

# CORPORATE GOVERNANCE REPORT



2020



We are pleased to provide our

# 2020

**Corporate Governance Report**  
to our stakeholders



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# 01

## OUR GOVERNANCE



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# AN OVERVIEW BY OUR LEAD INDEPENDENT DIRECTOR

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.

## Our approach to corporate governance

The Group's commitment to the highest standards of corporate governance has contributed to its sustainable value creation over 53 years. The Board provides effective and ethical leadership and is committed to 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 3 of the 2020 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.

## Impact of COVID-19

Subsequent to the conclusion of the FY20 financial period, efforts to curb the spread of the COVID-19 global pandemic led to significant impacts on people and economies. On 15 March 2020, a National State of Disaster was declared in South Africa, with a nationwide lockdown imposed from 27 March 2020. Countries in which the Group operates in the rest of Africa implemented similar measures. As an essential service provider, the Group is proud to support consumers with vital access to essential consumer goods during the lockdown, notwithstanding the constrained operating circumstances. The regulatory environment in which businesses operated evolved continually as governments grappled with the best means of enforcing social distancing to protect against the spread of the pandemic. The advantage of the Group's established corporate governance policies became increasingly clear in the context of the lockdown as the business implemented the various regulatory measures governing operations while ensuring that our customers had access to quality products at fair prices in a safe store environment.

## Appointment of Jeff van Rooyen as lead independent director

The Chairman, Gareth Ackerman, announced at the 2019 Annual General Meeting (AGM) that Hugh Herman would step down as lead independent director at the end of the 2020 financial period. With effect from 2 March 2020, the non-executive directors appointed Jeff van Rooyen as the lead independent director, to assist with the co-ordination and liaison between the non-executive directors and the controlling shareholder where there may be concerns or perceived conflicts of interest. The Board is confident that Jeff van Rooyen will strive to meet the consistently high standards set by Hugh. The Board extends its deep gratitude to Hugh for his valuable contribution in the role of lead independent director and is happy to confirm that Hugh's valued experience and expertise as an independent non-executive director will continue to be available to the Board and the committees on which he serves with distinction.



The Board is satisfied that it has 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 1 March 2020.



Jeff Van Rooyen  
Lead independent director

## 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 conducted its annual review of the Group's Code of Ethics, which outlines the key behaviours and actions expected by employees, suppliers and business partners. A Group-wide ethics communications campaign is underway, with different illustrations of ethical behaviour being communicated to employees every month.
- The anti-bribery and corruption policy, which is set out in the Group's Code of Ethics, was reviewed and updated.
- The corporate governance charter was reviewed and updated.
- The Group adopted a malus and clawback policy, entitling the Board to claw back performance-based elements of an employee's remuneration should that employee be involved in a material misstatement of the financial statements.

### 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 22.
- 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 Group's charter was expanded to provide detailed responsibilities for the Chief Finance Officer (CFO) and Chief Information Systems Officer (CISO) roles and the mandates of the Chairman and the executive directors were reviewed.
- 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 9.

### 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.
- As part of its succession planning strategy and to enable a seamless transition in key leadership roles, the Board, in collaboration with the nominations committee:
  - Oversaw the selection process for the recently appointed CFO of the Group, Lerena Olivier, following the retirement of Bakar Jakoet;
  - Reviewed and worked on the succession planning for the Chief Executive Officer (CEO); and
  - Took steps to boost the resilience and diversity of the Board with the appointment of Aboubakar Jakoet as non-executive director with effect from 6 September 2019, and Mariam Cassim and Haroon Bhorat as independent non-executive directors with effect from 18 May 2020. In addition, Annamarie van der Merwe will join the Board as an independent non-executive director on 4 August 2020, at which time Alex Mathole will step off the Board. We are confident that our new non-executive directors will provide retail experience coupled with fresh perspectives and relevant strategic input to contribute to the Group's value-creation through diverse experiences.
- 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.
- Recognising that decisive steps were required to improve operating efficiencies, a voluntary severance programme (VSP) was adopted following vigorous debate regarding the socio-economic circumstances leading to, and resulting from, such a programme. It was concluded that the VSP would improve efficiency and productivity of staff by removing roles and functions that were no longer required due to improved working methods, while the reduced labour costs would enable the Group to further expand and create new jobs.
- The details of other material issues under discussion by the Board, as well as the decisions and actions arising, are set out in more detail 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 aim to build a winning team through the development and retention of top talent and through incentivisation in line with the Group's strategic objectives

