct resourcing strategy
- preserving our cash generation and avoiding chasing credit growth at the expense of quality
- merchandise repositioning in Miladys

Sound results were delivered in an eventful and challenging year:

- despite the high base set by past performance
- good cost control
- 5 of the 6 trading divisions achieved double digit operating profit growth
- strong results in the core South African market

The 30-year compound growth rate in HEPS is 23.0% and DPS 24.6%

Revenue

Total Group revenue increased by 8.4% to R19.6 billion, primarily due to:

- retail sales growth of 8.0% (comparable 4.2%) to R18.7 billion
- a 21.5% increase in other income, mainly as a result of financial services and cellular growth
- a reduction of 7.0% in finance income, due to lower cash balances as explained under 'Financial Position' on page 28.

Cash sales grew by 9.2%, constituting 82.8% of total Group sales. Credit sales growth of 2.3% was hampered by legislative changes effective September 2015 regarding affordability assessments, which impacted documentation requirements for opening new accounts and granting credit limit increases. Statistics released by the National Credit Regulator reflected a 34% decrease in credit granted amongst retailers in Q4 2015.

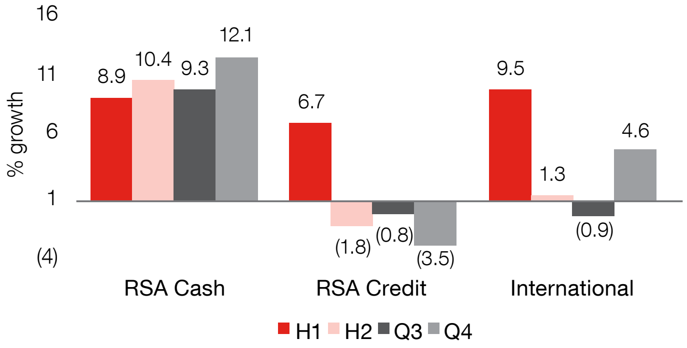
In South Africa, sales were R17.1 billion, up 8.3% with cash sales growing by 9.7% and by 11.4% in the largest division, mrp.

Sales in traditional bricks stores grew by 7.9% to R16.9 billion, while online sales grew by 63.6% to R156.7 million. The online business is now generating positive returns and all three mrp brands are now full omni-channel retailers.

International sales, which increased by 5.7% and accounted for 8.4% of Group retail sales, were negatively impacted by specific economic factors in two key markets:

- The largest market, Namibia – which suffered the effects of Angola introducing currency restrictions on cross border shoppers and a high base set by strong performance in the prior year, when sales were up by 22.1%. Sales growth returned to positive territory in Q4, when the base effect was less pronounced.
- A key growth market, Nigeria – where we have previously proven our ability to trade profitably. Sales growth in H1 was strong at 32.4%, but slowed from mid-2015 due to the imposition of foreign exchange restrictions by the Central Bank of Nigeria on certain imported merchandise. The Company's interactions with regulators, which included successfully demonstrating our commitment to promoting local business, resulted in a re-commencement of supply in March 2016.

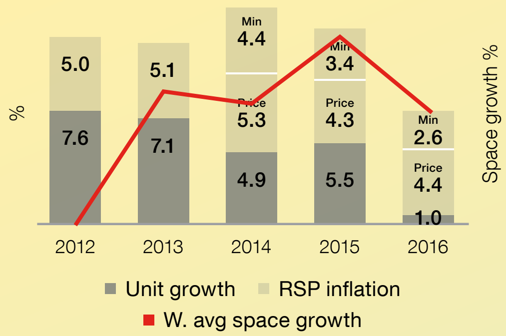
Excluding these territories, sales outside South Africa grew by 23.2%, with Botswana, Zambia, Swaziland, Lesotho and the franchise operations all recording double digit sales growths. The table below reflects the strong cash sales performance in South Africa:

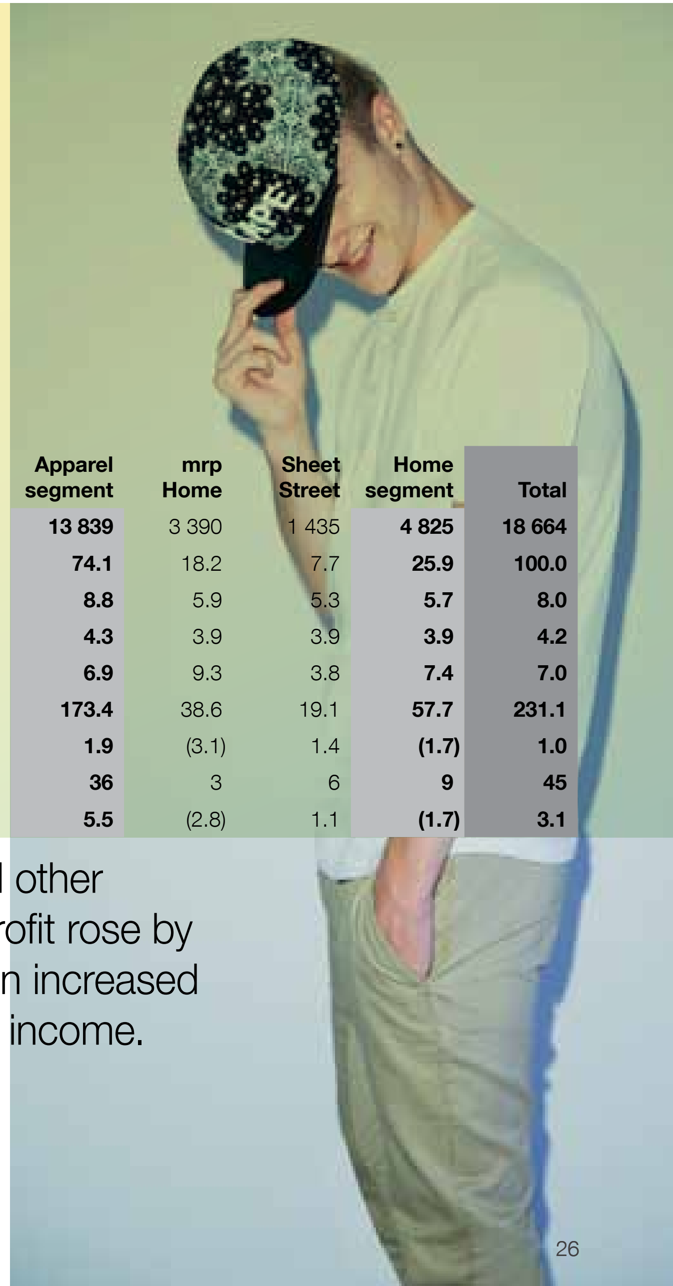


In October 2015, mrp opened 2 test stores in Melbourne, Australia. On the ground experience is proving invaluable, and each season is enabling us to develop a deeper understanding of the Australian consumers' merchandise needs. Further attention is being focused on enhancing the supply chain and store operating metrics, so that a clear, scalable blueprint can be established. mrpHome will also be opening a store in Australia, in October 2016.

The number of units sold increased by 1.0% to 231.1 million. Retail selling price (RSP) inflation of 7.0% comprised like-for-like price inflation of 4.4% and product mix inflation of 2.6%.

New weighted average space increased by 4.7% as 45 stores were opened (22 007m²) and 26 expanded (6 339m²). Net weighted average trading space increased by 3.1% due to 20 stores being reduced in size (7 940m²), which has a positive impact on profitability, and 14 stores being closed (9 407m²). At year end there were 1 181 corporate-owned and 19 franchise stores.





Divisional and segmental performance was as follows:

		mrp	mrp Sport	Miladys	**Apparel segment**	mrp Home	Sheet Street	**Home segment**	**Total**
Retail sales	R'm	11 198	1 272	1 369	**13 839**	3 390	1 435	**4 825**	**18 664**
% of total retail sales	%	60.0	6.8	7.3	**74.1**	18.2	7.7	**25.9**	**100.0**
Growth in retail sales	%	9.7	13.8	(1.9)	**8.8**	5.9	5.3	**5.7**	**8.0**
Comparable sales growth	%	5.2	5.3	(2.5)	**4.3**	3.9	3.9	**3.9**	**4.2**
RSP inflation	%	7.7	4.9	6.6	**6.9**	9.3	3.8	**7.4**	**7.0**
Units sold	million	151.8	13.1	8.5	**173.4**	38.6	19.1	**57.7**	**231.1**
Growth in units sold	%	1.9	8.8	(7.6)	**1.9**	(3.1)	1.4	**(1.7)**	**1.0**
New stores opened during the year		23	10	3	**36**	3	6	**9**	**45**
Weighted average space growth	%	6.6	5.4	0.6	**5.5**	(2.8)	1.1	**(1.7)**	**3.1**

The Apparel chains increased retail sales and other income by 8.8% to R13.9 billion. Operating profit rose by 10.2% to R2.6 billion and the operating margin increased from 18.3% to 18.5% of retail sales and other income.

Sales in mrp, which constituted 59% of Group sales were up 9.7% (comparable 5.2%) to R11.1 billion.

The division was most impacted by challenges in external markets and was up against a very tough sales base. Comparable sales growth in 2014 and 2015 was 13.0% and 12.8% respectively. Operating profit was well ahead of the prior year, with the GP% in line with the prior year and expenses growing at a slower rate than sales.

mrpSport grew sales by 13.8% (comparable 5.3%) to R1.3 billion. An improved GP% and cost curtailment resulted in an excellent increase in operating profit. Miladys, a higher margin credit business, reported a decrease in sales of 1.9% (comparable -2.5%) to R1.4 billion. The alignment of sizing to international moderate specifications, thereby eliminating 'vanity' sizes, and the discontinuance of the René Taylor brand and inclusion of extended sizes into the Miladys brand will benefit the business in the long term. Operating profit was down on the previous year despite continued tight cost control.

The Home chains increased sales and other income by 5.7% to R4.8 billion. Operating profit rose by 18.1% to R767.6 million and the operating margin increased from 14.2% to 15.9% of retail sales and other income.

mrpHome, which targets customers in the upper LSM 8-10 range, delivered results that were well ahead of budget and the prior period, despite sales growth of 5.9% (comparable 3.9%). The division improved their GP% and were exemplary in cost control. Sheet Street's customers, who are more susceptible to the current economic environment, curtailed their spending on discretionary purchases. Sales grew by 5.3% (comparable 3.9%) to R1.4 billion, while operating profit also reflected double-digit growth.

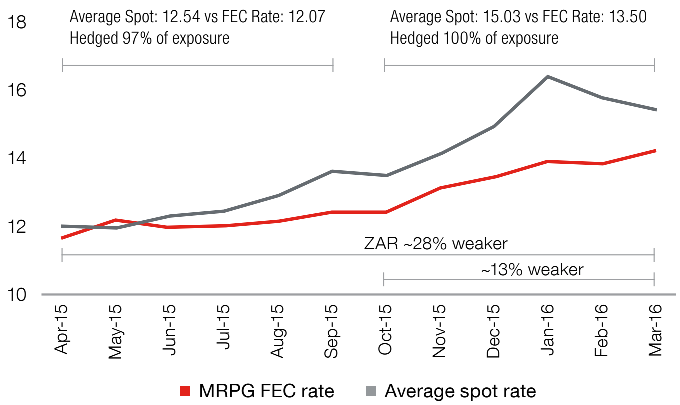
The Financial Services division, mrpMoney, delivered another strong performance despite tightening credit limits and new National Credit Act regulations.

Revenues increased by growing insurance premium income by 12.2%, mobile (cellular) revenue by 58.7% and debtors' interest and fees by 9.4%. Bad debts were very well controlled, decreasing from 6.2% to 5.4% of the debtors' book, and contributed significantly to the division recording strong profit growth.

Costs and expenses

Cost of sales as disclosed in the statutory income statement includes that relating to the sale of merchandise and cellular. Despite having to deal with exchange rate weakness and volatility, the merchandise gross profit percentage declined marginally from 42.0% to 41.9%. Hedging strategies in place resulted in USD/ZAR exchange rates per FEC's entered into being lower than the average spot rate as follows:

USD/ZAR Analysis



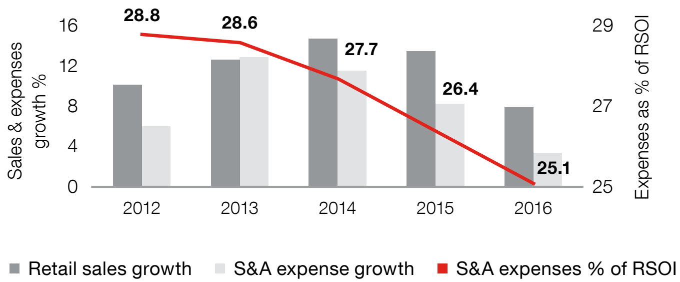
The cellular gross margin, which had a higher contribution to Group gross profit than previously, increased to 6.4% mainly due to critical mass being achieved in mrpMobile. The Group gross profit margin of 41.4% was 0.2% lower than last year.

Selling expenses increased by 6.0% and constituted 19.5% of retail sales and other income compared with 20.0% in the prior year. An improvement in the net bad debt expense and lower credit card commissions were the significant contributors to the overall growth.

Administrative expenses, which comprised 5.6% of retail sales and other income, declined by 4.7% mainly due to foreign exchange gains and lower incentives. Excluding these items, cost growth was 8.2%.

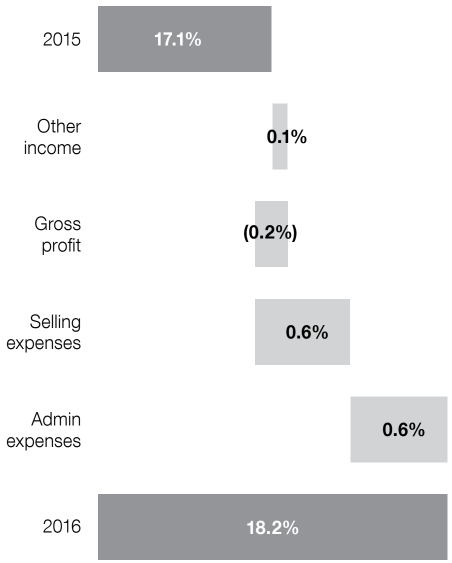
The effective taxation rate for the year was 28.2%, higher than the prior year (27.8%) primarily due to the fact that deferred taxation assets have not been raised in certain loss-making subsidiaries.

Focus on operating leverage



Operating profit

Group operating profit increased by 15.5% and the operating margin (operating profit / retail sales and other income) increased to 18.2% of retail sales and other income, compared with last year's 17.1%. The improvement in operating margin is made up as follows:



Performance in the core South African market was strong, with operating profit increasing by 20.8%.

Earnings and dividends per share

The number of shares in issue at year end increased by 1.1 million due to the decreased number of treasury shares held. Treasury shares sold (5 169 165 shares) as a result of share options vesting exceeded treasury share purchases during the year (4 060 971 shares at an average cost of R194.20 per share totaling R788.6 million).

Headline earnings per share increased by 12.6% to 1 035.2 cents and diluted headline earnings per share increased by 14.6%.

