



# Governance Report

3 April 2022 - 1 April 2023



2023

 **mr price group limited**

# Governance

# Report



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CHAPTER 05

# Chairman's Report



**“ We retain our growth ambitions and are confident that we will achieve them. Even though we are in tough times, I know that we have the people who will enable us to continue our industry-leading performance. ”**

**Nigel Payne - Chairman**

The 2023 financial year has been extremely tough for Mr Price Group, and although we did not achieve the high standards of performance we set for ourselves, our results were in line with the rest of the sector who were subject to similar headwinds. We were, however, more impacted than competitors by the surge in loadshedding and had a high base of earnings growth in the prior year, when EBITDA and HEPS grew 27.9% and 25.9% respectively. To achieve EBITDA growth of 5.4% and limit the HEPS decline to 6.0% is testimony to the incredible efforts of our people, of whom the board and I are very proud.

The second half (including peak trading months) was significantly impacted by a combination of several external factors and some internal factors, that created a challenging operating environment, which is further detailed by Mark Blair in his CEO report.

The last year has seen heightened levels of poverty and unemployment, resultant from government corruption and non-delivery as reflected in significantly elevated levels of power blackouts, port and municipal failure, grey listing by the global financial sector and the risk of punitive sanctions. Government's failure to prevent infrastructure deterioration and the lack of accountability for their actions is highly disappointing. Growing concerns of government's foreign policy has negatively impacted our exchange rate, and compromising international relationships with our second highest export trading partner is a route that should be avoided at all costs. If not re-set, it will likely continue to drive an increase in the cost of goods and unemployment, ultimately impacting those who are most vulnerable.

Mr Price Group actively supports the commitment of business to assist in addressing the priority areas of electricity supply, ports and logistics, crime and corruption. In addition, both directly and via the Mr Price Foundation, we will continue to positively impact education, job creation and supplier development. This is partly evidenced by our support for local procurement, sourcing 106 million units from South African based manufacturers, and the responsibility we assume on behalf of our 28 000 associates and their extended families and dependants.

Notwithstanding this tough year, I see a number of significant positives that will contribute to our future growth and outperformance.

Firstly, our people. The positive energy at all levels of Mr Price Group is inspiring. Our people are used to winning and have every intention to get back to the levels we aspire to reach. Interacting with our teams reminds me that “creativity is intelligence having fun” – your imagination is our future. Thank you all for your energy, passion, and commitment.

In the not too-distant future, we will employ 30 000 associates and open our 3000th store, adding to the benefits of operating at scale. We retain our growth ambitions and are confident that we will achieve them. Even though we are in tough times, I know that we have the people who will enable us to continue our industry-leading performance.

Secondly, our culture, based on our foundations of Passion, Value and Partnership. In tough times, culture not only beats strategy, but it also turns headwinds into opportunities. We know what we stand for, we know our customers, and we will deliver in line with your expectations. We will not veer from our disciplines in terms of the quality of our merchandise, our responsible sourcing, our credit processes that will not drive vulnerable customers into

debt distress, and our focus on positive cash flows and a strong balance sheet.

Thirdly, the quality of our recent acquisitions and the exciting organic growth opportunities we are investing in such as Mr Price Kids – not only the businesses, but also the people who have joined Mr Price Group, and who are so obviously aligned to our culture and our growth ambitions.

As a group we continuously strive to maintain our strong ethical foundations, and improve on our quality of reporting transparency, both of which have been highly regarded over the years. I am satisfied that the board performed both our governance oversight and our strategic leadership role to a high standard throughout the year. Our actions as a responsible corporate citizen are detailed in our **remuneration** and **sustainability reports**, and the reports of Mr Price Foundation, highlighting our commitment for positive value creation for all those who are directly and indirectly linked to our group. Throughout the past year, I have engaged with a number of our shareholders, your input and support is always welcomed and appreciated. I look forward to more interactions as we progress through the current year.

To my colleagues on the board, I would like to thank you for your quality work, commitment and contribution to the group, and for the sound judgement you bring to our deliberations. We are fortunate to have experienced non-executives who understand the retail sector through the business cycles; that is balanced by the input of a number of directors appointed more recently.

We have completed a significant board refresh process, which continues the appropriate balance between introducing a number of new directors and retaining directors with the skills and experience that has seen us through previous economic cycles. We look forward to the impact that our incoming non-executive directors will make, and express our enormous gratitude to Steve Ellis and Keith Getz, who will both retire at the 2023 AGM, for your passion, inspiration, and principled leadership over many years. Your legacy lives on in Mr Price Group. We will miss you.

These are tough times for consumers around the world, with elevated inflation and interest rates. These pressures are particularly acute in South Africa – but are also the backdrop that provides significant opportunity for the group, with our almost 40-year track record of outperforming following tough times, based on our highly cash-generative business model and our robust retail disciplines. Our experience from previous negative economic cycles is that, as a predominantly cash-based fashion value retailer, Mr Price Group takes the hit first, but is also the first to rebound.

We have an exciting vision to grow our business. Given the commitment of our people, I am confident that the group will regain its industry leading financial and operational performances.

**Nigel Payne**  
Chairman



The group's purpose of being 'Your Value Champion' is driven by good corporate governance and engendering stakeholder trust and confidence to achieve the group's vision 'To be the most valuable retailer in Africa'. This is reflected in the group's values of:



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



KING IV™ GOVERNANCE OUTCOMES



# Board

# Report



## Leadership

Good corporate governance begins with the board's commitment to lead ethically and effectively through the key pillars of integrity, competence, responsibility, accountability, fairness and transparency. This ensures a "tone from the top" approach and every associate, from the board and executive leadership to store associates, both individually and collectively, must do the right thing and display these key traits to enable delivery of appropriate outputs and ultimately help achieve the group's strategy. Good corporate governance is aspirational and must be continuously monitored, adapted and improved having regard to the complex and changing environment in which the business operates. The strength of the board's leadership and its ability to respond and thrive in an environment of volatility, uncertainty, complexity and ambiguity remains key in ensuring the group's strategic direction and core values remain uncompromised. It is essential that governance practices continue to be aligned throughout the group, enabling value creation to achieve the group's strategy. More detail on the group's strategy can be found on pages 85 - 92 and material matters section on pages 97 - 104 of the [Integrated Report](#).

## Role

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

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

## Board Statement

The board is satisfied it has fulfilled its responsibilities in accordance with its mandate for the 2023 financial year and has provided relevant information to stakeholders to satisfy the King IV™ disclosure requirements. The board confirms the group's compliance with the Companies Act, 71 of 2008 (Companies Act) and the company's memorandum of incorporation for the reporting period.

# Board Key Focus

The values of Passion, Value and Partnership as explained in the group's code of conduct and brought to life through the group's DNA, is the group's internalisation of ethics and the standard of conduct against which each director and the board is measured. The governance framework, which sets out the group's reporting structure, is on pages 131 - 132.

## Key focus and discussion areas | FY2023

- Monitoring and supporting the group's strategic growth objectives in pursuit of its vision and purpose, including the conclusion and closing of the Studio 88 acquisition
- Overseeing the appropriateness of management's response to all material risks within the business, specifically the impact of loadshedding and the availability of alternative power options to enable business continuity during outages (refer to material matters on page 98 of the **integrated report**)
- Continued monitoring of the group's business model to support an increasingly digital future, including oversight of the group's enterprise resource planning (ERP) system implementation (under the guidance of the Risk and IT Committee (RITC))
- Under the guidance of the Social, Ethics, Transformation and Sustainability Committee, strengthening and monitoring the progress of the group's transformation strategy
- Supporting management on continued engagement with government and various industry bodies on issues impacting communities and business in the KwaZulu-Natal province, and economic growth in South Africa
- Embracing good corporate governance, with the appointment of Deloitte & Touche as the group's FY2024 external auditor, for recommendation to shareholders for approval at the 2023 annual general meeting (AGM)
- Approving and monitoring the performance of the group's Mr Price Baby store concept
- Ensuring capital allocation recommendations by management correctly align to strategy achievement and that balance sheet management remains a cornerstone of the group's investment case
- Ensuring the group's quality of earnings promotes the group's long-term sustainable earnings targets

## Board governance requirements

### QUARTER 1

- Approval of the FY2022 integrated report and annual financial statements, as recommended by the Audit and Compliance Committee (ACC)
- Approval of the FY2022 final dividend, as recommended by ACC
- Feedback on the achievement of the FY2022 strategy against key performance indicators (KPIs)
- Feedback on board evaluations
- Annual review of the group's application of King IV™
- CEO, CFO and company secretary evaluation for FY2022