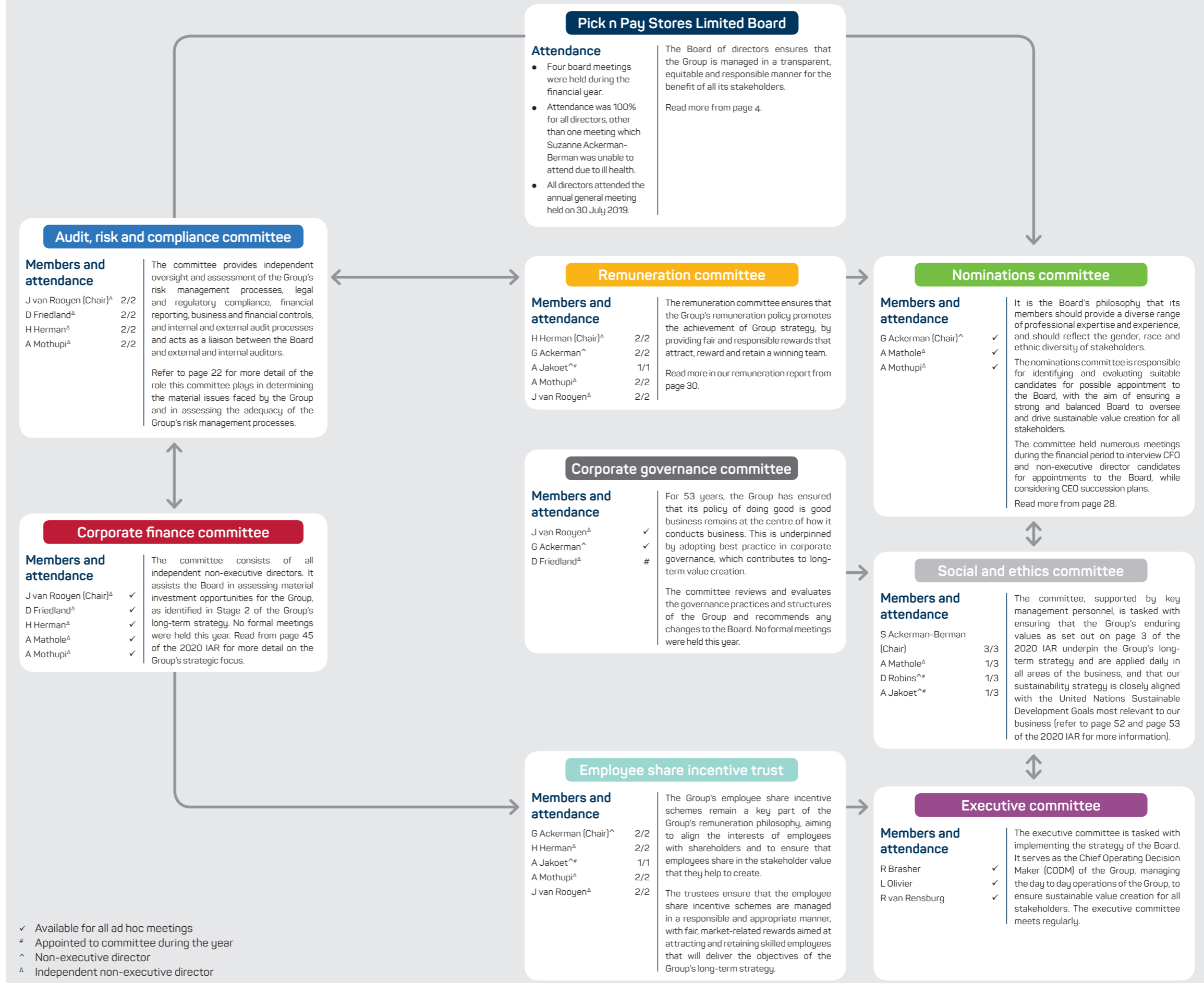
The Group's governance framework is regularly reviewed to ensure that the Board exercises effective and ethical leadership, conducts its affairs as a good corporate citizen and takes appropriate decisions to ensure the long-term sustainability of the business.

