



MR PRICE GROUP LIMITED

SUPPLIER CODE OF CONDUCT

1. Supplier relations:

The company's goal is to treat all suppliers ethically and fairly and to ensure that associates, who are charged with the responsibility related to the procurement of merchandise, discharge their duties fairly, impartially, and in a way that is not self-enriching and disadvantageous to the company.

With this goal in mind, a detailed guideline, called the Merchandise Code of Conduct, has been prepared to assist our suppliers and associates involved in merchandise, quality control and distribution. The company's policy is broadly set out in the Conflict of Interest section of the company's Business Code of Conduct. This is summarized in the Specific Guidelines for Supplier Relationships.

In helping us to build this relationship that is built on ethics and fairness, we kindly request that you report any contraventions of this Code, suspicious transactions, or unusual behaviour to our toll-free hotline on 0800 006465. We will respond immediately to any reported contraventions of the Code and appropriate action will be taken.

Alternatively, you could contact our Divisional Managing Director.

Any associate found to be in contravention of this Code will be guilty of an offence against the company and will be appropriately disciplined.

Any supplier found to be in contravention of this Code will be guilty of breaching the business partnership with the company. The company may terminate all future business dealings with the supplier concerned.

2. Specific guidelines supplier relationships:

2.1 Free Merchandise

The acceptance of free merchandise from any company supplier for personal usage or gain is prohibited. This includes the situation where the associate is invoiced for merchandise from the supplier, but never actually pays the supplier for the merchandise.



2.2 Merchandise Samples

The free merchandise provided to the company by its suppliers to assist in the procurement process is the property of the company. The unauthorized removal of merchandise samples from the company offices constitutes theft and will be dealt with accordingly.

2.3 Purchasing Merchandise from Company Suppliers

In the interest of being independent, and being seen to be independent, associates are discouraged from purchasing goods for their personal usage directly from a company supplier. In the event that associates do transact in this manner, they are required to pay for the merchandise at the time of delivery and to retain the relevant receipts as proof of payment.

2.4 Gifts

Associates are discouraged from accepting gifts from suppliers or potential suppliers. The only gifts that are acceptable are gifts that are of an advertising nature and therefore have limited commercial value, e.g. calendars, diaries, rulers, etc. gifts that exceed this “token value” will be returned to the suppliers.

Gifts in the form of flowers or confectionary for birthdays or special events are acceptable, so long as they are delivered to the associate at the Mr Price Group Support Centre. Christmas gifts from suppliers should be handed to the divisional Managing Director for distribution to associates at his/her discretion.

2.5 Entertainment

Associates are discouraged from accepting invitations to be entertained by suppliers or potential suppliers. The only entertainment that is acceptable to the company is:

2.5.1 Occasional business entertaining, e.g. lunches, dinners.

2.6 Prompt Payment

Company associates will ensure that suppliers are promptly paid according to the agreed payment terms, provided that they adequately carry out the conditions of the order, i.e. prompt delivery, defined acceptable quality standards, defined acceptable packaging requirements as agreed (style, colour, etc).



2.7 Unreasonable Requests

The company operates on very tight lead times. It is not uncommon for orders to be placed 2 to 3 months prior to delivery. It is therefore of the utmost importance that associates and suppliers make every effort to ensure that the critical path is not jeopardized by unnecessary delays, e.g. in confirming orders, merchandise specifications, packing instructions, sourcing the raw materials, production, delivery and achieving the required quality standards and specifications, etc. the interruption of our critical path could expose us to the risk associated with late deliveries, and consequential short cuts could adversely impact on our quality.

The company encourages a relationship where suppliers feel free to report any unreasonable requests, made by our associates that could cause unnecessary delays to our lead times and jeopardize our critical path. These situations should be reported to our Company Secretary and/or the divisional Managing Directors. We would appreciate this valuable input from our suppliers and we guarantee that it will not damage the on-going working relationship.

3. Requirements for suppliers:

The Mr Price Group views all the suppliers as business partners, and will make every effort to ensure that a good working relationship that is based on ethics and fairness prevails.

Whilst it is recognized that our suppliers operate under different legal and cultural environments throughout the world, it is very important to us that these suppliers also operate ethically, fairly and in full compliance with the applicable laws, rules and regulations in their respective countries.