### QUARTER 2

- Approval of the postponement of the audit firm rotation in FY2023 and the re-appointment of Ernst & Young as the group's FY2023 auditor, as approved by shareholders at the 2022 AGM
- Engagement with the group's top 25 shareholders ahead of the 2022 AGM
- 2022 AGM
- Monitoring the progress of KPIs in support of achieving the group's strategy

### QUARTER 3

- Focused board strategy session and approval of group strategy
- Monitoring the progress on areas identified for improvement through the board evaluation process
- Monitoring the progress of KPIs in support of achieving the group's strategy
- Approval of the FY2023 interim results, as recommended by ACC
- Approval of the FY2023 interim dividend, as recommended by ACC
- Annual special corporate governance meeting
- Considered board succession planning
- Considered the appropriateness of the board and committee composition
- Director independence assessments
- Annual review of board and committee mandates
- Approval of the group's FY2023 B-BBEE target

### QUARTER 4

- Approval of the FY2024 budget
- Confirmation of Companies Act and memorandum of incorporation compliance
- Monitoring the progress of KPIs in support of achieving the group's strategy
- Approval of general staff annual salary increases for FY2024, as recommended by the Remuneration and Nominations committee (Remnomco)

## Future focus areas

- Monitoring the return on investment of backup power solutions rolled out in stores and continued mitigation activities to reduce the impact of loadshedding on performance and growth
- Monitoring the phased integration and performance of the group's acquisition of Power Fashion, Yuppiechef and Studio 88
- Under the guidance of the Remnomco, ensuring the composition of the board continues to be fit to support the delivery of strategy and value creation through deliberate identification and addition of board skills required to achieve this
- Supporting management in stabilising the new organisational design structure effective from FY2024
- Continued monitoring and support of the group's strategic growth objectives in pursuit of its vision and purpose
- Under the guidance of the RITC, monitor and support the implementation of a new debtors management system in Mr Price Money
- Continued monitoring and implementation of key legislation, through the various committees
- Under the guidance of the Remnomco, the evaluation of the group's remuneration philosophy across all associate grades to ensure the group is promoting a performance culture and rewarding its top talent to achieve its ambitions



# Board of Directors

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



**Daisy Naidoo**  
INDEPENDENT,  
NON-EXECUTIVE DIRECTOR

**Age:** 51 years  
**Appointed:** May 2012  
**Committee membership:** ACC (Chair), RITC, SETS  
**Qualifications:** CA (SA), MCom (Tax)  
**Other directorships:** Absa Group Ltd, Hudaco Industries Ltd  
**Key skills:** Finance, financial services, governance, leadership, risk and assurance, strategy



**Jane Canny**  
INDEPENDENT,  
NON-EXECUTIVE DIRECTOR

**Age:** 66 years  
**Appointed:** March 2021  
**Committee membership:** RITC, SETS (member from 1 September 2023)  
**Qualifications:** FCG (CS, CPG, ACC), Fellow of Chartered Governance Institute of Southern Africa  
**Other directorships:** The SPAR Group Ltd, Hollard Group Risk (a division of Hollard)  
**Key skills:** Finance, financial services, governance, human resources, IT, leadership, retail, risk and assurance, sustainability, strategy



**Mmaboshadi Chauke**  
INDEPENDENT,  
NON-EXECUTIVE DIRECTOR

**Age:** 43 years  
**Appointed:** November 2018  
**Committee membership:** ACC  
**Qualifications:** CA (SA)  
**Other directorships:** The Small Enterprise Foundation, Mamor Investments (Pty) Ltd, AfroCentric Investment Corporation Limited, Santam Limited, Sanlam Developing Markets Limited, Mi Way Insurance Ltd  
**Key skills:** Finance, leadership, risk and assurance



**Neill Abrams**  
ALTERNATE DIRECTOR  
*\*NED from 1 September 2023 (and consequently steps down as alternate director to Stewart Cohen)*

**Age:** 58 years  
**Appointed:** August 2010  
**Qualifications:** BA, LLB, LLM (Cambridge)  
**Other directorships:** Ocado Group Plc  
**Key skills:** Governance, human resources, international, leadership, retail, risk and assurance, strategy



**Harish Ramsumer**  
INDEPENDENT,  
NON-EXECUTIVE DIRECTOR  
*\*From 1 July 2023*

**Age:** 62 years  
**Appointed:** July 2023  
**Committee membership:** ACC, RITC  
**Qualifications:** CA (SA)  
**Other directorships:** Premier Group Limited  
**Key skills:** Strategy, business advice, finance, external audit, risk management and technical accounting



**Keith Getz**  
NON-EXECUTIVE DIRECTOR  
*\*Retiring by rotation 30 August 2023*

**Age:** 67 years  
**Appointed:** May 2005  
**Committee membership:** SETS (Chair), Remnomco  
**Qualifications:** BProc, LLM  
**Other directorships:** Spur International Ltd, Cape Union Mart Group (Pty) Ltd, Strate (Pty) Ltd, Trematon Capital Investments Ltd, Ingenuity Property Investments (Pty) Ltd  
**Key skills:** Finance, financial services, governance, human resources, leadership, strategy



**Nigel Payne**  
CHAIRMAN

**Age:** 63 years  
**Appointed:** July 2007  
**Committee membership:** RITC (Chair), Remnomco  
**Qualifications:** CA (SA), MBL  
**Other directorships:** Bidcorp Ltd, Strate (Pty) Ltd, Vukile Property Fund Ltd  
**Key skills:** Finance, financial services, international, governance, leadership, risk and assurance, strategy



**Richard Inskip**  
INDEPENDENT,  
NON-EXECUTIVE DIRECTOR  
*\*From 1 July 2023*

**Age:** 61 years  
**Appointed:** July 2023  
**Qualifications:** BCom degree, Strategic Information Technology Management  
**Other directorships:** Hyprop Investments Ltd, Clicks Group Ltd  
**Key skills:** Operations (including Supply Chain and Technology), ecommerce, and financial services



**Lucia Swartz**  
INDEPENDENT,  
NON-EXECUTIVE DIRECTOR

**Age:** 65 years  
**Appointed:** August 2020  
**Committee membership:** Remnomco, SETS (member until 30 August 2023, chair from 31 August 2023)  
**Qualifications:** Bachelor of Arts; Diploma in Human Resources Management; Advanced Management Programme (Henley University)  
**Other directorships:** Tiger Brands Limited, Santam Limited  
**Key skills:** Human resources, governance, international, leadership, strategy, sustainability



**Mark Blair**  
CHIEF EXECUTIVE  
OFFICER

**Age:** 57 years  
**Appointed:** March 2006  
**Committee membership:** RITC, SETS  
**Qualifications:** CA (SA)  
**Key skills:** Finance, financial services, governance, human resources, international, IT, leadership, retail, risk and assurance, strategy, sustainability



**Stewart Cohen**  
HONORARY  
CHAIRMAN

**Age:** 78 years  
**Appointed:** March 1989  
**Qualifications:** BCom, LLB, MBA  
**Other directorships:** None  
**Key skills:** Finance, governance, human resources, international, leadership, marketing, retail, strategy, supply chain and logistics



**Steve Ellis**  
NON-EXECUTIVE DIRECTOR  
*\*Retiring by rotation 30 August 2023*

**Age:** 61 years  
**Appointed:** May 2005, January 2022 (non-executive)  
**Qualifications:** CA (SA)  
**Other directorships:** None  
**Key skills:** Finance, financial services, governance, human resources, international, IT, leadership, marketing, retail, risk and assurance, strategy, supply chain and logistics, sustainability



**Mark Bowman**  
LEAD INDEPENDENT,  
NON-EXECUTIVE DIRECTOR

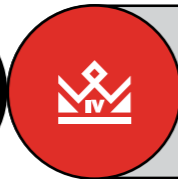
**Age:** 57 years  
**Appointed:** February 2017  
**Committee membership:** Remnomco (Chair), ACC  
**Qualifications:** BCom (Finance) MBA  
**Other directorships:** Other private companies  
**Key skills:** Finance, human resources, international, IT, leadership, marketing, strategy, supply chain and logistics, sustainability



**Mark Stirton**  
CHIEF FINANCIAL  
OFFICER

**Age:** 43 years  
**Appointed:** January 2019  
**Committee membership:** RITC  
**Qualifications:** CA (SA), FCMA, CGMA, MBA Cum laude  
**Key skills:** Finance, financial services, governance, IT, leadership, risk and assurance, strategy, supply chain and logistics





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

The importance of corporate governance on business sustainability and value creation cannot be underestimated and is highlighted in times of crises and uncertainty. Poor corporate governance will ultimately result in poor business practices. The group's application of the outcomes-based and holistic approach of King IV™ continues to be integrated into the daily aspects of the business. The ultimate goal of this is the realisation of an ethical culture, good performance, effective control and legitimacy through the creation of value through the achievement of the group's strategy.