## 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](http://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. ”



✓ Available for all ad hoc meetings  
 # Appointed to committee during the year  
 ^ Non-executive director  
 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 retail, commercial, financial, accounting, legal and regulatory knowledge to the Board, and add value through wisdom, and practical 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 15.

Gareth Ackerman and David Robins are not considered independent owing to their relationship with the controlling shareholder. Aboubakar (Bakar) Jakoet is not considered independent as he was an executive director until his retirement as CFO. As our Chairman is not considered independent, Jeff van Rooyen was appointed as lead independent director. Read more under "Controlling shareholder representation on the Board" overleaf.

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 (CEO), Lerena Olivier (CFO) and Richard van Rensburg (CISO). 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 committee, focused on corporate social investment, transformation and customer relations.

The Board is satisfied that during the 2020 financial period its balanced composition reflects an appropriate mix of knowledge, skills, experience, diversity and independence.

The Board is pleased to announce that:

- Aboubakar Jakoet joined the Board as a non-executive director with effect from 6 September 2019;
- Mariam Cassim and Haroon Borhat joined the Board as independent non-executive directors with effect from 18 May 2020; and
- Annamarie van der Merwe will join the Board on 4 August 2020, at which time Alex Mathole will step off the Board.

### Controlling shareholder representation on the Board

The Group's controlling shareholder, Ackerman Investment Holdings Proprietary Limited (AIH), advised the Company that it had transferred its shareholding into AIH's wholly-owned subsidiary, Newshelf 1321 Proprietary Limited, to ringfence it from other portfolio investments. The Company and shareholders were advised of this transaction in October 2019.

The non-executive Chairman of the Group, Gareth Ackerman; 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 88 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. Jeff van Rooyen was appointed as LID on 2 March 2020.

All directors receive regular briefings on changes in the Group's consumer and competitive environment, including relevant updates on regulatory compliance, which focus on the material opportunities and risks facing the Group that could impact on successful execution of the Group's long-term plan.

### 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 diversity policies, as well as ensuring that the Board enjoys representation across all elements of sector experience.

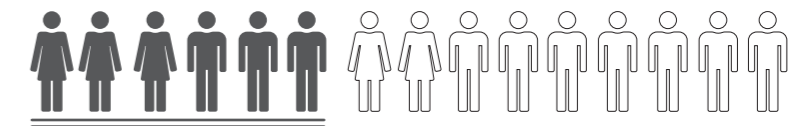
### Gender diversity (%)

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.

### Our directors' sector experience\*



**A competitive advantage for the Board**  
The Board has broad local and international retail experience. We see this as a strong competitive advantage and a unique strength.

### Board development focus areas for the 2021 financial period

- ESG reporting
- Risk management of pandemics
- Security of supply with challenges in the manufacturing sector arising from global efforts to contain the spread of the coronavirus COVID-19 pandemic
- The effectiveness of information technology particularly in the support of office staff working from home during the pandemic

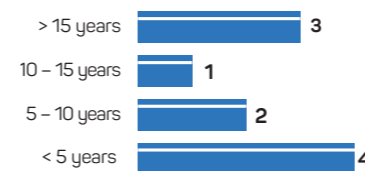
These focus areas are multi-faceted aspects of our business that could have a broad impact on our operational performance and our ability to create sustainable value over the longer term. The Board will continue to build its proficiency in these areas, supported by a skilled management team. The Board believes it has sufficient expertise in specialised information technology and will continue to closely monitor climate change and supply chain logistics.

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

\* Including Annamarie van der Merwe, to be appointed in August 2020.