The annual dividend payout ratio has been maintained at 63.1% and is based on the 53 week results. This results in a dividend of 667.0 cents per share, an increase of 15.0%, in line with HEPS growth. The final dividend to be paid in June 2016 will be 419.0 cents per share, an increase of 13.7%, which is lower than the 2nd half HEPS growth due to the closer alignment of interim and annual dividend payout ratios. In the current year, the interim payout ratio was increased from 57.0% to 58.0%. Dividend withholding tax of 15.0% will be applicable to shareholders who are not exempt.

Financial position (53 weeks ended 2 April 2016)

Additions to property, plant and equipment for the year amounted to R1.0 billion. Furniture, fittings, equipment and vehicles constituted 51% (2015: 83%) and computer equipment 6% (2015: 15%). Additions relating to the new distribution centre, which is expected to be operational in June 2017, amounted to R725.9 million of which significant components were land (R165.9 million), buildings (R266.7 million) and equipment (R261.4 million). Disposals and impairments totaled R11.3 million and the depreciation charge was R190.2 million (2015: R180.8 million).

Intangible asset additions amounted to R118.5 million and related primarily to the e-commerce and ERP systems. The amortisation charge for the year amounted to R37.9 million (2015: R27.2 million). IT intangible assets to the value of R31.7 million were impaired at year end due to the introduction of new systems.

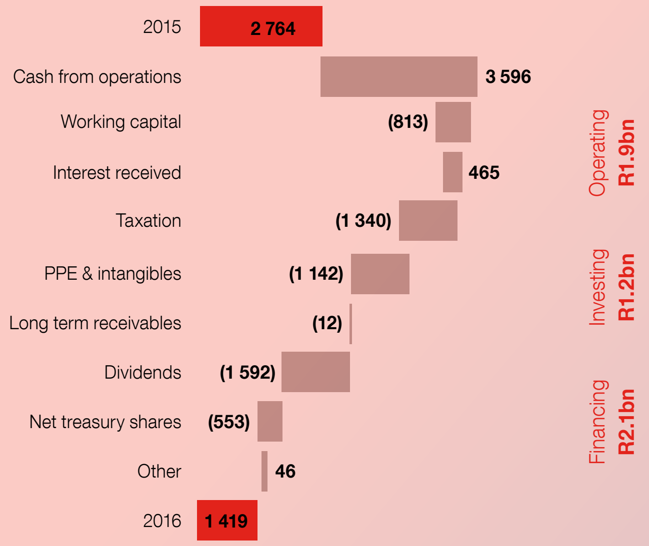
Gross inventories were up 24.7%, or 21.9% excluding goods in transit which is due to the Group's strategic transition to more direct supplier relationships. Certain merchandise purchases were brought forward due to Chinese new-year and for Easter which was over year end. The average cost per unit increased by 17.7% which was lower than the 28% depreciation in the USD/ZAR exchange rate over the year due to timing, mix and improved USD pricing negotiated.

Trade and other receivables increased by 14.0% to R2.1 billion. Prepayments and other receivables increased over the prior period, while gross trade receivables increased by 0.5% to R1.9 billion. Net bad debt decreased from 6.2% to 5.4% of the debtors' book, which was an excellent performance. External benchmarking continues to reflect the Group's book to be one of the best performing in the industry. The continued improved ageing profile of the Group's debtors is encouraging, however, the provision for impairment of 7.3% is reflective of the tightening economic conditions facing consumers.

Cash balances ended the year at R1.4 billion. The Group seeks to strike a balance between:

- maintaining a strong balance sheet by having adequate cash resources to fund the requirements of a growing business without the need to incur debt
- hedging its obligations to participants in the various share schemes. An ongoing repurchase programme is in place that spreads the purchase of shares over an extended period and limits the percentage of daily trade, ensuring that there is no impact on the share price
- returning funds to shareholders in the form of dividends. The current payout ratio policy is 63% of HEPS

Cash Flow movements (R'm)



- Increase of 18.3%
- Receivables R288m, Inventories R394m, Payables R131m
- Up 6.5% - lower book growth but higher interest rates
- Included 3rd income tax payment of R404m* in Mar 16
- In line with LY excluding new DC of R726m*

- Increase of 18.8%
- Includes R789m* share repurchases iro LTI schemes

* Total R1.9bn, will reduce substantially in FY17

Year-end cash balances were lower than the prior year due to:

- increased capital expenditure of R1.1 billion (2015: R341 million), of which R726 million* related to the new distribution centre
- an 18.8% increase in dividends paid to shareholders
- the payment of the 2nd provisional tax payment of R404 million* on 30 March 2016
- the settlement of March 2016 trade creditors prior to year end; and
- treasury share purchases of R789 million*

* These items, which total R1.9 billion, will reduce substantially in the new financial year.

Equity attributable to shareholders increased to R5.6 billion.

The treasury share transactions contained therein includes:

	R'm
The purchase of treasury shares to partially cover options granted	(789)*
The net credit on the vesting of options	236*
Taxation relating to grants from the Company to the share trusts	53
	500

* Net R553 million per cash flow report above

Long-term lease obligations comprise the long-term portion of straight-line lease liabilities.

Current liabilities decreased by 16.5%. The drivers of the decrease were:

- Trade and other payables of 0.5%
- Reinsurance liabilities of 34.8%
- Current portion of lease obligations of 4.5%
- The taxation liability of 98.9% due to the 2nd provisional tax payment being made prior to year end.

Outlook

The consumer environment is expected to remain challenging in the next financial year. A weak exchange rate impacts all apparel retailers and higher product inflation in the 1st half is expected to impact unit growth. As a value retailer, our prices will rise less, so comparatively speaking, we are well positioned. Our resilient business model has allowed us to ride through several tough business cycles in past years. The Mall of Africa opened recently with a full complement of local and international retailers. The Group successfully opened 5 stores in the centre including a 2 100m^2 mrp store which achieved sales which were double their highest ever store opening figures.

In the year ahead we will aim to deliver wanted merchandise at great value, manage our working capital and execute on our key projects. We will continue to think long term while being focused on delivering in the short term.

mrp

apparel

DIVISIONAL SUMMARY

TARGET CUSTOMER:

Young and youthful customers who love fashion and appreciate exceptional value, and who are primarily in the 6 to 10 LSM range (mid to upper).

BRAND SUMMARY:

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

	2016	2015	% change
Retail sales - incl. Franchise (R'm)	**11 198**	10 207	**9.7**
Comparable sales growth (%)	**5.2**	12.8	
Retail selling price inflation (%)	**7.7**	8.2	
- price (%)	**3.4**	3.9	
- mix (%)	**4.3**	4.3	
Units sold (million)	**151.8**	149.0	**1.9**
Number of stores (year end)	**458**	438	
Trading area - weighted ave net m²	**287 447**	269 571	**6.6**
Sales density (Rand/weighted ave net m²)	**38 621**	37 550	**2.9**

mrphome

home

DIVISIONAL SUMMARY

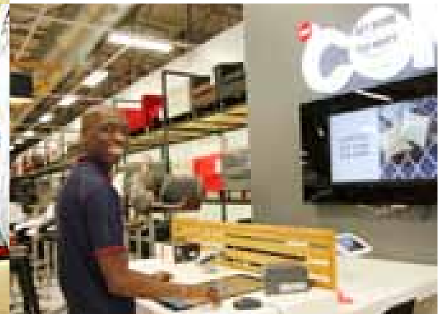
TARGET CUSTOMER:

Primarily fashion-value minded females, aged 25 years and older who love to decorate their homes. Customers, who have a young-at-heart attitude, are primarily in the 8 to 10 LSM range (upper).

BRAND SUMMARY:

Contemporary in-house designed, fashionable homeware and furniture.

	2016	2015	% change
Retail sales - incl. Franchise (R'm)	**3 390**	3 202	**5.9**
Comparable sales growth (%)	**3.9**	6.6	
Retail selling price inflation (%)	**9.3**	13.7	
- price (%)	**7.2**	7.6	
- mix (%)	**2.1**	6.1	
Units sold (million)	**38.6**	39.9	**(3.1)**
Number of stores (year end)	**163**	166	
Trading area - weighted ave net m²	**135 110**	138 936	**(2.8)**
Sales density (Rand/weighted ave net m²)	**24 974**	22 937	**8.9**



mrpsport

sport

DIVISIONAL SUMMARY

TARGET CUSTOMER:

Value-minded sports and outdoor enthusiasts from age 6 upwards who are primarily in the 8 to 10 LSM range (upper).

BRAND SUMMARY:

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

	2016	2015	% change
Retail sales (R'm)	**1 272**	1 118	**13.8**
Comparable sales growth (%)	**5.3**	4.5	
Retail selling price inflation (%)	**4.9**	6.9	
- price (%)	**3.9**	6.7	
- mix (%)	**1.0**	0.2	
Units sold (million)	**13.1**	12.1	**8.8**
Number of stores (year end)	**82**	72	
Trading area - weighted ave net m²	**56 322**	53 424	**5.4**
Sales density (Rand/weighted ave net m²)	**22 592**	20 928	**8.0**

MILADYS

miladys

DIVISIONAL SUMMARY

TARGET CUSTOMER:

A forever 40+ family-oriented woman (primarily in the 6 to 10 LSM range) who knows who she is and what she wants. She shops for fashion that makes her look and feel good.

BRAND SUMMARY:

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

	2016	2015	% change
Retail sales (R'm)	**1 369**	1 396	**(1.9)**
Comparable sales growth (%)	**(2.5)**	0.9	
Retail selling price inflation (%)	**6.6**	2.3	
- price (%)	**7.8**	1.0	
- mix (%)	**(1.2)**	1.3	
Units sold (million)	**8.5**	9.1	**(7.6)**
Number of stores (year end)	**198**	196	
Trading area - weighted ave net m²	**61 075**	60 714	**0.6**
Sales density (Rand/weighted ave net m²)	**22 418**	22 987	**(2.5)**

sheet street

sheet street

DIVISIONAL SUMMARY

TARGET CUSTOMER:

Middle-income households (LSM range 5 to 8) that wish to create a home that they love, at a price that they can afford.

BRAND SUMMARY:

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

	2016	2015	% change
Retail sales (R'm)	**1 435**	1 363	**5.3**
Comparable sales growth (%)	**3.9**	0.9	
Retail selling price inflation (%)	**3.8**	4.7	
- price (%)	**2.8**	1.7	
- mix (%)	**1.0**	3.0	
Units sold (million)	**19.1**	18.8	**1.4**
Number of stores (year end)	**280**	278	
Trading area - weighted ave net m²	**50 761**	50 225	**1.1**
Sales density (Rand/weighted ave net m²)	**28 263**	27 136	**4.2**

mrpmoney

money

DIVISIONAL SUMMARY

	2016	2015
Gross trade debtors (R'm)	**1 923**	1 914
Total active accounts	**1 401 496**	1 412 673
Average balance (Rand)	**1 372**	1 355
% of debtors able to purchase on credit	**89.5**	89.2
Retail sales analysis:		
- cash (%)	**82.8**	81.9
- credit (%)	**17.2**	18.1
Net bad debt (net of recoveries)		
- % of credit sales	**3.2**	3.7
- % of debtors	**5.4**	6.2
Impairment provision % of debtors	**7.3**	8.9

Gross trade receivables per division (R'000)	mrp	mrpHome	mrpSport	Miladys	Sheet Street	Total 2016	Total 2015
6 months	432 198	63 510		86 910		**582 618**	545 556
12 months	861 551	92 457	17 879	220 604	57 218	**1 249 709**	1 340 720
24 months		31 778	12 381		46 843	**91 002**	27 624
	1 293 749	187 745	30 260	307 514	104 061	**1 923 329**	1 913 900

97.2% of the debtors' book is interest bearing (2015: 97.7%), with all of the interest free accounts being Miladys 6 month facilities.

BRAND SUMMARY:

Our credit, insurance and mobile products are offered across the retail omni-channels and are aligned with our core philosophy of "fashionable products at great value".

Store cards: 6/12/24 month account facilities are offered. Interest is charged, except on a small percentage of Miladys cards.

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

mrpMobile network

To date, the focus has been on post-paid contracts, offering competitive smart phones and tablets to creditworthy store card customers. Future opportunities, which include the sale of prepaid airtime products to Group cash customers, an online offering and value-added services like wi-fi hotspot, streaming music and device insurance, provide additional benefits and derive good margins.

THE GROUP STRIVES TO BE A SOUGHT-AFTER INTERNATIONAL COMPANY OF EMPLOYMENT CHOICE BY OFFERING LEADING CAREER OPPORTUNITIES IN FASHION-VALUE RETAILING.

Capacity building

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

While we strive to grow, develop and retain our own talent, 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, with our senior leadership programmes focused on leaders' ability to unlock the potential of new business opportunities for the Group. Continuous classroom, e-learning and on-the-job training is provided and encouraged for all associates and, in addition, extensive training is conducted in new ways of working associated with improved processes, systems and technologies.

Associate engagement

Inspired by our core values of Passion, Value and Partnership, our energetic and entrepreneurial culture continues to be central to the Group's successful performance. We closely monitor and respond to the climate within our working environments using independently conducted surveys, including ongoing exit and onboarding surveys. Our group-wide Culture Survey, conducted every two years, is followed by innovative feedback sessions designed to listen to the needs of associates, create solutions, and identify business improvement opportunities.

Direct communication with associates occurs through frequently held "Comm Times", regular internal TV broadcasts and social media platforms. Digital communication platforms have been enhanced over the past year to ensure that associates have access to engaging content related to their employment experience with the Group. Emphasis is placed on communication with new associates to ensure that they have access to the information needed to set them up for success. Close working relationships between managers and associates are valued, with importance being placed on providing associates with information relating to their work performance and management of their careers.

The valuable work of the MRP Foundation ensures that the Group beneficially impacts the lives of associates, their families and the communities in which they live, also ensuring that young people are engaged at an early stage of their careers and gain insight into the many employment opportunities available in the Group.

Performance recognition and reward

Our Group thrives on happy, motivated employees. We incentivise and reward generously for exceptional performance, strongly encouraging the achievement of personal goals. Well-defined incentive targets are set annually, with performance discussions conducted as required during the year. All associates within the SACU region are invited to participate in the Mr Price Group share or share option schemes after fulfilling the specific employment tenure requirements of that scheme. As these employees are part-owners in the Company, we refer to them as partners. Further details are contained in the Remuneration Report on page 61 and on the Group's website.

We use every opportunity to celebrate team or personal achievements and reinforce the spirit of performance. Group results are presented to associates bi-annually, while divisional performance is frequently discussed in the respective divisions. A highlight is the award of the Mr Price Group 'Running Man' statue, presented to selected associates who have made extraordinary contributions over an extended period. These highly valued individuals embody the Group's culture and core beliefs and demonstrate consistently high dedication and performance. Additionally, the Mr Price Group medallion is awarded to associates who have delivered outstanding performance or exceptional innovation through the year. These individuals set new standards and become role models for others to follow.

Human capital management (HCM) 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 on our internal mrpPeople website. A detailed review of HCM policy was conducted during the past year, as we believe that our policies should be dynamic and responsive to the changing demands of our business environment, our Group, and our associates.