## King IV™ Disclosures in this report

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

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

The King IV™ board and committee evaluation is conducted biennially. As part of the last evaluation during FY2022 and in the opinion of the independent assessor, the group complies with the provisions of King IV™ regarding the effectiveness of the chairs and the operations of the board and its committees.

The board is of the opinion that all King IV™ principles have been applied across the group for the FY2023 reporting period.



The following governance documents are located on the group's website:  
[www.mrpricegroup.com](http://www.mrpricegroup.com)

- Board and committee mandates
- Policies for the appointment of directors and promotion of gender and ethnicity diversity on the board
- Outline of board and management committees
- Internal audit annual assurance statement
- Code of conduct
- Memorandum of incorporation
- **Notice of 2023 AGM**

**As a quick reference guide, the primary King IV™ disclosure items can be found on the following pages in this report:**

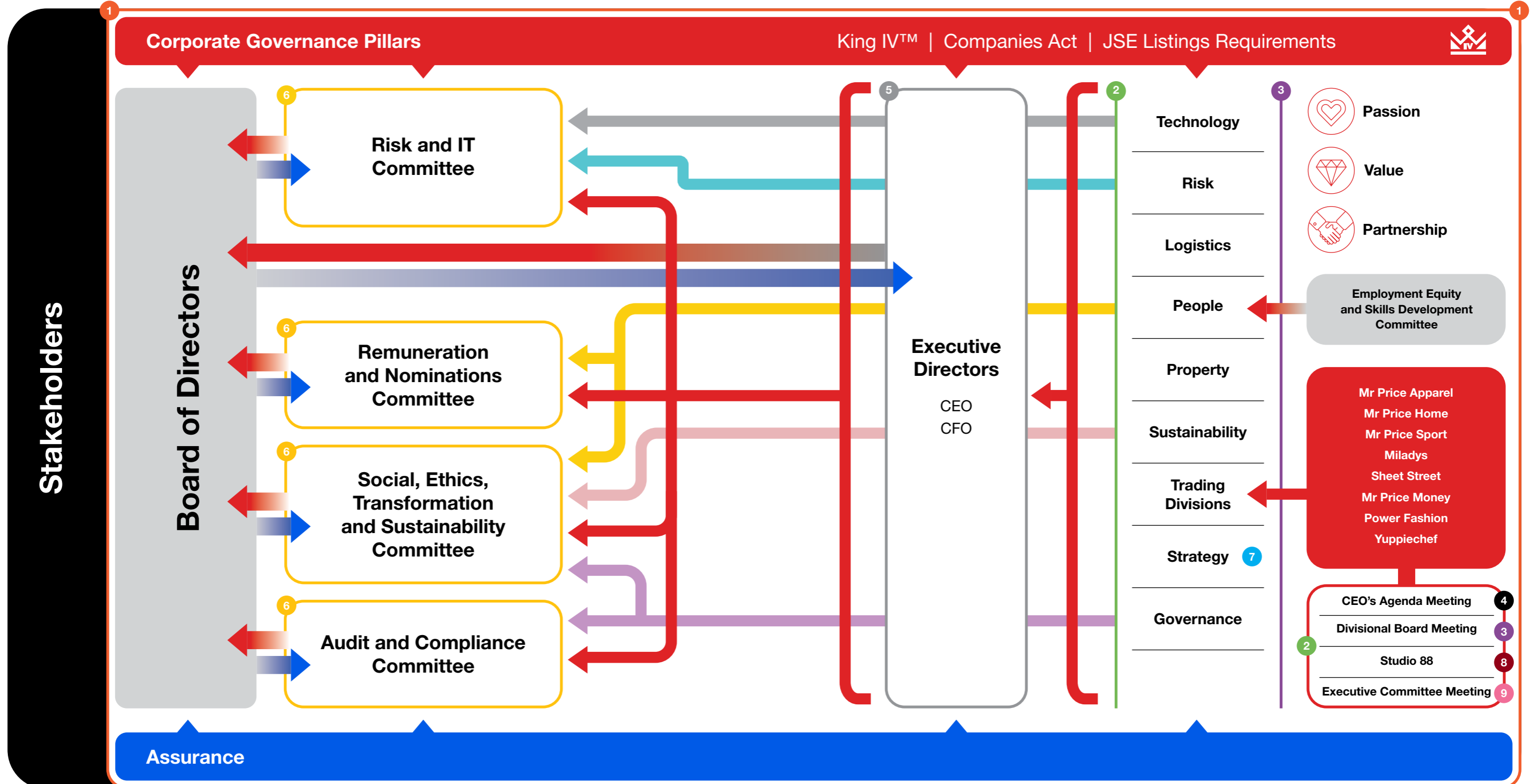
Principle:	Pages:
1 Leadership	123 - 128
2 Organisational ethics	172 - 173
3 Responsible corporate citizenship	147 - 194
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5 Reporting	123 - 139
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13 Compliance governance	12 - 13 <sup>#</sup>
14 Remuneration governance	195 - 220
15 Assurance	13, 9 <sup>#</sup>
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<sup>#</sup> annual financial statements



# Governance Framework

Key: Delegation of Authority | Reporting Obligation



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

**2**  
Details of attendees at these meetings are included in the board and management committees document on the website: [www.mrpricegroup.com](http://www.mrpricegroup.com).

**3**  
Trading division and Centres of Excellence board meetings occur in April, July and October.

**4**  
CEO's agenda meetings occur in March and September.

**5**  
Leadership team.

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

**7**  
No separate divisional board meeting is held. Opportunities are sought by the strategy team, whether organic or inorganic, to achieve the group's vision to be the most valued retailer in Africa. From FY2024 Strategy and Risk will be reported through a combined board meeting to enhance and combine effective oversight of these areas.

**8**  
Studio 88 board meetings are conducted through a separate meeting structure due to the shareholder arrangement with the minority shareholders. The reporting flow both into and from the group and Studio 88 is provided as necessary by the group's CEO and CFO.

**9**  
With effect from the FY2024 reporting period.



## Board composition

### Key changes (post FY2023)

- Harish Ramsumer and Richard Inskip appointed 1 July 2023
- Keith Getz and Steve Ellis retiring by rotation on 30 August 2023
- Neill Abrams appointed from 1 September 2023 (and steps down as alternate director to Stewart Cohen)

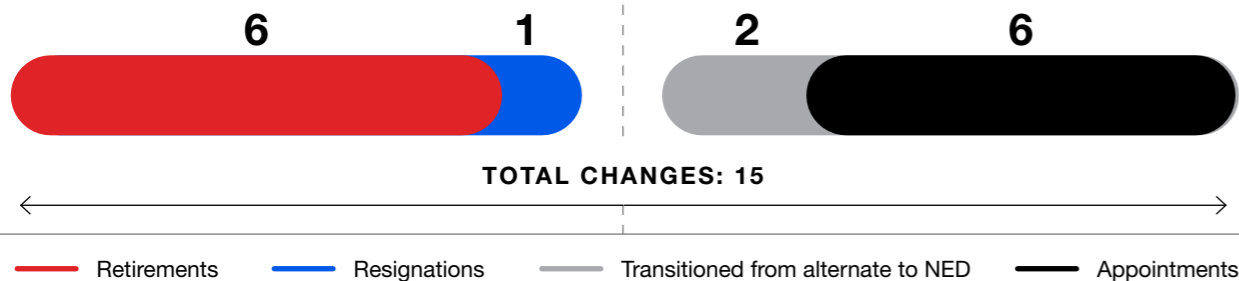
The philosophy of the group is to maintain a vibrant, fit for purpose and fit for growth board that can navigate through disruption, challenge management strategies and evaluate performance against established benchmarks. The board comprises an independent chairman, lead independent director (LID), chief executive officer (CEO), chief financial officer (CFO) and non-executive directors. During the reporting period, the 11 directors comprised two executive directors, six independent non-executive directors and three non-executive directors (see page 136 for further detail on independence). In addition, the honorary chair has an alternate director. Post FY2023 as announced on SENS on 19 June 2023, from 1 September 2023 the board will comprise 12 directors with two executive directors, nine independent non-executive directors and one non-executive director. In addition, no directors will have alternates.

