

SOUTH
AFRICA'S MOST
INFLUENTIAL
BRAND

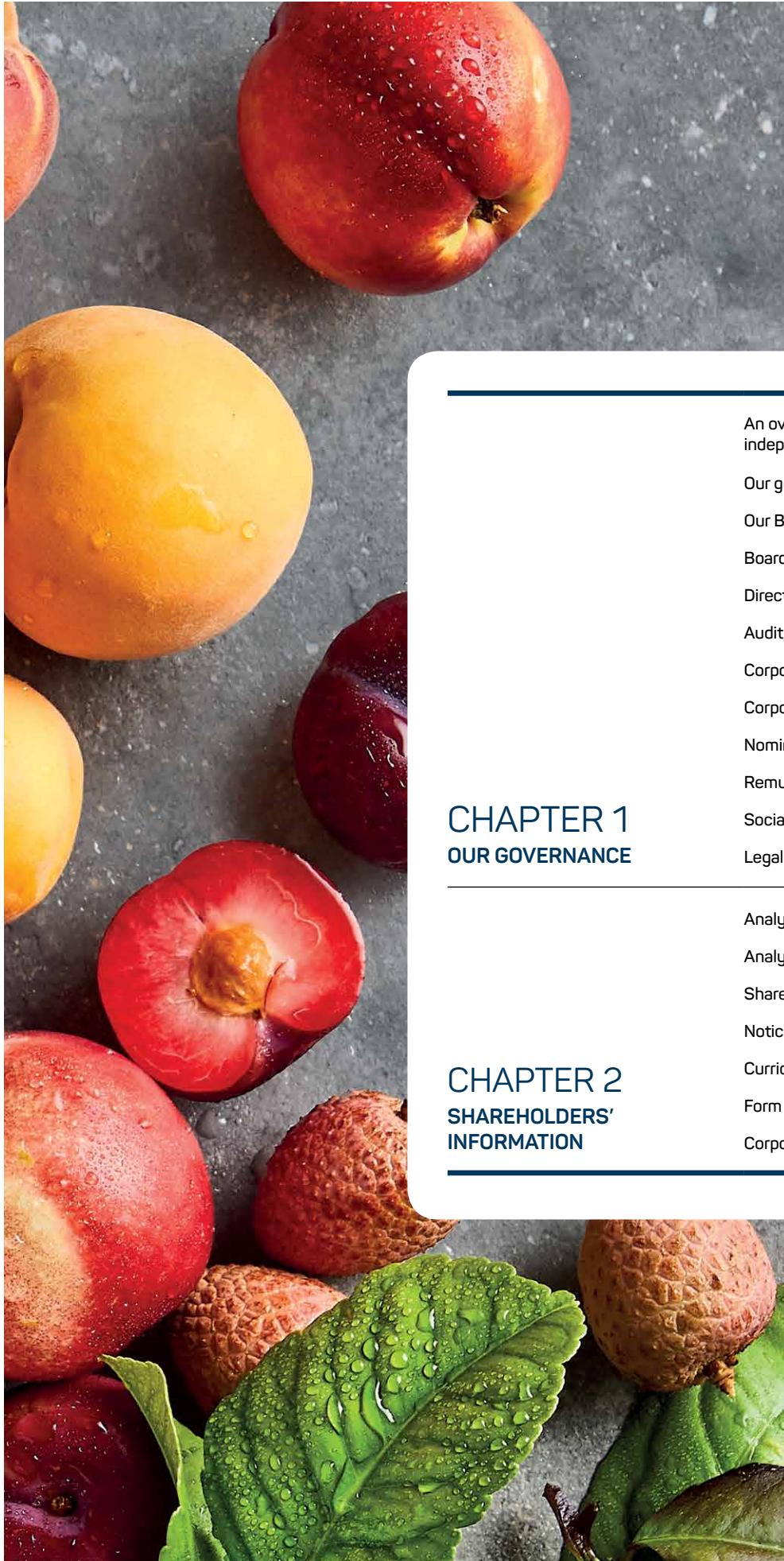
2019

CORPORATE GOVERNANCE REPORT

Pick n Pay

The logo features the words 'Pick n Play' in a bold, sans-serif font. 'Pick' is blue, 'n' is red, and 'Play' is blue. The letters are contained within a white square with rounded corners.

We are pleased to present
our 2019 Corporate
Governance Report to
our stakeholders



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AN OVERVIEW BY OUR LEAD INDEPENDENT DIRECTOR



HUGH HERMAN | LEAD INDEPENDENT DIRECTOR

OUR APPROACH TO CORPORATE GOVERNANCE

The Group's commitment to the highest standards of corporate governance has contributed to its sustainable value creation over 52 years. The Board provides strong and ethical leadership, and is committed to consistent action within a governance framework that is built on the principles of honesty, integrity and accountability.

Our ethical value system has built strong relationships with stakeholders who recognise and support the Group as a responsible corporate citizen, with the confidence that we will do what is right. The Board endorses the corporate governance principles encapsulated in King IV, including the concept of integrated thinking, which underpins corporate citizenship, stakeholder inclusivity, sustainable development and integrated reporting. The Board commits to stakeholders that it will operate in accordance with our values of integrity, competence, fairness, responsibility, transparency and accountability, as captured by our enduring values set out on page 11 of the 2019 Integrated Annual Report (IAR).

The Board is elected by shareholders and accepts overall accountability for the Group's performance, and in ensuring that the business is adequately positioned to create sustainable value over the long term for all stakeholders, taking into account the material issues, risks and opportunities of the Group. Sustainable value creation is measured across the triple context of the Group's economic, social and environmental performance against the objectives set out in our long-term strategy, and with reference to the effective management of our capitals and the balanced and appropriate management of stakeholder needs.

The Board ultimately endorses and accepts responsibility for achieving the values that underpin good governance, as advocated by the King IV Report on Corporate Governance™ for South Africa 2016 (King IV). These include integrity, competence, fairness, responsibility, transparency and accountability.

The Board is satisfied that it had fulfilled its responsibilities in accordance with its Corporate Governance Charter, King IV, the JSE Listings Requirements, the Companies Act and applicable statutory and regulatory requirements for the financial period ended 3 March 2019.



Our corporate governance philosophy and practices are aligned with the four governance outcomes advocated by King IV, namely:

ETHICAL CULTURE

An ethical culture builds support structures that underpin our core purpose, values and strategy.

- To ensure that we maintain an ethical culture, governance structures are regularly reviewed to align with best practice and reflect regulatory changes.
- The Board reviewed, revised and approved the Group's Code of Ethical Conduct during the 2019 financial period, which outlines the key behaviours and actions expected by employees, suppliers and business partners. A Group-wide ethics communications campaign will be rolled out in the upcoming year.
- The corporate governance charter was reviewed and updated.

EFFECTIVE CONTROL

The Group's governance and compliance framework is built on the principles of accountability, transparency, ethical management and fairness.

- Areas of governance are delegated to the Group's various committees. Read more from page 20.
- The Board's delegation of authority within its governance framework contributes to role clarity and the effective exercise of responsibilities across the Group's various committees and within the broader business. Read more from page 6.
- The Group's corporate governance structure is regularly reviewed to ensure that the Board exercises effective and ethical leadership, conducts its affairs as a good corporate citizen and takes appropriate decisions to ensure the sustainability of operations.
- The Board annually conducts an evaluation of its contribution to the Group as a whole as well as the individual performance of each director. Read more from page 8.

LEGITIMACY

The Board retains overall responsibility for the concept of integrated thinking encapsulated in King IV, which underpins corporate citizenship, stakeholder inclusivity, sustainable development and integrated reporting.

- The Board ensures that the reports issued by the Group enable stakeholders to make informed assessments of its performance, and its longer-term prospects.
- The Board is aware of the King IV principle of having an arms-length relationship with the Company Secretary, and has created an environment in which the Company Secretary is able to ensure full adherence to Board procedures and relevant regulations. The Company Secretary is not involved in an executive capacity on the boards of the various companies in the Group.

GOOD PERFORMANCE

There are well-entrenched structures within the Group to ensure that proper assurance and oversight are given to strategic and operational performance.

- The Board undertook a number of discussions during the year related to strategy, performance, governance and risk management. The details of the most material issues under discussion by the Board, as well as the decisions and actions arising, are unpacked in more detail later on in this overview.

OUR GOVERNANCE STRUCTURE

The Board is confident that the Group's governance framework, supported by its Board committees and related administrative structures and compliance processes, contributes to sustainable value creation by driving:

- Accountability to stakeholders
- Sound leadership and effective decision-making
- Strong risk management and risk mitigation
- Comprehensive and transparent integrated reporting
- Remuneration policies that build a winning team through the development and retention of top talent and through incentivisation in line with the Group's strategic objectives

The Group's governance framework is regularly reviewed to ensure that the Board exercises effective and ethical leadership, conducts its affairs as a good corporate citizen and takes appropriate decisions to ensure the long-term sustainability of the business.

BOARD COMMITTEES

The Board is supported by the executive, audit, risk and compliance, remuneration, nominations, corporate finance, corporate governance, and social and ethics committees. The Board's delegation of authority to these committees contributes to role clarity and the effective exercise of authority and responsibilities within the broader Group.

The role and responsibilities of each committee are set out in the Board's corporate governance charter, available on our website at www.picknpayinvestor.co.za. The charter is reviewed annually to ensure that the committee mandates remain current and effective and that the requirements of King IV are met. Each committee considers its effectiveness by way of a review of its activities against the approved terms of reference in line with their delegated powers and authority.



Together with the Board, all committees are satisfied that they have carried out their responsibilities during the period.

PICK N PAY STORES LIMITED BOARD

ATTENDANCE

- Four board meetings were held during the financial year.
- Suzanne Ackerman-Berman sent apologies for the April board meeting. Other than that, attendance was 100%.
- All directors attended the annual general meeting held on July 2018.

The Board of directors ensures that the Group is managed in a transparent, equitable and responsible manner for the benefit of all its stakeholders.
Read more from page 16.

AUDIT, RISK AND COMPLIANCE COMMITTEE

MEMBERS AND ATTENDANCE

J van Rooyen (Chair) ^Δ	2/2
D Friedland ^Δ	2/2
H Herman ^Δ	2/2
A Mothupi ^Δ	2/2

The committee provides independent oversight and assessment of the Group's risk management processes, legal and regulatory compliance, financial reporting, business and financial controls, and internal and external audit processes and acts as a liaison between the Board and external and internal auditors.

Refer to page 20 for detail of the role this committee plays in determining the material issues faced by the Group and in assessing the adequacy of the Group's risk management processes.

CORPORATE GOVERNANCE COMMITTEE

MEMBERS AND ATTENDANCE

J van Rooyen ^Δ	✓
G Ackerman	✓
D Friedland ^Δ	#

For 52 years, the Group has ensured that its policy of doing good is good business remains at the centre of how it conducts business. This is underpinned by adopting best practice in corporate governance, which contributes to long-term value creation.

The committee reviews and evaluates the governance practices and structures of the Group and recommends any changes to the Board.

NOMINATIONS COMMITTEE

MEMBERS AND ATTENDANCE

G Ackerman (Chair)	✓
D Friedland ^Δ	✓
L Phalatse ^Δ	✓
A Mathole ^{#Δ}	✓
A Mothupi ^{#Δ}	✓

It is the Board's philosophy that its members should provide a diverse range of professional expertise and experience, and should reflect the gender, race and ethnic diversity of stakeholders.

The nominations committee is responsible for identifying and evaluating suitable candidates for possible appointment to the Board, with the aim of ensuring a strong and balanced Board to oversee and drive sustainable value creation for all stakeholders.

Read more from page 8.

CORPORATE FINANCE COMMITTEE

MEMBERS AND ATTENDANCE

J van Rooyen (Chair) ^Δ	✓
D Friedland ^Δ	✓
H Herman ^Δ	✓
A Mathole ^Δ	✓
A Mothupi ^Δ	✓
L Phalatse ^{#Δ}	✓

The committee consists of all independent non-executive directors. It assists the Board in assessing material investment opportunities for the Group, as identified in Stage 2 of the Group's long-term strategy. Read from page 44 of the 2019 IAR for more detail on the Group's strategic focus.

REMUNERATION COMMITTEE

MEMBERS AND ATTENDANCE

H Herman (Chair) ^Δ	3/3
G Ackerman	3/3
A Mothupi ^Δ	3/3
J van Rooyen ^Δ	3/3

The remuneration committee ensures that the Group's remuneration policy promotes the achievement of Group strategy, by providing fair and responsible rewards that attract, reward and retain a winning team.

Read more in our remuneration report from page 28.

SOCIAL AND ETHICS COMMITTEE

MEMBERS AND ATTENDANCE

S Ackerman-Berman (Chair)	3/3
A Mathole ^Δ	1/3
L Phalatse ^{#Δ}	0/1
D Robins*	0/1

The committee, supported by key management personnel, is tasked with ensuring that the Group's enduring values as set out on page 11 of the 2019 IAR underpin the Group's long-term strategy and are applied daily in all areas of the business, and that our sustainability strategy is closely aligned with the United Nations Sustainable Development Goals most relevant to our business (refer to page 47 and page 3 of the 2019 IAR for more information).

EMPLOYEE SHARE INCENTIVE TRUST

MEMBERS AND ATTENDANCE

G Ackerman (Chair)	2/2
H Herman ^Δ	2/2
A Mothupi ^Δ	2/2
J van Rooyen ^Δ	2/2

The Group's employee share incentive schemes remain a key part of the Group's remuneration philosophy, aiming to align the interests of employees with shareholders and to ensure that employees are able to share in the stakeholder value that they help to create.

The trustees ensure that the employee share incentive schemes are managed in a responsible and appropriate manner, with fair, market-related rewards aimed at attracting and retaining skilled employees that will deliver the objectives of the Group's long-term strategy.

EXECUTIVE COMMITTEE

MEMBERS AND ATTENDANCE

R Brasher	✓
B Jakoet	✓
R van Rensburg	✓

The Executive is tasked with implementing the strategy of the Board. It serves as the Chief Operating Decision Maker (CODM) of the Group, and manages the day to day operations of the Group, to ensure sustainable value creation for all stakeholders.

- ✓ Available for all ad hoc meetings
- * Resigned from committee during the year
- # Appointed to committee during the year
- Δ Independent non-executive director

BOARD COMPOSITION

Our directors are strong-minded individuals of integrity, who are successful and experienced professionals in their respective fields. The Group has actively sought to appoint business people to its Board, looking for individuals who play an active role in business, are in a position to offer commercial, legal and regulatory knowledge to the Board, and add value through wisdom, practical experience and business acumen.



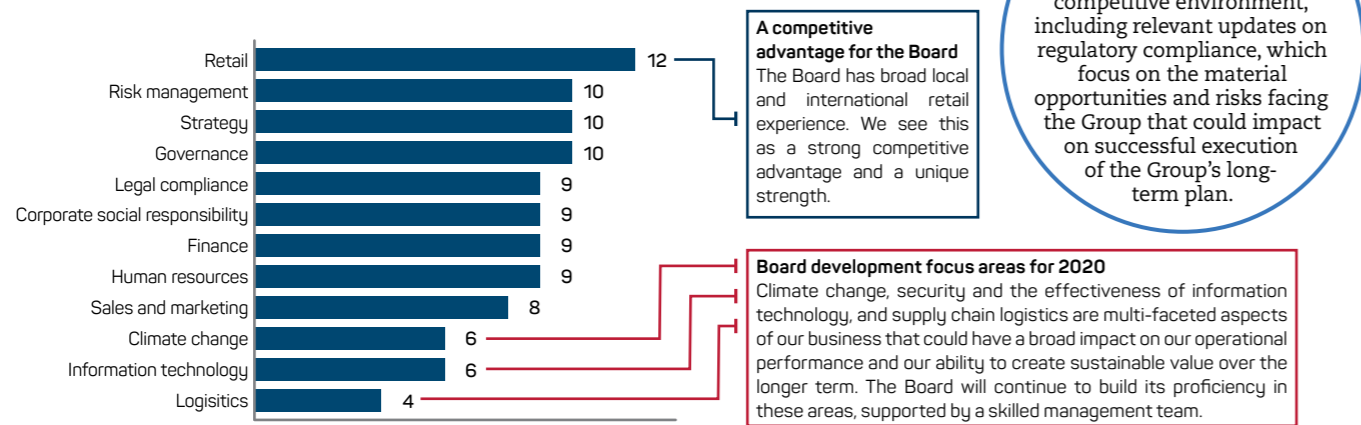
The non-executive directors are diverse in their academic qualifications, business experience, gender and race, resulting in a balanced Board. Read more from page 12.

As our Chairman is not considered independent, Hugh Herman was appointed as lead independent non-executive director. Read more under "Controlling shareholder representation on the Board" below.

The Executive committee (refer to page 7 for further information) performs the Chief Operating Decision Maker (CODM) role within the Group. The CODM comprises Richard Brasher (Chief Executive Officer), Bakar Jakoet (Chief Finance Officer) and Richard van Rensburg (Chief Information Officer). They are tasked with the day-to-day executive management of the Group. Suzanne Ackerman-Berman and Jonathan Ackerman perform valuable ancillary executive roles alongside the Executive, focused on corporate social investment, transformation and customer relations.

The Board is satisfied that its balanced composition reflects an appropriate mix of knowledge, skills, experience, diversity and independence.

OUR DIRECTORS' SECTOR EXPERIENCE



The above graph indicates the number of directors on the Board who possess the relevant sector experience.

CONTROLLING SHAREHOLDER REPRESENTATION ON THE BOARD

The Group has a controlling shareholder, Ackerman Investment Holdings Proprietary Limited. The Chairman (Gareth Ackerman), one non-executive director (David Robins) and two executive directors (Suzanne Ackerman-Berman and Jonathan Ackerman) were nominated as representatives of the controlling shareholder, and were elected by shareholders to the Board. All are members of the Ackerman family, and are not considered independent by virtue of their indirect shareholdings in the Company. Between them they have over 84 years' experience in the Group. Their wealth of retail knowledge assists the Group in making decisions for the benefit of all stakeholders. To guard against a perception that a conflict of interest could arise between the controlling shareholder and other shareholders, the Board annually elects an independent non-executive director to act as lead independent director (LID). The role of the LID is to provide leadership and advice to the Board when the Chairman has a conflict of interest, without detracting from the authority of the Chairman. The position also provides an important point of contact for the broader investment and stakeholder community should they have concerns with the management of the Group or potential conflicts of interest.

DIRECTOR APPOINTMENT AND ROTATION

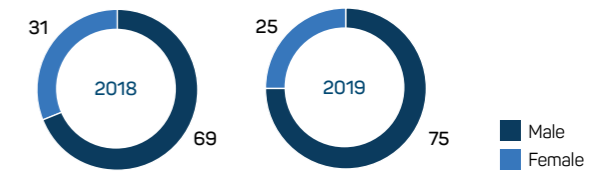
A third of non-executive directors resign at each annual general meeting.

This enables shareholders to hold directors to account and to appoint directors to the Board who shareholders believe will ensure long-term sustainable value creation for all stakeholders.

When filling vacancies, the Board seeks and appoints qualified individuals who reflect a diverse range of skills and professional backgrounds and who represent the gender, race and ethnic diversity of the communities we serve. This is guided by the Group's gender and race diversity policies.

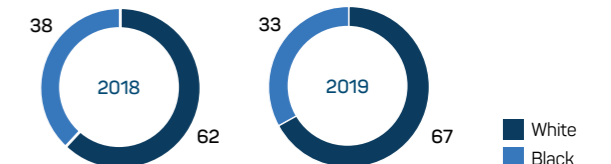
GENDER DIVERSITY - %

At least 25% of our Board should comprise women.



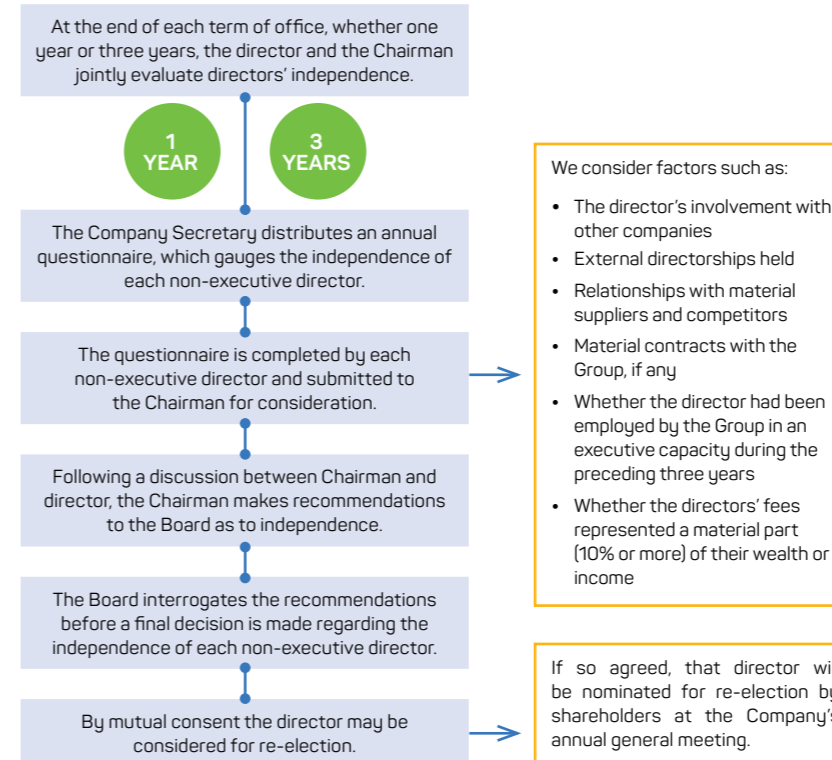
RACIAL DIVERSITY - %

At least 25% of our Board should comprise South African citizens who are African, coloured or Indian.



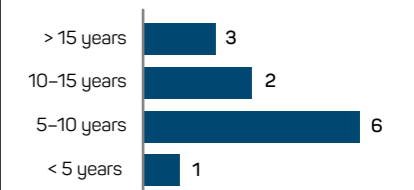
The Board has achieved its gender and race diversity targets.

INDEPENDENCE OF NON-EXECUTIVE DIRECTORS



DIRECTOR TENURE

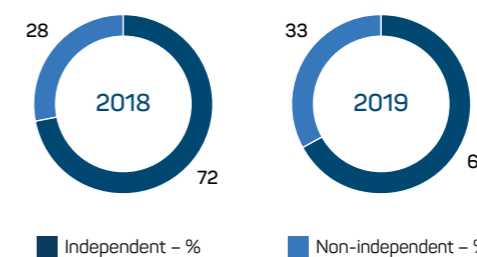
King IV does not consider the length of a non-executive director's term in office as a determinant of independence. However, the Group's policy remains that all independent non-executive directors who have served on the board for more than nine years retire by rotation at the end of every year, instead of the standard three-year term of office.