We have continued to transform our HCM capabilities that cater for our growth and people development by constantly seeking to optimise our workforce management, learning management, employee administration, HR business intelligence and payroll systems. Our HCM systems encourage transparency of people practices, labour scheduling and compliance reporting, as well as providing a greater depth of people data and enhanced transactional efficiency. Important current projects are the implementation of mrpFlow, a bespoke employee administration tool that will radically improve administrative efficiency, data accuracy and user experience, and procurement of an applicant tracking and a candidate relationship management system that will vastly improve our ability to source, attract and recruit top talent at all levels within the business.

WE WILL CONTINUE TO IMPROVE ON BUSINESS INTELLIGENCE SOLUTIONS THAT PROVIDE PEOPLE MANAGERS WITH RELEVANT HUMAN CAPITAL METRICS AND FACILITATE ACCURATE COST ANALYSIS, DECISION-MAKING AND RISK MITIGATION.

Talent acquisition and development

Developing and retaining 'homegrown' talent is a strategy that has served the Group extremely well to date and will continue to be our core area of focus. 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 for people who represent the unique and vibrant culture, and the promise of exciting future company growth.

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

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

Turnover at senior management and executive levels is low, indicating the Group's ability to retain key staff, while store associate turnover remains within comparative industry norms. Our stringent pre-employment assessments for store and key positions, which include numeracy and behavioural attributes, ensure that the required levels of skill are maintained.

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. New roles are frequently created as a result of business growth and due to new skill requirements associated with organisation and infrastructure improvements. Most of these roles are filled internally, drawing from the unique pool of retail talent that exists across the Group.

Personal growth and career development are discussed with each associate at least annually and line managers are responsible for ensuring that these discussions give rise to meaningful development plans. Assessments are available to inform career paths, training, development and improved performance, with competency profiling being core to their effective application.

Management and leadership development

The Group recognises and rewards leadership innovation, and leaders are encouraged to be forward thinking in their approach while building high performing teams with positive and constructive attitudes to business challenges. We encourage an entrepreneurial mindset amongst our 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, creation of personal development plans and regular performance feedback. Succession planning is actively encouraged within all divisions, to ensure the constant availability of high quality managers and executives.

We partner with highly credible training organisations and business schools, locally and internationally, to design and run programmes that cater flexibly for unique peer group needs within the demands of busy day-to-day working environments. The Leadership NEXT programme has focused on preparing selected executives to grow the business in diverse and changing global markets, while the Emerging Leaders Development Programme (ELDP) is designed to support the career development of upcoming leaders who display high potential for future leadership positions. Past ELDP delegates are monitored for promotional opportunities, ensuring our succession plans are constantly enriched.

Our productive relationship with the Wholesale and Retail SETA has led to a number of our managers being selected for the SETA's International Leadership Development Programme, with three of our associates having been successful in selection to the 2016/7 programme.

Talent development

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

NEW TRAINING CONTENT AND CURRICULA HAVE BEEN DEVELOPED FOR SPECIALIST TRAINING IN SYSTEMS AND PROCESSES ASSOCIATED WITH NEW WORK COMPLEXITIES, GROWTH CHALLENGES AND CHANGING JOB PROFILES.

Particular attention has been directed to redesigned core merchandising processes, which has necessitated investment in merchant training resources. Simultaneously a renewed focus is on operations processes and systems, with skills training support provided to retail operations managers and associates to meet the complexities of expansion into new territories and improved workforce management systems.

Partnerships with professional retail content developers has ensured more relevant and current training material and methods of delivery, and greater clarity and value of training solutions.

Our intern and graduate development programmes in merchandise and store operations feed externally selected trainees into areas of need, while internal trainees are provided with meaningful work under the guidance of allocated mentors and trained according to an individually paced hierarchy of learning. The MRP Foundation plays a valuable role in working alongside human resource practitioners in these areas.

Managers from across the Group have participated in the Wholesale and Retail SETA's Retail Management Development Programme since February 2012. More than 90% of our delegates have been from previously disadvantaged backgrounds. Our success with Learnerships continues with 101 associates participating in various programmes.

Work has continued on the implementation of a group-wide learning management system as a platform for associates to access training directly. This is in addition to leading e-learning technologies that make training available to our associates on a daily basis regardless of where they are geographically located, including in stores through point-of-sale terminals.

There has been an increase in the number of shorter, focused training interventions, including classroom based, e-learning and in-store. This has proved a more effective way of delivering knowledge to associates which accounts for the increase in hours allocated to learning and the average learning and development days per person. It also follows our investment in the upgrade of training methods and technologies during the previous year.

Key achievements in talent development	2016	2015	2014	2013
Investment in learning and development	**R34 783 011**	R38 469 092	R33 775 854	R30 855 899
Total annual number of hours allocated to learning	**232 437**	159 276	230 973	266 416
Average learning and development days per person	**1.8**	1.2	2.5	2.8
Modules completed in various leadership development programmes	**9 317**	9 470	2 662	3 748
Percentage of previously-disadvantaged individuals participating in learning and development	**94%**	95%	90%	88%
Percentage of females participating in learning and development	**73%**	72%	69%	70%
Percentage of previously-disadvantaged associates trained through e-learning	**97%**	97%	94%	94%
Percentage of previously-disadvantaged associates on learnerships	**93%**	97%	92%	93%

Employee relations

Treating our associates fairly is at the heart of our Group's values. We are committed to a workplace that is free from discrimination and ensures compliance with all relevant labour law. Our commitment is to a workplace culture that is centered on open communication channels between managers and associates, thereby ensuring that workplace grievances are avoided and resolved speedily. In the past year the Company saw a significant decrease in cases referred to and arbitrated at the CCMA, and we continue to maintain an excellent success rate for matters arbitrated.

Employment legislation

The Group complies with all relevant South African labour legislation, with attention currently being given to equal pay for work of equal value in terms of identifying and mitigating risk as well as staying abreast of case law developments.

Specialist employee relations practitioners guide line management in the interpretation and application of legislation in the workplace. In our international regions we partner with local firms to conduct research into local employment practice, to ensure that we maintain compliance as required by country. We have maintained active membership of the National Retail Association, through which representation to Nedlac and participation in discussions of national interest is facilitated.

Ethical behaviour

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

Wellness

Group Wellness initiatives are an important part of our culture, providing associates with access to services that promote individual health and wellbeing. Key initiatives include annual wellness days at our Support Centre, as well as health screening events including HIV testing at store level through our membership of Retailers Unite. Currently we have 3 006 associates covered by one of the available medical aid options, which represents 18% of all permanent staff. This includes a low cost entry-level medical plan specifically offered for store associates.

Safe working practices are encouraged throughout our businesses and monitored. In the year under review, 77 work-related accidents occurred with no major accidents reported involving associates.

"Value to Customers and Worth to Partners" drives the Group.

Not only do shareholders benefit from ownership in the Company, but customers also benefit from fashionable merchandise at affordable prices and the people who work for the Group benefit by having sustainable jobs and access to benefits and share schemes (refer to page 69 for more details) to help them build wealth for their futures. The commitment to Shared Value has been extended to the value chain in the past few years, where there has been increased focus on building sustainable and efficient supply chains. South Africa has been identified as a key priority country, where innovative solutions are being tested with local key suppliers and relevant government departments. Together with these innovations, the ten years of investment into the socio-economic landscape of RSA (through MRP Foundation) also aims to strengthen local business and create a sustainable local market.

Building a sustainable value chain

The Group collaborates with the following partners to identify opportunities for the development of sustainable solutions for the business, its value chain and the industry at large:

- Supplier Ethical Data Exchange (Sedex)
- Ethical Trading Initiative (ETI)
- Sustainable Cotton Cluster (SCC)
- KwaZulu Natal Clothing and Textiles Cluster (KZNCTC)
- MRP Foundation's JumpStart Programme (JumpStart)
- The Clothing Bank (TCB)
- The World Wildlife Fund (WWF) and
- Other participating forums and committees such as Retail Association, Sustainability Retail Forum, BUSA Trade and Economic Policy Committee, BUSA Social and Transformation Policy Committee as well as various sub committees focusing on national priorities such as energy and broader environmental issues.

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.

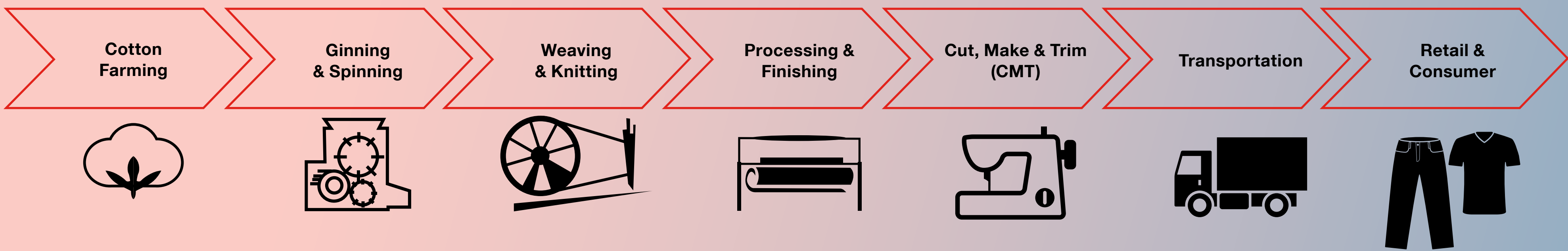
The mapping of the Group's global supply chains has progressed well, with the number of Sedex memberships increasing from 301 in FY15 to 534 in FY16. This database has proven to be a valuable tool to record supplier business ethics, labour, health and environmental practices thereby enabling the risk assessment of suppliers in accordance with these metrics. Further to this, the mapping of second tier suppliers is also progressing well and remains a key focus area for the resource teams to obtain the visibility and transparency needed to ensure that the value chain is sustainable, efficient, effective and compliant. For further information on Sedex, refer to www.sedexglobal.com.

Ethical Trading Initiative (ETI)
ETI is a leading alliance of companies, trade unions and NGOs that promotes respect for workers' rights around the globe. The Group is committed to ethical trade and has therefore partnered with ETI in order to participate in collectively tackling the many issues that cannot be addressed by individual companies working alone.

A Responsible Sourcing Policy and Guideline has been developed to guide the trading divisions in the monitoring and application of the Supplier Code of Conduct (aligned to international standards, including the ETI Base Code). The Group's first progress report to ETI was well received as many of the requirements of a Foundation Stage Member were exceeded. For further information on ETI, refer to www.ethicaltrade.org.

Sustainable Cotton Cluster (SCC)
The Group believes that by investing in the country's cotton industry, a stronger and more resilient cotton industry will be ignited with increased demand for better quality cotton from SA consumers. We hope that, through our involvement in the cluster, we will contribute to the development of a stronger local economy and unlock real job opportunities.

The participation in a pilot Integrated Supply Chain Programme (ISCP) this year, in partnership with the Department of Trade and Industry (dti) and various value chain organisations, delivered around 4.2 million garments and towels to stores, all designed and manufactured with local cotton content. This innovative collaboration was able to reduce wastage and inefficiencies thereby unlocking value in a way that everyone was able to win - from the farmer to the consumer, who is provided with a product that unlocks shared value to everyone in the supply chain.



Since the Group's initial involvement with the cluster, now 3 years ago, a significant increase in hope and collective commitment amongst local cotton producers and industry players has been translated into bold targets being set to grow the industry.

SA cotton producers are targeting an increase in cotton production of over 400% by 2018 to be achieved through the growth of small scale farm production, with the aim to create 7 200 jobs, train 2 600 people and establish 600 SMME incubators in the value chain.

For the Group, the partnership with the SCC has resulted in cotton price stability, improved margin opportunities through waste elimination, visibility of procurement sources, product differentiation to customers and contribution towards the building of a sustainable local cotton value chain.

A Traceability System, developed to capture data and provide valuable intelligence to the industry, ensures that claims made to the customer hold integrity. The system captures data on cotton production social, environmental and labour standards, converts products into raw material requirements, ensures governance standards, contract information, costs etc. In addition, the system tracks movement of the product through the value chain thereby providing visibility and business intelligence at a level never seen before through an entire value chain.

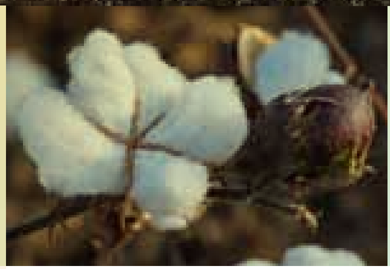
Another achievement of the SCC includes an implementation partnership between South Africa and the Better Cotton Initiative (BCI), to align SA cotton production to BCI standards, a globally sought after standard of cotton production that ensures that the environment and communities are considered. This will position SA cotton as a globally competitive crop and provides the Group with the opportunity to deliver BCI cotton to its customers. As South Africa is a water scarce country, targets to increase small scale rain-fed cotton production raised some concerns initially, however the BCI standards being introduced reduce the impact on water and the environment.

The Sustainable Cotton Cluster is a leading initiative and a remarkable move towards business, government and civil society working together to address national priorities that have the potential to reignite an entire industry, create jobs and unlock the potential in the country. The Group is very proud to have been involved as a founding retail member.

"Mr Price Group supports Southern African cotton and the development of a globally competitive and sustainable local cotton value chain that improves the livelihoods of people while also ensuring that the environment is cared for."

(Stuart Bird: CEO).

For further information on the activities of the Cluster, refer to https://sustainablecottoncluster.wordpress.com/.



KwaZulu Natal Clothing and Textile Cluster (KZN CTC)

The KZN CTC is a Public-Private Partnership (PPP) between eThekwini Municipality, the KZN Department of Economic Development, Tourism and Environmental Affairs and local clothing, textiles, footwear and leather (CTFL) manufacturing firms and retailers. The aim of the KZN CTC is to develop competitiveness in the CTFL manufacturing and retail sectors in KwaZulu Natal. It is an industry driven initiative with leadership and expertise obtained from a broad range of members.

Participation in the KZN CTC results in the sharing of thought leadership, expertise and collaboration opportunities in industry related initiatives as well as access to invaluable research. For more information on the activities of the Cluster, refer to www.kznctc.org.za.

MRP Foundation

The Group's investment into the MRP Foundation over the past 10 years addresses socio-economic challenges that are of national priority to the local RSA market. MRP Foundation is a registered Non-Profit and Public Benefit Organisation with a purpose to enable young people to reach their full potential and an inspired vision to see young people breaking the cycle of poverty and inequality.