Our detailed expectations are set out in our Supplier Code of Conduct. All suppliers to the group are expected to sign this Supplier Code of Conduct as acknowledgement basic requirements that must be met in order to do business with the company.

If the company determines that the supplier has violated the Supplier Code of Conduct, then it may either terminate its business partnership or require the supplier to implement immediate corrective action. If corrective action agreed is not implemented, then the Mr Price Group will suspend the placement of future orders and may even consider the termination of the current production.

The buyer supplier relationship is one that is built on trust and it is necessary that this trust is not damaged from either side. It is expected that merchandise developed by the Mr Price Group buyers are not sold on to other retailers, wholesalers or independents without the Company's written approval.



4. Supplier code of conduct:

This Supplier's Code of Conduct applies to all factories that produce merchandise for Mr Price Group.

While Mr Price Group recognizes that there are different legal and cultural environments in which factories operate throughout the world, this Code sets forth the basic requirements that all factories must meet in order to do business with Mr Price Group. The Code also provides the foundation for Mr Price Group's on-going evaluation.

As a condition of doing business with Mr Price Group, each and every factory must comply with this Supplier's Code of Conduct. If Mr Price Group determines that any factory has violated this Code, Mr Price Group may either terminate its business relationship or require the factory to implement a corrective action plan. If corrective action is advised but not taken, Mr Price Group will suspend placement of future orders and may terminate current production.

4.1 General Principle

Factories that produce goods for Mr Price Group shall operate in full compliance with the laws of their respective countries and with all other applicable laws, rules and regulations.

4.2 Environment

Factories must comply with all applicable environmental laws and regulations.

4.3 Discrimination

Factories shall employ and pay workers on the basis of their ability to do the job, and without regard to race, colour, gender, nationality, religion or marital status.

4.4 Forced Labour

Factories shall not use involuntary labour of any kind, including prison labour, debt bondage or forced labour by an external authority.

4.5 Child Labour

Factories shall employ only workers who meet the applicable minimum legal age requirement. Factories must also comply with all other applicable child labour laws.

4.6 Wages & Hours

Factories shall set working hours, wages, overtime pay and annual leave in compliance with all applicable laws. Workers shall be paid at least the minimum legal wage or a wage that meets local industry standards, whichever is greater.



While it is understood that overtime is often required in garment production, factories shall carry out operations in ways that limit overtime to a level that ensures humane and productive working conditions.

4.7 Working Conditions

Factories must treat all workers with respect and dignity and provide them with a safe and healthy environment. Factories shall comply with all applicable laws and regulations regarding working conditions. Factories shall not use corporal punishment or any other form of physical or psychological coercion. Factories must be sufficiently lighted and ventilated, aisles accessible, machinery maintained, and hazardous materials sensibly stored and disposed of. Factories providing housing for workers must keep these facilities clean and safe.

4.8 Freedom of Association

Workers are free to join associations of their own choosing. Factories must not interfere with workers who wish to lawfully and peacefully associate, organize or bargain collectively. The decision whether or not to do so should be made solely by the workers.



Acceptance letter

Company Name:

Company Address:

I, _____, of

(name)

_____ accept the terms and

(company)

conditions of this Mr Price Group Code of Conduct on this

day _____ of _____ 2011.

Signature

Date

Please email acceptance to Shaun Weir: sweir@mrpricegroup.com or fax to 031 328 4867



5. Memorandum of Agreement – Terms and Conditions

Memorandum of Agreement

Entered into by and between

(Name of Supplier and Company registration number)

Represented by _____ who warrant that he/she is duly authorized.

Hereinafter referred to as “the supplier”

AND

Mr Price Group Limited Registration number

Represented by _____ who warrants that he/she is duly authorized.

Hereinafter referred to as “Mr Price Group”

WHEREAS, the Supplier wishes to supply merchandise/goods for retail to Mr Price Group.

AND

WHEREAS, Mr Price Group and the supplier wish to regulate the relationship between the Supplier and Mr Price Group and have agreed on the following Terms and Conditions:

Mr Price Group – Terms and Conditions

5.1 The Supplier warrants that if the merchandise or fabrics from which the merchandise has been manufactured are imported, the importer: -

- a. Has paid customs and other duties on the merchandise of fabrics according to the correct classification.
- b. Is entitled to any rebate in customs or other duties which may have been claimed in respect of the merchandise or fabrics.