The Board has established a good balance between the experience of long-standing directors and the fresh insights from more recently appointed directors. Our long-standing non-executive directors are highly respected in the industry and corporate South Africa. They provide the Board with valuable insight and perspective across the South African economic environment, and more particularly across the retail, property and financial sectors. We believe our longer-serving directors continue to act with objectivity and integrity. The Board is strengthened by the depth of their experience and their commitment to robust and meaningful debate.

The Board assesses its composition and its performance on an annual basis, and where it is felt that the Board needs to increase its independence, its skill and experience in any way, the appropriate changes are made.

All directors regularly declare their directorships and commercial interests to the Board. Transparency of commercial interests ensures that directors can be seen to be free from any business or other relationship that may interfere materially with any director's capacity to act in an independent manner.



WHAT THE BOARD FOCUSED ON DURING THE YEAR

The directors ensure that the Group is managed in a transparent, equitable and responsible manner for the benefit of all its stakeholders. The Board appreciates that the strength of its strategy, the identification of material issues, the effectiveness of its risk management, its commitment to social and environmental sustainability and its financial performance are all inseparable elements of long-term value creation. Directors engage in rigorous and informed debate with the aim of promoting direction, governance and effective leadership of the Group. Decisions are made by consensus. All Board members are conscious of their obligation to act with integrity and as representatives of all our stakeholders.

The Board supports the materiality approach, which emphasises integrated reporting based on the issues, risks and opportunities that can have a material impact on the sustainable performance of the Group over the short, medium and longer term. It ensures that the reports issued by the Group enable stakeholders to make informed assessments of its performance and its longer prospects.

The most material issues under consideration included:

DISCUSSIONS, DECISIONS AND ACTIONS UNDERTAKEN BY THE BOARD DURING THE YEAR TO PROTECT AND CREATE VALUE FOR OUR STAKEHOLDERS

STRATEGY AND PERFORMANCE

ENSURING TRANSPARENT FINANCIAL REPORTING	The Group follows a 52-week retail financial calendar, which requires the inclusion of an additional week every six years. In light of the adoption of the retail financial calendar six years ago, we decided to add a 53rd week to the 2019 financial period. We monitored the introduction of IFRS 9 and 15, accounting standards that revisited the recognition and measurement of financial instruments and the measurement, classification and disclosure of revenue from contracts with customers. IFRS 9 and 15 did not materially impact on historical profitability and growth trends.
MONITORING THE IMPACT OF THE VOLUNTARY SEVERANCE PROGRAMME	In the prior year, we adopted a voluntary severance programme (VSP) to remove roles and functions that were no longer required. Any savings achieved in labour costs were reinvested to allow the Company to further expand and create new jobs. We closely monitored the impact of the VSP in the current financial year to ensure that the aims were met. During the 2019 financial period, 4 675 new jobs were created in the 110 net new stores opened across all brands and formats.
ENHANCING OUR CUSTOMER OFFER	In the prior year, the loyalty programme was modernised. Our belief that the loyalty programme remains relevant and adds value to our customers was reinforced by it being voted best loyalty programme for the 6th year in a row. Investing in prices for customers continues to be a focus for the Board.
REALIGNING COMMITTEE MEMBERSHIP	Committee membership was realigned to ensure that our non-executive directors were best placed to make a contribution to the various Board committees.
CONSUMER AND COMPETITIVE ENVIRONMENT	The Board assessed the effectiveness of Group strategy in responding to changing customer needs, with a focus on finding growth in a tough economic climate. The Board monitored the management team's efforts to improve the cost effectiveness and efficiency of the business. Management has invested substantially in our customer offer, and effectively driven market-leading volume growth. The Board continues to monitor the impact of the increasingly difficult economic environment in South Africa on consumer confidence and consumer spend.
PERFORMANCE OF OUR REST OF AFRICA SEGMENT	The Board focused on Group operations outside South Africa to ensure tight management during tough economic times. Our Zambian team committed to and delivered strong cost discipline and working capital management to mitigate the impact of the low-growth environment. Developments in Zimbabwe were closely monitored in light of economic uncertainty and currency illiquidity in the region leading to inflationary pressure and social unrest. TM Supermarkets delivered a strong trade performance notwithstanding the difficult economic backdrop, and our financial reporting aimed to provide stakeholders with clear information on the performance of the business and the impact of currency devaluation on the Group result. The Board is committed to a prudent approach to expansion in Nigeria, without putting the core South African operation at undue risk. The Group plans to open its first store in Nigeria in 2020.
EFFECTIVENESS OF OUR PROCUREMENT AND DISTRIBUTION CHANNEL	The Board assesses the effectiveness and efficiency of the Group's centralised supply chain on a regular basis. This year the Board agreed to additional capacity for Pick n Pay in KwaZulu-Natal and for Boxer in Gauteng. The Board will continue to assess the need for an additional Pick n Pay facility to supplement its Longmeadow distribution centre in Gauteng. Stability of labour relations across the supply chain remains a key risk, and is closely monitored by the Board.

DISCUSSIONS, DECISIONS AND ACTIONS UNDERTAKEN BY THE BOARD DURING THE YEAR TO PROTECT AND CREATE VALUE FOR OUR STAKEHOLDERS

GOVERNANCE AND RISK MANAGEMENT

MONITORING STATUTORY DEVELOPMENTS	We monitored statutory developments, including the proposed amendments to the Competition Act, No 89 of 1998, as amended, and the Companies Act, No 71 of 2008, as amended. While the Amendment Bill to the Competition Act was signed into law on 13 February 2019, at the time of writing amended draft regulations had not yet been published for comment. The impact of the government's intention to use the amended Competition Act as an instrument of policy in addressing the skewed ownership profile of the economy will continue to be an area of focus.
MONITORING COMPLIANCE IN AFRICA	We conducted an exercise to establish what directors' duties were in each country in Africa in which the Group has a presence, to ensure consistent compliance with each country's laws and regulations.
LISTERIOSIS	We continue to monitor the social and legal consequences of the listeriosis outbreak in South Africa.
EFFECTIVENESS OF OUR INFORMATION SYSTEMS AND TECHNOLOGY	The Board reviewed and updated the Group's technology and information policy framework to ensure that our information security policy and privacy policy were current and reflected all relevant risks in our operating environment. The Board is cognisant of the increased risk of cyberattacks. The Board has endorsed ongoing investment in the development and maintenance of our IT infrastructure and security systems to guard against attack, protect the confidentiality of information and ensure the responsiveness and adequacy of recovery procedures.

PEOPLE, CULTURE AND DIVERSITY

IMPACT OF A STATUTORY MINIMUM WAGE	The Board assessed the impact of the introduction of a statutory minimum wage on 1 January 2019. The Group's long-standing fair and responsible remuneration policies meant that the application of a minimum wage would have a minor impact on Pick n Pay and Boxer. However, there would be an indirect cost impact across the value chain, with additional wage costs for certain suppliers and service providers. The impact will be countered by the additional discretionary spend for consumers, which is to be welcomed in tough economic times.
DIVERSITY	The Board monitored the work being done by the Group to achieve a diverse workforce at all levels. Extensive analysis was undertaken to establish a workforce profile and relative pay, with the goal of ensuring that all employees receive fair pay for work done and that the Group remains anti-discriminatory in its recruitment and remuneration. While comprehensive statistical analysis is ongoing, the results are encouraging, with good evidence that pay rates are not skewed by gender or race. The Board will continue to focus on the adequacy of the measures in place to retain and upskill employment equity employees, particularly in senior executive roles, including the removal of any potential barriers to entry.

FINANCIAL REPORTING

IFRS 16	The Group will adopt IFRS 16 in its 2020 financial year. The Board discussed and reviewed the requirements of IFRS 16, which will see the Group's extensive lease portfolio capitalised as "right-of-use assets" in the statement of financial position, with a corresponding lease liability in respect of future rental obligations. The Board appreciates that IFRS 16 will have a material impact on the Group's financial position and its reported performance, including key performance metrics such as return on capital employed, earnings before interest, tax, depreciation and amortisation (EBITDA), and relevant gearing ratios. The Board supported the establishment of an IFRS 16 team within the Group's finance division, assisted by external specialists, to deliver the implementation of IFRS 16. In the interests of transparency and clarity, the Board has agreed that IFRS 16 will be implemented on a fully retrospective basis, and that the Group would report the impact thereof to stakeholders as soon as practicable.
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OUR BOARD OF DIRECTORS

CHAIRMAN



Gareth Ackerman (61)

Chairman
BSocSci, CMS and AMP (Oxon)

- Appointed 1990
- Years of service to the Group: 35
- Years of service on the Board: 29
- Chairman of the corporate governance committee and the nominations committee



An executive at Pick n Pay for 15 years until 1999, Gareth headed up various divisions and served as Joint Group Managing Director and the Managing Director of Pick n Pay Group Enterprises. He was appointed to the Board in 1990 as an executive director, until becoming a non-executive director in 1999. From 2002 to 2010 Gareth was Chairman of Pick n Pay Holdings Limited, which at that time was the ultimate holding company of the Group. In 2010 he was appointed non-executive Chairman of Pick n Pay Stores Limited.

Among his other involvements, Gareth is co-chairman of the Consumer Goods Council of South Africa, and is previous co-chairman of the international Consumer Goods Forum. He is also a trustee of the Masisizane Fund and a member of the international board of the Young Presidents' Organisation (YPO). He chairs the Ackerman Family interests.

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EXECUTIVE DIRECTORS



Richard Brasher (57)

Chief Executive Officer (CEO)
BSc (Hons)

- Appointed 2013
- Years of service to the Group and on the Board: 6



Richard joined Pick n Pay as CEO in 2013 and has led the plan to restore the business to sustainable long-term growth. He has an outstanding track record spanning 30 years in international retail, having joined Tesco in 1986 and having served as a director on the Tesco main board from 2004 to 2012.

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Richard van Rensburg (58)

Chief Information Officer (CIO)
CA(SA)

- Appointed 2009
- Years of service to the Group and on the Board: 10



Richard has extensive experience in retail and information technology with Woolworths, Massmart and Affinity Logic. In 2009 he joined the Board of Pick n Pay as an independent non-executive director. Appointed as an executive director in 2011, Richard is the CIO, taking responsibility for the IT, financial services and e-commerce portfolios of the Group.

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Bakar Jakoet (63)

Chief Finance Officer (CFO)
CA(SA)

- Appointed 2011
- Years of service to the Group: 33
- Years of service on the Board: 8



Bakar joined the Group in 1984, working in the national finance office, heading up special projects and new business. He was appointed divisional director in 1993 and served on the retail board as Chief Finance Controller since its inception in 1995. He was appointed as CFO and a member of the Board in 2011.

In addition to his responsibilities at Pick n Pay, Bakar is a member of the University of Cape Town Council and deputy chairman of the UCT finance committee.

The Board announced on 26 April 2019 that Bakar will be retiring once his successor has been appointed. After he retires from his executive position, Bakar will continue to contribute to the Group by serving in a non-executive capacity on the Board.

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Refer overleaf for keys indicating committee membership and sector experience.



Suzanne Ackerman-Berman (56)

Executive Director
BA, Fellow: Aspen Business Institute; First Movers

- Appointed 2010
- Years of service to the Group: 24
- Years of service on the Board: 9



Following broad executive experience in the Company, Suzanne was appointed Director of Transformation on the Group Executive in 2007. In addition to her executive contribution to the Company, she was appointed to the Board as a representative of the controlling shareholder in March 2010. Suzanne is chairperson of the social and ethics committee.

Suzanne is active in many areas of philanthropy across different sectors of society. In particular, she is a passionate proponent of enterprise development. She is chairperson of the Ackerman Pick n Pay Foundation, and heads the Pick n Pay Small Business Incubator.

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Jonathan Ackerman (52)

BA Marketing

- Appointed 2010
- Years of service to the Group: 26
- Years of service on the Board: 9

Returning to South Africa after studying and working in the USA, Jonathan joined Pick n Pay in 1992. Having worked in many divisions, Jonathan ensures that the well-being of Pick n Pay's customers is the primary motivating factor for any strategic decision taken in the Company in his current role as customer director on the Group Executive. He was appointed to the Board as a representative of the controlling shareholder in March 2010.

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NON-EXECUTIVE DIRECTORS



David Robins (65)

BBusSci

- Appointed 2002
- Years of service to the Group: 25
- Years of service on the Board: 17



David joined the Group in 1994 and was appointed in 2005 as the executive responsible for expansion outside South African borders. In 2002 he was appointed as Deputy Chairman of the Group and as an executive director. During 2008 he retired from his executive position. He remains on the Board as a non-executive director and as a representative of the controlling shareholder.

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INDEPENDENT NON-EXECUTIVE DIRECTORS



David Friedland (65)

CA(SA)

- Appointed 2013
- Years of service on the Board: 6
- Other listed company directorships: Investec Limited, Investec plc, The Foschini Group Limited



David was the audit engagement partner and lead/relationship partner at Arthur Andersen and KPMG for several listed companies, as well as large owner-managed companies, principally in the retail sector.

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Hugh Herman (78)

BA LLB, LLD (hc)


- Appointed 1976
- Years of service on the Board: 43
- Lead independent director (LID)
- Chairman of the remuneration committee



Hugh was a partner at law firm Sonnenberg Hoffmann Galombik before joining Pick n Pay in 1976. He was managing director of Pick n Pay from 1986, before joining Investec Bank in 1993. Hugh was appointed group chairman of Investec Bank Limited in 1994, a position from which he retired in 2011. Hugh was appointed honorary life president of the Investec Group and remains chairman of Investec Asset Management. Hugh resigned in 2018 from his directorship of Growthpoint Properties Limited.

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RM F
G S

INDEPENDENT NON-EXECUTIVE DIRECTORS (continued)



Alex Mathole (46)

BJuris LLB


- Appointed 2010–2013, reappointed 2016
- Years of service since re-appointment: 3

Admitted as an attorney in 1997, Alex has extensive experience in governance, legal and regulatory risk management. She is currently the regulatory and conduct risk management executive at FirstRand, taking responsibility inter alia for regulatory compliance with financial sector laws and requirements, market conduct, business conduct, ethics and promoting an appropriate risk culture.

Alex started her career practising in commercial, corporate law and litigation for two years, before joining Gray Security (subsequently merged with Securicor) in 1999 where she managed different portfolios related to employment law for five years. In 2006, Alex joined Siemens where she became general counsel for Siemens in Africa and subsequently executive director for sustainability and corporate affairs until 2012. From 2012 until 2014, Alex was corporate and regulatory affairs executive at Tiger Brands Limited.

Skills: C, RM, CC, G, H, R, LC, S

Alex Mathole (46)



Audrey Mothupi (49)

BA (Hons)


- Appointed 2013
- Years of service on the Board: 6

Audrey is the CEO of SystemicLogic Group, a global financial innovation and technology disruptor. Audrey's experience spans various business domains including group strategy, talent design, marketing and communications strategy, integrated with strong corporate relationship management. Prior to SystemicLogic Group, Audrey served as the head of inclusive banking at Standard Bank Group and before that the chief executive of Strategic Services at the Liberty Group of companies. Audrey has completed the executive programme, Artificial Intelligence: Implications for Business Strategy at MIT Sloan School for Management.

Audrey serves on the boards of Brainworks Capital and listed company Life Healthcare Group as an independent non-executive director. She is chairperson of Roedebeek School South Africa, as well as Orange Babies South Africa, a non-profit organisation focused on the prevention of mother-to-child transmission of HIV/Aids and the care of Aids orphans and vulnerable children. Audrey is a member of the Numeric Board of South Africa, an organisation that focuses on helping young South Africans excel in mathematics and training world-class mathematics teachers.

Skills: C, SM, CC, G, H, R, IT, F, LC, S, RM

Audrey Mothupi (49)



Lorato Phalatse (57)

BA (Hons), MA


- Appointed 2010
- Years of service on the Board: 9
- Resigned 31 August 2018

Lorato began her working career in the FMCG sector at Unilever and at Johnson & Johnson. After moving to Nedperm in the retail banking sector, she was seconded to the Women's Development Bank. One of the founders, and the first CEO of Nozala Investments Proprietary Limited, she sat on the boards of companies such as Tsebo/Fedics, Kyocera and Afripack. Lorato has also spent time in the public sector with both provincial and national government, ultimately heading up the Private Office of the President of South Africa. Lorato was chairman of the Bidvest Group, before resigning in 2019. She also served on the boards of the Peermont Group and MTN South Africa before stepping down in 2018. Lorato remains on the board of the Masisizane Fund. After eight years of distinguished service to the Group, Lorato resigned from the Board with effect from 31 August 2018.

Lorato Phalatse (57)

Members of:

- Audit, risk and compliance committee
- Remuneration committee
- Nominations committee
- Corporate finance committee
- Corporate governance committee
- Social and ethics committee
- Executive committee
- Employee Share Incentive Trust



Jeff van Rooyen (69)

BCom (SA), Hons BCompt, CA(SA)


- Appointed 2007
- Years of service on the Board: 12
- Chairman of the audit, risk and compliance committee

A chartered accountant with extensive experience in both the private and public sectors, Jeff was the founder CEO of Uranus Investment Holdings Proprietary Limited. His involvement in the accounting profession over the years is extensive. Former appointments include being a trustee of the IFRS Foundation, chairman of the Public Accountants and Auditors Board (now IRBA) and founder president of the Association for the Advancement of Black Accountants. His public sector record is equally extensive. Former appointments include chairman of the Financial Reporting Standards Council, executive officer of the Financial Services Board, member of the Advisory Committee, Faculty of Economics and Management Sciences of the University of Pretoria and member of the Standing Advisory Committee on Company Law. Jeff is also a director of two other listed companies: MTN Group Limited and Exxaro Resources Limited.

Skills: H, G, IT, R, LC, F, RM, S

Jeff van Rooyen (69)

COMPANY SECRETARY



Debra Muller (57)

Company Secretary BA LLB

- Appointed 2010
- Years of service to the Group: 13

Debra was admitted as an attorney in 1988. From 1994 she assisted Pick n Pay as a legal consultant, taking a permanent position as in-house legal advisor in 2006, working with litigious, contractual and compliance issues. Appointed as Company Secretary to the Pick n Pay Group in 2010, Debra continues to head up the legal department. In 2016 Debra was appointed to the board of directors of the Consumer Goods and Services Ombud (RF) NPC, where she also serves as a member of the CGSO audit and risk committee. In addition, Debra serves as a director of St Luke's Hospice property company.

Debra Muller (57)

HONORARY LIFE PRESIDENTS



Raymond Ackerman

Years of service: 52



Wendy Ackerman

Years of service: 52

- Corporate social responsibility
- Climate change
- Human resources
- Information technology
- Legal compliance
- Risk management
- Sales and marketing
- Governance
- Logistics
- Retail
- Finance
- Strategy

Refer to page 8 for insight into the Board's overall sector experience.



BOARD REPORT

BOARD FUNCTION

The Board supports the concept of materiality, which emphasises integrated reporting based on issues, risks and opportunities that could materially impact the performance of the business over the short, medium and long term.

The Board appoints the Executive Committee to run the Group on its behalf.

The CEO is responsible for:

- leading the implementation and execution of approved strategy, policy and operational planning
- serving as the chief link between management and the Board
- ensuring that the day-to-day business affairs of the Group are effectively managed

The Group's corporate governance charter sets out our executives' formal role descriptions. Included in the written mandate are limits of authority, which set out those matters where the CEO has final authority and those requiring formal Board approval. Similarly, the CEO has set limits of authority for his executives to enable the effective exercise of authority and responsibilities.

EVALUATION OF PERFORMANCE

The Board conducts an annual evaluation of its contribution to the Group as well as the individual performance of each director.

Completed questionnaires are submitted to the Chairman, who conducts interviews with each member of the Board. The performance of the Chairman is assessed by the LID. Discussions centre on how the performance and effectiveness of the Board can be improved. Individual feedback is given to each director, and the Chairman gives general feedback to the Board.

Directors declare their directorships and commercial interests to the Company Secretary. These declarations are regularly updated, distributed quarterly to the Board and noted at Board meetings. Transparency of commercial interests ensures that directors are free from any business or other relationship that may interfere materially with their capacity to act independently.

The Board balances the experience of long-serving directors with fresh insights from more recently appointed directors. All directors are strong-minded individuals and successful in their respective fields. They act independently and in the best interests of the Group. They have no interest, position, association or relationship that unduly influences or causes bias in decision-making relevant to the Group.

The Board is satisfied that the independent non-executive directors have met the criteria for independence as established by King IV, the Companies Act and the JSE Listings Requirements.

COMPANY SECRETARY

The Company Secretary assists the Board to fulfil its functions and is empowered by the Board to perform her duties. To manage the Board process, the Company Secretary, directly or indirectly:

- Assists with the induction of new directors
- Assists with director orientation, ongoing development and education
- Ensures that the Group complies with all relevant and applicable legislation
- Monitors the legal and regulatory environment and communicates to the Group and the Board on relevant new legislation or amendments to existing legislation
- Provides the Board with a central source of guidance and assistance
- Acts as secretary for all Board committees

Directors have unlimited access to the Company Secretary's advice and services. Available channels of communication include personal interaction, electronic communication and Board and committee meetings.

Based on the outcome of the Board's annual formal assessment of the Company Secretary, the Board confirms that the Company Secretary has the qualifications, competence and expertise necessary for the role.

RISK GOVERNANCE

Risk governance and management are integral elements of the Group's governance framework. The Group ensures that business-specific risks are adequately and timeously identified and mitigated, whether they are operational, strategic or emerging risks, or risks posed by the external environment. The responsibility of designing, implementing and monitoring the risk management plan is delegated to management.

The Group's combined assurance model is interrogated by the audit, risk and compliance committee. It is tabled biannually to ensure that the Board is comfortable with the level and type of assurance obtained by the Group.

Compliance with statutory, legislative and regulatory requirements is managed through an integrated compliance framework. The compliance monitoring plan is approved annually. The plan provides independent assurance that the Group is monitoring relevant material legislation and ensures that processes and compliance controls are in place to manage compliance risks.

An enterprise-wide risk management approach ensures that all areas of the business are aligned with the Group's risk management philosophy and strategy. The overall risk profile of the Group has not changed materially in the period under review.

The Board confirms that the Group's risk management, mitigation and monitoring processes were effective and limited the impact of risks on the business during the period.