### Non-executive director tenure

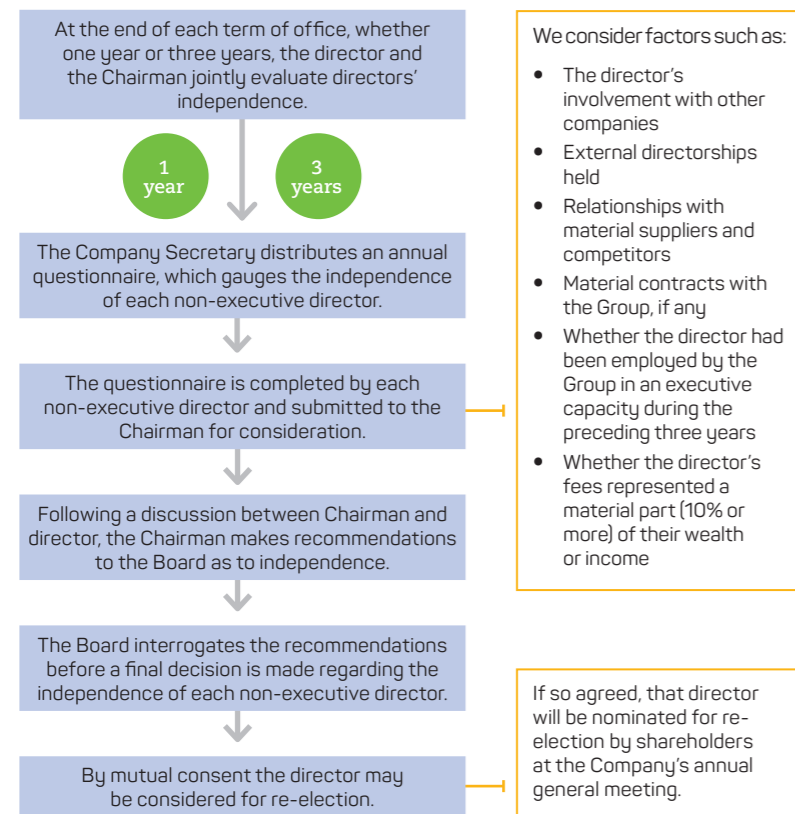
King IV does not consider the length of a non-executive director's term in office as a determinant of independence. However, the Group's policy remains that all independent non-executive directors who have served on the Board for more than nine years retire by rotation at the end of every year, instead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

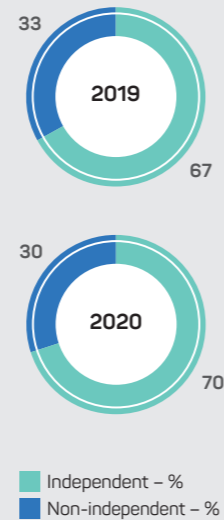
The Board assesses its composition and its performance on an annual basis, and where it is felt that the Board needs to increase its independence, its skill and experience in any way, the appropriate changes are made.

Independence of non-executive directors



Non-executive directors

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.

PLEASE NOTE: this report was prepared on the issues, risks and opportunities as they arose in the 2020 financial period, which ended on 1 March 2020. The subsequent impact of the COVID-19 pandemic has been noted separately.

The most material issues under consideration included:

Strategy and performance

Topic	Discussions, decisions and actions undertaken by the Board during the year to protect and create value for our stakeholders
<b>Ensuring transparent financial reporting</b>	The Group follows a 52-week retail financial calendar, which requires the inclusion of an additional week every six years. Week 53 was added to the 2019 financial period. Non-IFRS pro forma information was also disclosed on a 52-week financial period to assist the market to compare the results on a like-for-like basis.
<b>COVID-19 impact</b>	The lockdown resulted in delays in the audit process. The FY20 financial result was released as "reviewed". Our standard practice is to release audited annual financial statements. On 19 June 2020, our audited annual financial statements for the FY20 financial period were approved by the Board for release.
<b>Enhancing our customer offer</b>	Our belief that the loyalty programme remains relevant and adds value to our customers was re-inforced by it being voted best loyalty programme for the 7th year in a row. Investing in prices for customers continues to be a focus for the Board.

<b>COVID-19 impact</b>	Limited as to what could be sold during levels 5 and 4 of the lockdown, the Group ensured that products would be sold at the best possible price, and limited quantities of scarce commodities, so that all customers had an opportunity to buy essential products.
<b>Re-aligning committee membership</b>	Committee membership was re-assessed to ensure that non-executive directors were best placed to make a contribution to the various Board committees.
<b>Consumer and competitive environment</b>	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. The Board continued to monitor the impact of the increasingly difficult economic environment in South Africa on consumer confidence and consumer spend.
<b>COVID-19 impact</b>	It is anticipated that the pandemic and lockdown will have a significant negative impact on the South African economy and increase stress on consumers. The Board is focused on ensuring that all expenses are well controlled so that the best possible prices can be extended to consumers.
<b>Performance of our Rest of Africa segment</b>	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. TM Supermarkets delivered a strong trade performance notwithstanding the difficult economic backdrop. 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.
<b>COVID-19 impact</b>	As with South Africa, the lockdown had a serious and ongoing impact on other countries in Africa in which the Group operates. The situation is being closely monitored and every effort is being made to ensure that expenses are well controlled and that availability is maintained at the best possible price.
<b>Effectiveness of our procurement and distribution channel</b>	The Board assesses the effectiveness and efficiency of the Group's centralised supply chain on a regular basis. Stability of labour relations across the supply chain remains a key risk, and is closely monitored by the Board.
<b>COVID-19 impact</b>	Every effort is being made to ensure that customers, staff and service providers remain safe during the pandemic. Screens, masks and strict sanitising and social distancing protocols ensure that the Group remains as safe as possible for all who serve and shop.