MRP Foundation invests in building partnerships with key stakeholders, such as Mr Price Group, other businesses, government and civil society, in order to deliver innovative solutions to its beneficiaries while at the same time working with systemic structures designed to positively impact the socio-economic landscape of South Africa. The two key areas of focus are Education (MRP Foundation Schools) and Skills Development (JumpStart). For further information on the activities of MRP Foundation, refer to *www.mrpfoundation.org.*

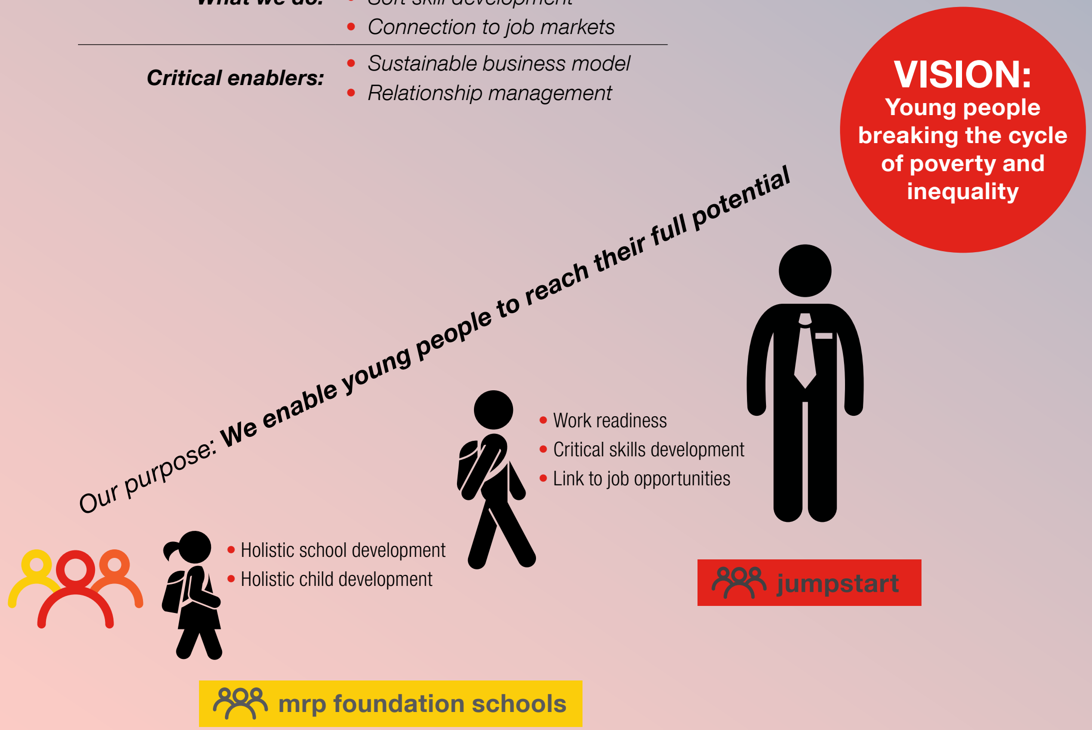
JumpStart - Skills Development for Unemployed Youth

JumpStart provides the opportunity to develop unemployed youth with the required skills to access jobs both in Clothing and Textile Manufacturing (partnering with Mr Price Group suppliers) as well as with Retailers (partnering with Mr Price Group, The Spar Group Limited and The Hub).

MRP Foundation continued to accelerate the roll out of the JumpStart Manufacturing Programme to develop scarce skills within the South African clothing and footwear manufacturing industries. Over the past two years, 550 young people participated in the Jumpstart Manufacturing Programme, with 417 (76%) successfully securing jobs in design or production. Furthermore, manufacturing facilities that participated in the programme, reported a significant improvement in quality standards, business processes and efficiencies as a result of focused interventions designed to ensure that partnering manufacturing sites are creating sustainable jobs.

The JumpStart Retail Programme exceeded its targets and commitments to the JobsFund, as 4 266 previously unemployed individuals were successfully placed into retail jobs (98% fall under the youth category of under 35 years of age). Both programmes collectively unlocked an annual salary value of around R153 million for job placements over the past 3 years.

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 Schools
Creating education environments where learner potential is unlocked

School programmes aim at a more holistic development of both child and school. Programmes include academic, physical education as well as arts and drama development. A total of 65 236 learners have been impacted through the MRP Foundation Schools programmes. Two independent research studies conducted during the current year confirmed the successful impact of the programmes.

Based on the successful impact of the MRP Foundation Schools Programme in primary schools, further expansion is planned into high schools next year to ensure that learners' improved education transitions into the next level of their education. In addition, the MRP Foundation plans to extend the JumpStart programme to benefit high school learners in four provinces. The aim is to develop the necessary skills of learners in preparation for them to become suitable for employment and thereby increase the chances of them being able to secure a job after completing Grade 12.

Broad-Based Black Economic Empowerment (B-BBEE)

The Group remains committed to the economic objectives and spirit of B-BBEE. Interventions such as the Group's involvement with the Sustainable Cotton Cluster to promote cotton production in RSA and the JumpStart Programme to produce job-ready skills in RSA embody the true spirit of B-BBEE in terms of job creation, economic growth and skills development.

The Codes of Good Practice, revised during 2014, came into effect on 1 May 2015. As previously reported, compliance against the Revised Codes of Good Practice is challenging as definitions narrowed, targets increased significantly, points required to achieve scorecard levels increased and level penalties were introduced for sub-minimums not achieved. The B-BBEE Scorecard status continues to be assessed and relevant imperatives to attain future compliance are being pursued.

The Group's supplier and enterprise development philosophy is to pursue initiatives that have a strong business case and to ensure that any intervention is sustainable and meaningful to all partners.

The Group's BEE Scorecard has been calculated with the assistance of a BEE Agency although no verification has been carried out:

ELEMENT	WEIGHTING POINTS	SELF-ASSESSMENT POINTS
Ownership	**25**	**8.61**
Management Control (includes Employment Equity)	**19**	**5.18**
Skills Development	**25**	**17.97**
Enterprise & Supplier Development (includes Preferential Procurement)	**40**	**12.92**
Socio-Economic Development	**5**	**5**
Total Points	**114**	**49.68**
Initial level achieved	**(40 – 55pts)**	**Level 8**
Discounted by one level due to sub-minimum penalty adjustment	**Penalty level**	**Non-Compliant**

The Group partners with the Clothing Bank

The Group has partnered with The Clothing Bank, a registered NPO and PBO, which channels donated stock through an enterprise development programme for the past 2 years. The programme transforms the lives of unemployed mothers trapped in a cycle of poverty to become self-sufficient through training and mentorship on basic business and life skills. The partnership has resulted in The Clothing Bank extending its operations, and it now operates from six branches across South Africa. The Clothing Bank recently won the 2016 Schwab Foundation's Social Entrepreneur of the Year award. We congratulate The Clothing Bank team on this prestigious award and are very proud to be a partner of this worthy initiative.

The Group supports The Clothing Bank by donating samples, write-offs and returned merchandise as well as used fixtures and fittings. More information on the activities of The Clothing Bank can be found at www.theclothingbank.org.za.

Employment equity

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

The Group's philosophy is to encourage all associates to achieve their full potential.

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

Those who have the potential to attain top management positions and meet the needs of succession plans are invited to attend internal and external leadership programmes that provide relevant business exposure and highlight development areas. This assists in the attainment of the employment equity (EE) goals set for the various occupational levels. The EE goals, set to 2017, have supporting strategies to address representation requirements at senior levels and there is regular reporting in place to monitor progress.

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

Below is the South African workforce profile of Mr Price Group as at end March 2016.

Occupational levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	1	-	-	24	-	1	1	7	-	-	**34**
Senior management	6	-	13	46	1	4	12	73	2	3	**160**
Professionally qualified	26	9	72	115	26	28	85	165	-	5	**531**
Skilled technical	550	120	136	113	1 381	564	301	412	3	9	**3 589**
Semi-skilled	2 256	331	110	28	6 686	1 289	347	116	12	19	**11 194**
Unskilled	34	2	6	-	51	8	4	-	-	-	**105**
TOTAL PERMANENT	**2 873**	**462**	**337**	**326**	**8 145**	**1 894**	**750**	**773**	**17**	**36**	**15 613**
Temporary employees	139	20	4	2	237	82	10	8	1	2	**505**
GRAND TOTAL	**3 012**	**482**	**341**	**328**	**8 382**	**1 976**	**760**	**781**	**18**	**38**	**16 118**

Below is the South African workforce profile of Mr Price Group for disabled employees as at end March 2016.

Occupational levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	-	-	-	-	-	-	-	-	-	-	**-**
Senior management	-	-	-	1	-	-	-	2	-	-	**3**
Professionally qualified	-	-	-	2	-	-	-	4	-	-	**6**
Skilled technical	1	-	2	1	3	1	1	6	-	-	**15**
Semi-skilled	-	-	1	-	7	4	2	-	-	-	**14**
Unskilled	1	-	1	-	1	-	-	-	-	-	**3**
TOTAL PERMANENT	**2**	**-**	**4**	**4**	**11**	**5**	**3**	**12**	**-**	**-**	**41**
Temporary employees	-	-	-	-	-	-	-	-	-	-	**-**
GRAND TOTAL	**2**	**-**	**4**	**4**	**11**	**5**	**3**	**12**	**-**	**-**	**41**

IMPROVING RESOURCE EFFICIENCIES AND ADDRESSING CLIMATE CHANGE

The Group's philosophy of doing more with less and striving for innovation and efficiency supports a reduced impact on the environment.

The Group's environmental impact relates mainly to the use of electricity, fuel, water, waste to landfill, products used in business operations, and packaging used for products and transportation. Significant environmental impacts occur in the manufacturing and usage (washing and drying) of retail products. Retail has also experienced rising expectations from various key stakeholders to influence suppliers and customers to reduce environmental impacts.

Climate change risk assessments undertaken for mrp and mrpHome have highlighted some climate change risks associated with cotton. These risk areas will be further analysed and considered in sourcing strategies.

Energy management

In the last three financial years, energy and climate change issues have moved from the sidelines to centre stage. The Group's revised commitment to reduce its carbon footprint from 10% to 17% by F2016 (on baseline year F2013) was achieved. Over the past three financial years, we reduced our carbon footprint by approximately 32.1 million Kwh (29 424 tons CO_2 emissions). The Group has benefitted from various initiatives to reduce its electricity costs, usage and impact on the environment. The initiatives have made the business case and divisions are encouraged to continue with initiatives and programmes that will achieve further savings.

The future of energy in RSA is still uncertain. There are a number of contributing factors such as the anticipated growing demand for energy, emerging regulations, changes to address climate change, developments in efficiency and alternate energy sources. It is therefore important for us to not only secure energy but also to use it productively over the longer term.

The Group's Energy Management System continues to evolve as accurate energy data enables the identification of new opportunities to reduce costs and consumption. More efficient energy usage is now standard practice in the development of new store designs. It has become increasingly important to drive the exploration of alternative, cleaner energy source options mainly due to the potential impact of energy generation on our environment, supply disruptions and the significant planned cost increases forecast for the next few years due to the level of investment required in the South African energy infrastructure. LED lighting technology is being integrated into stores and solar energy, which is inexhaustible as well as pollution and noise free, has been installed.

Our commitment to energy efficiency can be further demonstrated by the installation of a photovoltaic system (solar energy from the sun) at our corporate head office in Durban. The use of solar energy is a sustainable solution to the energy challenges of today. This system is designed to produce approximately 286 Mwh (286 000 Kwh) of clean energy annually and is guaranteed to generate energy for the next 25 years. This will further reduce the Group's carbon footprint by 305 tonnes CO_2 emissions annually.

Reduction of waste to landfill has seen significant improvements over the past year and, once again, the head office has exceeded the revised targeted rate of 50% (LY 20%). The principles of reduce, reuse and recycle continue to be entrenched into all aspects of the business.

Packaging is continuously assessed at all levels of the value chain from merchandise instore, to transportation of goods as well as handling in the DC for improvement opportunities. Standardisation of carton sizes, better packaging instructions to suppliers, improved packaging labelling as well as simple changes in algorithm code in the allocation system have resulted in many packaging efficiency improvements as well as environmental and cost savings.

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

Through the use of more fuel efficient vehicles, improved driver behaviour and optimised routing between stores, the Group achieved a 14.5% improvement in fuel consumption. This meant that on outbound transportation vehicles, we burnt 1.34 million less litres of diesel than last year.

Optimisation of the national network model of regional hubs and routes from these hubs resulted in the average kilometre per kilogram transported decreasing by 2.6%.

WWF

The Group's WWF Corporate Network Partnership is another example of where collaboration and engagement can result in environmental gains. They provide thought leadership and are a critical friend to ensure that the Group considers its material and relevant environmental impacts are actioned as part of the Group's sustainability strategy. For more information on the activities of WWF, refer to www.wwf.org.za.

Training

Associate awareness and engagement are key aspects to the success of any sustainability strategy, whether it be recycling or looking for better ways of working and innovative ideas for efficiency. To this end, training and awareness take place at regular intervals throughout the year.

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

CORPORATE GOVERNANCE REPORT

THE BOARD SUBSCRIBES TO ETHICAL LEADERSHIP, BUSINESS SUSTAINABILITY, STAKEHOLDER INCLUSIVITY AND SOUND VALUES OF GOOD CORPORATE GOVERNANCE.

It recognises that governance is about effective and ethical leadership, the outcomes of which are sustained value creation, success and longevity. It seeks to go "beyond compliance" through the adoption, integration and embedding of the spirit and principles of governance (fairness, accountability, integrity, responsibility and transparency). Effective governance is considered to be a vital component and contributor to the Group's sustained performance. The governance foundation is based on the combination of voluntary and compulsory guidelines including the principles and practices of the King Code of Governance for South Africa 2009 (King III) and the JSE Listings Requirements.

Supporting material located on the Group's website: www.mrpricegroup.com

- Board Charter
- Board Committee Mandates
- Policy for the Appointment of Directors
- Outline of Board, Statutory and Management Committees
- Internal Audit Mandate
- Internal Audit Annual Assurance Statement
- Business and Supplier Codes of Conduct
- King III application register
- Notice of AGM

Governance developments in F2016

During the year under review, the following developments occurred within the internal and external governance landscape.

Governance area	Development during the year
JSE Listings Requirements	The Listings Requirements were amended, effective 9 November 2015. Matters impacting the Group included the request to: • draft an internal policy on what constitutes price sensitive information. The Shares Trading Policy, which incorporates this, was approved by the Board in March 2016; and • give consideration to gender diversity on the Board. An amended Policy on the Appointment of Directors, which includes the Group's philosophy on gender diversity, was approved at the Special Corporate Governance Meeting in November 2015.
JSE Ticker change	In line with the evolution of the Group's brand, the JSE ticker reference was changed from MPC to MRP, effective 2 November 2015.
Lead Independent Director (LID)	In the annual review of the LID position, the Board concluded that Mr Johnston continue to serve as LID, despite there being an independent non-executive Chairman, thereby ensuring that a balance of power and authority remains on the Board and that no one individual has unfettered power of decision making.

Compliance with King III and the JSE Listings Requirements

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

The King III application register, providing the Group's position on each of the 75 voluntary governance principles outlined by King III, is reviewed annually by the Board and published on the Group's website. Three areas of partial application were previously reported. In its consideration of the register in November 2015, the Board amended its position on certain principles, with the resultant governance position for F2016 summarised alongside.