For detail on the material risks and issues facing the Group, and how these inform the Group's strategy, please read from page 32 of the 2019 IAR.

INFORMATION AND TECHNOLOGY (IT) GOVERNANCE

The Board is responsible for governing IT and reviews and approves related policies to set the direction for the Group's use of IT. IT management is delegated to the CIO, who ensures that appropriate governance structures, systems and controls are implemented.

A privacy committee manages the Group's response to the Protection of Personal Information Act. An information, risk and privacy office manages the Group's ongoing information security and privacy programmes alongside management and business unit risk officers.

The Board exercises ongoing oversight of IT management practices via the audit, risk and compliance committee. The committee considers the efficiency of and developments in IT controls, policies and processes, as well as risk and resource optimisation. Prioritised IT systems and processes form part of the internal and external audit programme. The Board ensures that IT is used ethically and responsibly, and in compliance with the relevant laws and regulations.

OPERATIONAL GOVERNANCE

There are well-entrenched governance structures within the Group to ensure that proper assurance is given to strategic and operational matters. These include the:

- Capital committee to manage capital expenditure
- Property committee to manage real-estate development
- Treasury committee to manage debt structures and cash flow

The CEO is mandated to ensure that the Group's day-to-day business affairs are effectively managed by the executive management and that the necessary systems and controls are in place for effective risk management.



DIRECTORS' REPORT

NATURE OF BUSINESS

The Company, which is domiciled and incorporated in the Republic of South Africa and listed on the JSE, the recognised securities exchange in South Africa, is an investment holding company. The Group comprises subsidiaries and an associate that retail food, clothing, general merchandise, pharmaceuticals and liquor throughout Africa, both on an owned and franchise basis. The Group also acquires and develops strategic retail and distribution sites.

Significant subsidiaries held directly are presented in note 26 of the 2019 Group audited annual financial statements (2019 AFS).

OVERVIEW OF FINANCIAL RESULTS AND ACTIVITIES

Refer to the review of operations on pages 16 to 22 of the 2019 AFS for an overview of financial results and activities of the Group.

The Group manages its retail operations on a 52-week trading calendar where the reporting period will always end on a Sunday. To ensure calendar realignment, a 53rd week of trading is required approximately every six years. The Group added a 53rd week of trading to the financial period under review, and accordingly the results for the financial year under review are for a 53 week period, ended 3 March 2019, compared to 52 weeks in the previous financial period. Refer to the 2019 AFS presented on pages 26 to 83.

In order to provide useful and transparent comparative information, a 52-week period result for the current financial period has been presented for comparison against the corresponding 52-week result, as reported in the previous financial period. The 52-week financial information constitutes pro forma financial information. Refer to pages 100 to 103 of the 2019 AFS.

AUDIT AND RISK COMMITTEE

We draw your attention to the audit and risk committee report on pages 20 to 24 where we set out the responsibilities of the committee and how it has discharged these responsibilities during the period.

DIVIDENDS DECLARED

The directors have declared a final dividend (dividend 102) of 192.0 cents per share out of income reserves. Refer to page 23 of the 2019 AFS for more information.

SHARE CAPITAL

During the period under review, 5 000 000 shares were issued to subsidiary companies within the Group as hedge against obligations under its employee share schemes. Refer to note 18 of the 2019 AFS.

At period end, 9 576 550 shares (2018: 6 654 945 shares) of Pick n Pay Stores Limited were held within the Group. These shares are held to settle obligations of share options granted under the Group's employee share scheme.

In addition, 8 494 000 shares (2018: 6 853 500) of Pick n Pay Stores Limited are held within the Group in order to settle obligations under the Group's forfeitable share plan. Participants to the forfeitable share plan have non-forfeitable rights to the dividends on these shares.

GOING CONCERN

These financial statements have been prepared on the going concern basis.

The Board of directors (the Board) has performed a formal review of the Company and its subsidiaries' ability to continue trading as going concerns in the foreseeable future and, based on this review, considers that the presentation of the annual financial statements on this basis is appropriate.

The Group ensures that it complies with the liquidity and solvency requirements for any dividend payment and provision of financial assistance as per the requirements of the Companies Act.

LEGAL PROCEEDINGS

The Company and its subsidiaries are not involved, and have not in the 2019 financial period been involved, in any legal or arbitration proceedings which may have or have had a material effect on the financial position of the Group, nor is the Company aware of any such proceedings that are pending or threatened.

SPECIAL RESOLUTIONS

On 30 July 2018, the Company's shareholders approved the following special resolutions as tabled in the notice to the annual general meeting:

DIRECTORS' FEES FOR THE 2019 AND 2020 ANNUAL FINANCIAL PERIOD

Shareholders approved the directors' fees.

PROVISION OF FINANCIAL ASSISTANCE TO RELATED OR INTER-RELATED COMPANIES AND OTHERS

Shareholders resolved, in terms of the provisions of section 45 of the Companies Act, that the Company may from time to time provide direct or indirect financial assistance to any director, prescribed officer, related company, inter-related company or member of a related or inter-related company on such terms and conditions as determined by the Board.

GENERAL APPROVAL TO REPURCHASE COMPANY SHARES

Shareholders resolved that the Company or any of its subsidiaries may acquire issued shares of the Company, upon such terms and conditions and in such amounts as the directors of the Company may determine from time to time.

Acquisition of such shares is subject to the Memorandum of Incorporation of the Company, the provisions of the Companies Act, and the Listings Requirements of JSE, provided further that acquisitions of shares in the Company by the Company and its subsidiaries may not, in the aggregate, exceed in any one financial year 5% of the Company's issued share capital of the class of repurchased shares.

DIRECTORS AND SECRETARY

Refer to note 4 of the 2019 AFS for a list of directors of the Company for the 2019 financial year.

The directors listed below retire by rotation and they offer themselves for re-election:

Hugh Herman (non-executive)
 Jeff van Rooyen (non-executive)
 David Friedland (non-executive)
 Suzanne Ackerman-Berman (executive)
 Jonathan Ackerman (executive)

Lorato Phalatse resigned as a director of Pick n Pay Stores Limited on 31 August 2018.

The Company Secretary is Debra Muller.

COMPANY SECRETARY'S CERTIFICATE

In my capacity as Company Secretary, I certify that for the period ended 3 March 2019, Pick n Pay Stores Limited and its subsidiaries have filed all returns and notices as required for a company in terms of section 88(2)(e) of the Companies Act No 71 of 2008, as amended, and that such returns and notices are, to the best of my belief, true, correct and up to date.

Debra Muller
 Company Secretary
 25 April 2019

DIRECTORS' INTEREST IN SHARES

Refer to note 8 on page 94 of the Company annual financial statements and note 4 on page 45 of the Group annual financial statements for details of the directors' interest in shares.

BORROWINGS

The Group's overall level of debt (including overnight borrowings) increased by R796.2 million to R3 125.0 million, largely as a result of the impact on calendar cut off due to the addition of a 53rd week to the financial period as well as capital invested for expansion.

Gareth Ackerman
 Chairman
 25 April 2019

Richard Brasher
 Chief Executive Officer



AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT



JEFF VAN ROOYEN | CHAIRMAN OF THE AUDIT, RISK AND COMPLIANCE COMMITTEE

PICK N PAY STORES LIMITED GROUP

The Group operates in the fast-moving consumer goods industry on the African continent and recognises that it will be exposed to certain risks in order to achieve sustainable growth. The focus of the Group's risk management is to ensure that an appropriate balance between risk and reward is maintained while protecting all stakeholders against avoidable risks and mitigating the impact of unavoidable risks.

The Board is responsible for Group-wide risk governance by ensuring that adequate systems are in place to identify, evaluate and manage key business risks. The Board is assisted in this regard by the audit, risk and compliance committee, whose responsibility it is to develop, communicate and monitor the risk management process across all divisions in the Group.

The Board retains the overall responsibility to review and approve the annual financial statements for the Group and the Company.

COMMITTEE MEMBERSHIP AND MEETING ATTENDANCE

MEMBERSHIP

A standing statutory committee, it is chaired by an independent non-executive director and comprises only independent non-executive directors. In accordance with the requirements of the Companies Act, members of the committee are appointed annually by the Board for the ensuing financial period and are elected by shareholders at the annual general meeting. Fees paid to committee members are disclosed on page 56.

MEETINGS

The committee meets formally twice a year with the Chairman, the Chief Executive Officer, the Chief Financial Officer, the head of the internal audit function and the external auditors in attendance. The committee has the right to invite other Board members, executives and external advisors to attend any meeting. Formal minutes are kept and are made available to all members of the committee and are available on request to all members of the Board. The effectiveness of the committee is assessed as part of the annual Board and committee self-evaluation process.

The committee chairman meets with executives, and the internal and external auditors, whenever necessary. The internal and external auditors have unfettered access to the committee and its members throughout the year.

ATTENDANCE AT MEETINGS HELD DURING THE 2019 FINANCIAL PERIOD

MEMBERS	QUALIFICATIONS AND EXPERIENCE	ATTENDANCE
Jeff van Rooyen (Chairman)	A chartered accountant with extensive experience in both the private and public sectors, Jeff is Chairman of the committee	2/2
Hugh Herman	An attorney and well-respected businessman, Hugh is honorary life president of the Investec Group	2/2
David Friedland	A chartered accountant, who enjoyed a long career as audit engagement partner and lead partner with major audit clients, David is well placed to assist the committee with his auditing experience	2/2
Audrey Mothupi	An Honours graduate with wide business experience in strategy, marketing and banking, Audrey is the CEO of the SystemicLogic Group	2/2

Full details of the members' qualifications and experience are set out in the CVs section from page 12.

RESPONSIBILITIES AND ACTIVITIES PERFORMED

The committee is authorised by the Board to investigate any activity within its terms of reference. The committee has the right to:

- Seek any information that it requires from any employee or director
- Demand unrestricted access to records and information
- Liaise directly with the Group internal audit services and the external auditors
- Obtain outside legal or other professional advice
- Have access to the resources it needs to fulfil its responsibilities
- Set and maintain an appropriate mandate for subsidiary company audit committees

IMPORTANT TO NOTE

The Group manages its retail operations on a 52-week trading calendar, where the reporting period ends on a Sunday. To ensure calendar alignment, a 53rd week of trade is required approximately every six years.

The Group added a 53rd week of trading to the financial period under review. Accordingly, the results for the 2019 financial period are for a 53-week period, ended 3 March 2019. This compares to a 52-week period in the previous financial period.

In order to provide useful and transparent information, a 52-week comparable result has been prepared for illustrative purposes. Refer to the review of operations on pages 16 to 22 of the 2019 AFS. The 52-week financial information constitutes pro forma information, as per the JSE Listings Requirements, and is the responsibility of the Board of directors. The Group's external auditor, in its capacity as reporting accountant, has issued a report on the 52-week information. The report is available for inspection at the Group's registered office.

INTEGRATED AND FINANCIAL REPORTING AND FINANCE FUNCTION

Responsibilities

- Providing independent oversight and assessment of the effectiveness of the Group's assurance functions and services, with particular focus on combined assurance arrangements, including internal audit, external assurance service providers and the finance function
- Providing independent oversight and assessment of the integrity of the annual financial statements and other external reports issued by the Group
- Providing independent oversight and assessment of the management of financial and other risks that affect the integrity of external reports issued by the Group
- Ensuring that the necessary internal controls and checks and balances are in place
- Establishing that management are enforcing use of the controls
- Overseeing any tender process adopted to establish whether new external auditors should be appointed
- Acting as a liaison between the external auditors and the Board

Activities performed and areas of focus

- Reviewed and recommended to the Board for approval the annual financial statements, interim results, preliminary results announcement, summarised financial statements and Integrated Annual Report
- Reviewed the sustainability disclosure in the Integrated Annual Report and ensured that it was consistent with financial information reported
- Reviewed and adopted the accounting processes required to reflect the inclusion of week 53 in the 2019 financial period
- Ensured that additional pro forma financial information, prepared in accordance with IFRS and the JSE Listing Requirements, was provided to stakeholders on an equivalent 52-week basis, to assist stakeholders with their assessment of the Group's comparable performance
- Ensured and recommended to the Board that financial and integrated reporting was reliable and was in conformity with IFRS, the Companies Act, the JSE Listing Requirements and King IV
- Considered the expertise, experience and resources of the Group's finance function
- Reviewed and approved the appropriateness of accounting policies, restatements, disclosure policies and the effectiveness of internal financial controls
- Reviewed the Group's integrated reporting function and progress, considering factors and risks that could impact on the integrity of the Integrated Annual Report
- Reviewed and considered the approach planned by management in the adoption of new accounting standards that have an impact on future reporting, namely: IFRS 16 relating to leases
- Continued focus on ensuring that the Group's financial systems, processes and controls are operating effectively, meet the requirements of the Group and are responsive to changes in the environment and industry
- Reviewed and considered representations by management on the going concern statement for the Group and recommended the adoption of the going concern concept to the Board
- Monitored the political and economic situation in Zimbabwe and the accounting treatment of the Group's investment in its associate, TM Supermarkets Pvt Ltd

AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT (continued)

INTERNAL AUDIT

The internal audit function is independent of business operations and provides assurance on the adequacy and effectiveness of internal controls. In developing its annual combined assurance

plan, the internal audit function follows a risk-based methodology to identify material business risks, which are then confirmed and addressed by the relevant individual divisional managers.

Responsibilities

- Reviewing and approving the internal audit charter and audit plans
- Evaluating the independence, effectiveness and performance of the internal audit function and compliance with its mandate
- Reviewing the Group's system of internal control, including financial controls, ensuring that management is adhering to and continually improving these controls
- Reviewing significant issues raised by the internal audit process
- Reviewing policies and procedures for preventing and detecting fraud

Activities performed and areas of focus

- Reviewed the internal audit coverage plan
- Ensured continued progress in integration with the combined assurance model
- Considered and confirmed the composition, experience, resources, independence and skills of the internal audit function
- Reviewed the effectiveness of internal financial controls
- Considered and confirmed that the head of the internal audit function has the appropriate expertise and experience for the position
- Met separately with the internal auditors to confirm that they received the full co-operation of management

EXTERNAL AUDIT

Following a tender process, Ernst & Young Inc. (EY) was appointed as external auditor to the Group in July 2015, bringing their tenure to four years.

The committee annually considers whether a tender process should be adopted to establish whether new external auditors should be appointed. The Independent Regulatory Board for Auditors' (IRBA) rule on mandatory audit firm rotation was taken into consideration. In terms of the rule, it would be mandatory

to rotate the external auditor firm in the financial period ended 2027. The committee concluded that a new tender process was not required in the 2020 financial period.

In terms of section 92 of the Companies Act, No 71 of 2008 as amended (the Act), the designated auditor of a company is required to be rotated after serving as a company's auditor for five consecutive financial years. The Group's designated audit partner will be rotated during the 2021 financial period.

The committee confirmed its satisfaction with the performance and level of service rendered by EY during the 2019 financial period.

Responsibilities

- Acting as a liaison between the external auditors and the Board
- Nominating the external auditor for appointment by shareholders
- Determining annually the scope of audit and non-audit services that the external auditors may provide to the Group
- Approving the remuneration of the external auditors and assess their performance
- Assessing annually the independence of the external auditors
- Ensuring that a process is in place for the committee to be informed of any reportable irregularities identified by the external auditor

Activities performed and areas of focus

- Ensured that the appointment as external auditor was a registered auditor, who, in the opinion of the committee, was independent of the Group and recommended approval for the re-appointment of EY as external auditors
- Reviewed IRBA's rule on the requirements of mandatory audit firm rotation
- Determined the fees to be paid to the external auditor, as well as the terms of engagement
- Assessed the competence of the designated audit partner.
- Ensured that the Group's designated audit partner would be rotated during the 2021 financial year, in compliance with section 92 of the Act

- Ensured that the re-appointment of the external auditor complied with relevant legislation
- Considered and confirmed the independence of the external auditors, taking into account all non-audit services performed and circumstances known to the committee
- Evaluated the performance, and reviewed the reports, of the external auditors and ensured that the reporting was reliable, transparent and a fair representation for the use by stakeholders
- Met separately with both the external and internal auditors to confirm that full co-operation was received by them from management
- Reviewed the external audit coverage plan to ensure adequate coverage of critical risk areas and dealt with questions arising from audit activities
- Pre-approved non-audit services provided by the Group's external auditors
- Received and appropriately dealt with any complaints relating to the accounting practices of the Group, the content or auditing of its financial statements, the internal financial controls of the Group or to any related matter
- Met with management, independently of the auditors, to discuss issues relevant to the audit and for purposes of evaluating the quality and effectiveness of the external audit function
- Made submissions to the Board on any matter concerning the Group's accounting policies, financial controls, records and reporting

RISK MANAGEMENT

The Chief Finance Officer serves as the Chief Risk Officer for the Group and attends all audit, risk and compliance committee meetings by invitation. The day-to-day responsibility for identifying, evaluating and managing risk remains the responsibility of senior management, who are supported by the internal audit function. Currently, the combined assurance plan serves as the source for the Group's top-down risk management programme. These risks are typically strategic and operational, and are quantified by the finance function, where relevant.

Responsibilities

- Ensuring that the Group has adequate processes in place to identify, monitor and manage all significant business and financial risk areas
- Assisting management to identify risk areas, and evaluates management in the handling of identified risks
- Ensuring that the Group's assets are secure
- Ensuring that the accounting system and controls are adequate and function effectively
- Ensuring that the effectiveness of the internal control measures are continually evaluated
- Ensuring that systems exist that adequately provide for the Group's conformance with all laws, regulations and codes

Activities performed and areas of focus

- The Chairman met regularly with key management to keep abreast of emerging issues which, during the 2019 financial period, included:
 - The inclusion of week 53 in the 2019 financial period
 - Continued monitoring of corporate governance failures and their implications on risk management and director responsibilities in oversight of management
 - The unfolding political and economic events in Zimbabwe and in other countries in Africa in which the Group is operating or considering operating
 - The impact of the imposition of a statutory minimum wage
- Together with the external auditors and management, reviewed the findings of the financial review committees of the material operating divisions in the Group
- Met with management to review their progress on identifying and addressing material risk areas within the business
- Discharged all audit, risk and compliance committee responsibilities of all the subsidiary companies in the Group
- Reviewed both global and local governance failures, to ensure that the Group's risk management remained robust and relevant
- Ensured that management's processes and procedures were adequate to identify, assess, manage and monitor enterprise-wide risks
- Pre-approved non-audit services provided by the Group's external auditors
- Reviewed operational risks, in particular how they were managed

AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT (continued)

POLICY ON NON-AUDIT SERVICES

All non-audit services provided by the Group's external auditors are required to be pre-approved by the committee. The nature and extent of non-audit services provided by the external auditors has been reviewed to ensure that the fees for such services do not become so significant as to call into question their independence. During the period under review, EY received R0.4 million (2018: R0.8 million) equating to 4.3% (2018: 8.8%) of the total audit remuneration. These services related to agreed-upon procedures. All non-audit services undertaken during the 2019 financial period were approved in accordance with this policy.

EXPERTISE AND EXPERIENCE OF CHIEF FINANCE OFFICER AND FINANCE FUNCTION

The committee, together with the lead external audit partner, has considered and confirmed the composition, experience, resources and skills of the finance function. The committee is satisfied that Bakar Jakoet has the appropriate expertise and experience for the position of Chief Finance Officer of the Group. In addition, the committee is satisfied that the composition, experience and skills of the finance function meet the Group's requirements.

LEGAL REQUIREMENTS

The committee has complied with all applicable legal, regulatory and other responsibilities for the 2019 financial period.

EFFECTIVENESS OF THE DESIGN AND IMPLEMENTATION OF INTERNAL FINANCIAL CONTROLS

The committee has examined the effectiveness of internal financial controls, to assess if there are any significant weaknesses in the design, implementation or execution of internal financial controls that could result in material financial loss, fraud, corruption or error. Through this process no material matter has come to the attention of the audit, risk and compliance committee or the Board that has caused the directors to believe that the Group's system of internal controls and risk management is not effective and that the internal financial controls do not form a sound basis for the preparation of reliable financial statements. The committee has concluded that the current design of internal financial controls is effective, but will continue to be watchful.

THE ARRANGEMENTS IN PLACE FOR COMBINED ASSURANCE AND THE COMMITTEE'S VIEW ON ITS EFFECTIVENESS

The committee ensured that the combined assurance model addressed all significant risks facing the Group and monitored the relationship between external and internal assurance providers and the Group. The committee concluded that the arrangements in place for combined assurance were effective.

ANNUAL FINANCIAL STATEMENTS AND GOING CONCERN

Following review of the consolidated Group and separate Company annual financial statements for the financial period ended 3 March 2019, the committee is of the opinion that, in all material respects, the financial statements comply with IFRS and the Companies Act and that they fairly present the financial position of the Group and Company for the 2019 financial period and the results of the operations and cash flows for the period then ended.

The committee reviewed and considered representations by management on the going concern statement for the Group and recommended the adoption of the going concern concept to the Board.

In compliance with the requirements of King IV, an Integrated Annual Report will be compiled for 2019 in addition to these annual financial statements.

APPROVAL OF THE AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT

The committee confirms that it functioned in accordance with its charter for the 2019 financial period and that its report to shareholders was approved by the Board.

Jeff van Rooyen

Chairman: Audit, risk and compliance committee
25 April 2019

CORPORATE GOVERNANCE COMMITTEE



GARETH ACKERMAN | CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE

Members: David Friedland, Jeff van Rooyen

For 52 years, the Group has ensured that its policy of doing good is good business remains at the centre of how it conducts business. This is underpinned by adopting best practice in corporate governance, which contributes to long-term value creation.

The corporate governance committee reviews and evaluates the governance practices and structures of the Group, and recommends any changes to the Board for a decision.

THE ROLE OF THE COMMITTEE AND WHAT THE COMMITTEE FOCUSED ON DURING THE YEAR

The focus during this period was on ensuring that the Group complies with the King IV code of corporate practices and conduct. International standards of corporate governance were considered alongside local practices to ensure that the Group adopted best practice.

During the period, the committee reviewed:

- the code of ethics, with a specific review of the anti-bribery and corruption policy
- the corporate governance charter
- the remuneration committee charter
- the share trust charter
- the treasury charter
- section 45 requirements of the Companies Act
- the survey used to establish the independence of non-executive directors
- the survey used to establish the competence of the Company Secretary
- the impact of proposed amendments to the Companies Act
- the impact of proposed amendments to the Competition Act

COMMITTEE MEMBERSHIP

The corporate governance committee operates in accordance with the corporate governance charter, which is reviewed annually. The committee membership comprises non-executive directors. Other directors, the Company Secretary, executives and external advisers attend meetings by invitation. This is an ad hoc committee, and informal meetings are held as required.