Governance and risk management

Topic	Discussions, decisions and actions undertaken by the Board during the year to protect and create value for our stakeholders
<b>Monitoring statutory developments</b>	We monitored statutory developments, following the amended Competition Act, No 89 of 1998 in conjunction with the release of the final report of the Market Inquiry Into the Grocery Retail Sector. The amendments to the Competition Act are incorporated into our commercial practices. The ongoing 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.
<b>COVID-19 impact</b>	Following the declaration of the State of Disaster on 15 March 2020 a plethora of regulations have been promulgated to govern every aspect of the lockdown in its varying levels, sometimes accompanied by idiosyncratic implementation at local authority level. The Group has worked tirelessly to ensure that it remains able to perform its function as an essential products provider to South African consumers during this time of uncertainty.
<b>Listeriosis</b>	We continue to monitor the social and legal consequences of the 2018 listeriosis outbreak in South Africa.
<b>Effectiveness of our information systems and technology</b>	The Board reviewed and updated the Group's technology and information policy framework to ensure that our information security policy and privacy policy is current and reflects 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.
<b>COVID-19 impact</b>	In a remarkably short space of time, our IS systems enabled office workers to work from home, ensuring that employees remained connected while systems remained secure.

People, culture and diversity

<b>Topic</b>	Discussions, decisions and actions undertaken by the Board during the year to protect and create value for our stakeholders
<b>Voluntary severance programme</b>	<p>The Board acknowledged the progress made over the past few years in improving the business for all stakeholders. However, with the limited growth of the economy, South Africa was experiencing particularly tough trading conditions. No improvements were anticipated in the short to medium term, with operating costs rising faster than inflation, leading to pressure on consumer spend. Given the Group's strategy to help customers as much as possible in tough times, achieving the best value for customers remained a priority. To achieve this, costs were required to be kept as low as possible.</p> <p>Management reviewed how operating costs could be reduced, including employment costs, which is the single biggest expense in the Group. Being acutely mindful of the impact of job losses on the economy, the Board's policy remains to reduce other costs before reducing the number of employees. Measures were adopted across the Group to reduce all operating costs. The Board wished to avoid forced retrenchments if at all possible and so opened a programme to invite any employees in Pick n Pay to apply for a voluntary severance package (VSP). The VSP provided an opportunity for employees to choose to leave the business on a voluntary basis, in a planned and structured manner, with a generous package. The Company reserved the right to accept or decline applications for the VSP in line with operational requirements and the need to retain vital skills.</p> <p>The Group's goal remains to build a better and more sustainable business, with more opportunities for all employees. The Board considered the VSP as a tough but necessary step to create better value for customers, all stakeholders and the future prospects of everyone who works in Pick n Pay.</p>
<b>Diversity</b>	The Board monitored the work being done by the Group to achieve a diverse workforce at all levels. Extensive analysis was done 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. Comprehensive statistical analysis remains ongoing. The results are encouraging, with 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