Principle	Sub-principle	Compliance Position		Comment
		F2015	F2016	
Principle 2.22 The evaluation of the board, its committees and the individual directors	An overview of the appraisal process, results and action plans should be disclosed in the integrated report.	Compliant	Materially compliant	An overview of the performance review process is disclosed in the Annual Integrated Report. However, the Board is of the opinion that, due to the sensitive nature thereof, it would not be appropriate to disclose the evaluation.
Principle 2.25 Disclosure of the present value of long-term awards	The remuneration policy should address base pay and bonuses, employee contracts, severance and retirement benefits and share-based and other long-term incentive schemes.	Materially compliant	Materially compliant	Detailed disclosure is contained in the Annual Integrated Report. However, the Company does not disclose the present value of long-term awards due to the varied models and unpredictable forecasting element required to determine the value of the share options upon vesting. Nonetheless, it provides sufficient information for stakeholders to determine their own value of the share options applying their own parameters.
Principle 9.3 Independent assurance of the sustainability report	Sustainability reporting and disclosure should be independently assured.	Partially compliant	Compliant	Even though the entire sustainability report and disclosure are currently not externally assured, the Board is satisfied with the independent assurance provided by Internal Audit and the progress made both on the sustainability journey and with integrated reporting, it is of the opinion that it may be premature to subject the entire report to an external verification at this point.
	The audit committee should oversee the provision of assurance over sustainability issues.	Partially compliant	Compliant	

Governance and assurance structure

The Head of Governance and Assurance is responsible for the strategic leadership of the Governance, Enterprise Risk Management, Internal Audit, Legal and Compliance and Company Secretariat functions.

Enterprise risk management

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

Internal audit

The independence, organisational positioning, scope and nature of work of the Governance and Assurance Division were evaluated by the Audit and Compliance Committee in March 2016 and determined to be appropriate and consistent with the approved combined assurance model. In addition, it has been confirmed that there were no impairments to the independence or objectivity of the assurance provided by Internal Audit. Refer to the Internal Audit annual assurance statement, on page 58.

Legal compliance

The Group is committed to compliance with all applicable laws. To this end, the regulatory universe impacting the Group has been defined, confirmed by the Group's external legal partner, Bernadt Vukic Potash & Getz, and delegated to appropriate compliance owners across top and senior management levels. A risk-based compliance framework has been adopted to facilitate compliance with all applicable laws. Annually the Audit and Compliance Committee reviews the Legal and Compliance Assurance Statement, which includes the assurance statements of all compliance owners, an outline of the compliance and assurance processes undertaken during the year and any identified gaps and related remedial plans. The Social, Ethics, Transformation and Sustainability Committee reviews the Assurance Statement in respect of specific matters falling within the mandate of the Committee's focus. Both these Committees confirm that nothing has come to its attention that would indicate significant non-compliance.

Company secretary

During the year under review, and in compliance with paragraph 3.84(i) and (j) of the JSE Listings Requirements, the Board evaluated Mrs HE Grosvenor, the Company Secretary, who has been with the Group for 13 years and is a Fellow of the Institute of Chartered Secretaries and Administrators. The Board is satisfied that she is competent, suitably qualified and experienced. Furthermore, since she is not a Director, nor is she related to or connected to any of the Directors, thereby negating a potential conflict of interest, it was agreed that she maintains an arm's length relationship with the Board.

UNITARY BOARD STRUCTURE

- Honorary non-executive Chairman
- Independent non-executive Chairman
- Lead Independent Director
- 4 Independent non-executive Directors
- 1 non-executive Director
- 2 Executive Directors
- 2 Alternate Directors

Rotation of directors

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

Prescribed officers

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

Employment contracts

No Directors have fixed-term employment contracts.

1 TRAINING & DEVELOPMENT

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

2 BOARD SKILL & COMPOSITION

- The philosophy is to maintain a vibrant Board that constructively challenges management's strategies and evaluates performance against established benchmarks.
- The majority (80%) of Directors are non-executives, the majority (75%) of whom are independent.
- There is a strong representation of retail experience, blended with a diversity of experience in other disciplines to strengthen the Board's collective business acumen.
- Consideration is given to the age profile, racial and gender diversity of Directors.
- All new appointments are made via a formal process, under the direction of the Remuneration and Nominations Committee.

3 INFORMATION & COMMUNICATION

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

4 STATUTORY & BOARD COMMITTEES

- Audit and Compliance Committee
- Social, Ethics, Transformation and Sustainability Committee
- Remuneration and Nominations Committee

5 BOARD CHARTER

The Board operates in terms of a charter (reviewed annually) which:

- Regulates business in accordance with sound corporate governance principles.
- Requires that these principles are applied in all dealings by Directors, in respect of, and on behalf of, the Company.
- Defines the specific responsibilities to be discharged by the Directors collectively and individually.

6 INDEPENDENCE

- Sub principle 66 of principle 2.18 of King III states: "An independent Director should be independent in character and judgement and there should be no relationships or circumstances which are likely to affect, or could appear to affect this independence. Independence is the absence of undue influence and bias which can be affected by the intensity of the relationship between the Director and the Company rather than any particular fact such as length of service or age."

  Annual evaluations of Director Independence are conducted, in accordance with the criteria set out in King III and the requirements of the Companies Act. During the year 2 non-executive Directors were classified as non-independent, namely:
  - Mr SB Cohen – on account of his material shareholding
  - Mr K Getz – who acts as a professional advisor to the Company.

  However, the Board was satisfied that both these directors do act independently in their service to the Board.
- The cyclical and specialist nature of retail necessitates Directors with long-serving Board experience, making it impractical, and not in stakeholders' best interests, for Directors to resign after 9 years. A more robust evaluation of independence is conducted for these Directors serving longer than 9 years. Messrs Johnston and Swain were considered to be independent, despite their long tenure.

Board and committee meetings

The Board and its Committees meet 4 times annually to discharge their responsibilities for the overall strategic direction and control of the Group. In January the Board convenes telephonically to review the Q3 trading results and approve the trading update for SENS publication. In addition, an annual Special Corporate Governance meeting, under the chairmanship of the Lead Independent Director is held to:

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

Attendance of Directors at board and committee meetings

Generally, all Directors attend the Annual General Meeting and are available to answer shareholders' questions. Mr Ruck was unable to attend the May set of meetings due to overseas travel commitments. Alternate Directors are not required to attend each meeting. Mr N Abrams (who resides in the UK) was kept updated, receiving all Board meeting documentation.

Status	Director	Board	Special Corporate Governance	Audit and Compliance	Remuneration and Nominations	Social, Ethics, Transformation and Sustainability
Executive	SI Bird	4/4	1/1			4/4
	MM Blair	4/4	1/1			
Non-executive	SB Cohen	4/4	1/1			
	K Getz	4/4	1/1		4/4	4/4[5]
Independent non-executive	MR Johnston	4/4	1/1[2]	4/4	4/4[4]	
	RM Motanyane	4/4	1/1			4/4
	D Naidoo	4/4	1/1	4/4[3]		
	NG Payne	4/4[1]	1/1		4/4	
	MJD Ruck	3/4	1/1	3/4	3/4	
	WJ Swain	4/4	1/1	4/4	4/4	
Alternate	N Abrams	2/4	1/1			
	SA Ellis	4/4	1/1			

[1] Chairman of the Board
[2] Lead Independent Director chairs the Special Corporate Governance Meeting
[3] Chairman of the Audit and Compliance Committee
[4] Chairman of the Remuneration and Nominations Committee
[5] Chairman of the Social, Ethics, Transformation and Sustainability Committee

Board's Oversight of Risk Management

THE BOARD REMAINS ACCOUNTABLE AND RESPONSIBLE FOR THE GOVERNANCE OF STRATEGY AND RISK. IT IS COMMITTED TO BUSINESS SUSTAINABILITY AND TO CREATING AND PRESERVING STAKEHOLDER VALUE.

The Board recognises that the governance of strategy, risks and performance are critical success factors and therefore exercises active oversight of these processes.

Instead of a separate Risk Committee, the Board as a whole considers risk at each of its meetings. The incorporation of the risk agenda into that of the main board allows for a more robust consideration of strategy and associated risk opportunities.

During the year under review, the Board fulfilled its risk mandate by meeting 4 times to discuss the following key risk governance and risk management matters:

Effectiveness of Risk Management
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.

The Board is satisfied that the systems and processes in place to govern and manage risk are adequate and that management has generally executed their risk management responsibilities satisfactorily; in particular management has:

- Integrated and aligned strategy, risk management, performance and sustainability;
- Implemented an adequate and effective risk management framework, which if consistently applied, should guide the Group's approach to identifying, evaluating and responding to key opportunities and risks that may impact on strategic objectives;
- Managed risks within the approved appetite and tolerance levels; and
- Embedded risk management into the day-to-day activities of the Group.

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

The Board has formally defined its appetite for risk and annually reviews this. It confirms that an appropriate risk appetite framework and policy remain in place to guide strategy and the engagement of risk.

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

Key Business Risks and Opportunities
Key business opportunities and risks were discussed comprehensively by the Board during the year. The Board, having considered the Group's key risks, is satisfied that strategy and business plans do not give rise to risks that have not been thoroughly assessed by management and confirms that there were no undue, unexpected or unusual risks taken by the Group and no material losses were incurred during the year.

Accountability and responsibility

Performance reviews

The Board undertakes an annual series of assessments in order to monitor performance and identify areas for improvement. The assessment cycle operates over three years with a comprehensive review being undertaken in the first year. From this process, a "Steps for Improvement" document is generated. The assessment of progress made against the steps taken for improvement is conducted over the second and third year of the cycle. This affords sufficient time for improvements to be implemented in the identified areas. In this manner, the Group reviews the performance of the following:

- Board
- Chairman of the Board
- Chairmen of the Board Committees
- Board Committees; and
- Peer and self-evaluations.

In the year under review, the review process included questionnaires as well as telephonic and personal interviews conducted by the Lead Independent Director and the Chairman. The "Steps for Improvement" were tabled at the March 2016 Board meeting. Overall, the Board was satisfied with the performance of the Chairman who chaired with enthusiasm and handled Board matters extremely competently. The Committees were operating effectively and the change-over in chairmanship in the Audit and Compliance Committee was successful.

On an annual basis, the Remuneration and Nominations Committee assess the performance of the Chief Executive Officer, Chief Financial Officer and Group Logistics Director (who is the alternate director to the CFO). The Committee was satisfied with the performance of all three executive Directors.

Conflicts of interest and share dealings

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

Closed and prohibited periods

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

Codes of conduct

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

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

Board statement

The Board believes that, in respect of the business specifically reserved for its decision, it has satisfactorily discharged its duties and responsibilities during the year under review.

Sponsor

Rand Merchant Bank (a division of FirstRand Bank Limited) remains the Company's Sponsor and, among other functions, it advises the Board on compliance with the JSE Listings Requirements.

AUDIT & COMPLIANCE

COMMITTEE REPORT

Mr Price Group remains committed to the principles of good governance, ethical leadership and exemplary corporate citizenship. To this end, the Audit and Compliance Committee assists and supports the Board in discharging its duties.

Composition

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

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

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

Role

- 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 and regulations, and
  - provide oversight of the external and internal audit functions, appointments and independence;
- Ensures that a combined assurance model is applied to provide a coordinated approach to all assurance activities relating to the significant risks facing the Group; and
- Provides a communication channel between the Board and assurance providers.

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

Annual report of the committee

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

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

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

The board believes that the committee has satisfied its responsibilities under its mandate.

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

INTERNAL
AUDIT REPORT

The Group Internal Audit Division (Internal Audit) was established to assist the Board and executive management with the achievement of their objectives and has remained a vital part of the Group's governance and combined assurance structures.

Internal Audit is the primary independent assurance provider on the adequacy and effectiveness of the Group's governance, risk management and control structures, systems and processes. The centralised division operates in terms of a formal mandate, in full conformance with the International Professional Practices Framework for Internal Audit (Standards) and with leading risk-based and integrated methodology.

Professional positioning and recognition

Internal Audit has been subjected to 2 independent external quality assessment reviews (QAR), in 2007 and 2011 and a QAR is scheduled for 2016. It was recognised as the first internal audit function in South Africa with full conformance to all Standards, and in 2011 was confirmed as the only function in South Africa with the exceptional rating of full conformance in an independent external quality review. This result placed the Internal Audit function in the top QAR results globally. The independent external QAR team recognised that:

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

Independence and authority

The independence of Internal Audit is formally considered by the Chief Audit Executive and the Audit and Compliance Committee on an annual basis, or as and when changes to the organisational positioning occur. It has been determined and confirmed that Internal Audit has remained independent of all operational functions, and that the functional reporting to the Audit and Compliance Committee and administrative reporting to the Chief Financial Officer have enabled appropriate organisational positioning. Internal Audit has access to the Chairman of the Board, as well as free and unrestricted access to all areas within the Group.

In order to facilitate strategic positioning and alignment of Internal Audit, it has had a standing invitation to Executive and Board Committee meetings for many years, including meetings of the Divisional Boards, Main Board Committees and the Main Board when risk matters are discussed.

Annual internal audit assurance statement

Internal Audit assurance can only be reasonable and not absolute and does not supersede the Board's and management's responsibility for the ownership, design, implementation, monitoring and reporting of governance, risk management and internal controls.

Scope of work

There were no undue scope limitations or impairments to independence. In our professional judgement, sufficient and appropriate audit procedures have been conducted through the completion of the risk-based audit plan and evidence gathered to support the conclusions contained in this report.

Grade	Description
Low risk (≥ 90%)	Controls evaluated are adequate, appropriate and effectively implemented to provide reasonable assurance that risks are being managed and objectives met.
Medium risk (75-89%)	A few specific control weaknesses were noted, but generally controls evaluated are adequate, appropriate, and effectively implemented to provide reasonable assurance that risks are being managed and objectives should be met.
High risk (≤74%)	Numerous specific control weaknesses were noted. Controls evaluated are unlikely to provide reasonable assurance that risks are being managed and objectives should be met.

Area	Description
OVERALL OPINION	Based on the work completed during 29 March 2015 to 2 April 2016, which has been carried out in accordance with the International Professional Practices Framework for Internal Audit and the approved Internal Audit Plan, and provided that management has effectively implemented the agreed actions to rectify reported control weaknesses, in the opinion of Internal Audit, except for a few specific control weaknesses noted, in all material respects, controls evaluated were generally adequate, appropriate and effectively implemented to provide reasonable assurance that risks are being managed and that the Group objectives should be met.
TONE AT THE TOP	Internal Audit has continued to note a constructive tone at the top. Divisional management generally responds immediately and appropriately to reported weaknesses and demonstrates a willingness to adopt recommended improvements. Executive management and the Board require, encourage and monitor quality and continuous improvement in the Group's governance, risk management and control.
GOVERNANCE	The quality of governance is considered in every audit and we confirm that there are generally very good governance structures and processes in place to: • Promote appropriate Group ethics and values; • Ensure effective organisational performance and accountability; and • Adequately co-ordinate Group strategies, communication and activities among the Board, Management, second-line-of-defence functions and External and Internal Audit.
RISK MANAGEMENT	The effectiveness of risk management structures, systems and processes is evaluated in every audit, as far as possible and we confirm that these are adequate to identify, assess and mitigate key risks and to support the achievement of the Group's strategic goals. In addition we reviewed the quality of the Group's enterprise risk management structures, frameworks, policies, processes and reporting and concluded that these were very good. These facilitate integration between strategy, risk management and performance, and if properly applied, should result in effective management of key risks. There is continuous focus on the embedding of risk management, advancing risk reporting and performance measurement.
INTERNAL CONTROLS	We have continued to note an improvement in internal controls across the Group, especially in areas that have been re-audited. We have identified isolated instances of fraud within the Group, mainly at a store level, and of immaterial amounts.