Gareth Ackerman

Chairman: Corporate governance committee
21 June 2019

CORPORATE FINANCE COMMITTEE

JEFF VAN ROOYEN | CHAIRMAN OF THE CORPORATE FINANCE COMMITTEE

Members: David Friedland, Hugh Herman, Alex Mathole, Audrey Mothupi, Gareth Ackerman*, David Robins*

* provided not conflicted



The committee assists the Board in assessing investment opportunities for the Group.

THE ROLE OF THE COMMITTEE AND WHAT THE COMMITTEE FOCUSED ON DURING THE YEAR

The Board created the corporate finance committee to ensure that the interests of all shareholders are taken into account when major investment decisions are made. This is to ensure that no perception of conflicts of interest can arise between the controlling shareholder and other stakeholders in the Group.

The corporate finance committee operates in accordance with the corporate governance charter, which is reviewed annually. The authority to accept or reject investment opportunities remains with the Board.

This is an ad hoc committee, and no meetings were called during this financial period.

COMMITTEE MEMBERSHIP

Membership comprises the independent non-executive directors.

Jeff van Rooyen
Chairman: Corporate finance committee
21 June 2019

NOMINATIONS COMMITTEE

GARETH ACKERMAN | CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE

Members: Alex Mathole, Audrey Mothupi



“It is the Board’s philosophy that its members should provide a diverse range of professional expertise and experience, and should reflect the gender, race and ethnic diversity of stakeholders.”

The nominations committee is responsible for identifying and evaluating suitable candidates for possible appointment to the Board to ensure that the Board is balanced and able to fulfil its functions.

THE ROLE OF THE COMMITTEE AND WHAT THE COMMITTEE FOCUSED ON DURING THE YEAR

The nominations committee operates in accordance with the requirements of the Companies Act and King IV and is governed by a Board-approved charter, which is reviewed and approved annually by the Board.

Informal ad hoc meetings are held as required. During the period, the committee:

- reviewed the composition of the Board following the resignation of independent non-executive director, Lorato Phalatse, on 31 August 2018 and concluded that it continued to comply with the corporate governance charter requirements that:
 - a majority of the directors should be non-executive
 - a majority of the non-executive directors should be independent
- ensured the succession planning for the Board, the CEO and senior executive position, so that the Group’s long-term strategy can be well executed
- reviewed and implemented the succession planning for the CFO, who had indicated his intention to retire from his executive position during the 2020 financial period
- in light of the King IV criteria for independence, assessed the status of the non-executive directors who claimed to be independent, and concurred with the assessment of independence
- assessed the independence of those non-executive directors who had served for more than nine years and recommended that they continue on the Board, for continuity and legacy experience, for a further term of one year

- recommended to the Board adjustments to committee membership, following the resignation of Lorato Phalatse, to ensure that directors were best placed to offer their skills and experience in the appropriate Board committees
- reviewed the key performance indicators and objectives of the CEO
- assessed and confirmed the competence and expertise of the Company Secretary
- assessed the balance of the Board and concluded that the Board retained an appropriate balance of skills, knowledge, diversity, independence and experience

COMMITTEE MEMBERSHIP

The nominations committee identifies a list of candidates to be considered for membership of the Board, and establishes availability, willingness and suitability. The authority to appoint directors remains with the Board. Candidates identified by the committee are interviewed by all the non-executive directors before the potential appointment is referred to the Board for a decision. Appointees are nominated at the next annual general meeting for election by shareholders.

Gareth Ackerman
Chairman: Nominations committee
21 June 2019



REMUNERATION REPORT

“The Group’s remuneration policies balance our employees’ needs with those of our shareholders.”

HUGH HERMAN | CHAIRMAN REMUNERATION COMMITTEE

Members: Gareth Ackerman, Audrey Mothupi, Jeff van Rooyen

SECTION 1: COMMITTEE CHAIRMAN'S REPORT

The remuneration committee is mandated by the Board to ensure our remuneration policy promotes the achievement of the Group’s strategic objectives in a fair and responsible way. A key objective is to ensure that the policy helps to deliver value creation over the short, medium and long term.

Our remuneration policy seeks to support the Group’s strategy by incentivising behaviour that will deliver on our strategic plan, measured against clear performance targets across our seven business acceleration pillars. Decisions on pay and reward for the Board and senior management must be appropriate to attract, motivate and retain a winning team while aligning their interests with that of shareholders.

THE YEAR IN REVIEW

The economic climate became increasingly difficult in South Africa this year, with retailers battling against stagnant economic growth and competing for a constrained consumer facing an escalating cost of living, high levels of household debt and rising levels of unemployment. Financial results across the sector testify to the fact that it has not been easy for retailers in South Africa to find growth in this environment. However, the Pick n Pay Group has done just that. The Group took difficult action last year to become leaner and more productive, with a view to invest the benefits of cost and efficiency savings in its customer offer in more difficult times. The steps taken last year were well timed, and allowed the Group to invest in a more a competitive price position at a time when customers needed it the most. The Group is not only sharper on price. It has delivered solid and sustained progress against its long-term plan, delivering a stronger fresh and own brand offer, greater loyalty rewards, innovation in financial and other services, and an enhanced and expanded store estate focusing on delivering greater relevance to the communities it serves. Customers have responded positively to the tangible improvements in the Group’s offer, and have rewarded the Group through market share gains over the year, and strong like-for-like sales volume growth.

2019 FINANCIAL RESULT AND ANNUAL BONUS

The remuneration committee continues to exercise careful judgement, to ensure that its policies and expectations of performance remain relevant in a tough retail environment. In response to the more difficult macroeconomic climate, the committee revised its original FY19 growth targets published last year.

The Group follows a 52-week retail financial calendar, which requires the inclusion of an additional week every few years. The 2019 financial year included an additional 53rd trading week, and its results are not directly comparable with last year. The growth targets set by the remuneration committee are on a comparable 52-week basis.

Primary targets for the award of a short-term incentive bonus:

	Growth in profit before tax and exceptional items (PBTAE)	
	Published last year	Revised
Threshold	15%	10%
Target	20%	15%
Stretch	25%	20%

The Group delivered growth in profit before tax and exceptional items (PBTAE) of 15.6%, exceeding the remuneration committee’s threshold hurdle, for the award of a short-term incentive bonus. Group profit growth was in line with the remuneration committee’s target. While the stretch hurdle of 20% was not met, the remuneration committee felt it right to appropriately reward the management team for their determined execution of a clear and customer-centric plan, their delivery of an industry-leading trade performance, and the achievement of sustained earnings growth in an exceedingly tough market. Senior executives were rewarded following an individual personal assessment of the attainment of individual key performance indicators, including progress delivered against long-term strategic objectives. Please refer to page 40 for further information on bonuses awarded to executive directors.

PARITY OF REMUNERATION ACROSS GENDER AND RACE GROUPS

The Group is committed to fair and reasonable remuneration for all. Fixed and variable benefits are benchmarked against industry norms, and remuneration policies seek to build a strong and diverse team, rewarded and advanced on merit. As a responsible corporate citizen, proud of our history and commitment to all our employees and being an ambassador for employment equity, we devote the necessary focus to important issues of employment equity, gender equity and pay parity. Comprehensive statistical analysis at all levels of remuneration is ongoing, with reference to the scale of each role and length of tenure, to identify and address any differential pay rates based on race or gender. We have made strong progress on our employment equity and gender equity targets across the business, while acknowledging that there is more to do in our most senior roles. Our work in analysing pay to identify any differentials is ongoing. However, the initial findings are encouraging, with good evidence of gender pay parity at all levels across the business. Our work in this area continues on a department-by-department basis, with the following commitments to our employees:

- We will take deliberate action to continue to improve the Group’s employment and gender equity, particularly at senior levels.
- We are equitable in our recruitment and remuneration
- Colleagues will enjoy fair pay for work done – equal pay for equal work
- Everybody will have the opportunity to progress in the Group

REVIEW OF LONG-TERM SHARE INCENTIVE SCHEMES

The Group implemented its Forfeitable Share Plan (FSP) as a long-term incentive tool for its senior executive team in 2014. After five years, the remuneration committee felt it was timely to evaluate the success of the FSP scheme in meeting the long-term strategic objectives of the business, and to weigh up the merits of the scheme against other long-term employee incentive plans operated across our industry. We engaged an independent expert to assist in our deliberations, and assessed a number of alternative schemes. After a comprehensive review, the remuneration committee elected to retain the structure of the FSP, concluding that the scheme has been effective in attracting and retaining key executives, has provided a meaningful incentive for the delivery of long-term strategy, and has supported long-term value creation for all stakeholders. The remuneration committee will continue to assess the effectiveness and appropriateness of its various share incentive schemes, and seek to modernise its incentive tools when appropriate.

STABILITY OF LABOUR RELATIONS

The Group has secured three-year labour agreements with its major labour unions in South Africa. These agreements reflect encouraging levels of co-operation with our labour partners, and a commitment to work together for the future success and stability of our business, and for the security and benefit of our employees.

RETIREMENT OF OUR GROUP CFO

Bakar Jakoet will retire as CFO over the coming months, after 34 years with the Group and eight years in the role. We extend our sincere thanks to Bakar for his outstanding contribution to the Group over a distinguished career, and particularly for his guidance and support over our challenging turnaround period. The Board, with the support of the nominations committee, are following a formal process to identify and appoint a successor. Bakar will stay on during this process and has offered his ongoing support through a handover period. We look forward to Bakar playing a non-executive role in the business going forward.

LOOKING AHEAD

The Group’s resolute focus on the objectives set out in its long-term plan is building a sustainable and future-fit business, better able to respond to changing customer needs and industry trends. This creates exceptional and exciting opportunities for people looking to build a successful career in retail. We are strengthening a winning team, and with our focus on diversity, skills training and development, we are becoming an employer of choice within the retail industry. The remuneration committee will continue its work this year on employment equity, gender equity and pay parity across the Group and will continue to focus on talent management, retention and succession planning, including through the effective balance of short- and long-term incentives linked to the achievement of Group strategy.

Hugh Herman
Chairman: Remuneration committee
21 June 2019

IN ADDITION TO THE KEY DECISIONS AND FOCUS AREAS HIGHLIGHTED, THE REMUNERATION COMMITTEE:

Reviewed the Group’s remuneration policy to ensure alignment with the Group’s strategic objectives of building a winning team and driving long-term value creation

Reviewed the Group’s remuneration policy in line with best practice in the market

Agreed the remuneration packages of executive directors and reviewed the remuneration packages of senior management and key employees in line with market-related benefits

Reviewed and approved performance-related short-term incentives as well as long-term share-based incentives, including the fifth allocation of shares under the Group’s forfeitable share plan

Determined the overall salary increase for salaried staff across the Group – with higher increases provided to lower levels of salaried staff, recognising the greater impact the difficult economic environment has on these employees

Proposed fees for non-executive directors, for shareholder approval

Considered talent management and succession planning, including succession of the Group CFO

REMUNERATION REPORT (continued)

REPORTING TO OUR STAKEHOLDERS



The remuneration committee is confident that the remuneration policy achieved its stated objectives in support of the Group's long-term strategy:

- senior management and staff were remunerated fairly, commensurate with market best practice
- current achievements were recognised
- future performance was incentivised in line with the objectives of the Group's long-term strategy and shareholders' interests.

In line with King IV, we will present section 2 and 3 of this report separately to our shareholders for non-binding votes at the AGM on 30 July 2019. The proposed directors' fees for the 2020 and 2021 financial periods will be submitted to shareholders for approval at the AGM. Please refer to page 41 for further information.

In the event that either the remuneration policy or the implementation report receives 25% or more dissenting votes, management will engage directly with shareholders to:

- determine the reasons for the dissenting votes; and address all legitimate objections
- take any reasonable steps to resolve shareholder concerns.

We value open and constructive engagement with our shareholders. We therefore encourage them to engage with management on material remuneration issues to ensure that they are informed when voting on the Group's remuneration policy and the application thereof.

THE REMUNERATION COMMITTEE'S ROLE

The remuneration committee assists the Board in meeting its responsibility to determine and administer an appropriate and effective remuneration policy, which is:

- balanced in the best short- and long-term interests of the Group, its shareholders and its employees
- aligned to the Group's strategic objectives.

The committee considers and recommends the remuneration policy for all levels of staff in the Group, with a particular focus on executive directors, senior management and non-executive directors. It meets at least twice a year, is chaired by an independent non-executive director and comprises only non-executive directors. The committee operates in terms of a Board-approved charter, which is reviewed annually by the Board. No amendments were made to the charter during the year under review.

COMPOSITION AND MEETING ATTENDANCE

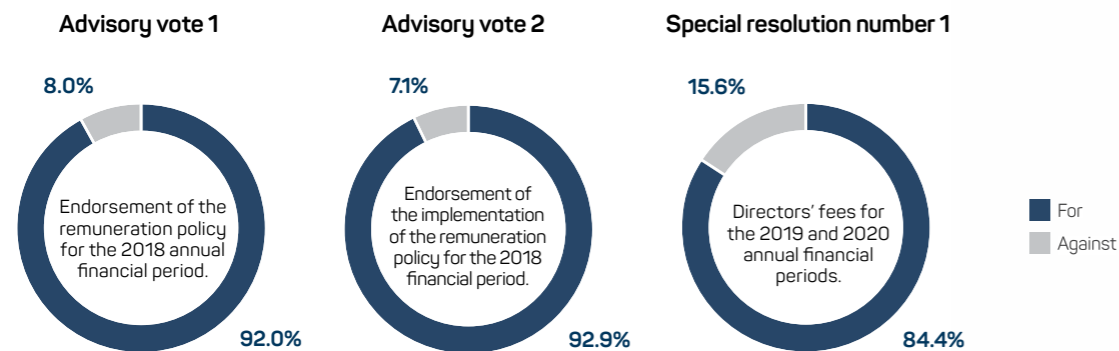
Director	Attendance
Hugh Herman	3/3
Gareth Ackerman	3/3
Audrey Mothupi	3/3
Jeff van Rooyen	3/3

Although independent expert advice is obtained as required, no external advisers attended the remuneration committee meetings during the year.

TRAINING

The remuneration committee received training from independent remuneration consultants in April 2019, incorporating an overview of local and international best remuneration practices. The committee was gratified to find that its policies, procedures and focus areas are aligned with best practice.

The remuneration policy and directors' fees for the 2019 financial period were approved by shareholders at the AGM held on 30 July 2018 as follows:



The remuneration committee is satisfied that it has fulfilled its responsibilities in terms of the Board charter and its objectives for the 2019 financial period.



REMUNERATION REPORT (continued)

SECTION 2: OVERVIEW OF REMUNERATION POLICY

WHAT GUIDES OUR REMUNERATION

REMUNERATION PHILOSOPHY

Our remuneration philosophy is to develop and reward a diverse, high-performance team that delivers on our strategic objectives and creates sustainable value for all stakeholders over the short, medium and long term. Our remuneration philosophy reflects the following principles:

- **Performance-driven reward:** Staff are rewarded for creating and delivering sustainable value in line with our strategic objectives
- **Meritocracy:** Staff are recognised and advanced based on merit
- **Most talented South African retail business:** We attract, retain and develop the most talented staff in the retail industry
- **Effective and lean organisation:** We build a high-performance culture that rewards productivity and value creation
- **Diversity:** We offer equal opportunities to people from all walks of life and our team should reflect the communities we serve

REMUNERATION POLICY

The Group's underlying remuneration policies support this philosophy through balanced reward that recognises the delivery of short-term performance goals, while incentivising sustainable value creation over the long term. The interests of our team are aligned with those of our shareholders through policies which include the following:

- Remuneration at all levels is benchmarked against the remuneration policies and practices of comparable companies (locally and internationally) to ensure that it is fair and reasonable, and key or scarce skills are remunerated in the upper quartile of the market
- Independent experts assist with remuneration benchmarking to ensure that remuneration decisions made are objective and fair
- Remuneration is balanced between fixed remuneration and variable short- and long-term incentives, applying a higher proportion of variable remuneration to senior management to drive performance, and placing a greater emphasis on fixed pay for middle and junior management
- Non-executive directors do not receive remuneration or incentive awards related to share price or corporate performance

ALIGNING REMUNERATION WITH STRATEGY

The Group's remuneration philosophy and policies are aligned with the strategic objectives of the Group. Short- and long-term incentives are linked to the achievement of key performance targets linked to strategic objectives, and will contribute to building a winning team and long-term, sustainable value creation in the business for all stakeholders.

The primary performance target for the management teams' short-term incentive bonus, is growth in profit before tax and exceptional items (PBTAE).

Primary PBTAE threshold not met

No short-term incentives are paid

This primary target has a 100% weighting in determining whether an annual bonus will be awarded.

Primary PBTAE threshold met

Bonus is payable at the discretion of the remuneration committee, subject to an assessment of changes in the economic environment and a review of the level of delivery of certain secondary performance targets, including individual key performance indicators (refer to the diagram on page 33).

Thereafter secondary key performance indicators apply, to determine the value of individual bonuses awarded.

Stage 1: Stabilise the business

Stage 2: Change the trajectory

Stage 3: Sustainable long-term growth

Strategic objectives (read from page 44 of the 2019 IAR)

- Grow sales in line with or ahead of the market
- High levels of operating efficiency
- Sustainable margin improvement

Business acceleration pillars (read from page 45 of the 2019 IAR)

- 1 Better for customers
- 2 A flexible and winning estate
- 3 Efficient and effective operations
- 4 Every product, every day
- 5 A winning team
- 6 Boxer – a national brand
- 7 Rest of Africa – a second engine of growth

Group performance
Short-term incentives
 Primary performance target:
 • Growth in profit before tax and exceptional items (PBTAE)
 100% weighting

Group performance
Long-term incentives
 Primary performance target:
 • HEPS
 • ROCE
 • Share price
 100% weighting

Individual performance
Secondary short-term performance targets examples include:
 • Annual individual performance review
 • Turnover growth
 • Improved cost ratios
 • Reduced net finance costs
 • Stronger profit margins
 • Reduced stock-on-hand days
 • BBBEE performance
 • Resource efficiency
 Discretionary considerations depending on the level of delivery

Primary long-term performance targets:

- Sustainable HEPS growth over a rolling three-year period
- ROCE > WACC
- Share price appreciation
- PBT margin at or above 3.0% over the medium term

Group performance

REMUNERATION REPORT (continued)

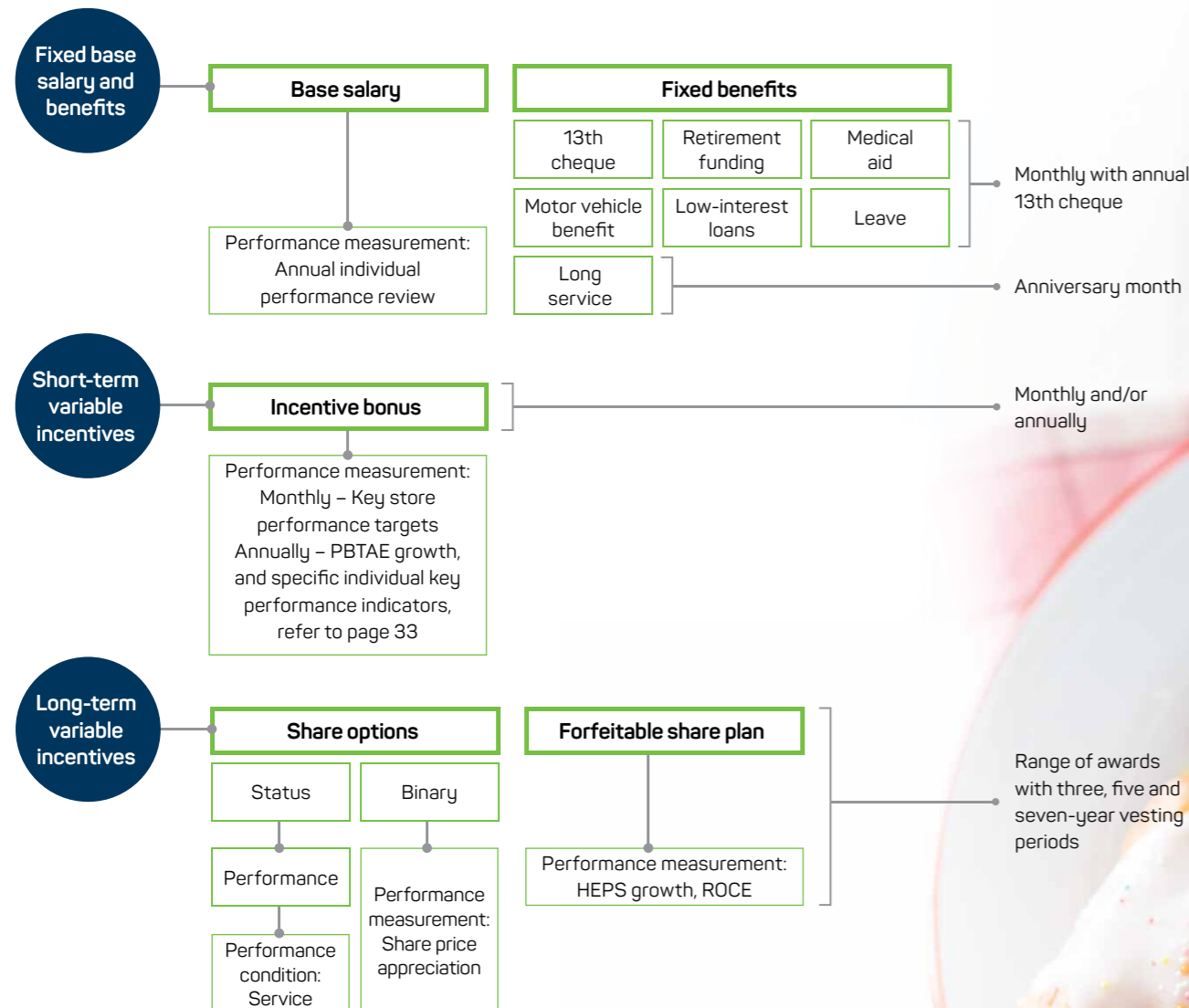
FAIR AND RESPONSIBLE REMUNERATION

The remuneration committee reviewed the Group's remuneration policies to ensure that executive director remuneration is fair and responsible in the context of overall employee remuneration, particularly given the socio-economic climate of South Africa and the South African retail industry.