The board is satisfied that its composition during the reporting period reflected an appropriate mix of knowledge, skills, experience, overall diversity and independence. However, the board, under the guidance of Remnomco, continually assesses the composition of the board to ensure its diversity and balanced independence supports the delivery of strategy and value creation to achieve its vision to be the most valuable retailer in Africa. The approach to board composition is one of continuous improvement and striking a balance between maintaining relevant, fit for future skills, independence, and

retaining institutional knowledge, particularly in the context of the cyclical nature of the retail environment. This approach has been successfully carried out over the past years with a total of 15 changes (see page 135 for further detail on tenure). With this in mind and in order to enhance overall independence and bolster retail skills, during the reporting period the process for recruiting additional non-executive directors commenced.

Although no new appointments were effective in FY2023, on 19 June 2023 the group announced the (i) appointment of Harish Ramsumer and Richard Inskip as independent non-executive directors from 1 July 2023, (ii) retirement by rotation of both Keith Getz and Steve Ellis on 30 August 2023 and (iii) appointment of Neill Abrams as an independent non-executive director from 1 September 2023 (who will consequently steps down as Stewart Cohen's alternate director). In considering these appointments and any new appointment, Remnomco considers the knowledge, skills, experience, diversity and independence of the nominated director and also considers the number of external directorships which a potential new director holds. In recommending directors for appointment, the committee is cognisant of the nominated director's ability to execute their duties and responsibilities and balances this with the benefit of the unique perspective, experience and wise counsel that is brought to board and committee deliberations by directors who sit on multiple boards.

### NON-EXECUTIVE DIRECTOR CHANGES: FY2018 TO 1 SEPTEMBER 2023



## Induction programme and ongoing professional development

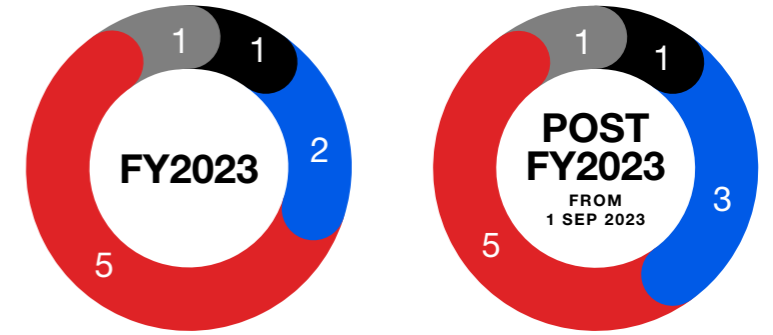
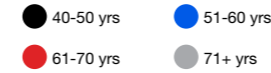
The formal induction programme supports new non-executive directors with their understanding of their governance and statutory obligations. The programme also includes exposure to the honorary chairman, chairman, and the group's operations to ensure smooth integration into and understanding of the group and support the fulfilment of their director duties and responsibilities. The programme comprises training with the company secretary and JSE sponsor, meet-and-greets with the CEO, CFO and divisional managing directors, attending in-house retail induction training, merchandise product reviews and visits to the group's stores and distribution centres.

New and current directors always have direct access to management and their teams. All directors receive formal and informal strategic, operational, industry and regulatory updates, both external and internal, as part of continuous education and communication throughout the year; and an annual formal board education session is presented by an external presenter on topics relevant to the retail industry. This assists in ensuring the board keeps abreast of industry, technology and economic developments, both locally and internationally, in order to lead effectively.

## Non-executive director age

FY2023: Average age 61 years  
Post FY2023: Average age 60 years  
(from 1 September 2023)

[FY2022 average age 60 years]

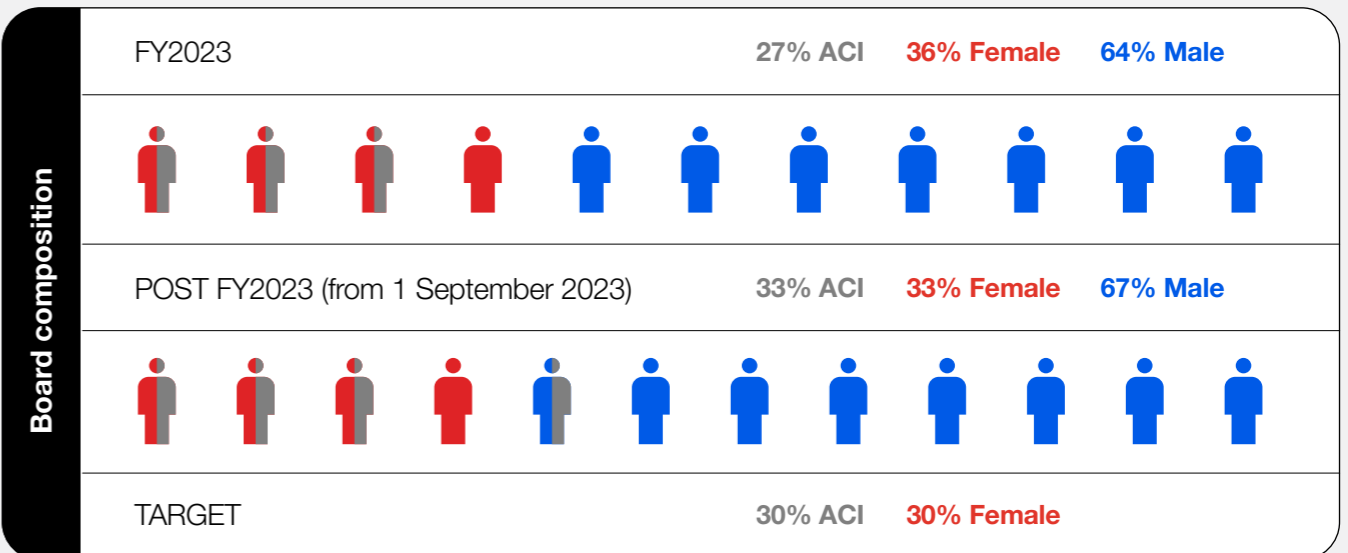


## Board diversity

### Key changes (post FY2023)

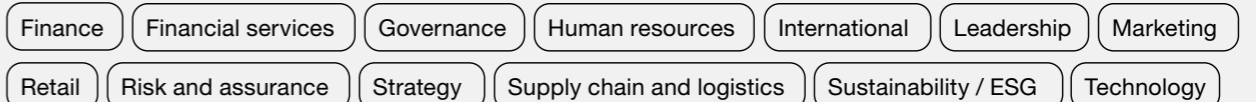
- ACI diversity increased from 27% [FY2023 and FY2022] to 33% [post FY2023 changes, from 1 September 2023]

The board's composition and diversity cultivate robust debate on key issues which results in improved decision making. The board has maintained its initial voluntary gender diversity target of 30% female representation from the previous reporting period. Following Steve Ellis' transition from executive to non-executive director in January 2022, ACI diversity for the reporting period was slightly behind the voluntary 30% target. However after the director changes announced in June 2023, and as at 1 September 2023, the group will achieve its ACI diversity target (and will continue to maintain its gender diversity target). This was a key consideration in the recruitment process during the reporting period (see Board Composition on page 133 for further details), and is balanced against available and relevant skills required to supplement the board's existing diversity, particularly deep audit and assurance competence and scarce career retail skills.



## Board skills

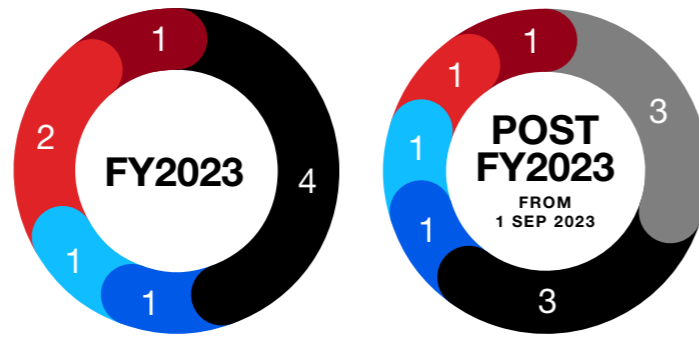
The board's set of skills includes a balance of:



## Non-executive director tenure

FY2023: 10.7 years  
Post FY2023: 7.7 years  
(from 1 September 2023)

[FY2022: 9.6 years]



## Tenure

### Key changes (post FY2023)

- Average NED tenure decreases from 9.6 years [FY2022] to 7.7 years [post FY2023, from 1 September 2023]

The group values the long service of a number of its directors and believes this serves the business well, given the cyclical and specialist nature of retail, and ensures the retention of valuable corporate knowledge. The board acknowledges and recognises the long-standing directors, who continuously add invaluable experience and knowledge to the group. Director tenure is one of the elements considered when board diversity is considered. The group also understands that introducing new directors is vital to support a fit for growth business. However, a staggered approach is applied to ensure the group retains valuable knowledge, skills, experience and maintains continuity. With 15 non-executive director changes (including the director changes announced in June 2023) since FY2018 and assuming an average of nine non-executive directors on the board at any one time over this period, this equates to on average, over a quarter (28%) of non-executive directors changing 28% of non-executive director (resignations, retirements and appointments) every year.