<b>Topic</b>	Discussions, decisions and actions undertaken by the Board during the year to protect and create value for our stakeholders
<b>Adoption of IFRS 16 Leases</b>	IFRS 16 <i>Leases</i> was adopted, aligning the accounting of leased assets with that of owned assets. This required the Group to report its predominantly leasehold estate as if it was freehold. IFRS 16 introduced lease assets and liabilities on to the statement of financial position, and replaced net rent paid with implied depreciation and interest charges. The Group adopted IFRS 16 on a full retrospective basis. Related current period information was fully comparable with prior year restated numbers to assist the market in comparing the results on a like-for-like basis.
<b>IFRS 15 Revenue from Contracts with Customers</b>	Revenue earned on the sale of airtime and data included revenue earned on a principal and agency basis. Revenue earned on a principal basis is recognised as turnover, with related purchases recognised as cost of sales. Revenue earned on an agency basis is recognised, net of related purchase costs, within other income. Historically, the Group transacted as both a principal and an agent when selling airtime and data. After a strategic change in our arrangements with airtime and data providers this year, the Group now acts on an agency basis in accordance with IFRS 15: <i>Revenue from Contracts with Customers</i> . As a result, all future revenue earned on the sale of airtime and data, net of the related purchase costs, will be recognised within other income. In order to provide stakeholders with a comparable assessment of year-on-year turnover performance, the Group eliminated the impact of the change from principal to agent and has presented a comparable turnover number. Refer to Appendices contained in the 2020 audited Group annual financial statements for further information.
<b>IAS 29 Financial Reporting in Hyperinflationary Economies</b>	During FY20, Zimbabwe was classified as a hyperinflationary economy. The equity accounted earnings of the Group's investment in its associate operating in Zimbabwe was therefore accounted for under IAS 29 <i>Financial Reporting in Hyperinflationary Economies</i> . The Group's share of associate's income, recognised within profit before tax and headline earnings, included a hyperinflationary accounting net monetary gain. The impact of hyperinflation accounting does not provide stakeholders with an accurate assessment of the Group's comparable year-on-year performance. As a result, the Group presented its earnings for FY20 on a comparable basis excluding the Group's share of associate's net monetary gain. Refer to the Appendices contained in the 2020 audited Group annual financial statements for further information.
<b>Compliance checklists</b>	CIPC introduced a requirement that each company filing an annual return completes a checklist against which CIPC will monitor and regulate compliance with the Companies Act.

# OUR BOARD OF DIRECTORS

## Chairman



Gareth Ackerman (62)

### Chairman

*BSocSci, CMS and AMP (Oxon)*

- Appointed 1990
- Years of service to the Group: 36
- Years of service on the Board: 30
- Chairman of the corporate governance committee, the nominations committee and the Employee Share Incentive Trust



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' Organization (YPO). He chairs the Ackerman Family interests.



## Executive directors



Richard Brasher (58)

### Chief Executive Officer (CEO)

*BSc (Hons)*

- Appointed 2013
- Years of service to the Group and on the Board: 7



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.



Richard van Rensburg (59)

### Chief Information Systems Officer (CISO)

*CA(SA)*

- Appointed 2009
- Years of service to the Group and on the Board: 11



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 CISO, taking responsibility for the IT, financial services and e-commerce portfolios of the Group.



Executive directors (continued)



**Chief Finance Officer (CFO)**  
CA(SA)

- Appointed September 2019
- Years of service to the Group: 9

Lerena joined the Group nine years ago, taking responsibility for financial reporting and the finance team in the Pick n Pay Group finance division. During her 18 years of experience in JSE-listed companies in the retail sector, Lerena has gained expertise in finance, risk management, strategy, accounting and tax. She was appointed to the position of CFO and to the Board in September 2019.

C R  
H F  
LC S  
RM IT  
G

Lerena Olivier (44)



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

- Appointed 2010
- Years of service to the Group: 25
- Years of service on the Board: 10
- Chairman of the social and ethics committee

Following broad executive experience in the Company, Suzanne was appointed Director of Transformation 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 active in many areas of philanthropy across different sectors of society. In particular, she is a passionate proponent of enterprise development. She is chairman of the Ackerman Pick n Pay Foundation and heads the Pick n Pay Enterprise Development Division. Suzanne is also on the Advisory Board of the Zeitz MOCAA Art Museum and a trustee of the SMILE Foundation.

C SM  
CC R  
H S

Suzanne Ackerman-Berman (57)



BA Marketing

- Appointed 2010
- Years of service to the Group: 27
- Years of service on the Board: 10

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. He was appointed to the Board as a representative of the controlling shareholder in March 2010.

C SM  
CC R  
H S  
L

Jonathan Ackerman (53)

Non-executive directors



BBusSci

- Appointed 2002
- Years of service to the Group: 26
- Years of service on the Board: 18

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.

C R  
RM F  
SM S  
G

David Robins (66)



CA(SA)

- Appointed September 2019 as a non-executive director
- Other listed company directorships: Oceana Group

Following his 34-year career in the finance team of Pick n Pay, Bakar retired as CFO in September 2019. Given his extensive experience in retail, strategy, tax and finance, the Group is privileged to retain his expertise and experience in his new capacity as a non-executive director.