The committee is satisfied that the Group's remuneration policies, supported by strong underlying governance principles, ensure that levels of pay awarded to executive directors are set objectively and reasonably, and are free from discrimination, prejudice or favouritism. Executive pay is directly linked to the achievement of strategic objectives set out in the Group's long-term plan, which are reflected in the performance targets set by the remuneration committee.

The remuneration committee recognises its important role in ensuring that the Group's remuneration policies support the Group's strategic goals. And, it also ensures that executive directors are remunerated fairly and for reasonable performance in line with industry benchmarks and shareholder expectations. The executive team will not be unduly rewarded where performance does not meet expectations. However, the committee will strive to find a fair and reasonable balance in order to retain key executives and attract quality executives from outside the business to ensure that the Group delivers on its strategic objectives.

REMUNERATION STRUCTURE



FIXED BASE SALARY AND BENEFITS

The Group is committed to furthering the economic empowerment and well-being of employees and, as such, the provision of retirement and medical benefits is a key part of the remuneration policy.

Base salary

Annual base salaries, across all levels of the Group, are set at levels that are competitive with the rest of the market. This enables us to attract, motivate and retain the right calibre of diverse people to achieve the Group's strategic business objectives. The fixed base salary reflects the relative skill, experience, contribution and performance of the individual. Remuneration is directly linked to formal annual performance assessments. Annual increases are determined with reference to the scope of the employee's role, his/her competence and performance, the projected consumer price index and comparable increases in the general and retail market.

Retirement funding

It is a condition of employment that all employees, including variable-time employees,³ join one of the retirement funds provided by the Group. The Group contributes up to 8.7% of the individual employee's salary towards retirement funding, depending on the fund and the terms and conditions of employment.

Medical aid

Medical aid provisions are in place for all full-time¹, part-time² and variable-time³ employees. We provide a number of medical aid schemes. Membership is compulsory for all employees at junior grade and above, unless they are covered by a third-party medical aid. Membership of the medical aids provided is optional for NMBU⁴ employees. We contribute 50% of medical aid contributions on behalf of employees.

13th cheque

A 13th cheque is paid to qualifying employees in November each year. Variable-time employees³ participate based on the average number of hours worked in a month. Employees must have been in the employ of the Group for at least three months to be eligible to receive this benefit.

Motor vehicle benefit

Certain employees in middle management and above are entitled to a motor vehicle benefit. Depending on the requirements of their role, it may be in the form of a travel allowance or provision of a company car. This benefit may include payment of maintenance, fuel and insurance.

Leave

Annual leave accumulates from the date of starting employment and varies between three and five weeks per annum depending on the terms, conditions and length of employment. Variable-time employees³ accumulate leave based on ordinary hours worked. The Group also provides family responsibility and religious leave, where applicable.

Low-interest loans

All employees have access to low-interest loans from the Group. The primary objective is to assist employees with the acquisition of residential property. Loan values are capped at varying amounts, depending on the employee's position. Affordability tests are performed before any loan is granted to ensure that the employee does not experience financial strain.

Long service

The Group rewards long service with a cash award in the month an employee attains a five-year service anniversary, and again for every five-year anniversary thereafter. Long service is also recognised with an additional allocation of leave, depending on the terms and conditions of employment, at five-year intervals.

All housing loans are secured by the employee's retirement funding. No financial assistance is provided to assist employees to buy shares in the Group. For further details on employee loans, refer to note 14 on page 63 of the 2019 AFS.

¹ Full-time employees have a fixed contract with the Group and work either 40 or 45 hours per week.

² Part-time employees have a fixed contract with the Group and work a maximum of 25 hours per week.

³ Variable-time employees have a variable contract with the Group, which guarantees either 85 hours per month, or a maximum of 40 hours per week.

⁴ NMBU refers to our non-management bargaining unit.

REMUNERATION REPORT (continued)

SHORT-TERM VARIABLE INCENTIVES

The short-term incentive bonus is discretionary. It is triggered by the attainment of a threshold target of growth in PBTA, as set by the remuneration committee. The primary short-term performance target is supported by secondary short-term targets aligned to the Group's strategic plan. Refer to page 33.

The bonus pool is self-funding and is created after the achievement of predefined targets, inclusive of the value of the incentive. The bonus pool increases in value as threshold, target or stretch targets are attained. Bonuses are paid as a multiple of basic monthly salary. Each individual's share of the bonus pool is dependent on the overall Group target being reached and on their own individual performance, as measured through the Group's annual performance appraisal process.

Bonuses are capped at the following multiples:

Grades	Category	Bonus cap
A	CEO	24 x basic monthly salary
A	Group executive	12 x basic monthly salary
B	Senior management	6 x basic monthly salary
C and D	Middle management	4 x basic monthly salary
E and F	Junior management	13th cheque

The bonus paid to middle management is reduced by the value of the fixed 13th cheque. Other, more frequent incentive bonuses are paid to qualifying staff at store level. These incentives are linked directly to short-term store performance targets, including turnover, stockholdings, shortages and waste.

1. SHARE OPTION SCHEME

The employee share option scheme (the scheme) facilitates broad employee share ownership, fosters trust and loyalty among employees and rewards performance. The scheme incentivises management and employees through the acquisition of Group shares, thereby aligning interests with shareholders and encouraging employee retention. Furthermore, binary share options incentivise senior management to achieve specified market-related performance targets.

During the 2019 financial year, 6.5 million Pick n Pay Stores Limited (PIK) options were issued to employees in respect of their progress and performance. A total of 27.8 million PIK share options were held by employees at year-end, amounting to 5.6% of shares in issue. Refer to note 5 of the 2019 AFS for further information.

The future net realisable value of all outstanding share options as at 3 March 2019:

Year	Average grant price R	Number of options 000's	Net realisable value* Rm
Outstanding share options may be taken up during this following financial periods:			
2020	37.67	11 830.5	372.2
2021	57.33	2 294.2	27.1
2022	58.61	2 217.7	23.3
2023	68.46	3 251.5	2.2
2024 and after	67.74	8 178.7	11.4
		27 772.6	436.2

* The net realisable value of outstanding share options was calculated using the prevailing market share price at year-end of R69.13 less the average grant price. Binary share options include performance hurdles that, if met, trigger discounted grant prices.

LONG-TERM VARIABLE INCENTIVES

It is Group policy to maintain a broad-based share scheme for employees. This is an integral part of our remuneration philosophy and ensures that the long-term interests of staff are aligned with those of shareholders. The primary performance targets are long-term sustainable HEPS growth and share price appreciation. All levels of management can acquire Group shares, affording them the opportunity for economic upliftment, and it encourages employee retention. It is a key differentiator between the Group and other retail employers in South Africa.

The Group operates two share incentive schemes:

1. Share option scheme
2. Forfeitable share plan (FSP)

Funding of share incentive schemes

Shareholders have authorised the Board to utilise up to 63.9 million shares of Pick n Pay Stores Limited, representing 13% of issued share capital, for the purpose of managing the Group's share schemes. Both the Group's share schemes fall within this limit, which means the aggregate number of shares that can be awarded under both schemes cannot exceed the authorised limits.

The two share schemes are further constrained by an aggregate limit of 5% of the issued share capital of Pick n Pay Stores Limited, in respect of the amount of new shares that can be issued to cover obligations under the employee share schemes.

The Group issued 5 million shares during the year. The Group has cumulatively issued 15.7 million shares to date and is therefore able to issue a further 8.9 million shares or 1.8% of its issued share capital to fund future obligations under the share schemes. Refer to notes 5 and 18 of the 2019 AFS for further details of the outstanding options and limits available under the schemes.

Status share options – service conditions attached

Status share options are granted to employees who attain grade F, and further options are granted at each promotion to higher levels of management.

This is a broad-based scheme, rewarding and empowering employees at all levels of management and, as such, no further performance conditions are attached. Vesting is only dependent on the employee remaining in the employ of the Group over the specified vesting period. If the employee leaves the employ of the Group before the end of a vesting period, unvested share options lapse.

Performance share options – service conditions attached

Middle-management employees may be eligible for performance "top-up" share options in recognition of their individual performance and contribution to the Group. These options vest in the same manner as status share options.

In order to encourage employee retention, status and performance shares vest in three tranches (vesting periods) as follows:



Binary share options – service and performance conditions attached

Binary share options are granted to employees in senior management positions. These three- to six-year options may only be taken up when prescribed performance conditions linked to the growth of the PIK share price are met. Should further performance hurdles be achieved, discounted grant prices may apply. If the initial eligibility hurdle is not met, the options are forfeited.

Binary share options issued to executive director

In November 2012, 1 000 000 binary share options were issued to Richard Brasher on his appointment as CEO. The binary share options were issued at a grant price of R42.24 and were initially due to vest in November 2017, subject to the attainment of prescribed share price conditions.

In September 2017 the remuneration committee extended the vesting term of these binary options to November 2018, in light of the earnings impact of the voluntary severance programme (VSP) undertaken in that year, and the potential for a negative short-term impact on the share price in an increasingly volatile local equities market. The VSP was an important step in repositioning the Group for sustainable growth in a difficult economic climate, and the committee agreed that the CEO should not be unreasonably disadvantaged for strategic action taken for the long-term benefit of the Group.

The salient features are summarised below:

Hurdles	Share price November 2018	Annual compound growth rate	Exercise price November 2018
Eligibility hurdle	R68.03	10%	R42.24
Performance hurdle 1	R84.96	15%	R21.12
Performance hurdle 2	R128.91	25%	R1.00

In addition to the terms above, if the 20-day VWAP up to 14 November 2018 reached R105.11 (representing an annual compound growth rate of 20% from grant date), a cash bonus of R10.6 million would be paid.

The 20-day VWAP on 14 November 2018 was R69.18, and as such the binary shares vested in full and were available for take-up at an exercise price of R42.24. As the 20-day VWAP did not reach R105.11, no further cash bonus was paid.

2. THE FORFEITABLE SHARE PLAN (FSP)

The FSP recognises key employees who have a significant role to play in delivering Group strategy and ensuring the growth and sustainability of the business in the future. Through the attachment of performance conditions, the FSP incentivises participating employees to deliver earnings growth in the future. An award of shares may also be used to attract talented prospective employees.

The participant becomes the beneficial owner of the forfeitable shares on the date of the award. Beneficial ownership affords the employee full shareholder voting rights and full rights to any dividends declared.

The shares are held by a Central Securities Depository Participant (CSDP) on behalf of the employee during the time of the vesting period and the employee will not be able to dispose of the shares before the vesting date. If the employee leaves the employ of the Group before the completion of the vesting period (other than on normal retirement, disability or death), all shares will be forfeited.

The remuneration committee awards shares to participants. The actual number of shares awarded takes into account recognised market benchmarks, and each participant's individual contribution to value creation, annual salary, employment grade and other relevant retention and attraction requirements.

The performance conditions are linked to the Group's financial performance, with growth in headline earnings per share (HEPS) as the primary performance measure. Performance conditions are applied on a linear, rising scale, allowing for the vesting of an increasing number of shares, as earnings thresholds are met and exceeded. All growth thresholds are after recognising the applicable IFRS 2 share-based payments expense, which is charged to the income statement over the vesting term of the forfeitable shares. The scheme is therefore self-funding.

To ensure that the FSP is aligned with the best interests of the Group and its shareholders, the performance conditions are subject to an overriding condition that the Group's return on capital employed (ROCE) must be greater than its weighted average cost of capital (WACC) over the vesting period, before any FSP shares are allowed to vest. This is to ensure that the Group has generated a real return for shareholders before rewarding its management team.

REMUNERATION REPORT (continued)

FSP awards

The HEPS performance conditions attached to FSP awards are adjusted to reflect relevant changes in accounting policy over the vesting period of the shares, as appropriate.

2015 award (FSP 2)

Issue date: August 2015

Vesting date: June 2018

Performance conditions:

2015 Baseline HEPS Cents	Three-year CAGR %	2018 HEPS Cents	Position of shares which vest %	Number of shares which vest 000's	Net realisable value* Rm
173.34	< 10	< 230.72	All forfeited	-	-
173.34	10	230.72	30	330.1	25.9
173.34	11	237.07	65	715.3	56.1
173.34	12	243.53	100	1 100.4	86.3

* The net realisable value of outstanding FSP shares was calculated using the prevailing market share price at the date of vesting of R78.38.

The Group delivered HEPS of 276.98 cents in FY18, exceeding the stretch target of 243.53 cents per share. FSP fully vested on 25 June 2018, delivering 1.1 million shares to the value of R86.3 million to 98 participants.

2016 award (FSP 3)

Issue date: August 2016

Vesting date: June 2019

Performance conditions:

2016 Baseline HEPS Cents	Three-year CAGR %	2019 HEPS Cents	Position of shares which vest %	Number of shares which vest 000's	Net realisable value* Rm
215.22	< 10	< 286.46	All forfeited	-	-
215.22	10	286.46	30	456.8	31.6
215.22	12	302.37	65	989.6	68.4
215.22	14	318.86	100	1 522.5	105.3

* The net realisable value of outstanding FSP shares was calculated using the prevailing market share price at year-end of R69.13.

The Group delivered HEPS of 322.65 in FY19 (normalised for a 52-week trading calendar), exceeding the stretch target of 318.86 cents. The 2016 FSP award will vest on 25 June 2019. A total of 1.5 million shares are held by a CSDP on behalf of 103 participants.

2017 award (FSP 4)

Issue date: June 2017

Vesting date: June 2020

Performance conditions:

2017 Baseline HEPS Cents	Three-year CAGR %	2020 HEPS Cents	Position of shares which vest %	Number of shares which vest 000's	Net realisable value* Rm
258.65	< 10	< 344.29	All forfeited	-	-
258.65	10	344.29	30	1 123.6	77.7
258.65	11	353.76	65	2 434.6	168.3
258.65	12	363.41	100	3 745.5	258.9

* The net realisable value of outstanding FSP shares was calculated using the prevailing market share price at year-end of R69.13.

A total of 3.7 million shares are held by a CSDP on behalf of 118 participants.

2018 award (FSP 5)

Issue date: June 2018

Vesting date: June 2021

Performance conditions:

2018 Baseline HEPS Cents	Three-year CAGR %	2021 HEPS Cents	Position of shares which vest %	Number of shares which vest 000's	Net realisable value* Rm
276.98	< 10	< 368.66	All forfeited	-	-
276.98	10	368.66	30	947.1	65.5
276.98	12	389.14	65	2 052.1	141.9
276.98	14	410.36	100	3 157.0	218.2

* The net realisable value of outstanding FSP shares was calculated using the prevailing market share price at year-end of R69.13.

A total of 3.2 million shares are held by a CSDP on behalf of 121 participants.

SERVICE CONTRACTS

Executive directors and senior management are employed in terms of the Group's standard contract of employment. They are only employed under fixed-term contracts under specific circumstances. Senior management personnel are required to give a reasonable notice period of their intention to terminate their services, which varies from one to 12 calendar months.

Employment contracts do not provide for any exceptional benefits or compensation on the termination of employment. Certain managers who are considered key in carrying out the Group's strategy are subject to contractual restraint of trade provisions. Discretionary termination or restraint of trade payments may be made in this regard.

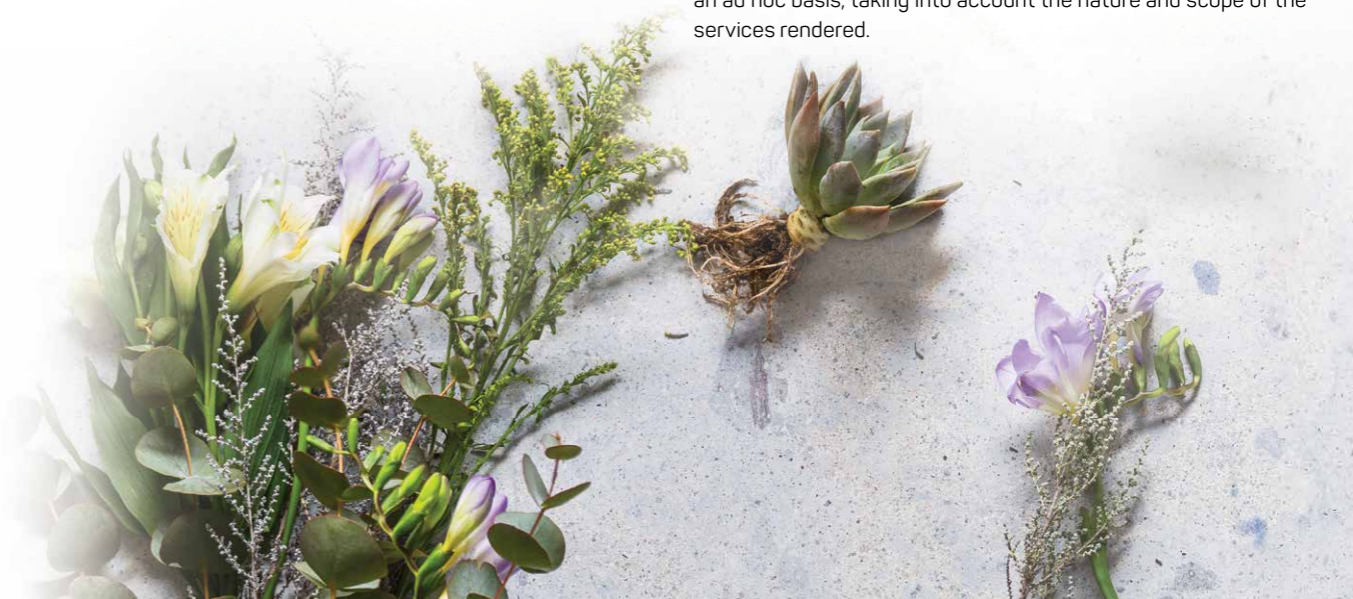
The retirement age for all employees is 60 years. The Group's Chief Finance Officer, Bakar Jakoet, has reached retirement age and was employed under a fixed-term contract in FY19. Bakar has announced his retirement from the Group, and will step down as Group CFO during FY20.

REMUNERATION STRUCTURE: NON-EXECUTIVE DIRECTORS

The remuneration committee proposes fees to be paid for the membership of the Board and Board committees. Such fees are market-related, commensurate with the time required for directors to undertake their duties and must be approved by the Board and shareholders. Approved fees are set for the annual financial period. Refer to page 41 for more detail on the proposed fees for 2020. Fees are not subject to attendance of meetings as attendance of Board meetings is generally good.

Non-executive director remuneration is not linked to the performance of the Group or the Group's share price performance. Non-executive directors do not receive performance-related bonuses and are not granted any share awards.

When non-executive directors provide additional consultancy services to the Board and its committees, the related fees are determined and approved by the remuneration committee on an ad hoc basis, taking into account the nature and scope of the services rendered.



REMUNERATION REPORT (continued)

SECTION 3: IMPLEMENTATION OF REMUNERATION POLICY

WORK PERFORMED AND DECISIONS TAKEN BY REMUNERATION COMMITTEE

The main items considered and approved by the remuneration committee during the 2019 financial period were as follows:

EXECUTIVE DIRECTOR REMUNERATION BENCHMARKING, INCLUDING A REVIEW OF ALL BENEFITS PROVIDED

The remuneration committee reviewed the total remuneration of executive directors, including all benefits, to ensure alignment with the Group's strategic objectives and best practice in the market. The balance between guaranteed remuneration and short- and long-term incentives was considered to ensure its appropriateness to drive the delivery of both short- and long-term strategic objectives. The remuneration is considered fair and competitive against market benchmarks and the role and performance of each individual executive director.

REVIEWING AND SETTING THE ANNUAL COMPENSATION FOR THE CEO

In setting Richard Brasher's annual base salary at R10.1 million, the remuneration committee considered his extensive experience in the retail industry and the Group's strong and consistent profit growth delivered under Richard's stewardship. The remuneration committee is satisfied that Richard's benchmarked base salary is fair in relation to the market, his expertise and his considerable contribution to date.

DETERMINING ANNUAL INCREASES IN FIXED REMUNERATION FOR EXECUTIVE DIRECTORS, AND AN OVERALL SALARY INCREASE FOR SALARIED STAFF ACROSS THE GROUP

The increase in total fixed base salary and benefits (fixed remuneration) paid to executive directors year on year was 3.2%, reflecting lower remuneration in 2019 for Richard van Rensburg and Jonathan Ackerman. Richard van Rensburg's fixed remuneration is up 1.8% year on year, with one-off fringe benefits in the base. The 20.4% decrease in Jonathan Ackerman's remuneration reflects his personal decision to reduce the size of his executive role in the business. On a normalised basis, the increase in executive fixed remuneration is 5.0%, against an average for the Group of 7.0%, excluding employees governed by a labour union agreement (NMBU). The average annual increase for NMBU employees was between 7.5% and 9.6%. Annual increases were determined in April 2018 after formal performance reviews, and reflect individual performance against key performance indicators, the scope of each role, as well as comparable increases in the general and retail market, and a projected consumer price index of 5.0%.

DETERMINING AN APPROPRIATE SHORT-TERM INCENTIVE BONUS, AND THE REASONABLE ALLOCATION THEREOF TO EXECUTIVE DIRECTORS AND QUALIFYING EMPLOYEES

The remuneration committee sets annual performance targets (threshold, target and stretch) in line with the Group's strategic objectives that must be achieved before a short-term incentive bonus is payable. The targets are based on profit before tax and exceptional items (PBTAE), which is inclusive of the cost of the short-term incentive.

The PBTAE targets for FY19, on a comparable 52-week financial calendar basis, were as follows:



Secondary performance targets are set, which include turnover growth, improved operating cost and other efficiency ratios and key working capital metrics. However, the overarching PBTAE threshold target must first be met before a short-term bonus is considered. Thereafter, the bonus is allocated based on the level of delivery against the secondary performance targets and individual performance, as evaluated through a formal performance appraisal process.

The Group delivered PBTAE of R2 067.5 million, for the comparable 52 weeks ended 24 February 2019, a 15.6% increase on the prior period, and in line with the target set by the remuneration committee. As a result, a short-term incentive bonus was awarded to all qualifying management personnel, in recognition of progress delivered in a more challenging trading environment.

The remuneration committee agreed to a full bonus of R20.6 million for CEO Richard Brasher, in recognition of his sterling leadership over the past year, and his success in navigating the Group through a difficult economy, while maintaining the Group's positive earnings trajectory. The remuneration committee awarded CFO Bakar Jakoet a full annual bonus of R5.2 million, in recognition of his valuable stewardship over the year. In addition, the remuneration committee granted Bakar an additional award of R10.0 million on his retirement, in appreciation of his outstanding contribution to the Group over the 34 years of his career. Bakar will step down once the Board has formally appointed his successor. The remuneration committee will then assess the value of outstanding share options and FSP shares held by Bakar and determine an appropriate settlement value. CIO Richard van Rensburg was awarded a full bonus of R4.8 million, in recognition of his significant contribution in driving innovation in the Group, with income from value-added services up 41.5% year on year.