Audit area	2016	2015	2014	2013	2012
Continuous Audits and Forensics	Very Good	Very Good	Very Good	Very Good	Adequate
Corporate Audits	91%	91%	92%	91%	91%
IT Audits	92%	92%	91%	91%	89%
Operational Audits	92%	91%	92%	92%	90%

SOCIAL, ETHICS, TRANSFORMATION AND SUSTAINABILITY COMMITTEE REPORT

This Committee was established in March 2012 in compliance with the requirements of the Companies Act (71 of 2008) and operates in terms of a formal mandate, which contains detailed provisions relating to the terms of reference, duties, composition, role and responsibilities of the Committee.

Composition

The committee is comprised of the following Directors:

- Mr K Getz - (Chairman) Non-executive Director
- Mrs RM Motanyane - Independent non-executive Director
- Mr SI Bird - Chief Executive Officer

In addition to the members, all Board members are permanent invitees to the meetings with the invitation regularly being taken up by several Directors, including the Chairman.

The following senior executives are permanent attendees at the meeting:

- Mrs VT Botha-Richards - Head of Corporate Services and Sustainability
- Mr S Glendinning - Head of Group People
- Mrs S Moodley - Head of Governance and Assurance
- Mrs HE Grosvenor - Company Secretary

Role

The Committee is responsible for assisting the Board with the monitoring and reporting of social, ethical, transformational and sustainability practices that are consistent with good corporate citizenship, as well as assisting the Group in discharging its business responsibilities in relation thereto.

Statutorily, the Committee is responsible for monitoring the Group's activities, as per the Companies Act, with regard to matters relating to:

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

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

Annual report of the committee

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

During the year under review, the key matters considered by the Committee (and reported to the Board) included:

- Oversight of the Group's Business Code of Conduct and Supplier Code of Conduct.
- Monitoring and assessing the Group's transformational progress (including consideration of the Employment Equity Act, the Broad-Based Black Economic Empowerment Act and the supporting Codes of Good Practice). The Committee is supported in its monitoring of equity practices by the Employment Equity and Skills Development Committee and the People Service Division Board.
- Monitoring and assessing the Group's compliance with applicable legislation and Codes of Good Practice, including anti-corruption legislation, in conjunction with the Audit and Compliance Committee.
- Monitoring the Group's environmental and social sustainability strategy and the execution thereof, including the social investment initiatives undertaken by MRP Foundation. The details of the programmes undertaken can be located on the website www.mrpfoundation.org
- Monitoring of matters relating to its statutory obligation and good corporate governance.

An evaluation of the Committee and the performance of its members was included in the comprehensive board review process undertaken during the year. The Committee is satisfied with the leadership offered by its Chairman, the performance of its members and believes it is appropriately monitoring all relevant issues, in terms of its statutory mandate and the additional responsibilities delegated to it by the Board. Refer to the Building Sustainability Through Shared Value Report on page 41 for more details around transformation and sustainability.

As Chairman of the Social, Ethics, Transformation and Sustainability Committee, Mr K Getz will be available at the Annual General Meeting to answer any questions relating to the statutory obligations of the Committee.

Monitoring and assessing the Group's compliance with applicable legislation and Codes of Good Practice, including anti-corruption legislation, in conjunction with the Audit and Compliance Committee.

REMUNERATION REPORT

THIS REPORT PROVIDES AN OVERVIEW OF THE GROUP'S APPROACH TO REMUNERATION, WITH PARTICULAR FOCUS ON EXECUTIVE AND NON-EXECUTIVE DIRECTORS.

Governance, remuneration philosophy and remuneration policy

Governance

The Board is ultimately responsible for the remuneration policy. The Remuneration and Nominations Committee (Remnomco) functions as a sub-committee of the Board, overseeing the remuneration of divisional executives and Executive Directors (ED) and reviewing management's recommendations regarding the remuneration of non-executive Directors (NED), including the chairman. The Committee operates according to a formal Board mandate – refer www.mrpricegroup.com/governance/charterandmandates. Nominations related activities are outlined in the Corporate Governance Report on page 48.

The Committee is chaired by Mr MR Johnston, the Lead Independent Director. It has four structured meetings annually and meets on an ad-hoc basis if required. Committee membership and meeting attendance are disclosed on page 52. To assist the Committee with the execution of its mandate, the CEO and CFO attend Committee meetings, but are not present when their remuneration is discussed.

Where applicable, matters are referred to shareholders for approval at either the annual general meeting (AGM) or at a general meeting. The remuneration policy aspects of this report are subject to an annual non-binding shareholders vote at the AGM. This meeting is attended by the Chairman, who is available to answer questions regarding the remuneration policy, its application and the Committee's activities.

The Company encourages and appreciates feedback from shareholders on governance and remuneration related matters. Issues raised are tabled at Remnomco meetings and considered when reviewing policy and Annual Integrated Report (AIR) disclosure. Significant shareholders and proxy houses are contacted ahead of the AGM in the event that greater clarity on the proposed resolutions is required. Shareholders are encouraged by management's engagement efforts and the enhanced level of disclosure made to date.

Committee activities

In satisfying its mandate in remuneration focused matters, the main activities undertaken by Remnomco during the year were to:

- approve the principles for base salary increases
- approve the remuneration of divisional executives and executive Directors
- review the efficacy of, and set the basis for, determination of short-term and long-term incentive plans
- review the performance of the divisional executives and executive Directors and approve their short-term incentives
- review all new share and share option allocations under the various share schemes in operation
- oversee the outsourcing of the administration of the share schemes to an institutional third party
- propose non-executive Director fees for consideration by shareholders at the AGM (page 76)
- review the performance of the Chairman
- conduct an annual self-evaluation review, from which areas for improvement were identified
- review and update the mandate for approval at the Special Corporate Governance meeting in November 2015
- oversee the update of various employment policies for legislative changes
- review the Remuneration Report for inclusion in the AIR and subsequent to its publication, respond to queries and comments received from shareholders or their representatives.

Philosophy

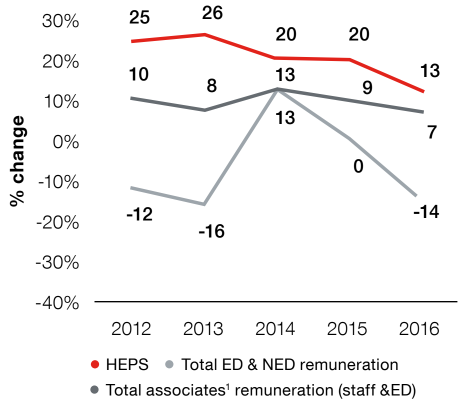
THE VALUES WHICH GUIDE THE GROUP ARE PASSION, VALUE AND PARTNERSHIP (REFER OVERVIEW ON PAGE 8). THE MANNER IN WHICH THESE ARE APPLIED CREATES A UNIQUE ORGANISATION, BOTH IN CULTURE AND PERFORMANCE AND IS A KEY DRIVER OF BUSINESS SUCCESS.

The remuneration structures stimulate and incentivise high performance. An entrepreneurial management style is encouraged, providing all staff, who we call associates, with the room to innovate and grow. This effectively enables ordinary people to achieve extraordinary things. As the Group strives to achieve its vision of being a top performing international retailer, the core of its remuneration philosophy - its ability to attract, retain and motivate top retail talent - becomes increasingly important. Our approach aims to create partnerships with associates in their journey of continued growth through market-related base pay and benefits, attractive performance-driven short-term (bonuses) and long-term (share schemes) incentives and recognition and reward programmes.

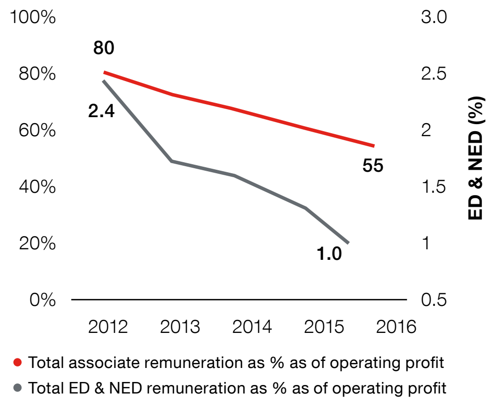
The historical earnings growth of the Company (30 year HEPS CAGR of 23%) is attributable to the efforts of all our associates. The trends provide tangible evidence that our approach to remuneration has delivered on the objectives of retention and motivation driving performance, while ensuring that efficiency gains are realised by controlling total employee costs.

The Group is acutely aware of the global issue regarding inequality of remuneration between management and lower level employees. We believe that it is morally correct that incentivisation, both short-term and long-term, is applied throughout the organisation. This enables our associates to share in the success of the Group, thereby aligning their efforts with corporate performance and increased shareholder value (refer pages 69 and 72 for details of the benefits applicable to participants in the Partners Share Scheme). We also believe that literacy and reasonable numeracy are the keys to 'decent employment' and our MRP Foundation has been instrumental in these aspects through training and awarding educational bursaries, from early childhood development to tertiary education. MRP Foundation achievements are detailed on page 41.

Remuneration vs Performance



Remuneration to operating profit ratio



Policy

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 LONG AND SHORT-TERM BENEFITS. REMUNERATION LEVELS ARE INFLUENCED BY WORK PERFORMANCE AND SCARCITY OF SKILLS.

Given that performance-related incentives form a material part of remuneration packages, ongoing performance feedback is vital. Associates participate in performance and career development evaluations on an annual basis, focusing on work achievements, learning and development needs, values and cultural alignment. 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 by law or by agreement by both parties to waive the notice period. Contracts are also terminated in the event of a dismissal, without the associate having an entitlement for compensation. Employment contracts do not contain provisions relating to the compensation of executives for a change of control of the Company, providing neither 'balloon' payments on termination or retirement, nor restraint of trade payments (although the latter may be contained elsewhere).

External service providers assist Remnomco from time to time and, where this involves remuneration, appropriate benchmarking comparatives are made.

The disclosure of the remuneration of executive Directors is governed by the JSE Listings Requirements and the Companies Act, 2008, with additional recommendations from King III. In order to maintain its competitive edge, the Group has applied the principles of King III that are appropriate for the business, to which there have been no material changes during the year under review. The Group complies with all disclosure aspects, except the recommendation of paragraph 180 of King III, relating to the present value of long-term incentives due to the varied valuation models and the unpredictable forecasting elements required to determine the value of the share options when vesting. The Group's view is that to consider the present value of option awards as remuneration is misleading, in that the present value does not reflect the value paid to or receivable by the executive. Such gains can only be determined upon exercise of the options. However, to compensate for this omission, share option disclosure has been enhanced in order to aid shareholder evaluation (refer pages 73 and 74).

Remuneration structure

Remuneration and reward structures are categorised into the following elements:

- Fixed remuneration: base pay and benefits
- Variable remuneration: short-term performance-related incentives
- Long-term incentives: shares and share options

Fixed remuneration

Being a value retailer, the Group's intention is to pay market-related basic salaries and benefits, which it sets at the market median. All associates receive a fixed remuneration package based on their roles, individual performance and the Group's performance. Increases are based on a review of market data and consideration of individual performance and potential.

- Base Pay - salary and benefits are reviewed at least annually.
- 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 a defined-benefit fund (closed to new entrants with effect from 1997) and two funded, defined-contribution funds. Associates employed in Namibia, Botswana, Nigeria and Ghana are members of separate defined-contribution funds in those countries, while Zambian associates are members of the Zambian National Pension Scheme Authority. The funds provide for pensions and related benefits for permanent associates and membership is compulsory after the first year of service. Superannuation contributions are made in respect of Australian associates.

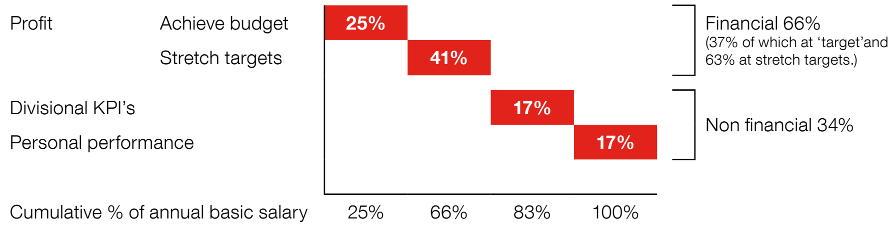
The Group remunerates new entry level associates, some of whom are sourced through MRP Foundation, at least at the minimum statutory wage. Substantial opportunities exist for associates to move well away from minimum wage, as early as their first year of employment, through:

- 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 various share schemes.

Associates participating in the Mr Price Partners Share Scheme received dividends of up to R6 439 each in the last financial year, depending on their employment date.

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 median, through generous incentives, which place a significant proportion of the reward 'at risk' for the achievement of stretch targets. A typical incentive structure for trading division executives is as follows:



The programmes are designed to reward associates for their contribution to Company 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 include the achievement of key imperatives linked to their division's strategy. Their awards are generally capped at 100% of annual basic salary (ABS), although in exceptional circumstances the CEO can motivate a higher personal performance award.

Long-term incentives (LTI's)

In line with the Company's core value of 'Partnership', share schemes appropriate to the various levels of associates are in place. Lower level associates in SACU receive free shares (the number of which are based on their salary level ratio) after one year's employment and, in addition, qualify for share options once they reach the qualifying salary level. In addition to the positive impact of 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.

Divisional executives participate in the Executive Share Trust (share option scheme) and Executive Forfeitable Share Plan and, in some cases, the Group Forfeitable Share Plan. The basis upon which total LTI awards are calculated range from 100% to 250% of annual guaranteed remuneration, depending on the role and level of responsibility. The mechanics of these schemes are similar to that detailed in respect of the ED's on pages 70 and 71.

Executive Directors - Framework and policy implementation
Guaranteed pay - Framework

Component	Purpose and link to business strategy	Mechanics	Opportunity and limits
Base pay	Offer competitive market related pay taking into consideration specific role requirements, and levels of skill and experience. 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 ED 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 6 months is required. The appointment of EDs is aligned with the Companies Act, 2008. As a result, they do not retire by rotation as per the policy for NEDs. Instead, their performance is reviewed annually by Remnomco.	Pay reviews are influenced by skills, scope of responsibilities and individual performance, including leadership and conduct in line with the Group's values. Remuneration, including guaranteed pay, is benchmarked and aligned bi-annually to the median of a comparator group of 16 JSE listed companies, which was selected in conjunction with advisors PwC. This exercise was last performed in October 2014 and included the following companies in the peer group: • sector (Pick'n Pay, TFG, Massmart, Steinhoff, Clicks, Truworths, Woolworths, Shoprite) • market capitalisation (Tiger Brands, Discovery, Growthpoint, Exxaro Resources, Assore) • growth (Coronation, Capitec Bank, Aspen) In non-benchmark years, salary increases are based on the prevailing consumer price inflation rate.
Benefits	Provide a market-competitive suite of benefits.	Retirement fund (RF) – membership of the defined contribution pension fund. 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 overleaf.