Bakar is a member of the University of Cape Town Council and deputy chairman of the UCT finance committee.

C G  
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SM

Aboubakar (Bakar) Jakoet (64)

Independent non-executive directors



CA(SA)

- Appointed 2013
- Years of service on the Board: 7
- 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.

C G  
LC R  
RM F  
H S  
SM

David Friedland (66)



BA LLB, LLD (hc)

- Appointed 1976
- Years of service on the Board: 44
- 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 Ninety One Africa (previously Investec Asset Management).

LC R  
RM F  
SM S  
G

Hugh Herman (79)



BJuris LLB

- Appointed 2010 – 2013, re-appointed 2016
- Years of service since re-appointment: 4
- Alex will be stepping off the Board on 4 August 2020

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.

Owing to the pressures of her executive career, Alex is resigning with effect from 4 August 2020.

C RM  
H SM  
IT G  
LC R  
S

Alex Mathole (47)



BA (Hons)


- Appointed 2013
- Years of service on the Board: 7
- Other listed company directorships: Life Healthcare Group

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 board of Brainworks Capital, Roedean School and Orange Babies South Africa.

C RM  
CC SM  
H G  
IT R  
LC S

Audrey Mothupi (50)

Independent non-executive directors (continued)



**Mariam Cassim (38)**

*CA(SA), MBA*


- Appointed May 2020
- Other listed company directorships: Super Group Limited

Mariam Cassim is the Chief Executive Officer of Vodacom Financial and Digital Services and a member of the Vodacom Group's Executive Committee.

Mariam's professional experience includes Corporate Finance and Deal Structuring, Mergers and Acquisitions, Debt Structuring, Commercial Evaluation and now, full CEO responsibility. Her flair for innovation, disruption and new business development allows Mariam to generate creative business solutions, which have a strong purpose element and thereby benefits business as well as society.

Before her current appointment, Mariam was Executive Head: Commercial, at the Telesure Group and prior to that, she held four positions at Thebe Investment Corporation: first as Senior Corporate Finance Advisor, then as Executive Manager in the Chairman's Office, then Group Executive: Synergy and finally CEO of Thebe Connect. After serving articles at KPMG Inc., Mariam worked at Eskom Holdings and Sanlam Capital Markets.

C SM  
CC L  
IT R  
LC F  
RM S



**Haroon Borhat (51)**

*PhD in Economics*

- Appointed May 2020
- Other listed company directorships: Sygnia Asset Management (independent non-executive Chairman)

Haroon is Professor of Economics in the School of Economics and Director of the Development Policy Research Unit at the University of Cape Town. He is a Board Member of the National Research Foundation, the UNU World Institute for Development Economics Research and the Partnership for Economic Policy. He holds the National Research Chair in Economic Growth. He is a Non-resident Senior Fellow at the Brookings Institution, and a Research Fellow at the Institute for the Study of Labour. He was a member of the World Bank's Advisory Board of the Commission on Global Poverty and a member of the Programme Committee of the 2017 International Economic Association World Congress.

His career appointments include being an Advisor on Parliament's High-Level Panel on Acceleration of Change and Transformation and serving on the Presidential Economic Advisory Panel. Haroon sits on the Presidential Economic Advisory Council established by President Ramaphosa to generate ideas for economic growth, job creation and addressing poverty.

C F  
CC S  
LC H  
RM L  
G



**Jeff van Rooyen (70)**

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

- Appointed 2007
- Years of service on the Board: 13
- Lead independent director (LID)
- Chairman of the audit, risk and compliance committee and corporate finance committee
- Other listed company directorships: Exxaro Resources Limited (independent non-executive Chairman)


A chartered accountant with extensive experience in both the private and public sectors, Jeff is 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, member of the Standing Advisory Committee on Company Law and director of MTN Group Limited

C G  
H R  
LC F  
RM S

**Members of:**

<span style="color: blue;">●</span> Audit, risk and compliance committee	<span style="color: grey;">●</span> Corporate governance committee
<span style="color: orange;">●</span> Remuneration committee	<span style="color: lightgrey;">●</span> Social and ethics committee
<span style="color: green;">●</span> Nominations committee	<span style="color: purple;">●</span> Executive committee
<span style="color: red;">●</span> Corporate finance committee	<span style="color: teal;">●</span> Employee Share Incentive Trust

Company Secretary



**Debra Muller (58)**

*Company Secretary  
BA LLB*

- Appointed 2010
- Years of service to the Group: 14

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.