The remuneration committee has set new and appropriate targets for the 2020 financial period, based on a comparable 52-week financial calendar, which include overarching primary short-term PBTAE growth targets of:



REVIEWING THE GROUP'S SHARE OPTION INCENTIVE SCHEME, ITS ALIGNMENT TO LONG-TERM STRATEGY AND ALLOCATIONS TO EXECUTIVE DIRECTORS

The remuneration committee undertook a detailed review of all the share options held by the executive directors, including all the service and performance conditions attached. No new share options were granted to executive directors during the year.

The remuneration committee asked the Group's senior executive team to perform a comprehensive performance review of its middle-management structures (levels C and D) to identify those employees who were considered top performers and would be

important contributors to the future success of the business. Recognising the importance of rewarding and retaining the future leaders of the business, the remuneration committee issued 2.1 million "top-up" performance share options to 112 employees. Individual awards reflected the scale of each position and the performance of each employee, with vesting terms over three, five and seven years.

REVIEWING THE GROUP'S FORFEITABLE SHARE PLAN – SETTING APPROPRIATE PERFORMANCE CONDITIONS AND ALLOCATING FORFEITABLE SHARES TO EXECUTIVE DIRECTORS AND QUALIFYING SENIOR MANAGEMENT

The remuneration committee agreed an annual award of forfeitable shares to senior management personnel, to ensure executives continue to have competitive and market-related long-term incentives in place to drive delivery of the long-term strategy. The FSP provides the Group with added security over the retention and tenure of key executives. The remuneration committee set the financial performance conditions to be attached to the June 2018 award (FSP 5) and agreed on the 121 participants and the level at which each would participate, with particular focus on allocations to executive directors. For further information, refer to page 39 this report.

REVIEWING AND RECOMMENDING NON-EXECUTIVE DIRECTORS' FEES FOR THE 2020 FINANCIAL PERIOD, FOR FINAL APPROVAL BY SHAREHOLDERS AT THE AGM

Fees (excluding value-added tax) for the current and proposed periods are as follows:

	Proposed 2020 R	Actual 2019 R	% Change
Chairman of the Board	4 660 000	4 438 000	5.0%
Lead independent non-executive director of the Board	145 000	138 000	5.0%
Non-executive director of the Board	435 000	413 000	5.3%
Chairman of the audit, risk and compliance committee	375 000	340 000	10.0% [#]
Member of the audit, risk and compliance committee	145 000	138 000	7.0% [#]
Chairman of the remuneration committee	200 000	181 000	10.5% [#]
Member of the remuneration committee	94 500	90 000	5.0%
Member of the nominations committee ¹	90 000	85 000	5.9%
Member of the social and ethics committee ²	94 500	90 000	5.0%
Chairman of the corporate finance committee ³	200 000	193 000	3.6%
Member of the corporate finance committee ³	135 000	130 000	3.8%
Member of the corporate governance committee ⁴	90 000	–	–
Trustee of the employee share purchase trust	42 000	40 000	5.0%

[#] Above inflation increases were agreed for the Chairman and members of the audit, risk and compliance committee, and for the Chairman of the remuneration committee in recognition of the scale of the roles and the increased level of compliance and regulation in these areas.

¹ The Chairman of the nominations committee is the Chairman of the Board and does not receive an additional fee for chairing this committee.

² The Chairman of the social and ethics committee is an executive director and does not receive an additional fee for chairing this committee.

³ The corporate finance committee is an ad hoc committee. The fees payable are determined in relation to the number of meetings held during the financial period, but will not be more than the annual proposed fee. No formal meetings were held during the 2018 financial period, and therefore no fees were paid.

⁴ Historically, no fee was paid to members of the corporate governance committee. This anomaly has been corrected. The Chairman of the corporate governance committee is Chairman of the Board and does not receive an additional fee for chairing this committee.

REMUNERATION REPORT (continued)

REVIEWING AND RECOMMENDING TO THE BOARD THE OVERALL COMPENSATION FOR THE CHAIRMAN, FOR FINAL APPROVAL BY SHAREHOLDERS AT THE AGM

In setting the Chairman's proposed annual fee of R4.6 million, the remuneration committee (Gareth Ackerman recused himself from the discussion) considered the active role he plays in the corporate governance of the Group and in formulating overarching strategy for the individual companies within the Group. Gareth does not play a day-to-day role in the executive

management and administration of the business but does make himself available to the executive team in an advisory capacity.

REVIEWING AND APPROVING OF THE GROUP'S REMUNERATION POLICY AND REPORT

This report and the recommendations of the remuneration committee have been approved by the Board and will be submitted to shareholders for consideration at the AGM to be held on 30 July 2019.

PAYMENTS, ACCRUALS AND AWARDS TO DIRECTORS

TOTAL REMUNERATION OF EXECUTIVE DIRECTORS

	Fees for board meetings* R'000	Base salary R'000	Retirement and medical contributions R'000	Fringe and other benefits R'000	Total fixed remuneration R'000	Discretionary award** R'000	Bonus and gratuity ^Δ R'000	Total remuneration R'000	Long-term share awards expense [#] R'000
2019									
Richard Brasher	-	10 140.0	916.4	293.7	11 350.1	-	20 640.0	31 990.1	32 477.3
Bakar Jakoet	-	5 088.6	33.8	152.6	5 275.0	-	15 216.0 ^Δ	20 491.0	4 628.4
Richard van Rensburg	-	4 720.5	408.8	323.6	5 452.9	-	4 800.0	10 252.9	4 628.4
Suzanne Ackerman-Berman	-	2 832.0	262.2	286.6	3 380.8	-	720.0	4 100.8	2 603.2
Jonathan Ackerman	-	1 393.7	257.0	297.5	1 948.2	-	360.0	2 308.2	1 733.8
Total remuneration	-	24 174.8	1 878.2	1 354.0	27 407.0	-	41 736.0	69 143.0	46 071.1
2018									
Richard Brasher	1.5	9 474.0	857.1	288.5	10 621.1	800.0	-	11 421.1	23 618.5
Bakar Jakoet	1.5	4 605.0	34.6	389.0	5 030.1	400.0	-	5 430.1	5 882.4
Richard van Rensburg	1.5	4 423.5	383.1	547.6	5 355.7	375.5	-	5 731.2	5 882.4
Suzanne Ackerman-Berman	1.5	2 586.1	245.9	278.8	3 112.3	224.0	-	3 336.3	3 446.6
Jonathan Ackerman	1.5	1 844.8	320.2	282.1	2 448.6	112.0	-	2 560.6	2 940.6
Total remuneration	7.5	22 933.4	1 840.9	1 786.0	26 567.8	1 911.5	-	28 479.3	41 770.5

* Executive directors no longer receive fees for attending board meetings.

** During the prior period, the Group did not meet the required performance measures set by the remuneration committee for the payment of a short-term annual bonus. However, the remuneration committee acknowledged that certain important strategic steps were taken during the comparative period to drive sustainable performance, but which had a negative impact on short-term profitability. The remuneration committee recognised the strategic action taken and progress delivered through the payment of an ex gratia award to executive directors and senior management.

^Δ A gratuity of R10.0 million was granted to Bakar Jakoet on his retirement, in appreciation of his outstanding contribution to the Group over his 34-year career.

[#] The expense of the long-term share awards is determined in accordance with IFRS 2 Share-based Payments. The fair value is measured at grant date and the cost of the awards granted is spread over the period during which the employees become unconditionally entitled to the options (the vesting period). The amounts in the column represent the current year's charge, as recorded in the statement of comprehensive income and statement of changes in equity. The long-term share awards will vest in the future only if all the criteria set out on pages 38 to 39 are met.

TOTAL REMUNERATION OF NON-EXECUTIVE DIRECTORS

	Directors' fees R'000	Lead independent director R'000	Audit committee R'000	Remuneration committee R'000	Nominations committee R'000	Corporate finance committee R'000	Social and ethics committee R'000	Employee share trust R'000	Total remuneration R'000
2019									
Gareth Ackerman	4 438.0	-	-	-	-	-	-	-	4 438.0
David Friedland	413.0	-	138.0	-	85.0	-	-	-	636.0
Hugh Herman	413.0	138.0	138.0	181.0	-	-	-	40.0	910.0
Alex Mathole	413.0	-	-	-	-	-	90.0	-	503.0
Audrey Mothupi	413.0	-	138.0	90.0	-	-	-	40.0	681.0
Lorato Phalatse*	206.5	-	-	-	42.5	61.5	45.0	-	355.5
David Robins	413.0	-	-	-	-	-	-	-	413.0
Jeff van Rooyen	413.0	-	340.0	90.0	-	-	-	40.0	883.0
Total remuneration	7 122.5	138.0	754.0	361.0	127.5	61.5	135.0	120.0	8 819.5
2018									
Gareth Ackerman	4 187.0	-	-	-	-	-	-	-	4 187.0
David Friedland	390.0	-	130.0	-	80.0	-	-	-	600.0
Hugh Herman	390.0	130.0	130.0	171.0	-	-	-	38.0	859.0
Alex Mathole	390.0	-	-	-	-	-	42.5	-	432.5
Audrey Mothupi	390.0	-	130.0	85.0	-	-	-	38.0	643.0
Lorato Phalatse	390.0	-	-	-	80.0	-	85.0	-	555.0
David Robins	390.0	-	-	-	-	-	-	-	390.0
Jeff van Rooyen	390.0	-	321.0	85.0	-	-	-	38.0	834.0
Total remuneration	6 917.0	130.0	711.0	341.0	160.0	-	127.5	114.0	8 500.5

* Lorato Phalatse resigned as a director of Pick n Pay Stores Limited on 31 August 2018.



SHARE AWARDS GRANTED TO EXECUTIVE DIRECTORS

2019	Calendar year granted	Award grant price R	Balance held at 25 February 2018	Granted/ (exercised)	Exercise price R	Balance held at 3 March 2019	Available for take-up
Richard Brasher							
Share options	2012	42.24	1 000 000	(1 000 000)	74.05	-	n/a
	2012	42.24	1 000 000	(1 000 000)*	74.05	-	n/a
Forfeitable shares	2015	Nil	220 000	(220 000)	78.38	-	n/a
	2016	Nil	230 000	-	-	230 000	June 2019
	2017	Nil	400 000	-	-	400 000	June 2020
	2018	Nil	-	1 000 000	-	1 000 000	June 2021
			2 850 000	(1 220 000)		1 630 000	
Richard van Rensburg							
Share options	2016	31.14	487 464	-	-	487 464	Now
Forfeitable shares	2015	Nil	35 000	(35 000)	78.38	-	n/a
	2016	Nil	45 000	-	-	45 000	June 2019
	2017	Nil	140 000	-	-	140 000	June 2020
	2018	Nil	-	30 000	-	30 000	June 2021
			707 464	(5 000)		702 464	
Bakar Jakoet							
Share options	2003	12.00	250 000	(250 000)	80.67	-	n/a
	2005	23.59	195	(195)	80.67	-	n/a
	2007	31.15	5 779	(5 779)	80.67	-	n/a
	2008	23.24	293	(293)	80.67	-	n/a
	2008	26.55	7 907	(7 907)	80.67	-	n/a
	2008	26.14	150 000	-	-	150 000	Now
	2009	28.20	12 413	(12 413)	80.67	-	n/a
	2010	32.82	195	(195)	80.67	-	n/a
	2010	42.28	1 799	(1 799)	80.67	-	n/a
	2011	41.70	500 000	-	-	500 000	Now
Forfeitable shares	2014	46.44	195	(195)	80.67	-	n/a
	2015	Nil	35 000	(35 000)	78.38	-	n/a
	2016	Nil	45 000	-	-	45 000	June 2019
	2017	Nil	140 000	-	-	140 000	June 2020
	2018	Nil	-	30 000	-	30 000	June 2021
			1 148 776	(283 776)		865 000	
Suzanne Ackerman-Berman							
Share options	2008	26.14	100 000	(100 000)	66.27	-	n/a
	2008	26.14	-	-	-	-	n/a
	2016	58.10	196	(196)	66.27	-	n/a
Forfeitable shares	2015	Nil	20 000	(20 000)	78	-	n/a
	2016	Nil	25 000	-	-	25 000	June 2019
	2017	Nil	80 000	-	-	80 000	June 2020
	2018	Nil	-	15 000	-	15 000	June 2021
			225 196	(105 196)		120 000	
Jonathan Ackerman							
Share options	2008	26.14	100 000	(100 000)	66.27	-	n/a
Forfeitable shares	2015	Nil	20 000	(20 000)	78.38	-	n/a
	2016	Nil	25 000	-	-	25 000	June 2019
	2017	Nil	40 000	-	-	40 000	June 2020
	2018	Nil	-	8 000	-	8 000	June 2021
			185 000	(112 000)		73 000	

* The exercising of these binary options was subject to specific performance criteria relating to the growth of the Company's share price over the term of the option. These performance criteria were met during the period under review; refer to page 37 for more information.

DIRECTORS' INTERESTS IN PICK N PAY STORES LIMITED ORDINARY SHARES

2019	How held*	Balance held at 25 February 2018	Additions/ grants	Disposals	Balance held at 3 March 2019 [Ⓢ]	Beneficial/ non-beneficial interest
Gareth Ackerman	direct	309	-	-	309	Beneficial
	indirect	1 653 200	34 000	-	1 687 200	Beneficial
	indirect	19 762	-	-	19 762	Non-beneficial
Ackerman Pick n Pay Foundation**	indirect	101 900	-	-	101 900	Non-beneficial
Ackerman Investment Holdings Proprietary Limited***	indirect	124 677 238	-	-	124 677 238	Non-beneficial
Mistral Trust****	indirect	2 720 008	15 000	-	2 735 008	Non-beneficial
Richard Brasher	direct	604 770	220 000	(361 192)	463 578	Beneficial
	direct - FSP	850 000	1 000 000	(220 000)	1 630 000	Beneficial
Bakar Jakoet	direct	758 764	-	-	758 764	Beneficial
	direct - FSP	220 000	30 000	(35 000)	215 000	Beneficial
	indirect	13 059	-	-	13 059	Non-beneficial
Richard van Rensburg	direct	291 439	35 000	(35 000)	291 439	Beneficial
	direct - FSP	220 000	30 000	(35 000)	215 000	Beneficial
Suzanne Ackerman-Berman	direct	120 528	-	-	120 528	Beneficial
	direct - FSP	125 000	15 000	(20 000)	120 000	Beneficial
	indirect	554 356	53 313	(9 060)	598 609	Beneficial
Jonathan Ackerman	direct	122 888	-	-	122 888	Beneficial
	direct - FSP	85 000	8 000	(20 000)	73 000	Beneficial
	indirect	655 190	80 556	(9 060)	726 686	Beneficial
	indirect	11 039	-	-	11 039	Non-beneficial
David Friedland	direct	31 688	5 000	-	36 688	Beneficial
David Robins	direct	975	-	-	975	Beneficial
	indirect	90 436	-	-	90 436	Non-beneficial
Hugh Herman	direct	30 000	-	-	30 000	Beneficial
	indirect	256	-	-	256	Beneficial
Alex Mathole	direct	86	-	-	86	Beneficial

* Direct interests represent a holding in the director's personal capacity and indirect interests represent a holding by a trust, of which the director is a trustee, or a spouse and minor children of directors.

** The indirect non-beneficial interest in the Ackerman Pick n Pay Foundation represents the holdings of Gareth Ackerman and Suzanne Ackerman-Berman in their capacity as trustees.

*** The indirect non-beneficial interest in the Ackerman Investment Holdings Proprietary Limited represents a portion of the holdings of Gareth Ackerman, Suzanne Ackerman-Berman and Jonathan Ackerman.

**** The indirect non-beneficial interest in Mistral Trust represents a portion of the holdings of Gareth Ackerman, Suzanne Ackerman-Berman and Jonathan Ackerman in their capacity as trustees and/or potential beneficiaries.

Ⓢ There have been no changes in the directors' interest in shares since 3 March 2019 up to the date of approval of the 2019 audited Group annual financial statements.

REMUNERATION REPORT (continued)

DIRECTORS' INTERESTS IN PICK N PAY STORES LIMITED B SHARES

2019	How held*	Balance held at 25 February 2018	Additions/ (disposals)	Balance held at 3 March 2019 [®]	Beneficial/ non-beneficial interest
Gareth Ackerman	direct	522	-	522	Beneficial
	indirect	3 227 861	-	3 227 861	Beneficial
	indirect	39 140	-	39 140	Non-beneficial
Ackerman Investment Holdings Proprietary Limited**	indirect	246 936 847	-	246 936 847	Non-beneficial
Mistral Trust ***	indirect	5 349 559	-	5 349 559	Non-beneficial
Suzanne Ackerman-Berman	direct	233 767	-	233 767	Beneficial
	indirect	926 084	-	926 084	Beneficial
Jonathan Ackerman	direct	243 307	-	243 307	Beneficial
	indirect	1 135 009	-	1 135 009	Beneficial
	indirect	21 862	-	21 862	Non-beneficial
David Robins	direct	1 931	-	1 931	Beneficial
	indirect	179 118	-	179 118	Non-beneficial

* Direct interests represent a holding in the director's personal capacity and indirect interests represent a holding by a trust, of which the director is a trustee, or a spouse and minor children of directors.

** The indirect non-beneficial interest in Ackerman Investment Holdings Proprietary Limited represents a portion of the holdings of Gareth Ackerman, Suzanne Ackerman-Berman and Jonathan Ackerman.

*** The indirect non-beneficial interest in Mistral Trust represents a portion of the holdings of Gareth Ackerman, Suzanne Ackerman-Berman and Jonathan Ackerman in their capacity as trustees and/or potential beneficiaries.

® There have been no changes in the directors' interest in shares since 3 March 2019 up to the date of approval of the 2019 audited Group annual financial statements.

SOCIAL AND ETHICS COMMITTEE



SUZANNE ACKERMAN-BERMAN | CHAIRMAN OF THE SOCIAL AND ETHICS COMMITTEE

Members: Alex Mathole, Lorato Phalatse*, David Robins#

* resigned during the 2019 financial period

appointed during the 2019 financial period

THE ROLE OF THE COMMITTEE AND WHAT THE COMMITTEE FOCUSED ON DURING THE YEAR

The social and ethics committee operates in accordance with the requirements of the Companies Act and King IV and is governed by a Board-approved charter, which is reviewed and approved annually by the Board.

Guidelines for the committee include the anti-corruption principles of the Organisation for Economic Co-operation and Development (OECD), the Employment Equity Act, as well as elements of the Johannesburg Stock Exchange Socially Responsible Index criteria and the Broad-Based Black Economic Empowerment Act.

The committee met three times during the period to review performance in the following areas, as required by the Companies Act:

- Animal practices
- Anti-corruption practices
- Consumer safety
- Employee welfare and relations
- Ethical business practice
- Legislative compliance
- Responsible sourcing
- Social and environmental responsibility
- Transformation

The committee monitored the Group's activities in relation to relevant policies, legislation and regulation and best practice in corporate governance.

Among other issues, the meetings dealt with key topics such as the plastics and packaging reduction programme, updates to the anti-bribery and corruption (ABC) policy and the gifts policy, updates to the whistleblowing policy, risks arising from use of email and the internet as well as cyber-crime, and measures taken to ensure that the company respects the intellectual property of suppliers and prospective suppliers. The status of the national water supply, and specifically water supply in the Western Cape, continued to be monitored.

The committee's objective is to ensure that high ethical standards are applied in all areas of the business, and to review and approve the policy, strategy and structure for managing the social issues in the Group in accordance with our long-standing principle that "doing good is good business".

The committee confirms that no material issues were identified during the period. In accordance with its charter, the committee effectively discharged its statutory duties and responsibilities over the period.

COMMITTEE MEMBERSHIP

The resignation of Lorato Phalatse, an independent non-executive director, on 31 August 2018 led to an adjustment of membership, with a non-executive director being appointed to take the position with effect from 11 February 2019. As at the end of the 2019 financial period, the committee members include an executive director and two non-executive directors, as well as the Company Secretary, executives responsible for strategy and human resources, senior management and technical experts on areas of mandate. All levels and areas of expertise across the Group are represented on the committee. Additional advisers attend meetings by invitation, depending on agenda items to be discussed.

Suzanne Ackerman-Berman
Chairman: Social and ethics committee
21 June 2019

LEGAL REPORT

COMPLIANCE

The compliance framework rests on the Group's comprehensive set of policies. Statutory developments are continuously monitored, and the compliance regime is regularly updated to reflect governance best practice and the evolving regulatory environment. All employees and companies in the Group are obliged to comply with these policies.

In order to monitor compliance with statutes and regulations that have a bearing on the retail industry, questionnaires based on relevant statutes are distributed bi-annually to departments.

Compliance questionnaires perform the dual function of monitoring compliance and educating employees on the requirements of statutory and regulatory compliance in the retail sector. Employees are trained in sessions dealing with important legal issues arising from statutory provisions. Current areas of focus include the Protection of Personal Information Act, the Consumer Protection Act and suggested amendments to the Competition Act and the Companies Act, as well as the communication of the Company's Code of Ethics. Training sessions were conducted with employees regarding intellectual property rights, as protected by the Trade Marks Act and the Copyright Act.

The compliance questionnaires are audited internally to ensure accurate reporting. Management self-assessment is being implemented.

We adopted an updated anti-bribery and corruption (ABC) policy outlining the Group's commitment to combating corruption, bribery and anti-competitive collusion. The ABC policy is aimed at ensuring the maintenance of our standards and behaviours in accordance with our long-standing ethical principles.

No judgements, damages, penalties or fines for non-compliance with any legislation were recorded or levied against any company in the Group, or against any director, officer or employee during the period under review.

Each year, the executive directors and relevant members of senior management declare that to the best of their knowledge, they and the companies they serve have complied with all relevant statutes and regulations. No incidents of contravention of the policies or the statutes were reported.

LITIGATION MATTERS

The Company and its subsidiaries are not involved, and have not in the 2019 financial period been involved in any legal or arbitration proceedings which may have or have had a material effect on the financial position of the Group, nor is the Company aware of any such proceedings that are pending or threatened.