Guaranteed pay - policy implementation

Emoluments for the year – guaranteed pay and short term incentives (R'000)

	salary	motor vehicle benefits	pension contributions	other benefits	short-term incentives	total 2016
SI Bird*	5 571	210	1 137	182	8 170	**15 270**
MM Blair*	3 518	340	757	193	4 866	**9 674**
SA Ellis	1 686	229	378	127	2 220	**4 640**
Total	**10 775**	**779**	**2 272**	**502**	**15 256**	**29 584**

Change over previous year (11.6%)

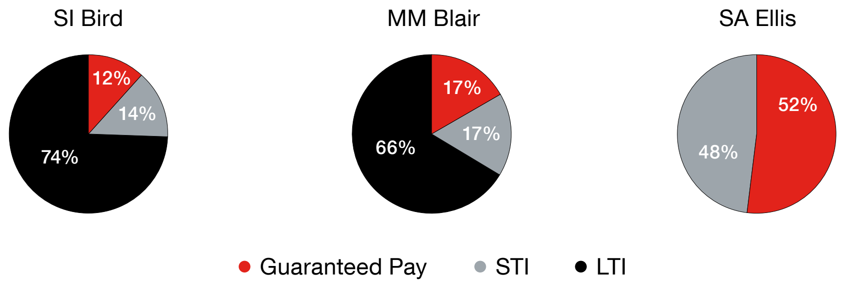
* considered prescribed officers

	salary	motor vehicle benefits	pension contributions	other benefits	short-term incentives	total 2015
SI Bird	4 974	213	1 019	165	9 741	**16 112**
MM Blair	3 319	338	708	158	6 167	**10 690**
SA Ellis	2 718	276	593	115	2 945	**6 647**
Total	**11 011**	**827**	**2 320**	**438**	**18 853**	**33 449**

Gains made under the long-term incentive schemes are disclosed on page 73.

Analysis of total ED remuneration

The previous salary review process, effective 1 April 2015 was based on the comparator group benchmarking study. The outcome was that the CEO received a salary increase of 12.0% and the CFO 6.0%. The salary of the Group Supply Chain Director reduced in line with his reduced working hours. In total, guaranteed pay decreased by 1.8%. As the current salary review process is during a non-benchmark period, the executive directors will receive an increase of 6.2%, (CPI rate at January 2016), effective 1 April 2016. The results of the next benchmarking exercise will be tabled at the November 2016 Remnomco meeting, for implementation in the following financial year i.e. April 2017.



Short-term incentives - Framework

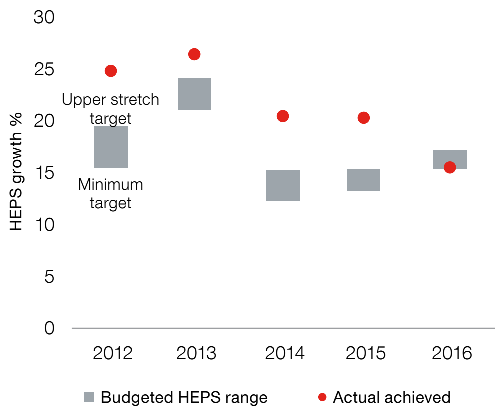
Component	Purpose and link to business strategy	Mechanics	Opportunity and limits
Annual performance incentive	To motivate executives to achieve short-term performance goals which relate primarily to earnings, but which also measure the achievement of near term targets relating to the Group's strategic objectives, personal behaviour and leadership. Although challenging targets are set, the incentive schemes are potentially generous and attainable to: • encourage the achievement of targets that can be directly influenced by superior performance • avoid the Company being exposed to undue risk caused by the executive's behaviour. A substantial proportion of the financial or 'hards' aspects of the award requires outperformance and is therefore 'at risk'. The aim is to ensure that a strong relationship exists between incentives and sustainable value created for shareholders. If performance is not at desired levels, incentives will reflect that situation.	Remnomco aims to ensure that a well-balanced set of measurables are designed, which include: **Measurable Group performance** ('hards') Targets are tailored annually to ensure alignment with prevailing trading conditions. Targets include: • HEPS growth, with a strong element of 'stretch' • return on capital employed • key imperatives linked to the business strategy **Personal performance** ('softs') This incorporates areas of demonstrated performance, leadership, innovation, effort and teamwork. Measuring these 'soft' issues necessitates more subjective judgement and is determined via individual and peer reviews. A poor personal performance evaluation can reduce or eliminate the incentive due under measurable Group performance. **General** Bonus payments are not deferred and are payable annually in May in cash. Associates have to be in the Group's employ at year end to receive incentive bonuses, unless due to specific circumstances, Remnomco has approved alternative arrangements.	**Measurable Group performance** For the 2016 financial year, the 'hards' targets against which the CEO and CFO were measured included: • growth in headline earnings per share 75% • return on capital employed 8% • achievement of strategic KPI's 17% **Total 100%** The maximum that can be earned is equal to 100% of ABS. The awards are only made if the Group achieves its budgeted half year and annual headline earnings per share targets. In that event, an award of 25% of ABS is made. The Supply Chain Director was measured on • growth in headline earnings per share 40% • specific supply chain operational targets 10% • supply chain strategic KPI's 50% **Total 100%** The maximum potential award is equal to 83% of ABS. The award is only made if the Group achieves its budgeted half year and annual headline earnings per share targets. In that event, an award of 17% of ABS is made. **Personal performance** 'Soft' awards for the CEO and CFO are capped at 100% of ABS, however this would only be achieved in exceptional circumstances and has rarely been paid. The cap for the Supply Chain Director is generally capped at 17% of ABS.
Service bonus	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 basic 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.

Short term incentives - policy implementation

The recent trend of companies disclosing the precise mechanics of short term incentive schemes was aimed at preventing executives from being rewarded in the event of company underperformance. The historical information detailed below demonstrates that an appropriate level of thought has been applied and that incentives are aligned with the Group's performance based culture.

Over the last five years, the incentive structures required:

- HEPS growth varying between 12.2% (which was the lowest 'base' target in any year, attracting three months' incentive) and 24.0% (which was the highest stretch performance target, attracting nine months' incentive).
- an average growth in HEPS of 15.4%, 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. The ratio of increased profit to incentives awarded has increased from 26 in 2012 to 55 in 2016.
- in 2016, each of the three stretch performance levels required an additional profit before tax to cost (additional incentive) ratio of 12:1.



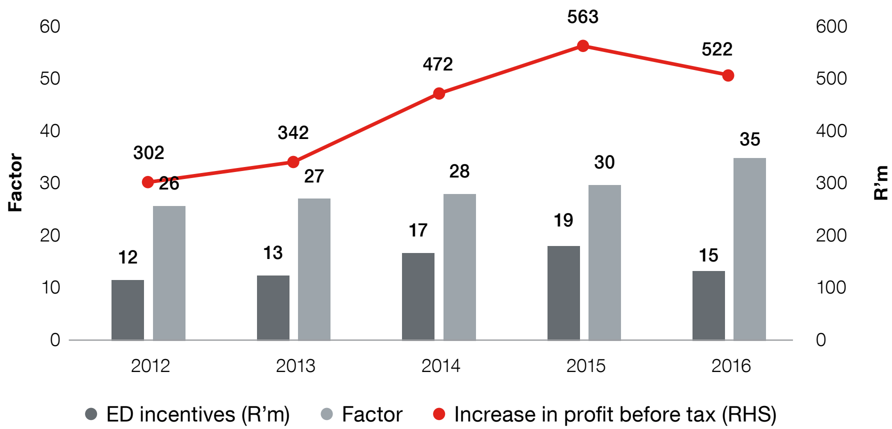
Historical HEPS incentive targets vs actual HEPS reported

% of ABS that would apply for achieving:	2012	2013	2014	2015	2016
- budgeted HEPS growth	33	33	25	25	**25**
- stretch target HEPS growth (cumulative)	67	67	75	75	**75**
Actual HEPS reported (cents)	503	636	765	919	**1 058**
Actual HEPS growth (%)	24.7	26.3	20.4	20.2	**15.0**
Average consumer price inflation for the year (%)	6.0	5.6	5.8	5.6	**5.1**
Real HEPS growth achieved (%)	18.7	20.7	14.6	14.6	**9.9**
% of HEPS based incentive achieved	100	100	100	100	**33**

Composition of total incentives in last three years

	2014			2015			2016		
	Bird	Blair	Ellis	Bird	Blair	Ellis	Bird	Blair	Ellis
Hards (% of ABS)	100	100	58	96	96	67	47	47	57
Softs (% of ABS)	57	50	25	92	83	33	92	83	67
Total (% of ABS)	157	150	83	188	179	100	139	130	124

Relationship between ED incentives and performance



Long-term incentives - Framework

Component	Purpose and link to business strategy	Mechanics	Opportunity and limits
General (all schemes)	Partnership and reward for performance are among the Group's key beliefs. The Group has ambitious growth plans that will require substantial capital expenditure and the continued dedication of its associates. The long-term incentives (LTIs) 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. We believe that our unique inclusive approach to share ownership is morally right given the socio-economic situation in South Africa, is a key differentiator and is essential to achieving a sustainable high level of performance. In other companies, LTIs are typically reserved for company executives. However in our case EDs interest is only 9.7% of total routine LTI 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 coincides with a tranche vesting. This mechanism spreads the market risk, avoiding the situation where all options could be out of the money, which is a disincentive to associates. All option and share awards are based on an award value, determined by annual guaranteed remuneration (AGR) multiplied by a factor (benchmarked where possible), divided by the share price (30 day VWAP at award date). This limits company exposure during a period of share price strength. Re-pricing of options is not permitted and options are not awarded to or exercised by key personnel in the Executive and Executive Director Share Schemes during closed periods. Remnomco has the authority to prevent vesting in circumstances where the individual is deemed 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 taking into account 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 will lapse unless the Board exercises its discretion and permits the retention of any or all of the unvested options. 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 in 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 offered tranches. No accelerated vesting of share options is permitted in any LTI scheme.	**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 9 463 292 shares and therefore still has 37 085 138 shares that may be issued for this purpose. However, in order to avoid shareholder dilution, the Group's policy to date has generally been to purchase shares on the open market to satisfy the schemes' requirements, as opposed to issuing new shares. No shares were issued in the year under review. The Company's partnership approach has resulted in 12 252 associates participating in the various share schemes in operation (refer page 72). Total routine LTI awards made represent 6.8% of share capital, which has reduced substantially over time as a result of the change to the award formula (refer graphs on page 72). 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 routine equity incentive schemes equates to 4.9% of the issued share capital (refer page 72). **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/remuneration philosophy/group share schemes. 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 below for further details). The award formula detailed above results in a 'vanilla' EFSP award. Typically these do not contain performance conditions as they have a stronger retention element. A 'performance' award, equal in value to the 'vanilla' award, is made, subject to performance criteria being achieved.

Long-term incentives - Framework (continued)

Component	Purpose and link to business strategy	Mechanics	Opportunity and limits	Performance conditions
Executive Director Share Option Scheme	To motivate executives to achieve long-term performance goals contained in the Group's business strategy. A strong relationship must exist between incentives and sustainable value created for shareholders. To attract potential future EDs and enhance current ED retention.	Per detailed under 'general' above. Share options vest 5 years from award date. Share options must be exercised within 5 years from vesting, failing which they will lapse.	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% Bonus awards are then offered equal to 10% of total awards, based on personal shareholding in the Company. The value of shares held at qualifying date annually must be at least equal to three times annual guaranteed remuneration. The personal shareholding of all executive Directors exceed the required level. The total award is split into options and FSPs (refer EFSP on page 71) on an approximate 80:20 basis respectively. No single participant's interest in voluntary awarded long-term incentive plans exceeds 0.5% of issued share capital (refer page 72). Awards are compared to benchmark every two years, as detailed under 'base pay' on page 65.	Remnomco's intent is not to raise performance hurdles to a level that would cause the schemes to lose their motivational appeal. Congnisance is taken of the quantum of the awards, which have reduced considerably over time. This has been attributable to strong Company performance and the share price reflecting a premium PE rating, well above the Group's long term average. Should the LTI schemes lose their motivational appeal, the Group would have to adopt a less favourable approach of increasing guaranteed pay to retain key associates. However, in order 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.

Long-term incentives - Framework (continued)

Component	Purpose and link to business strategy	Mechanics	Opportunity and limits	Performance conditions
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 LTI supports the attraction, motivation and retention elements of EDs while continuing to align their interests with that of shareholders. In the event of options being 'under water' 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.	Forfeitable shares are free shares awarded to participants, subject to certain conditions. From a Company perspective, FSPs are attractive due to the fact that shares result in a lower number of instruments than options and senior employees can also receive enhancement shares, which are subject to performance conditions. Shares awarded are included in the award value and form part of the rolling nature of LTI schemes, as detailed above. The shares vest 5 years from offer date and must be exercised immediately. Participants receive dividends during the vesting period. The shares acquired by the Company to fully satisfy these obligations are held by an institutional third party.		Continued employment by the Company. Contains stretch HEPS targets linked to the Group's five year strategic plan. Due to their sensitivity these targets cannot be disclosed.
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 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.	Award of shares equivalent to between two and three times annual guaranteed remuneration, depending on the executive's position. In total the scheme has 15 participants, including the CEO and CFO. The supply chain director is subject to previous restraint agreements. No awards were made to EDs 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 • precludes them from joining a competitor for a period of 2 years should they leave the Company.

Long-term incentives - policy implementation

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

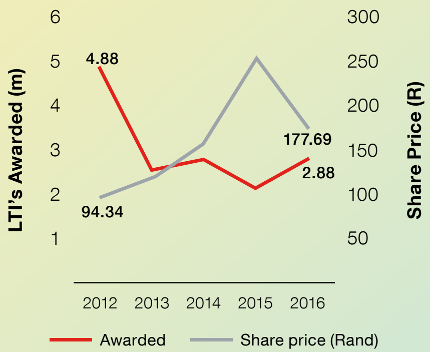
	JSE Comparator Group Quartile	JSE Top 40 Companies Quartile
CEO	median to upper	lower to median
CFO	median to upper	lower to median

Individual participation in routinely awarded LTI's

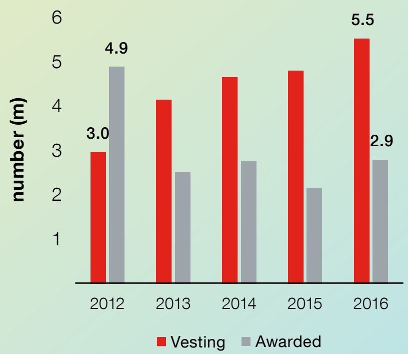
	SI Bird	MM Blair	SA Ellis
Mr Price Executive Director Share Trust (options)	1 062 493	418 632	192 014
Mr Price Executive FSP Scheme	57 696	34 844	10 946
	1 120 189	453 476	202 960
% of Share Capital (Ords & B Ords)	0.42	0.17	0.08

Overall, Remnomco is satisfied that an appropriate balance has been achieved between attracting, motivating, and retaining associates with affordability to the Company and shareholders' interests. The medium term trends are noted below.