The group's four long-standing non-executive directors, continued to provide value to the group with their experience and skills, are (i) Stewart Cohen, the groups co-founder, who provides regular and valuable retail insights and input on strategy and is the embodiment of the group's values of Passion, Value and Partnership, (ii) Nigel Payne, bringing business knowledge and providing key support to management to navigate global and local socio-economic disruption and complexities, especially in recent years, (iii) Keith Getz, with his extensive governance and business knowledge, and (iv) Daisy Naidoo with her extensive finance, financial services and business knowledge. The board composition taking into account the changes announced in June 2023 (see page 133 for details) has an improved balance of tenure, with 60% of non-executive directors having served less than five years, 20% with tenures of between five and 15 years, 10% of with tenures of between 16 and 20 years and 10% of non-executive directors having served more than 20 years (being co-founder Stewart Cohen).

As per the memorandum of incorporation, each year one third of the non-executive directors retire by rotation. Subject to these directors making themselves available for re-election, Remnomco recommends directors for re-election based on their attendance of board meetings, participation and value-add, and balance of board skills. Nigel Payne, Keith Getz, Jane Canny and Steve Ellis are due to retire by rotation at the 2023 AGM.

Both Keith and Steve have indicated that they will not be offering themselves for re-election and will accordingly be rotating off the board effective 30 August 2023. The board extends its gratitude to Keith for his 18 years' service to the Company and his contributions on the Remnomco and SETS committees and acknowledges Steve for his career-long contribution to the Mr Price business, both as an executive and non-executive director. Daisy Naidoo is planned to retire by rotation at the 2024 AGM. As recommended by Remnomco and having considered the retiring directors' capacity based on their other directorships and commitments, the board fully supports the re-election of Nigel and Jane as non-executive directors.

Long-standing chairman, Nigel's continued tenure is essential for the transfer of institutional knowledge in the context of and having regard to various the board changes announced in June 2023 (see page 133 for details). Following these changes, the balance of tenure within the board is deemed to be appropriate. Nigel Payne continues to provide valuable insight with his extensive business knowledge. His continued tenure on the board is crucial to the group achieving its strategy to be the most valuable retailer in Africa and his extensive experience as an independent non-executive director is integral to new director induction and the overall productive functioning of the board. Nigel fulfills his role as non-executive director and chairman with professionalism, a healthy degree of scepticism, and in a respectful and inclusive manner encouraging debate and varied views, while maintaining a robust level of governance. He has a healthy, arms-length relationship with executive management, provides valuable wise counsel and has been a key support in guiding executive management to navigate global and local socio-economic disruptions and complexities in recent years. Nigel does not hold any executive positions and has over 20 years' experience as an independent non-executive director, with a focus on banking, insurance, financial services and mergers and acquisitions. His current directorships include Bidcorp Ltd, BSi Steel Limited, Vukile Property Fund Limited and Strate (Pty) Ltd and previously held directorships on JSE Limited, Bidvest Group Ltd, PPS Ltd and Alexander Forbes Ltd. In recent years Nigel has reduced his professional non-executive roles and commitments to enable additional focus on the group.

The group notes the policy position of various investors and proxy houses that appropriate director tenure is linked to the period from which a director is automatically deemed to no longer be

independent. The board retains its view that while the length of tenure of a director's service is one of the factors in considering independence, it is not the only one. By applying this as a hard and fast rule, independence is not considered holistically and the objective exercise of judgement by a director is disregarded (see independence on page 136 for further details).

The board understands that a policy position must be formed to exercise voting, and that the various corporate failures in recent times both locally and internationally have highlighted the risk of insufficient independence, especially when there is long tenure and overlap at executive management and non-executive director level. However, independence is not 'tick-box' and is a complex assessment, including both objective and subjective considerations. To protect individual and

collective board independence, directors who have served on the board for nine years or longer are required to complete an additional formal self-assessment per King IV™. These results, together with other facts and circumstances relevant to each director including personal and professional interests, nature of relationship with the group and management (Nigel's overlap in tenure with Mark Blair as CEO is four years), length of service and individual conduct, were considered by the board at the November 2022 special corporate governance meeting.

Despite his long association with the group, the board unanimously concluded that Nigel acts with independence of mind and passionately in the best interests of the group, and recommends Nigel for re-election.

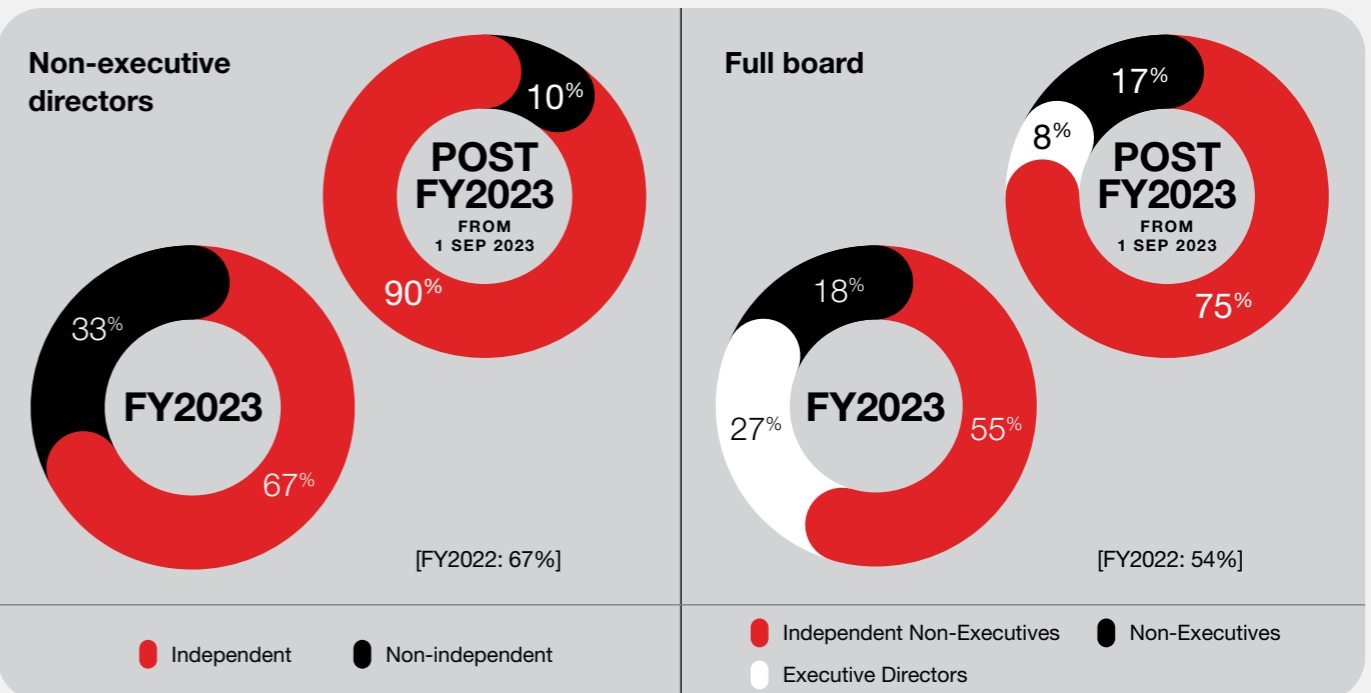
## Fees

Non-executive director fees and executive remuneration is disclosed in the remuneration report on pages 211 to 212. Fee increases have been recommended by Remnomco having regard to inflation. These proposed increases for shareholder approval can be found in the remuneration report on page 212 and in the AGM notice.

## Director independence

### Key changes (post FY2023)

- NED independence increases from 67% FY2022 to 90% [post FY2023 from 1 September 2023]
- Full board independence similarly increases from 54% [FY2022] to 75% [post FY2023 from 1 September 2023]



Each year, facilitated by the LID on behalf of the board, the independence of each non-executive director is assessed by way of a formal written self-assessment based on a number of director independence indicators. These indicators include personal and professional interests, nature of relationship with the group, length of service and individual conduct. The group notes the policy position of various investors and proxy houses

that appropriate director tenure is linked to the period from which a director is automatically deemed to no longer be independent. A substance-over-form approach is endorsed by the board, and aligns with the independence recommendations of King IV™. King IV™ references a nine-year independence period, after which an additional, more detailed independence assessment is required to be carried out to determine whether a longstanding

director acts with independence of mind. The view that is generally taken by investors, analysts and proxy houses is that three rotations of three years, with either an extra year (a 10 year tenure) or an extra rotation (12 years) is acceptable to consider a non-executive director as independent, after which they automatically become 'not independent'. The group also notes the approach of the assessment of independence taken by a major proxy house whereby NEDs are automatically deemed non independent when the concurrent service between a NED and executive director exceeds 12 years and when the NED has served for more than 15 years, regardless of any overlap with any executive directors.