COMPETITION COMMISSION

The terms of reference for the Competition Commission's market inquiry into the grocery retail sector were announced in November 2015. The Competition Commission released its preliminary findings on 29 May 2019, indicating that it believes there is a combination of features in the grocery retail sector that may be preventing, distorting or restricting competition and, ultimately, adversely affecting consumers and households. Their focus, among other things, includes:

1. The impact (negative and positive effects) of the entry of national supermarket chains into townships, peri-urban areas and rural areas and the informal economy
2. The impact of long-term exclusive lease agreements and the role of financiers
3. Regulations and by-laws as a barrier to entry and expansion in the sector
4. The impact of buyer groups and buyer power of purchasers of fast-moving consumer goods on competition in the sector

Pick n Pay believes that the existing structure of the South African grocery retail sector is competitive and dynamic, and to the benefit of consumers. The growth of large-scale grocery retail benefits families through access to safe and affordable food. Furthermore, Pick n Pay believes that the expansion of formal retailers into townships and other areas is good for consumers and has not inhibited a thriving informal and independent sector. Small, independent stores play an important role alongside major retailers.

The growth of the formal sector also benefits the economy through providing secure jobs, formal training, compliance with food safety and other standards, as well as increasing resources through taxation of the formal sector.

The Company actively supports small businesses, for example, through our purchasing and supply chain practices, as well as through the Ackerman Pick n Pay Foundation.

Pick n Pay believes that no anti-competitive behaviour exists in relation to long-term exclusive lease agreements, which have over many years given developers and retailers the confidence to invest and serve customers better.





SHAREHOLDERS' INFORMATION

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Attached	Form of proxy
IBC	Corporate information

ANALYSIS OF ORDINARY SHAREHOLDERS

PICK N PAY STORES LIMITED

SHAREHOLDER SPREAD	Number of shareholders		Number of shares	
		%		%
1 – 1 000 shares	7 989	63.2	2 222 641	0.5
1 001 – 10 000 shares	3 330	26.4	10 764 220	2.2
10 001 – 100 000 shares	960	7.6	31 684 334	6.4
100 001 – 1 000 000 shares	287	2.3	86 745 963	17.6
1 000 001 shares and over	63	0.5	362 033 163	73.3
Total	12 629	100.0	493 450 321	100.0

PUBLIC/NON-PUBLIC SHAREHOLDERS	Number of shareholders		Number of shares	
		%		%
Non-public shareholders	16	0.1	150 556 998	30.5
Ackerman Investment Holdings (Pty) Ltd	1	0.0	124 677 238	25.3
Mistral Trust	1	0.0	2 735 008	0.6
Ackerman Pick n Pay Foundation	1	0.0	101 900	0.0
Directors of Pick n Pay Stores Limited	10	0.1	4 972 302	1.0
Shares held on behalf of FSP participants	1	0.0	8 494 000	1.7
Pick n Pay Retailers Proprietary Limited	1	0.0	155 000	0.0
The Pick n Pay Employee Share Purchase Trust	1	0.0	9 421 550	1.9
Public shareholders	12 613	99.9	342 893 323	69.5
Total	12 629	100.0	493 450 321	100.0

BENEFICIAL SHAREHOLDERS HOLDING 1% OR MORE	Number of shares	
		%
Ackerman Investment Holdings (Pty) Ltd	124 677 238	25.3
Public Investment Corporation Limited	56 339 744	11.4
Coronation Balanced Plus Fund	16 599 950	3.4
GIC Private Limited	11 867 648	2.4
Alexander Forbes Investments	11 991 423	2.4
The Pick 'n Pay Employee Share Purchase Trust	9 421 550	1.9
Shares held on behalf of FSP participants	8 494 000	1.7
Vanguard Emerging Markets Stock Index Fund (US)	6 608 089	1.3
Vanguard Total International Stock Index Fund	5 410 530	1.1

ANALYSIS OF B SHAREHOLDERS

PICK N PAY STORES LIMITED

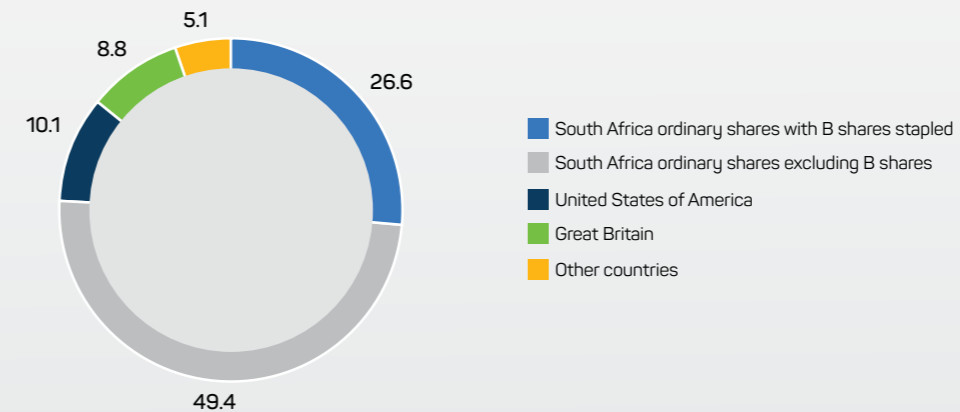
B shares are stapled to ordinary shares and cannot be traded separately from each other. Stapled ordinary shares, together with B shares, are subject to restrictions on disposal. The holders of B shares are entitled to the same voting rights as holders of ordinary shares, but are not entitled to dividends or any other economic benefits.

SHAREHOLDER SPREAD	Number of shareholders		Number of shares	
		%		%
1 – 1 000 shares	1	3.9	1 100	–
1 001 – 10 000 shares	7	26.9	52 868	–
10 001 – 100 000 shares	8	30.8	223 670	0.1
100 001 – 1 000 000 shares	5	19.2	1 582 276	0.6
1 000 001 shares and over	5	19.2	257 822 955	99.3
Total	26	100.0	259 682 869	100.0

PUBLIC/NON-PUBLIC SHAREHOLDERS	Number of shareholders		Number of shares	
		%		%
Non-public shareholders	6	23.1	258 295 007	99.5
Ackerman Investment Holdings (Pty) Ltd	1	3.9	246 936 847	95.1
Directors of Pick n Pay Stores Limited	4	15.3	6 008 601	2.3
Mistral Trust	1	3.9	5 349 559	2.1
Public shareholders	20	76.9	1 387 862	0.5
Total	26	100.0	259 682 869	100.0

BENEFICIAL SHAREHOLDERS HOLDING 1% OR MORE	Number of shares	
		%
Ackerman Investment Holdings (Pty) Ltd	246 936 847	95.1
Mistral Trust	5 349 559	2.1
Gareth Ackerman	3 228 383	1.2

GEOGRAPHIC SPREAD OF SHAREHOLDERS – %



SHAREHOLDERS' INFORMATION

ANNUAL GENERAL MEETING – 30 JULY 2019

The 51st annual general meeting of shareholders of Pick n Pay Stores Limited (AGM) will be held at the Pick n Pay Office Park, 101 Rosmead Avenue, Kenilworth, Cape Town 7708 on Tuesday, 30 July 2019.

Registration for the AGM will commence at 08:00.

The minutes of the previous year's AGM held on 30 July 2018 are available on our investor relations website at www.picknpayinvestor.co.za.

DIVIDENDS

JSE share code: PIK

ISIN code: ZAE000005443

	Number	Amount (cents)	Last day of trade	Date of payment
Interim	97	29.90	6 December 2016	12 December 2016
Final	98	146.40	6 June 2017	12 June 2017
Interim	99	33.40	5 December 2017	11 December 2017
Final	100	155.40	5 June 2018	11 June 2018
Interim	101	39.10	4 December 2018	10 December 2018
Final	102	192.00	4 June 2019	10 June 2019
Interim	103		3 December 2019*	9 December 2019*
Final	104		2 June 2020*	8 June 2020*

* Estimated

2020 RESULTS ANNOUNCEMENTS

Interim to 26 August 2018	October 2018
Final to 3 March 2019	April 2019
Interim to 1 September 2019	October 2019
Final to 1 March 2020	April 2020

PUBLICATION OF ANNUAL FINANCIAL STATEMENTS

2019	June 2019
2020	June 2020

PUBLICATION OF INTEGRATED ANNUAL REPORT AND CORPORATE GOVERNANCE REPORT

2019	June 2019
2020	June 2020

PUBLICATION OF SUSTAINABILITY REPORT (EVERY TWO YEARS)

2019	June 2019
2021	June 2021

NOTICE OF ANNUAL GENERAL MEETING

The 51st annual general meeting (AGM) of shareholders of Pick n Pay Stores Limited (the Company, alternatively Stores) for the 2019 annual financial period will be held at 08:30 on Tuesday, 30 July 2019. Shareholders or their proxies are invited to attend the AGM at the registered office of the Company, situated at Pick n Pay Office Park, 101 Rosmead Avenue, Kenilworth, Cape Town, 7708. To ensure that registration procedures are completed by 08:30, please register for the AGM from 08:00.

All mentions of the "Companies Act" in this notice of AGM and the ordinary and special resolutions set out below are references to the South African Companies Act, No 71 of 2008, as amended.

The Board of directors of the Company has established that the record date for the purpose of determining which shareholders of the Company are entitled to receive notice of the 51st AGM is Friday, 28 June 2019 and the record date for purposes of determining which shareholders of the Company are entitled to participate in and vote at the AGM is Friday, 19 July 2019. Accordingly, only shareholders who are registered in the register of members of the Company on Friday, 19 July 2019 will be entitled to participate in and vote at the AGM.

Each of the ordinary and special resolutions set out below may be proposed and passed, with or without modification or amendment, at the AGM or at any postponement or adjournment of the AGM.

Ordinary resolutions require the approval of at least 50% (fifty percent) of the voting rights plus 1 (one) vote exercised on the resolution. Special resolutions require the approval of at least 75% (seventy-five percent) of the voting rights exercised on the resolutions.

The purpose of the AGM is for the following business to be transacted and for the following special and ordinary resolutions to be proposed:

1. TO PRESENT THE AUDITED ANNUAL FINANCIAL STATEMENTS, THE DIRECTORS' REPORT AND THE AUDIT, RISK AND COMPLIANCE COMMITTEE'S REPORT OF THE COMPANY FOR THE 2019 ANNUAL FINANCIAL PERIOD

The full annual financial results are published on the Pick n Pay website, www.picknpayinvestor.co.za, or can be requested from the Company Secretary at demuller@pnp.co.za. The audit, risk and compliance committee's report of the Company and its subsidiaries is set out in the corporate governance section of the integrated annual report.

2. ORDINARY RESOLUTION NUMBER 1

Appointment of external auditors

"RESOLVED that Ernst & Young Inc. are hereby appointed as the external auditors of the Company."

The audit, risk and compliance committee has recommended the reappointment of Ernst & Young Inc. as external auditors of the Company.

3. ORDINARY RESOLUTION NUMBER 2

Reappointment of directors

Curricula vitae of directors to be elected are presented on pages 61 and 62.

Hugh Herman, Jeff van Rooyen, David Friedland, Suzanne Ackerman-Berman and Jonathan Ackerman retire in accordance with the Company's Memorandum of Incorporation (MOI). Hugh Herman and Jeff van Rooyen have served on the Board for more than nine years. Being eligible, they offer themselves for further terms of one year. David Friedland, Suzanne Ackerman-Berman and Jonathan Ackerman offer themselves for three-year terms.

The Board recommends the re-election of Hugh Herman, Jeff van Rooyen, David Friedland, Suzanne Ackerman-Berman and Jonathan Ackerman.

Shareholders are requested to consider and, if deemed fit, re-elect Hugh Herman, Jeff van Rooyen, David Friedland, Suzanne Ackerman-Berman and Jonathan Ackerman by way of passing the separate ordinary resolutions set out below:

ORDINARY RESOLUTION NUMBER 2.1

Appointment of Hugh Herman as director

"RESOLVED that Hugh Herman be and is hereby elected as a director of the Company for a term of one-year."

ORDINARY RESOLUTION NUMBER 2.2

Appointment of Jeff van Rooyen as director

"RESOLVED that Jeff van Rooyen be and is hereby elected as a director of the Company for a term of one-year."

ORDINARY RESOLUTION NUMBER 2.3

Appointment of David Friedland as director

"RESOLVED that David Friedland be and is hereby elected as a director of the Company for a term of three years."

ORDINARY RESOLUTION NUMBER 2.4

Appointment of Suzanne Ackerman-Berman as director

"RESOLVED that Suzanne Ackerman-Berman be and is hereby elected as a director of the Company for a term of three years."

ORDINARY RESOLUTION NUMBER 2.5

Appointment of Jonathan Ackerman as director

"RESOLVED that Jonathan Ackerman be and is hereby elected as a director of the Company for a term of three years."

4. ORDINARY RESOLUTION NUMBER 3

Appointment of audit, risk and compliance committee members for the 2020 annual financial period

Curricula vitae are presented on page 62.

ORDINARY RESOLUTION NUMBER 3.1

Appointment of Jeff van Rooyen as a member of the audit, risk and compliance committee

"RESOLVED that Jeff van Rooyen be and is hereby elected as a member of the audit, risk and compliance committee of the Company for the 2020 annual financial period, subject to his re-election as a director of the Company in terms of ordinary resolution number 2.2."

ORDINARY RESOLUTION NUMBER 3.2

Appointment of Hugh Herman as a member of the audit, risk and compliance committee

"RESOLVED that Hugh Herman be and is hereby elected as a member of the audit, risk and compliance committee of the Company for the 2020 annual financial period, subject to his re-election as a director of the Company in terms of ordinary resolution number 2.1."

ORDINARY RESOLUTION NUMBER 3.3

Appointment of Audrey Muthupi as a member of the audit, risk and compliance committee

"RESOLVED that Audrey Muthupi be and is hereby elected as a member of the audit, risk and compliance committee of the Company for the 2020 annual financial period."

ORDINARY RESOLUTION NUMBER 3.4

Appointment of David Friedland as a member of the audit, risk and compliance committee

"RESOLVED that David Friedland be and is hereby elected as a member of the audit, risk and compliance committee of the Company for the 2020 annual financial period, subject to his re-election as a director of the Company in terms of ordinary resolution number 2.3."

5. ADVISORY VOTE

Remuneration policy and report for the 2019 annual financial period

The directors table the remuneration report for the 2019 annual financial period. The remuneration policy and report are set out from page 28.

ADVISORY VOTE NUMBER 1

Endorsement of the remuneration policy

"RESOLVED that, by way of a non-binding advisory vote, the remuneration policy of the Company as outlined in the remuneration report in the integrated annual report, is endorsed."

As this is a non-binding advisory vote, no minimum voting threshold is required. Nevertheless, for record purposes, in terms of the King IV Report on Corporate Governance for South Africa, 2016 (King IV) more than 75% of the voting rights exercised on this resolution must be cast in favour for it to be adopted. This non-binding advisory vote allows shareholders to express their views on the remuneration policy adopted by the Company. In the event that 25% or more of the voting rights exercised are cast against this resolution, the Board will invite dissenting shareholders to engage with the remuneration committee regarding their concerns in line with the provisions of the JSE Limited (JSE) Listings Requirements (JSE Listings Requirements).

ADVISORY VOTE NUMBER 2

Endorsement of the remuneration implementation report

"RESOLVED that, by way of a non-binding advisory vote, the remuneration implementation report of the Company as outlined in the remuneration report in the integrated annual report, is endorsed."

As this is a non-binding advisory vote; no minimum voting threshold is required. Nevertheless, for record purposes, in terms of King IV, more than 75% of the voting rights exercised on this resolution must be cast in favour for it to be adopted. This non-binding advisory vote allows shareholders to express their views on the Company's remuneration implementation report. In the event that 25% or more of the voting rights exercised are cast against this resolution, the Board will invite dissenting shareholders to engage with the remuneration committee regarding their concerns in line with the provisions of the JSE Listings Requirements.

6. SPECIAL RESOLUTION NUMBER 1

Directors' fees for the 2020 and 2021 annual financial periods

"RESOLVED, as a special resolution, that the directors' fees, to be paid to the directors in their capacity as directors only, for the 2020 annual period, and to be increased by Consumer Price Index for the 2021 annual financial period, be as follows:

- Chairman: R4 660 000 (previously R4 438 000)
- Lead non-executive director: R145 000 (previously R138 000)
- Non-executive directors: R435 000 (previously R413 000)
- Chairman of the audit, risk and compliance committee: R375 000 (previously R340 000)
- Chairman of the remuneration committee: R200 000 (previously R181 000)
- Chairman of the corporate finance committee: R200 0000* (previously R193 000)
- Member of the audit, risk and compliance committee: R145 000 (previously R138 000)
- Member of the remuneration committee: R94 500 (previously R90 000)

- Member of the nominations committee: R90 000 (previously R85 000)
 - Member of the social and ethics committee: R94 500 (previously R90 000)
 - Member of the corporate governance committee: R90 000 (previously unpaid)
 - Member of the corporate finance committee: R135 000* (previously R130 000)
- Where applicable, directors' fees are exclusive of VAT."

* *The corporate finance committee is an ad hoc committee. In the event that it is convened during the financial period, fees to be paid shall not exceed the annual fees proposed in special resolution number 1.*

Reason for and effect of special resolution number 1

The reason for special resolution number 1 is to obtain shareholder approval for the remuneration of each of the directors of the Company in accordance with section 66(9) of the Companies Act. The passing of this special resolution will have the effect of approving the remuneration of each of the directors of the Company in accordance with section 66(9) of the Companies Act.

This authority will be in place for a period of two years from the date of adoption of this special resolution number 1 or until superseded by another special resolution, whichever is the shorter period of time.

7. SPECIAL RESOLUTION NUMBER 2

Provision of financial assistance to related or inter-related companies and others

The Board undertakes that it shall not adopt any resolution to authorise financial assistance as contemplated in the special resolutions numbered 2.1 and 2.2 unless the Board of directors of the Company:

- is satisfied that immediately after providing such financial assistance, the Company will satisfy the solvency and liquidity test as referred to in section 45(3)(b)(i) of the Companies Act; and
- is satisfied that the terms under which such financial assistance is proposed to be given are fair and reasonable to the Company as contemplated in section 45(3)(b)(ii) of the Companies Act; and
- has ensured that, to the extent which may be applicable, any conditions or restrictions in respect of the granting of financial assistance set out in the Company's MOI have been satisfied as contemplated in section 45(4) of the Companies Act.

SPECIAL RESOLUTION NUMBER 2.1

Provision of financial assistance to related or inter-related companies

"RESOLVED, as a special resolution, that the Board of directors be and is hereby authorised to the extent required by section 45 of the Companies Act as a general approval, to authorise the Company to provide any direct or indirect financial assistance ("financial assistance" having the meaning attributed to such term in section 45(1) of the Companies Act) that the Board may deem fit to any one or more related or inter-related companies or corporations ("related" and "inter-related" having the meaning attributed to such terms in section 2 of the Companies Act), on the terms and conditions and for the amounts that the Board of directors may determine."

NOTES ON THE INTERPRETATION OF SPECIAL RESOLUTION NUMBER 2.1

This authority is required in order to grant the Board of directors the authority to authorise the Company to provide inter-Group loans and other financial assistance for the purpose of funding the day-to-day operational decisions of the Group.

Reason for and effect of special resolution number 2.1

The reason for and effect of special resolution number 2.1 is to grant the directors of the Company the general authority to provide direct and indirect financial assistance to any company or corporation forming part of the Group, by way of loan, guarantee, the provision of security or otherwise. This authority will be in place for a period of two years from the date of adoption of this special resolution number 2.1, or until superseded by another special resolution, whichever is the shorter period of time.

SPECIAL RESOLUTION NUMBER 2.2

Provision of financial assistance to persons

"RESOLVED, as a special resolution, that the Board of directors be and is hereby authorised to the extent required by section 45 of the Companies Act as a general approval, to authorise the Company to provide any direct or indirect financial assistance ("financial assistance" having the meaning attributed to such term in section 45(1) of the Companies Act) that the Board may deem fit to an employee of the Company or its subsidiaries, on the terms and conditions and for the amounts that the Board of directors may determine, within the Company's existing housing loan policy."

NOTES ON THE INTERPRETATION OF SPECIAL RESOLUTION NUMBER 2.2

This special resolution allows the Company to continue with its existing policy of providing financial assistance to employees. The policy will continue to be limited to housing loans that may be extended to executives and management of the Group. In terms of this policy, no loans are extended to non-executive directors or to related parties. All loans are secured against the employee's retirement funding. All loans bear interest at varying rates, subject to a maximum rate of 8% (eight percent), and have varying repayment terms. The Company does not intend to amend this policy in the foreseeable future.

This special resolution does not authorise the provision of financial assistance to a person related to an employee of the Company or any of its subsidiary companies.

Reason for and effect of special resolution number 2.2

The reason for and effect of special resolution number 2.2, is to grant the directors of the Company the general authority to provide direct or indirect financial assistance to an employee of the companies in the Group, by way of loan, guarantee, the provision of security or otherwise. This authority will be in place for a period of two years from the date of adoption of this special resolution number 2.2, or until superseded by another special resolution, whichever is the shorter period of time.

8. SPECIAL RESOLUTION NUMBER 3

General approval to repurchase Company shares

“RESOLVED, as a special resolution, that the Company hereby approves, as a general approval, the acquisition by the Company or any of its subsidiaries, from time to time, of the issued shares of the Company upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, but subject to the MOI of the Company, the provisions of the Companies Act, and the JSE Listings Requirements as presently constituted and which may be amended from time to time, and provided that acquisitions by the Company and its subsidiaries of shares in the capital of the Company may not, in the aggregate, exceed in any one financial year 5% (five percent) of the Company's issued share capital of the class of repurchased shares from the date of the grant of this general approval.”

Additional requirements imposed by the JSE Listings Requirements

It is recorded that the Company or its subsidiaries may only make a general acquisition of shares if the following JSE Listings Requirements are met:

- any such acquisition of shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company or its subsidiaries and the counterparty or in any other manner approved by the JSE;
- the general approval shall only be valid until the Company's next AGM, or for 15 (fifteen) months from the date of passing of this special resolution, whichever period is shorter;
- an announcement will be made as soon as the Company and/or its subsidiaries has/have acquired shares in terms of this authority constituting, on a cumulative basis, 3% (three percent) of the number of shares of the class of shares acquired in issue at the time of granting of this general approval and for each 3% (three percent) in aggregate of the initial number of that class of shares acquired thereafter, which announcement shall contain full details of such acquisitions as required by paragraph 11.27 of the JSE Listings Requirements;

- in determining the price at which shares are acquired by the Company or its subsidiaries in terms of this general approval, the maximum price at which such shares may be acquired may not be greater than 10% (ten percent) above the weighted average of the market value at which such shares are traded on the JSE, as determined over the 5 (five) business days immediately preceding the date of the acquisition of such shares by the Company or its subsidiaries;
- a resolution by the Board of directors of the Company that they authorised the repurchase, that the Company passed the solvency and liquidity test, and that since the test was done there have been no material changes to the financial position of the Group; and
- the Company and/or its subsidiaries may not repurchase any shares in terms of this authority during a prohibited period, as defined in the JSE Listings Requirements, unless there is a repurchase programme in place where dates and quantities of shares to be traded during the prohibited period are fixed and full details of the programme have been submitted to the JSE prior to the commencement of the prohibited period.