The number of LTI's awarded has reduced over time



New awards are lower than those vesting

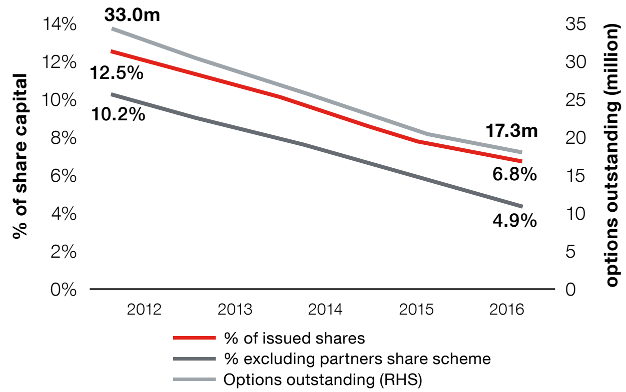


Mr Price Partners Share Scheme

A key factor of the share schemes is that in essence, they incorporate the Group's intentions regarding the ownership criteria of B-BBEE. Rather than enter into an ownership deal with external parties, the Board resolved to embrace the true spirit of B-BBEE and, subject to certain qualifying criteria, included all associates employed in the 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.

Shares are awarded instead of options. Associates in junior positions, where staff turnover is relatively high, are awarded shares after being permanently employed for 12 months. Participants of this scheme receive bi-annual dividends and are eligible to vote on their shares as shareholders. Half of the trustees overseeing the operation of this scheme were elected by the participants, which serves to ensure greater understanding and enhanced communication. Black ownership in this scheme is 96% and the average value of shares held on behalf of each individual associate is R78 731. Associates who became participants between the date of introduction of this scheme and November 2010, were allocated 1 000 shares or 1 250 shares as an assistant store manager. The value of the latter's shares has grown from R26 000 to R222 113 over the period. Further growth will materially impact our associates' lives at retirement, at which stage the shares vest unconditionally. Participants received dividends amounting to R21.6 million over the last year (final 2015 and interim 2016 dividends). The Company has paid out total dividends of R109 million to associates participating in the Partners Share Scheme since its inception in 2006.

LTI's outstanding vs issued share capital



Share purchase programme to hedge against future obligations

% of total obligation hedged		
Trust	**Number of Participants**	**Number of Options / Shares**
Partners Share Trust	9 712	4 303 182
General Staff Share Trust	2 222	5 267 661
Senior Management Share Trust	226	3 095 127
Executive Share Trust	36	1 908 180
Executive Director Share Trust	5	1 973 139
Executive Forfeitable Share Plan	36	245 841
Group Forfeitable Share Plan	15	503 430
Total	**12 252**	**17 296 560**
Shares held by trusts		10 796 192
% of total obligations hedged		62.4

Relative to the unhedged commitments, the strike price payable by participants is R1.56 billion.

Details of the interest of executive Directors in long-term incentives

Share options – Mr Price Executive Director Share Trust

	Options held at beginning of year	Date of Offer	Options granted and accepted during year	Options exercised during year	Option price of award	Gain on options exercised during year (R'000)	Options held at the end of year	Vesting date of first tranche	Latest expiry date for exercise
SI Bird	188 000	27-May-09	-	94 000	R 26.50	20 640	94 000	27-May-16	27-May-21
	400 000	25-Aug-10	-	175 000	R 46.00	24 207	225 000	25-Aug-15	25-Aug-20
	90 000	30-Nov-10	-	-	R 62.77	-	90 000	30-Nov-15	30-Nov-20
	210 500	22-Nov-11	-	-	R 76.49	-	210 500	22-Nov-16	22-Nov-21
	129 777	22-Nov-12	-	-	R 133.67	-	129 777	22-Nov-17	22-Nov-22
	112 271	22-Nov-13	-	-	R 151.94	-	112 271	22-Nov-18	22-Nov-23
	90 486	22-Nov-14	-	-	R 222.60	-	90 486	22-Nov-19	22-Nov-24
		22-Nov-15	110 459		R 200.01		110 459	22-Nov-20	22-Nov-25
	1 221 034		**110 459**	**269 000**		**44 847**	**1 062 493**		
MM Blair	155 000	30-Nov-10	-	155 000	R 62.77	19 363	-		
	142 600	22-Nov-11	-	-	R 76.49	-	142 600	22-Nov-16	22-Nov-21
	86 870	22-Nov-12	-	-	R 133.67	-	86 870	22-Nov-17	22-Nov-22
	68 770	22-Nov-13	-	-	R 151.94	-	68 770	22-Nov-18	22-Nov-23
	55 608	22-Nov-14	-	-	R 222.60	-	55 608	22-Nov-19	22-Nov-24
		22-Nov-15	64 784	-	R 200.01		64 784	22-Nov-20	22-Nov-25
	508 848		**64 784**	**155 000**		**19 363**	**418 632**		
SA Ellis	50 000	30-Nov-10	-	-	R 62.77	-	50 000	30-Nov-15	30-Nov-20
	50 000	22-Nov-11	-	-	R 76.49	-	50 000	22-Nov-16	22-Nov-21
	32 591	22-Nov-12	-	-	R 133.67	-	32 591	22-Nov-17	22-Nov-22
	24 242	22-Nov-13	-	-	R 151.94	-	24 242	22-Nov-18	22-Nov-23
	19 733	22-Nov-14		-	R 222.60	-	19 733	22-Nov-19	22-Nov-24
		22-Nov-15	15 448	-	R 200.01		15 448	22-Nov-20	22-Nov-25
	176 566		**15 448**	**-**		**-**	**192 014**		
AE McArthur1	196 000	22-Nov-09	-	196 000	R 32.75	35 135	-		
	250 000	30-Nov-10	-	-	R 62.77	-	250 000	30-Nov-15	30-Nov-20
	446 000		**-**	**196 000**		**35 135**	**250 000**		
S van Niekerk1	50 000	22-Nov-09	-	-	R 32.75	-	50 000	22-Nov-14	22-Nov-19
	50 000		**-**	**-**		**-**	**50 000**		
TOTAL	**2 402 448**		**190 691**	**620 000**		**99 345**	**1 973 139**		

1 Disclosure required although no longer Directors of the Company

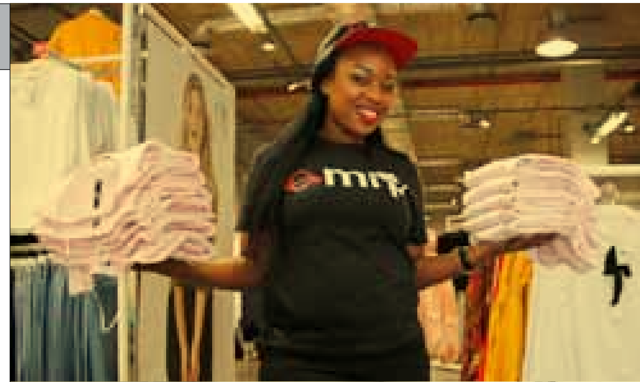
Details of the interest of executive Directors in long-term incentives

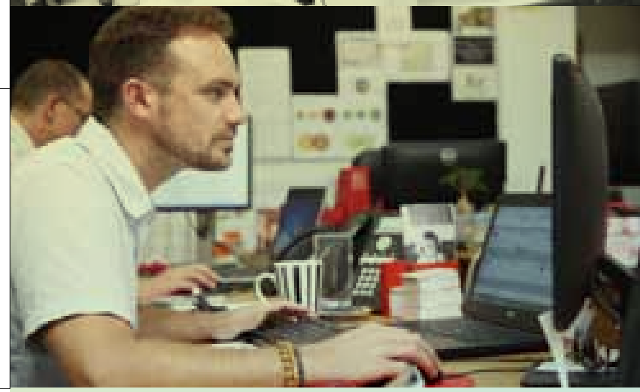
Forfeitable Share Plans

	date of award	shares granted	share price at option date	vesting date	shares held at end of the year
SI Bird					
Mr Price Executive FSP (EFSP)					
- vanilla award	29-Nov-13	10 341	R155.97	29-Nov-18	10 341
- performance award	29-Nov-13	10 341	R155.97	29-Nov-18	10 341
- vanilla award	29-Nov-14	8 334	R228.78	29-Nov-19	8 334
- performance award	29-Nov-14	8 334	R228.78	29-Nov-19	8 334
- vanilla award	22-Nov-15	10 173	R200.01	22-Nov-20	10 173
- performance award	22-Nov-15	10 173	R200.01	22-Nov-20	10 173
Mr Price Group FSP (GFSP)	29-Nov-13	96 546	R155.97	29-Nov-18	96 546
					154 242
MM Blair					
Mr Price Executive FSP (EFSP)					
- vanilla award	29-Nov-13	6 334	R155.97	29-Nov-18	6 334
- performance award	29-Nov-13	6 334	R155.97	29-Nov-18	6 334
- vanilla award	29-Nov-14	5 121	R228.78	29-Nov-19	5 121
- performance award	29-Nov-14	5 121	R228.78	29-Nov-19	5 121
- vanilla award	22-Nov-15	5 967	R200.01	22-Nov-20	5 967
- performance award	22-Nov-15	5 967	R200.01	22-Nov-20	5 967
Mr Price Group FSP (GFSP)	29-Nov-13	67 315	R155.97	29-Nov-18	67 315
					102 159
SA Ellis					
Mr Price Executive FSP (EFSP)					
- vanilla award	29-Nov-13	2 233	R155.97	29-Nov-18	2 233
- performance award	29-Nov-13	2 233	R155.97	29-Nov-18	2 233
- vanilla award	29-Nov-14	1 817	R228.78	29-Nov-19	1 817
- performance award	29-Nov-14	1 817	R228.78	29-Nov-19	1 817
- vanilla award	22-Nov-15	1 423	R200.01	22-Nov-20	1 423
- performance award	22-Nov-15	1 423	R200.01	22-Nov-20	1 423
					10 946
Total					**267 347**

Non-executive directors - Framework and policy implementation

Component	Purpose and link to business strategy	Mechanics	Opportunity and limits	Performance conditions
Base pay	Market related fees in order to attract and retain high calibre NEDs.	Fees are related to the time commitment to fulfill 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 within meetings. Fees are proposed by management and are detailed in the Notice of Meeting set out in the Annual Results booklet for approval at the forthcoming AGM. Fees are paid monthly in cash. NEDs do not have service contracts but receive letters of appointment. NEDs retire by rotation every 3 years and shareholders vote for their re-appointment at the Annual General Meeting.	Fees are benchmarked bi-annually to the median of the same comparator group of companies as selected for the benchmarking of executive Directors' remuneration. The results of the next benchmarking exercise will be tabled at the November 2016 Remnomco meeting for implementation in the following financial year commencing 2 April 2017.	Specific Company performance conditions do not apply. The performance of non-executive Directors is reviewed annually via peer evaluation.
Other			NEDs 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.	NEDs do not receive short-term incentives nor do they participate in long-term incentive schemes.





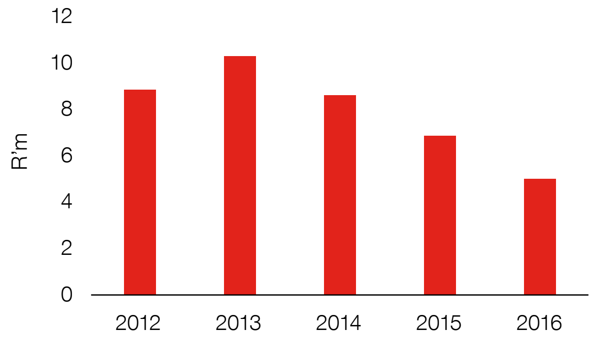
Non-executive directors - Framework and policy implementation

Emoluments for the year (Rand)

	2016	2015
LJ Chiappini[1 2]	-	1 384 000
SB Cohen[2]	625 000	1 514 000
K Getz	518 500	420 000
M Motanyane	390 000	301 000
D Naidoo	503 000	333 000
MR Johnston	642 500	589 000
NG Payne	1 250 000	1 113 000
MJD Ruck	507 000	503 000
WJ Swain	547 500	588 000
M Tembe[3]	-	125 000
	4 983 500	6 870 000

1 Retired from the board in the previous financial year
2 Previously had an employment contract with the Company
3 Retired by rotation at the Annual General Meeting on 3 September 2014 and did not offer himself for re-election

Total NED emoluments



The declining trend in NED emoluments is due to the termination of employment contracts with the Honorary Chairmen and the lower number of non-executive Directors (8 in 2016 vs 11 in 2012).

	2016 Actual		2017 Proposed			
	Chairman	Member	Chairman	Increase	Member	Increase
	R	R	R	%	R	%
Main Board						
Director	1 250 000	310 000	1 327 500	6.2	329 250	6.2
Honorary Chairman	625 000	625 000	663 750	6.2	663 750	6.2
Lead Independent Director	-	370 000	-	-	393 000	6.2
Audit and Compliance Committee	193 000	114 500	205 000	6.2	121 600	6.2
Remuneration and Nominations Committee	158 000	82 500	167 800	6.2	87 650	6.2
Social, Ethics, Transformation and Sustainability Committee	126 000	80 000	133 800	6.2	84 950	6.2

BOARD OF DIRECTORS

mr pricegrouplimited

Nigel Payne
Chairman

age: 56, years of service: 9, qualifications: CA (SA), MBL
other directorships include: JSE Ltd, The Bidvest Group Ltd, Vukile Property Fund Ltd, BSi Steel Ltd

Stewart Cohen
Honorary Chairman

age: 71, years of service: 30, qualifications: BCom, LLB, MBA
other directorships include: Catregav Holdings (Pty) Ltd, Holdspec Investments (Pty) Ltd, Kovacs Investments 343 (Pty) Ltd

Stuart Bird
Chief Executive Officer

age: 56, years of service: 22, qualifications: CA (SA)

Mark Blair
Chief Financial Officer

age: 50, years of service: 10, qualifications: CA (SA)

BOARD OF DIRECTORS

Bobby Johnston
Lead Independent Non-Executive Director
age: 67, years of service: 22, qualifications: CA (SA)
other directorships include: Strate (Pty) Ltd

Keith Getz
Non-Executive Director
age: 60, years of service: 11, qualifications: BProc, LLM
other directorships include: BVPG Consulting (Pty) Ltd, Steak Ranches International BV, Spur International Ltd, Spur Corporation Ltd, Spur Corporation UK Ltd, Cape Union Mart Group (Pty) Ltd, Strate (Pty) Ltd

Maud Motanyane
Independent Non-Executive Director
age: 64, years of service: 8, qualifications: Diploma Library Science, WPI fellow
other directorships include: Kagiso Media (Pty) Ltd, G4S Secure Solutions (SA) (Pty) Ltd, G4S Aviation Security (UK) Ltd, Jet Education Trust

Daisy Naidoo
Independent Non-Executive Director
age: 43, years of service: 4, qualifications: CA (SA), MCom (Tax)
other directorships include: Strate (Pty) Ltd, Hudaco Industries Ltd, OMNIA Holdings Ltd, Anglo American Platinum Ltd, Barclays Africa Group Limited

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Myles Ruck
Independent Non-Executive Director
age: 60, years of service: 9, qualifications: BBusSc, PMD (Harvard)
other directorships include: Standard Bank Group Ltd, The Standard Bank of South Africa Ltd, ICBC Bank Argentina

John Swain
Independent Non-Executive Director
age: 75, years of service: 22, qualifications: CA (SA)
other directorships include: The Sharks (Pty) Ltd

Neill Abrams
Alternate Director
age: 51, years of service: 6, qualifications: BA, LLB, LLM (Cambridge)
other directorships include: Ocado Group Plc

Steve Ellis
Alternate Director
age: 54, years of service: 24, qualifications: CA (SA)