The board retains its view that while the length of tenure of a director's service is one of the factors in considering independence, it is not the only one (see tenure on page 135). To protect individual and collective board independence, directors who have served on the board for nine years or longer are required to complete an additional self-assessment per King IV™. These results, together with other facts and circumstances relevant to each director, were considered by the board at the November 2022 special corporate governance

meeting. Although the board is satisfied each director acts with independence of mind and in the best interests of the group, the board is cognisant of the appearance of independence and because of this has again for the reporting period classified as not independent: (i) Stewart Cohen due to his material holding in the group's shares and (ii) Keith Getz as a function of his law firm's role as an external legal advisor to the group (which fees for the period under review were minimal at ~R40 000). Due to his transition from an executive position to non-executive director in January 2022, Steve Ellis is considered not-independent in accordance with King IV™ practices. The board is further satisfied that each of the other long-serving directors (Nigel Payne and Daisy Naidoo) exercise objective judgement and there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision making, and are thus classified as independent. As a consequence of the director changes announced in June 2023, non executive director independence will increase from 67% to 90%, and full board independence will similarly increase from 55% to 75%.

### Board chair

The board considers its chair, Nigel Payne, to be independent (see pages 135 and 136 on the group's approach to tenure and independence). In addition, Mark Bowman is the appointed LID thus ensuring a clear balance of power with no one director holding unfettered decision-making power. The LID is responsible for chairing the board's annual special corporate governance meeting, facilitating the conduct of the company secretary performance evaluation, providing regular formal feedback on progress against matters requiring improvement and acting as chair where the board chair is conflicted or unavailable.

### Insider trading and dealings in shares

The board adheres to a strict policy and process for dealings in the group's shares, and directors (as well as the company secretary) cannot trade during closed and prohibited periods. The chair must approve any director share dealings which are then disclosed in terms of the JSE Listings Requirements (JSE LR), and share dealings by senior management must be approved by the CEO and company secretary. Directors and associates are notified in advance of all closed and prohibited periods and adherence to the requirements of and restrictions on trade are carefully managed.

### Conflicts of interest

Directors are obliged to avoid conflicts of interest, both actual and potential, and act in the best interests of the group at all times. Directors update their conflicts of interest registers when changes occur and review them at least quarterly before each board meeting. For transparency, updates to directors' registers are included in each board pack and directors are required, or are asked, to recuse themselves from any agenda item in respect of which there may be a conflict. Where conflicts of interest cannot be avoided, they are proactively and appropriately managed. Before a director accepts additional commitments, the director discusses with the chair as to whether there is any conflict of interest which will impact the director's ability to exercise their duties to the group following such appointment.

### Meeting attendance

The board resumed in-person meetings during the reporting period post the relaxation of COVID-19 restrictions. The board meets formally four times a year, and a separate focused off-site strategy session is held in October. The board convenes virtually in July to review the 13-week trading update and in January to review the Q3 trading results; and on an ad hoc basis when required. The committees meet formally three times a year and on an ad hoc basis as necessary. In addition, the ACC and Remnomco have short committee sessions during the March board meeting to address focused agenda items required to be addressed before financial year-end. During the reporting period and as a consequence of the external auditor appointments for FY2023 and FY2024, both the board and the ACC each held two extraordinary meetings.

A separate corporate governance meeting is held in November to deal with governance matters. This ensures enough time is available in the other meetings to focus on matters of strategic importance. Meeting attendance of the board and committees of which they are members are consistently high. If there is a meeting timing conflict which cannot be resolved, the relevant director notifies the board chair and company secretariat well in advance to tender apologies and provide, where applicable, input through the chair ahead of said meeting. There were no unexpected apologies during the reporting period. Although non-member director attendance at committee meetings is not reflected in the table, attendance is also consistently high, facilitating transparency and robust, informed deliberations to allow for integrated thinking and decision making.

### COMMITTEE MEMBERSHIP AND ATTENDANCE FY2023

Name	Board	Extraordinary Board meetings <sup>1</sup>	Board Strategy session	AGM	Special Corporate Governance	Audit & Compliance (ACC) <sup>2</sup>	Extraordinary ACC meetings <sup>2</sup>	Remuneration & Nominations (Remnomco) <sup>2</sup>	Risk & IT (RITC) <sup>2</sup>	Social, Ethics, Transformation & Sustainability (SETS) <sup>2</sup>	Overall attendance
<b>Executive</b>	Mark Blair	4/4	2/2	1/1	1/1	1/1			3/3	3/3	100%
	Mark Stirton	4/4	2/2	1/1	1/1	1/1			3/3		100%
<b>Non-executive</b>	Stewart Cohen	4/4	2/2	1/1	1/1	1/1					100%
	Keith Getz	4/4	2/2	1/1	1/1	1/1		3/3		3/3	100%
	Steve Ellis	1/1	1/2	0/1	1/1	1/1					67%
<b>Independent non-executive</b>	Nigel Payne	4/4	2/2	1/1	1/1	1/1		3/3	3/3		100%
	Mark Bowman	4/4	2/2	1/1	1/1	1/1	3/3	2/2	3/3		100%
	Mmaboshadi Chauke	4/4	2/2	1/1	1/1	1/1	3/3	2/2			100%
	Daisy Naidoo	4/4	2/2	1/1	1/1	1/1	3/3	2/2	3/3	3/3	100%
	Lucia Swartz	4/4	2/2	1/1	1/1	1/1		2/3		3/3	93%
	Jane Canny	3/4	2/2	1/1	1/1	1/1			3/3		92%
<b>Alternate<sup>3</sup></b>	Neill Abrams <sup>4</sup>	3/4	0/2	1/1	1/1	0/1					56%

<sup>1</sup> Extraordinary board meetings as a consequence of the external auditor appointment for FY2023 and FY2024

<sup>2</sup> Extraordinary ACC meetings as a consequence of the external auditor appointment for FY2023 and FY2024

<sup>3</sup> Alternate directors are not required to attend each meeting

<sup>4</sup> UK resident

Key: ■ Chair ■ Member

\*Executive committee members, senior management of key trading divisions and Centres of Excellence, external and internal auditors are permanent invitees to the relevant committee meetings (as per the committee mandates located on the group's website [www.mpricegroup.com](http://www.mpricegroup.com)). This creates transparency through direct access to management and facilitates robust discussions, which enables the board and committees to make more informed, better decisions.

## Performance evaluations

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

As recommended by King IV™, an independent assessor conducted the various assessments in late 2021 and comprehensive feedback and the resultant steps for improvement based on the outcomes of board and committee evaluations were provided. The steps for improvement documents and progress are tabled biannually at the respective board and committee meetings until the next assessment is conducted, which is scheduled for late 2023. Overall, the board, its committees and members function efficiently and discharge their responsibilities as the group's custodians of corporate governance and as required in terms of King IV™.

Annually Remnomco, taking into account feedback from the board and honorary chair in the case of the CEO, and the CEO and the ACC review in the case of the CFO, assess the performance of both the CEO and the CFO. Remnomco and the board are satisfied with the performance of both executive directors.



## Delegation to management

Authority to implement and execute approved strategy is sequentially devolved as depicted in the **governance framework** on page 131 and 132, and formally to management through the delegated limits of authority document. These limits of authority are formally reviewed annually by management and the board to ensure they remain aligned to the group's risk appetite and strategy and appropriately balance governance oversight with operational efficiency. Adjustments are also made on an ad hoc basis to facilitate operational requirements. The board is satisfied holistically that the governance framework and delegated limits of authority provide role clarity and contribute to effective exercise of authority. As part of continuous monitoring and improvement, the formal delegation document was updated during FY2023.

## Chief executive officer

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

## Company secretary

The performance of the company secretary for the FY2023 reporting period was formally reviewed in June 2023 in compliance with paragraph 3.84(h) of the JSE LR. The board is satisfied Janis Cheadle has the competence, qualifications and experience necessary to effectively discharge her responsibilities and, for the reporting period, she performed her duties and provided appropriate professional corporate governance guidance to the board at an arms-length basis.