Statement by the Board of directors of the Company

Pursuant to the JSE Listings Requirements the Board of directors of the Company hereby states that:

- the intention of the directors of the Company is to utilise the general approval to repurchase shares in the capital of the Company if at some future date the cash resources of the Company are in excess of its requirements or there are other good grounds for doing so. In this regard, the directors will take account of, inter alia, an appropriate capitalisation structure for the Company, the long-term cash needs of the Company and the interests of the Company;
- in determining the method by which the Company intends to repurchase its securities, the maximum number of securities to be repurchased and the date on which such repurchase will take place, the directors of the Company will only make repurchases if, at the time of the repurchase, they are of the opinion that:
 - the Company and its subsidiaries will, after the repurchase, be able to pay their debts as they become due in the ordinary course of business for the 12 (twelve) month period following the date of the repurchase;
 - the consolidated assets of the Company and its subsidiaries, fairly valued and recognised and measured in accordance with the accounting policies used in the latest audited financial statements, will, after the repurchase, be in excess of the consolidated liabilities of the Company and its subsidiaries for the 12 (twelve) month period following the date of the repurchase;

- the issued share capital and reserves of the Company and its subsidiaries will, after the repurchase, be adequate for the ordinary business purposes of the Company and its subsidiaries for the 12 (twelve) month period following the date of the repurchase; and
- the working capital available to the Company and its subsidiaries will, after the repurchase, be adequate for the ordinary business purposes of the Company and its subsidiaries for the 12 (twelve) month period following the date of the repurchase; and
- the repurchase shall only be effected if the Board of directors has, at the time of the repurchase, passed a resolution authorising the repurchase in terms of sections 48 and 46 of the Companies Act and it reasonably appears that the Company and its subsidiaries have satisfied the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the Company and its subsidiaries.

Directors' responsibility statement

The directors, whose names appear from page 12, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted that would make any statements false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this special resolution contains all information required by law and the JSE Listings Requirements.

Material changes

Other than the facts and developments reported on in terms hereof and in the integrated annual report, there have been no material changes in the financial or trading position of the Company.

Share capital and major shareholders

Shareholders are referred to pages 52 and 53.

Reason for and effect of special resolution number 3

The reason for special resolution number 3 is to grant the Company a general authority in terms of the JSE Listings Requirements for the acquisition by the Company or any of its subsidiaries of shares issued by the Company, which authority shall be valid until the earlier of the next AGM of the Company or the variation or revocation of such general authority by special resolution by any subsequent general meeting of the Company, provided that the general authority shall only be valid until the Company's next AGM, or for 15 (fifteen) months from the date of passing of this special resolution, whichever period is shorter. The passing of this special resolution will have the effect of authorising the Company or any of its subsidiaries to acquire shares issued by the Company.

The Board will exercise this resolution to buy back shares from employees who are exercising their share options, and to cover share scheme obligations, including the forfeitable share plan.

Other than as set out above, the Board has no specific intention, at present, for the Company to repurchase any of its shares, but consider that such a general authority should be put in place should an opportunity present itself to do so during the year, which the Board deems to be in the best interests of the Company and its shareholders, taking prevailing market conditions and other factors into account.

9. ORDINARY RESOLUTION NUMBER 4

Directors' authority to implement special and ordinary resolutions

“RESOLVED that each and every director of the Company be and is hereby authorised to do all such things and sign all such documents as may be necessary for, or incidental to, the implementation of the resolutions passed at this meeting.”

**10. TO TRANSACT SUCH OTHER BUSINESS THAT MAY BE TRANSACTED AT AN AGM
GENERAL INSTRUCTIONS AND INFORMATION**

In addition to the notice and proxy, this document contains:

- Details of the directors of the Company from page 12
- The curricula vitae of directors standing for re-election on page 61
- The curricula vitae of directors nominated for election as members of the audit, risk and compliance committee on page 62
- The remuneration policy from page 32
- The remuneration implementation report from page 40
- The directors' interest in shares on pages 45 and 46

The integrated annual report, incorporating the annual financial statements, is published on the Pick n Pay website, www.picknpayinvestor.co.za, or can be requested from the Company Secretary at demuller@pnp.co.za.

There are no material changes to the Group's financial or trading position, nor are there any material legal or arbitration proceedings (pending or threatened) that may affect the financial position of the Group between the 2019 annual financial period and 28 June 2019.

The directors, whose curricula vitae are on pages 12 to 15, collectively and individually accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no facts that have been omitted that would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the integrated annual report and this document contain all information required by law and the JSE Listings Requirements.

All shareholders are encouraged to attend, speak and vote at the AGM.

ENTITLEMENT TO ATTEND AND VOTE AT THE AGM IN PERSON OR BY PROXY

If you hold certificated shares (i.e. have not dematerialised your shares in the Company) or are registered as an own-name dematerialised shareholder (i.e. have specifically instructed your Central Securities Depository Participant (CSDP) to hold your shares in your own name in the Company subregister) then:

- you may attend and vote at the AGM; alternatively
- you may appoint an individual as a proxy (who need not be a shareholder of the Company) to attend, participate in and speak and vote in your place at the AGM by completing the attached form of proxy. For administrative purposes, it is recommended that the proxy form be returned to the registered office of the Company or to the transfer secretaries, Computershare Investor Services Proprietary Limited (Computershare), the details of which are set out on the inside back cover, by no later than 08:30 on Friday, 26 July 2019. Please note that your proxy may delegate his/her authority to act on your behalf to another person, subject to the restrictions set out in the attached form of proxy. Please also note that the attached form of proxy must be delivered to the registered office of the Company or to the transfer secretaries, Computershare, before the commencement of the AGM so that your proxy may exercise any of your rights as a shareholder at the AGM. The contact details of Computershare are in note 5 to the form of proxy.

Unless revoked before then, a signed proxy form shall remain valid at any adjournment or postponement of the AGM and the proxy so appointed shall be entitled to vote, as indicated on the proxy form, on any resolution (including any resolution which is amended or modified) at such AGM or any adjournment or postponement thereof.

Please note that:

- any shareholder of the Company that is a company may authorise any person to act as its representative at the AGM. Please also note that section 63(1) of the Companies Act requires that persons wishing to participate in the AGM (including a company's representative) must provide reasonably satisfactory identification before they may participate;

- if you are the owner of dematerialised shares (i.e. have replaced the paper share certificates representing the shares with electronic records of ownership under the JSE's electronic settlement system, Strate) held through a CSDP or broker (or their nominee) and are not registered as an "own-name dematerialised shareholder", then you are not a registered shareholder, but your CSDP or broker (or their nominee) would be.

Accordingly, in these circumstances, subject to the mandate between yourself and your CSDP or broker:

- if you wish to attend the AGM, you must contact your CSDP or broker and obtain the relevant letter of representation from it; alternatively
- if you are unable to attend the AGM but wish to be represented, you must contact your CSDP or broker; (or their nominee); and furnish it with your voting instructions in respect of the AGM and/or request it to appoint a proxy. You must not complete the attached form of proxy. The instructions must be provided in accordance with the mandate between yourself and your CSDP or broker within the period required by your CSDP or broker.

CSDPs, brokers or their nominees recorded in the Company's subregister as holders of dematerialised shares held on behalf of an investor/beneficial owner in terms of Strate should, when authorised in terms of their mandate or instructed to do so by the owner on behalf of whom they hold dematerialised shares, vote by either appointing a duly authorised representative to attend and vote at the AGM or by completing the attached form of proxy in accordance with the instructions thereon. For administrative purposes, it is recommended that the proxy form be returned to the registered office of the Company or to the transfer secretaries, Computershare, the details of which are set out in the shareholder information section of the integrated annual report, by no later than 08:30 on Friday, 26 July 2019.

By order of the Board

Debra Muller
Company Secretary
Cape Town

21 June 2019

Pick n Pay Stores Limited

CURRICULA VITAE OF DIRECTORS TO BE ELECTED

Curricula vitae of all directors can be found in the Board of directors section of the integrated annual report, which is published on the Pick n Pay website, www.picknpayinvestor.co.za, or which can be requested from the Company Secretary at demuller@pnp.co.za.

Curricula vitae of directors to be elected to the Board of directors, and to the audit committee, are to be found below.

BOARD OF DIRECTORS

REAPPOINTMENT OF DIRECTORS

Hugh Herman

Attorney, BA LLB, LLD (hc)

Lead non-executive director

Remuneration committee chairman

Hugh was a partner at attorney's firm Sonnenberg Hoffmann & Galombik before joining Pick n Pay in 1976. He was Managing Director of Pick n Pay from 1986, before joining Investec Bank in 1993. Hugh was appointed group chairman of Investec Bank Limited in 1994, a position from which he retired in 2011. Appointed as honorary life president of the Investec Group, Hugh remains chairman of Investec Asset Management.

Other listed company directorships: Growthpoint Properties Limited

Jeff van Rooyen

BCom, Hons BCompt SA, CA(SA)

Audit and risk committee and corporate finance committee chairman

A chartered accountant with extensive experience in both the private and public sectors, Jeff is the founder chief executive officer (CEO) of Uranus Investment Holdings Proprietary Limited. His involvement in the accounting profession over the years is extensive. Former appointments include being a trustee of the IFRS Foundation, chairman of the Public Accountants and Auditors Board (now IRBA) and founding president of the Association for the Advancement of Black Accountants. His public sector record is equally extensive. Former appointments include: chairman of the Financial Reporting Standards Council; executive officer of the Financial Services Board; member of the advisory committee, Faculty of Economics and Management Sciences of the University of Pretoria; and member of the Standing Advisory Committee on Company Law.

Other listed company directorships: MTN Group Limited, Exxaro Resources Limited

David Friedland

BCom, CA(SA)

David was the audit engagement partner and lead/relationship partner at Arthur Andersen and KPMG for several listed companies, as well as large owner-managed companies, principally in the retail sector.

Other listed company directorships: Investec Limited, Investec plc, The Foschini Group Limited

Suzanne Ackerman-Berman

BA, Fellow: Aspen Business Institute; First Movers

Following broad executive experience in the Company, Suzanne was appointed Director of Transformation on the Group Executive in 2007. In addition to her executive contribution to the Company, she was appointed to the Board as a representative of the controlling shareholder in March 2010. Suzanne is chairperson of the social and ethics committee.

Suzanne is active in many areas of philanthropy across different sectors of society. In particular, she is a passionate proponent of enterprise development. She is chairperson of the Ackerman Pick n Pay Foundation and heads the Pick n Pay Small Business Incubator.

Jonathan Ackerman

BA Marketing

Returning to South Africa after studying and working in the USA, Jonathan joined Pick n Pay in 1992. Having worked in many divisions, Jonathan ensures that the well-being of Pick n Pay's customers is the primary motivating factor for any strategic decision taken in the Company in his current role as customer director on the Group Executive. He was appointed to the Board as a representative of the controlling shareholder in March 2010.

AUDIT COMMITTEE

ELECTION OF AUDIT COMMITTEE MEMBERS

Jeff van Rooyen

Please see curriculum vitae on previous page.

Hugh Herman

Please see curriculum vitae on previous page.

Audrey Mothupi

BA (Hons)

Audrey is the CEO of SystemicLogic Group, a global financial innovation and technology disruptor. Audrey's experience spans various business domains including group strategy, talent design, marketing and communications strategy, integrated with strong corporate relationship management. Prior to SystemicLogic Group, Audrey served as the head of inclusive banking at Standard Bank Group and before that as the chief executive of Strategic Services at the Liberty Group of companies.

Audrey is also an independent non-executive director of Life Healthcare Group and Brainworks Capital. She is chairperson of Orange Babies of South Africa, a non-profit organisation focused on the prevention of mother-to-child transmission of HIV/Aids and the care of Aids orphans and vulnerable children across South Africa, Namibia and Zambia. Audrey is a member of the Numeric Board of South Africa, an organisation that focuses on helping young South Africans excel in mathematics and training world-class mathematics teachers.

Other listed company directorships: Life Healthcare Group

David Friedland

Please see curriculum vitae on previous page.

FORM OF PROXY

FOR COMPLETION BY STORES' ORDINARY SHAREHOLDERS WHO HAVE NOT YET DEMATERIALISED THEIR SHARES OR WHO HAVE DEMATERIALISED THEIR SHARES WITH "OWN-NAME" REGISTRATION ONLY

If you wish to appoint a proxy to act on your behalf at the annual general meeting (AGM) of the shareholders of Pick n Pay Stores Limited (the Company, alternatively Stores) to be held at the registered office of the Company, situated at Pick n Pay Office Park, 101 Rosmead Avenue, Kenilworth, Cape Town at 08:30 on Tuesday, 30 July 2019 and any adjournment or postponement thereof, please complete and return this form of proxy. (Also see the notes overleaf.)

All terms defined in the notice of AGM to which this form of proxy is attached shall bear the same meanings herein.

Note: If your dematerialised shares in Stores are held through a Central Securities Depository Participant (CSDP) or broker, and you have not provided the nominee with a general mandate to act on your behalf at shareholder meetings, and you want to cast your vote at this AGM or you want to attend the AGM in person, please contact your CSDP or broker.

Note that voting will be performed by way of a poll so each shareholder present or represented by way of proxy will be entitled to vote.

I/We (block letters)

(the registered shareholder)

I/We (block letters)

(the beneficial shareholder – insert details of beneficial shareholder only if different to the registered shareholder)

of (address)

Telephone: Work () Telephone: Home () Cellphone: ()

being the holder/s of (insert number of shares) ordinary shares in the Company, hereby appoint (refer to note 1)

1. or failing him/her,

2. or failing him/her,

3. the Chairman of the AGM,

as my/our proxy to act for me/us and on my/our behalf at the AGM which will be held for the purpose of considering and, if deemed fit, passing the resolutions to be proposed thereat and at any adjournment or postponement thereof, and to vote for or against the resolutions and/or abstain from voting, in respect of the ordinary shares in Stores registered in my/our name/s in accordance with the instructions set out below.

Please indicate with an "X" the instructions to your proxy in the spaces provided below. In the absence of such indication the proxy will be entitled to exercise his/her discretion in voting. If you wish to cast your votes in respect of a lesser number of shares than you own in the Company, insert the number of shares held in respect of which you wish to vote (see note 3).

		Number of votes (one vote per ordinary share)		
		In favour of	Against	Abstain
Ordinary resolution number 1:	Appointment of the external auditors			
Ordinary resolution number 2.1:	Election of Hugh Herman as director			
Ordinary resolution number 2.2:	Election of Jeff van Rooyen as director			
Ordinary resolution number 2.3:	Election of David Friedland as director			
Ordinary resolution number 2.4:	Election of Suzanne Ackerman-Berman as director			
Ordinary resolution number 2.5:	Election of Jonathan Ackerman as director			
Ordinary resolution number 3.1:	Appointment of Jeff van Rooyen to the audit committee			
Ordinary resolution number 3.2:	Appointment of Hugh Herman to the audit committee			
Ordinary resolution number 3.3:	Appointment of Audrey Mothupi to the audit committee			
Ordinary resolution number 3.4:	Appointment of David Friedland to the audit committee			
Advisory vote number 1:	Endorsement of remuneration policy			
Advisory vote number 2:	Endorsement of remuneration implementation report			
Special resolution number 1:	Directors' fees			
Special resolution number 2.1:	Financial assistance to related or inter-related companies			
Special resolution number 2.2:	Financial assistance to persons			
Special resolution number 3:	General approval to repurchase Company shares			
Ordinary resolution number 4:	Directors' authority to implement special and ordinary resolutions			

I give permission to my CSDP to disclose to the Company how my votes have been cast, should the Company request such information from my CSDP. Yes

Please note: if an X is not inserted into the box, it will be taken that permission has been declined and that the CSDP will not be permitted to disclose to the Company how my votes have been cast.

Signed at _____ on _____ 2019

Signature _____

(Authority of signatory to be attached if applicable – see note 7)

Assisted by me (where applicable – see note 9) Telephone: () Cellphone: ()

Please also read the notes overleaf.

SUMMARY OF SHAREHOLDER'S RIGHTS IN RESPECT OF PROXY APPOINTMENTS AS CONTAINED IN SECTION 58 OF THE COMPANIES ACT

Please note that in terms of section 58 of the Companies Act:

- this proxy form must be dated and signed by the shareholder appointing the proxy;
- you may appoint an individual as a proxy, including an individual who is not a shareholder of the Company, to participate in and speak and vote at a shareholders' meeting on your behalf;
- your proxy may delegate his/her authority to act on your behalf to another person, subject to any restriction set out in this proxy form;
- this proxy form must be delivered to the Company, or to the transfer secretaries of the Company, namely Computershare Investor Services Proprietary Limited, before your proxy exercises any of your rights as a shareholder at the AGM;
- the appointment of your proxy or proxies will be suspended at any time to the extent that you choose to act directly and in person in the exercise of any of your rights as a shareholder at the AGM;
- the appointment of your proxy is revocable unless you expressly state otherwise in this proxy form;
- as the appointment of your proxy is revocable, you may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy and to the Company. Please note the revocation of a proxy appointment constitutes a complete and final cancellation of your proxy's authority to act on your behalf as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered to the Company and the proxy as aforesaid;
- if this proxy form has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the Company's Memorandum of Incorporation to be delivered by the Company to you will be delivered by the Company to you or your proxy or proxies, if you have directed the Company to do so, in writing and paid any reasonable fee charged by the company for doing so;
- your proxy is entitled to exercise, or abstain from exercising, any voting right of yours at the AGM, but only as directed by you on this proxy form; and
- the appointment of your proxy remains valid only until the end of the AGM or any adjournment or postponement thereof or for a period of 6 (six) months, whichever is shortest, unless it is revoked by you before then on the basis set out above.

The proxy form shall be valid and shall apply to any adjournment or postponement of the AGM to which it relates and shall apply to any resolution proposed at the AGM to which it relates and to such resolution as modified or amended, including any such modified or amended resolution to be voted on at any adjourned or postponed meeting of the AGM to which the proxy relates, unless the proxy is revoked before the adjourned or postponed meeting.

NOTES

1. The person whose name stands first on the proxy form and who is present at the AGM will be entitled to act as a proxy to the exclusion of those whose names follow thereafter.
2. If no proxy is inserted in the spaces provided, then the Chairman shall be deemed to be appointed as the proxy to vote or abstain as the Chairman deems fit.
3. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate box provided. If there is no clear indication as to the voting instructions to the proxy, the proxy form will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/she deems fit in respect of all of the shareholder's votes exercisable at the AGM.
4. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy. A proxy shall be entitled to demand that voting take place on a poll.
5. Proxy forms must be lodged at the registered office of the Company, Pick n Pay Office Park, 101 Rosmead Avenue, Kenilworth, Cape Town, 7708; or posted to the Company Secretary at PO Box 23087, Claremont, 7735; or lodged with or posted to the transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Ave, Rosebank, Johannesburg, 2196 (PO Box 61051, Marshalltown, 2107, South Africa).
6. For administrative purposes, it is recommended that proxy forms be received or lodged by no later than 08:30 on Friday, 26 July 2019, being 2 (two) business days before the AGM to be held at 08:30 on Tuesday, 30 July 2019. Proxy forms must be lodged before the commencement of the AGM.
7. Documentary evidence establishing the authority of a person signing this proxy form in a representative capacity must be attached to this proxy form unless previously recorded by the Company Secretary or waived by the Chairman of the AGM if he/she is reasonably satisfied that the right of the representative to participate and vote has been reasonably verified. CSDPs or brokers registered in the Company's subregister voting on instructions from beneficial owners of shares registered in the Company's subregister, are requested that they identify the beneficial owner in the sub-register on whose behalf they are voting and return a copy of the instruction from such owner to the Company Secretary or to the transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Ave, Rosebank, Johannesburg, 2196 (PO Box 61051, Marshalltown, 2107, South Africa), together with this form of proxy.
8. Any alteration or correction made to this proxy form must be initialled by the signatory/ies, but will only be validly made if such alteration or correction is accepted by the Chairman of the AGM.
9. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Company Secretary.

CORPORATE INFORMATION

PICK N PAY STORES LIMITED

Registration number: 1968/008034/06
JSE share code: PIK
ISIN: ZAE000005443

BOARD OF DIRECTORS

EXECUTIVE

Richard Brasher (CEO)
Aboubakar (Bakar) Jakoet (CFO)
Richard van Rensburg (CIO)
Suzanne Ackerman-Berman
Jonathan Ackerman

NON-EXECUTIVE

Gareth Ackerman (Chairman)
David Robins

INDEPENDENT NON-EXECUTIVE

David Friedland
Hugh Herman
Alex Mathole
Audrey Mothupi
Lorato Phalatse (resigned 31 August 2018)
Jeff van Rooyen

REGISTERED OFFICE

Pick n Pay Office Park
101 Rosmead Avenue
Kenilworth
Cape Town 7708
Tel: +27 21 658 1000
Fax: +27 21 797 0314

POSTAL ADDRESS

PO Box 23087
Claremont
Cape Town 7735

REGISTRAR

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank 2196
Tel: +27 11 370 5000
Fax: +27 11 688 5248

POSTAL ADDRESS

PO Box 61051
Marshalltown 2107

JSE LIMITED SPONSOR

Investec Bank Limited
100 Grayston Drive
Sandton 2196

AUDITORS

Ernst & Young Inc.

ATTORNEYS

Edward Nathan Sonnenberg

PRINCIPAL TRANSACTIONAL BANKERS

Absa Limited
First National Bank

COMPANY SECRETARY

Debra Muller
Email address: demuller@pnp.co.za

PROMOTION OF ACCESS TO INFORMATION ACT

Information Officer – Penny Gerber
Email address: pennygerber@pnp.co.za

INVESTOR RELATIONS

David North
Email address: dnorth@pnp.co.za

Penny Gerber
Email address: pennygerber@pnp.co.za

WEBSITE

Pick n Pay: www.pnp.co.za
Investor relations: www.picknpayinvestor.co.za

CUSTOMER CARE LINE

Tel: +27 800 11 22 88
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ONLINE SHOPPING

Tel: +27 860 30 30 30
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ENGAGE WITH US ON





www.pnp.co.za