5.2 The supplier warrants that the sale and delivery of the merchandise to Mr Price Group does not contravene any conditions under which the merchandise or fabrics were imported into the Republic of South Africa or imported into or exported from any country in the Southern African Customs Union.



5.3 The supplier warrants that the merchandise does not infringe any registered or pending trademark.

5.4 The Supplier indemnifies Mr Price Group against any loss or damage it may suffer as a result of the breach of the above warranties.

5.5 Mr Price Group reserves the right to cancel orders not received by the due date.

5.6 Suppliers are requested to ensure that the window period for making appointments to deliver merchandise into Mr Price Group Distribution Centre is within the two weeks allowance period to the delivery window period as set on the Purchase Order. The latest booking window period is one week prior to the delivery window period.

a. All Appointments must be made on the Supply It portal.

5.7 The order is subject to the approval of a sealed sample.

5.8 Invoices are made out to: Mr Price Group Limited.

5.9 The Supplier acknowledges that it has read and is bound by Mr Price Group's Supplier Code of Conduct (which code is deemed to be incorporated herein). Pursuant to such Code the Supplier acknowledges and agrees that Mr Price Group may forthwith cancel any outstanding orders with the Supplier, including this order, in the event of any breach by the supplier of such Code.

5.10 The Supplier acknowledges that it has read and is bound by Mr Price Group Supplier, Quality, Packaging and Wash-care Manuals. Copies of these are available via email or directly from the Mr Price Group Head Office or Supply Chain and Quality Department.

5.11 Acceptance of orders outside the delivery period can only be authorized by the planning department and suppliers should not attempt to deliver such merchandise without prior authority.

a. These deliveries once accepted will attract the following penalties on the full value of the order/s:

i. 2 days late 2.5%

ii. 3 – 7 days late 5%

iii. More than 7 days late 7.5% and/or cancellation

b. Failure to deliver merchandise (non-delivery) will also be subject to the maximum penalty as above.



c. Short supply on quantities must be avoided at all costs. Short delivery will be measured per line and is defined as any line that is delivered less than 98% of the ordered quantity. Short deliveries must be authorized by the planner, in writing – which must accompany the delivery, at least two days prior to the delivery appointment date. Should this not happen the Mr Price Home Distribution Centre has the right to reject the entire order. Short delivery will attract a discount of 7.5% in addition to any other discount that is applicable per line. We also reserve our right to cancel the entire order.

d. Should an order fail at the Mr Price Group Distribution Centre due to a quality, packaging or packing problem the above penalties will also apply to the order/s.

e. Over supply on quantities must be avoided at all costs. Over delivery will be measured per line and is defined as any line that is delivered greater than 102% of the ordered quantity. Over deliveries will be accepted by Mr Price Group Distribution Centre and Head Office, and the oversupply above the tolerance percentage will be taken in at a zero cost basis. We also reserve our right to cancel the entire order.

f. Late delivery of promoted/advertised merchandise will attract an additional once off discount of 20% on the full value of the order/s.

g. Suppliers who fail to make an appointment booking seven days prior to their delivery window period will be subject to a 2.5% penalty discount on the full value of the order/s.

h. Suppliers who fail to arrive for an appointment booking they have made will be penalised with a 5% discount of the full value of the order/s.

5.12 Should a supplier have excess stock of an item ordered by Mr Price Group, whether it be due to importing or manufacturing additional units or a reduction in ordered units within the agreed three month window period of the delivered merchandise date, the supplier is under obligation to obtain written approval in the format of a Design/ Product Release Form signed off by the respective buyer before these deemed extra units are sold on. Should a supplier fail to comply with these obligations Mr Price Group reserves the right to return all merchandise in stock and/or apply a penalty of 20% of the full cost value of the order/s.

5.13 Suppliers are reminded that orders are denominated in South African Rands. Any exchange rate variance between date of order receipt and Payment date is for your account. If you purchase merchandise offshore, you are urged to take forward cover on confirmation of this order.