# Board Committees

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

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

## Audit and Compliance Committee

Chair: Daisy Naidoo  
Members: Mark Bowman, Mmaboshadi Chauke, Harish Ramsamer (from 1 July 2023)

The committee is constituted as a statutory committee in respect of its duties in terms of Section 94(7) of the Companies Act (71 of 2008) and has been delegated the responsibility to provide meaningful oversight of the internal and external audit, finance and compliance functions. The committee mandate is published on the group's website [www.mrpricegroup.com](http://www.mrpricegroup.com).

The committee members, their qualifications and experience, the number of meetings held and attendance at meetings is detailed in the board report on pages 127, 128 and 138 respectively. The committee provides independent oversight of the effectiveness of the group's assurance and compliance functions and services, with particular focus on combined assurance arrangements (including external assurance service providers, internal audit and the finance function) and the integrity of the annual financial statements and, to the extent delegated by the board, other external reports issued by the group. In doing so, it assists the board to discharge its responsibility to:

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

## KEY FOCUS AREAS | FY2023

- Monitoring the group's fiscal performance
- Assessing effectiveness of the group's combined assurance arrangements
- Conducting the suitability assessment of the external auditor and audit partner in relation to EY's reappointment for the reporting period
- Conducting an external audit tender process, including a suitability assessment, in respect of Deloitte's proposed appointment for FY2024
- Overseeing ongoing regulatory, tax, legal, compliance and credit matters
- Considering the impact of the JSE Listings Requirements (LR) amendments on financial reporting and compliance
- Monitoring the effectiveness of internal financial controls to support management's internal financial control attestation
- The valuation and integration of the Studio 88 acquisition, effective 4 October 2022
- Monitoring compliance activities to ensure no material breaches of relevant legislation

## Committee statement

The committee is satisfied that it has fulfilled its responsibilities in accordance with its mandate for the 2023 financial year, including duties in terms of the Companies Act, JSE LR and King IV™. The committee chair will be available at the AGM to answer any questions relating to the committee's statutory obligations.

## Remuneration and Nominations Committee

Chair: Mark Bowman  
 Members: Keith Getz (retiring by rotation on 30 August 2023), Lucia Swartz, Nigel Payne

The committee is constituted as a committee of the board and has been delegated responsibility for overseeing the development of the remuneration policy and its implementation within the group and the nominations activities of the board. The committee mandate is available on the group's website at [www.mrpricegroup.com](http://www.mrpricegroup.com).

The committee members, their qualifications and experience, the number of meetings held and attendance at meetings is detailed in the board report on pages 127, 128 and 138 respectively.

### Role

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

### The committee's remuneration report is structured as follows:

- Background statement Page 197
- Remuneration policy Page 202
- Remuneration implementation report Page 213



### KEY FOCUS AREAS | FY2023

#### Executive remuneration:

- Approval of the CEO and CFO's December bonus conversion
- Approval of total packages for executive directors
- Approval of short-term incentive (STI) structure with performance criteria linked to financial performance, strategic KPIs and leadership. The on-target and maximum percentages for the STI were reduced to take the inclusion of the December bonus in basic salary into account
- Approval of long-term incentive (LTI) awards and performance conditions, including, on the recommendation of the SETS Committee, the SETS scorecard (sustainability KPIs) applicable to LTIs. The face value allocation percentages of the LTIs were reduced to take the inclusion of the December bonus in basic salary into account
- Review and approval of STI and LTI outcomes for the period ending 1 April 2023

#### Associate remuneration:

- Review of fair and responsible remuneration with an emphasis on equal pay for work of equal value
- Review of remuneration and benefit structures of new acquisitions
- Incentive design for acquisitions, taking into account growth trajectory and talent retention
- Review of all current associate benefits across the group
- Flexible benefits in the form of flexible retirement savings, affording associates greater flexibility to structure their retirement contributions while ensuring they receive sound financial advice and support
- Standardised STI structures across the group, including aligning STI structures to the grading system to ensure appropriate link to divisional and company performance across the different levels
- Implementation of the Paterson job evaluation system

#### Other activities:

- The ongoing board refresh and skills focus including identifying potential suitable new directors
- Addressing the potential impact of the macro economy, including among others, inflation and rising interest rates, on the organisation's performance and possible consequences on remuneration and retention. Associates were provided with additional wellness support
- Engaging with and responding to shareholder remuneration questions ahead of the August 2022 AGM

### FUTURE FOCUS AREAS

- Continue to simplify the group's benefits offering, with the aim of offering associates a hybrid salary structure that provides them with flexibility to structure their remuneration packages to suit their unique needs and circumstances
- Optimise current benefits across the group
- Entrench and align the new Paterson job evaluation system for grade reviews across the group
- Continue to evaluate pay structures throughout the group with a focus on critical and scarce skills
- Review the group's new acquisitions Power Fashion, Yuppiefchef and Studio 88, in relation to the group's remuneration policy and structures
- Develop the group's fair pay principles and align the pay of critical and strategic talent in a fair and responsible manner
- Reconsider the group's reward principles in light of pay mix, striking an appropriate balance between fixed remuneration and performance-based remuneration (STI and LTI)



### Committee statement


The committee is satisfied that it has fulfilled its responsibilities in accordance with its mandate for the 2023 financial year, including duties in terms of the Companies Act, JSE LR and King IV™.

## Risk and IT Committee

Chair: Nigel Payne  
 Members: Daisy Naidoo, Jane Canny, Harish Ramsamer (from 1 July 2023), Mark Blair, Mark Stirton

The Risk and IT Committee (RITC) has been delegated responsibility for governing and overseeing the risk and information technology (IT) activities of the group. The RITC mandate is available on the group's website [www.mrpricegroup.com](http://www.mrpricegroup.com).

### Role

The committee is responsible for assisting the board in its oversight of risk, reviewing the group's risk appetite and risk profile in relation to strategy, reviewing the effectiveness of the group's risk management framework and the methodology used in determining the group's risk profile and respective responses. The committee's responsibility is to ensure that risks and opportunities are considered and managed in a manner that influences and fulfils the setting and achievement of the group's strategy (detailed in the enterprise risk management (ERM) section on pages 93 - 96 and material matters section on pages 97 - 106 in the [Integrated Report](#) )

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

- Project Control Board (PCB): The PCB monitors strategic and business as usual projects in terms of scope, timeline, budget and resources on a biweekly basis. This ensures that projects are progressing as planned, or issues are escalated appropriately
- Architecture Design Authority (ADA): The ADA reviews and approves the conceptual architecture design for new projects or changes to existing systems. The frequency of these reviews varies depending on the complexity and scope of the project being introduced
- IT executive committee (IT exco): The IT exco oversees all key IT matters on a biweekly basis. This includes monitoring the progress of ongoing projects, reviewing departmental budgets and resources, and making decisions related to IT strategy and operations
- Technology divisional board meeting: The Technology divisional board meeting is attended by all MDs and reports on key items and progress, including risks and KPIs, on a quarterly basis. This helps to ensure that the organisation's technology strategy which is aligned with the business objectives is tracking as expected

**All key technology matters are subsequently reported to the RITC.**

### Committee statement

The committee is satisfied that it has fulfilled its responsibilities in accordance with its mandate for the 2023 financial year. The committee confirms there were no major technology incidents or security breaches during the reporting period.

### KEY FOCUS AREAS | FY2023

- Overseeing the group's planning and response to the South African energy crisis
- Continued monitoring and ensuring timely insurance claims and respective recoveries arising out of the July 2021 civil unrest
- Reviewing the results of the risk maturity assessment and supporting management in its response
- Continued monitoring to achieve a more integrated, proactive and continuous ERM
- Overseeing progress towards the successful delivery of the group's IT transformation projects, including the implementation of the new Oracle enterprise resource planning (ERP) system
- Overseeing continued delivery of the group's cyber security roadmap and the improvement of the group's security posture
- Overseeing the group's planning of systems integration with Power Fashion, Yuppiefchef and Studio 88 where applicable
- Supporting management on new opportunities in omni-channel, digital transformation, further automation and innovation

### FUTURE FOCUS AREAS

- Further maturing integrated assurance
- Assessment on the movement of strategic risks (elevation and reduction) and the group's response thereof
- Continued monitoring of the group's response to the South African energy crisis
- Risk appetite and tolerances
- Resilience and crisis management
- Employ a bi-modal approach that allows the technology stack's modernisation to occur concurrently with investments in customer-centric innovation and data analytics
- Continue to deliver against the cyber security roadmap
- Focus on innovation, to migrate as much of the legacy application base to different solutions as quickly as possible to exploit investments already made and simplify the overall landscape
- Invest in customer-centric solutions to service both internal and external customers
- ERM methodology enhancements with linkage to strategy achievement
- Implementation of the new credit management solution system

The management of technology and information within an organisation is a complex process that involves several toolsets and forums within the Technology and Advance Centres of Excellence. By monitoring progress, identifying issues and making informed decisions, the organisation can achieve its goals and objectives, mitigate risks, remain compliant and remain competitive in the marketplace. These functions are responsible for ensuring that technology and information is being used effectively and efficiently, using various mechanisms to achieve this, including:

- Daily and weekly forums to prioritise tasks and ensure any issues are dealt with expediently and the relevant feedback provided
- Change Advisory Board (CAB): The CAB monitors and approves changes to production systems on a weekly basis to ensure that they are aligned to the organisation's goals and objectives, and to minimise risks



## Social, Ethics, Transformation and Sustainability Committee

Chair: Keith Getz (retiring by rotation 30 August 2023)  
 Members: Daisy Naidoo, Lucia Swartz (Chair from 31 August 2023), Mark Blair, Jane Canny (from 1 September 2023)

### Role

The committee is constituted as a statutory committee in respect of its duties in terms of Section 72(4) and regulation 43(1) of the Companies Act, 71 of 2008 (Companies Act) and a committee of the board in respect of additional duties assigned to it. The committee mandate is available on the group's website [www.mrpricegroup.com](http://www.mrpricegroup.com). The committee members, their qualifications and experience, the number of meetings held and attendance at meetings is detailed in the board report, pages 129, 130 and 140. The committee is responsible for fulfilling the functions set out in the Companies Act and provides oversight of and reporting on organisational ethics, responsible corporate citizenship, and stakeholder relationships. It reviews and monitors sustainable business practices (including social and environmental practices, corporate citizenship and social investment), business ethics and transformation, to ensure that the business achieves its strategic imperatives responsibly and ethically. This also encompasses an overview of labour practices to ensure fairness and monitoring the group's commitment to promoting and protecting human rights. The group understands its role as a responsible citizen and aims to build a business in support of the group's strategy to sustainably protect, create and enable environmental, social and economic value. Meaningful stakeholder engagement, together with impact assessments, guide the formulation of appropriate and relevant business responses. Mr Price Group's [sustainability approach and strategy](#) can be found on pages 47 - 54.

As delegated by the board, the committee oversees and guides the achievement of this strategy, which is owned and managed by the group's Environmental, Social and Governance (ESG) Centre of Excellence, supported primarily by the People Centre of Excellence (in respect of transformation and elements of social matters) and implemented across operations by the group's trading divisions. Sustainable value creation across social, environmental, economic and governance elements is integrated through the group's retail operations and performance against key defined targets is included in management's performance indicators for both STIs and LTIs. Further information on the ESG scorecard applicable to the LTIs can be found on page 155 of the Sustainability report and in the [remuneration report](#) on pages 208 - 209.

The group's sustainability strategy is derived from its sustainability purpose of "Together We Do Good". The value of partnership is at the centre of the sustainability strategy. By collaborating with key partners and stakeholders, environmental, social and economic value is created, enabled and protected for all stakeholders in a sustainable way. This guiding principle informs core sustainability areas of focus and reflects the importance of achieving positive impacts through business operations under each of the pillars of environmental, social and economic.

The group's sustainability strategy, objectives and key activities are depicted in the diagram below. Noteworthy sustainability achievements during the year can be found in the [sustainability performance measures](#) on pages 47 - 48 and 51 - 53. Details on each of the pillars of the sustainability strategy are set out on the following pages:

### Committee statement

The committee is satisfied that it has fulfilled its responsibilities, in accordance with its mandate and the Companies Act, for the 2023 financial year. The committee chair will be available at the AGM to answer any questions relating to the committee's statutory obligations.

# together we do good.

## SUSTAINABILITY STRATEGY PILLARS:

Social	Economic	Environmental
1. Quality education: <a href="#">page 158</a> 2. Youth development: <a href="#">pages 157 - 160</a> 3. Associate wellbeing and development: <a href="#">pages 161 - 169</a> 4. Social value chain development: <a href="#">pages 170 - 172</a>	5. Economic value chain development: <a href="#">pages 179 - 182</a>	6. Preserving natural resources: <a href="#">page 184</a> 7. Reducing and stabilising environmental impact: <a href="#">page 185 -193</a>

### KEY FOCUS AREAS | FY2023

- Supporting management in associate relief and wellness efforts following extensive flooding in KwaZulu-Natal in April 2022
- Overseeing and monitoring the implementation of a revised environmental policy and formulating a climate change framework (including a climate change risk analysis)
- Reviewing and approving the group's broad-based black economic empowerment (B-BBEE) strategy and targets for the financial year as well as the approach to the Studio 88 B-BBEE integration
- Reviewing and providing input into the transformation vision and strategy in support of the group's transformation targets
- Approving and recommending to Remnomco the ESG scorecard applicable to LTI awards made during the year
- Reviewing the ESG strategy and the ESG materiality matrix to ensure it supports the delivery of Pillar 6 (sustainability) of the group strategy
- Overseeing the approach implementing the JSE Sustainability Disclosure Guidance and JSE Climate Disclosure Guidance papers issued in June 2022
- Overseeing various activities to ensure inclusion maintained on the FTSE/JSE Responsible Investment Top 30 Index and a "low" ESG Risk Ratings per Morningstar Sustainability
- Providing guidance on the first ESG investor session held in March 2023

### FUTURE FOCUS AREAS

- Finalise the development of a climate change strategy with targets to reduce the group's carbon footprint in line with local and global commitments and the requirements of the Task Force on Climate-related Financial Disclosures (TCFD)
- Establish targets to increase the use of sustainable materials in products, with a focus on cotton, recycled polyester (RPET) and manmade cellulosic fibres (viscose)
- Further invest in, develop and grow key South African suppliers
- Establish packaging targets for trading divisions to develop reusable packaging options and increase recycled content
- Progress integration of sustainability indicator measurement and reporting in acquired businesses, particularly Studio 88





# Administration and Contact Details



	Address	Phone	Fax	Websites
Corporate Mr Price Apparel	Upper level, North Concourse, 65 Masabalala	031 310 8000 031 310 8638	031 304 3725 031 304 3358	mrpricegroup.com mrp.com mrp.com/ng
Mr Price Home Mr Price Sport Sheet Street Mr Price Foundation	Yengwa Avenue, Durban, 4001 Private Bag X04, Snell Parade, Durban, 4074	031 310 8809 031 310 8545 031 310 8300 031 310 8242	031 328 4138 031 306 9347 031 310 8317 031 328 4609	mrphome.com mrpricesport.com sheetstreet.co.za mrpricefoundation.org
Miladys	30 Station Drive, Durban, 4001 PO Box 3562, Durban, 4000	031 313 5500	031 313 5620	miladys.co.za
Yuppiechef	2 Tifosa Park, 5 Bell Crescent, Westlake Business Park, Westlake, 7945	021 702 4969		yuppiechef.com
Power Fashion	350 Umhlangane Road, Riverhorse Valley, Redhill, 4071	031 570 8400		powerfashion.co.za
Studio 88	Aeroton Business Park, 30 O'Connor Place, Aeroton, Johannesburg, 2190	011 474 2245		studio-88.co.za
Mr Price Money Mr Price Mobile	380 Dr Pixley KaSeme Street, Durban, 4001 PO Box 4996, Durban, 4000	031 367 3311 0800 000 430	031 306 0164	mrpmoney.co.za mrpmobile.com
KPMG Faircall	BNT 371, PO Box 14671 Sinoville, 0129	0800 00 6465		www.thornhill.co.za/kpmgfair- callreport/questionnaire/main/
Customer Care		0800 212 535		
Account Services		0861 066 639		

## Company Secretary and Registered Office

### Janis Cheadle

Address: Upper level, North Concourse, 65 Masabalala  
Yengwa Avenue, Durban, 4001.

Address: PO Box 912, Durban, 4000.

Tel: 031 310 8000

## Domicile and Country of Incorporation

Republic of South Africa

## Sponsor

Investec Bank Limited

## Investor Relations

### Matthew Warriner

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Tel: 031 310 8000

## Registration Number

1933/004418/06

## Independent Auditors

F2023 Ernst & Young Inc  
F2024 Deloitte and Touche

## Transfer Secretaries

### Computershare Investor Services (Pty) Ltd,

Address: Rosebank Towers, 15 Biermann Avenue,  
Rosebank, 2196

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Tel: 011 370 5000