Honorary life presidents



**Raymond Ackerman**  
Years of service: 53




**Wendy Ackerman**  
Years of service: 53

Sector experience

<span style="color: blue;">C</span> Corporate social responsibility	<span style="color: blue;">SM</span> Sales and marketing
<span style="color: blue;">CC</span> Climate change	<span style="color: blue;">G</span> Governance
<span style="color: blue;">H</span> Human resources	<span style="color: blue;">L</span> Logistics
<span style="color: blue;">IT</span> Information technology	<span style="color: blue;">R</span> Retail
<span style="color: blue;">LC</span> Legal compliance	<span style="color: blue;">F</span> Finance
<span style="color: blue;">RM</span> Risk management	<span style="color: blue;">S</span> Strategy

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



**Annamarie van der Merwe**

*B.Juris, LLB, LLM, EMP*

- To be appointed August 2020

Annamarie is currently the Executive Chair of the FluidRock Governance Group, a business that she co-founded approximately 15 years ago. Annamarie has been a corporate lawyer and company secretary of companies in the listed environment for more than 30 years. She is a member of the King Committee on Corporate Governance for South Africa and was actively involved in the writing of King II, III and IV with a particular focus on the sections dealing specifically with the functioning of boards and responsibilities of directors. She is a well-known presenter of workshops on issues such as board effectiveness, good corporate governance and statutory duties and liabilities faced by boards and individual directors. Annamarie acted as a facilitator for the IoDSA for more than 15 years and currently chairs the board of the Bureau of Food and Agricultural Policy NPC (BFAP).

C SM  
H G  
LC F  
RM S

# 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, consisting of the CEO, CFO and CISO, 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 is satisfied that the internal evaluation process improves its performance and effectiveness.**

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 in dependence 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.

Should the Company Secretary require assistance, she has access to external professional corporate governance resources. The Board believes that the corporate governance services are effective.

**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 2020 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 CISO, 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

## Pick n Pay Stores Limited Group

### 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 28 of the Group annual financial statements.

### Overview of financial results and activities

Refer to the review of operations from on pages 18 to 27 of the annual financial statements 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 prior financial period, and accordingly the results for the prior financial period are for a 53 week period, ended 3 March 2019, compared to 52 weeks in the current financial period under review. Refer to pages 30 to 107 of the annual financial statements.

In order to provide useful and transparent comparative information, we have made our results available on a 52-week basis. In addition, we have further presented our results on a comparable basis by adjusting for the non-comparable effects of IAS 29 *Financial Reporting in Hyperinflationary Economies* and a strategic change in our arrangements with airtime and data providers. Refer to the Appendices on pages 110 to 115 of the annual financial statements.

### Going concern

The Pick n Pay Group is operating in the unprecedented circumstances created by the global Coronavirus (COVID-19) pandemic, with South Africa operating under a National State of Disaster and subject to an extended lockdown. Countries in the rest of Africa, in which the Group operates, have implemented similar measures in an attempt to slow down the spread of the virus.

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. As part of this review, the Board has given careful consideration to the current COVID-19 outbreak and its impact on the Group. Due to the uncertainty of this outbreak, the Board has considered a range of scenario forecasts to understand the potential outcomes on the Group. In line with standard governance practice, the Board has made an assessment of the Group's solvency and liquidity and is satisfied of the Group's ability to continue as a going concern for the foreseeable future and that the presentation of the annual financial statements on a going concern basis is appropriate.

In accordance with the requirements of the Companies Act, the Group ensures that it complies with the liquidity and solvency requirements for any dividend payment and provision of financial assistance.

### Shareholder distribution

In light of the current economic upheaval from the COVID-19 pandemic, the Board has decided that it would be prudent not to declare a dividend at this time but rather to preserve cash. It is anticipated that a formal dividend declaration will be considered and communicated once the full impact of the COVID-19 pandemic on the Group's operations can reasonably be known and assessed. But for the pandemic, the Board would have declared a final dividend of 173.06 cents per share, maintaining the Group's dividend cover of 1.3 times Comparable Headline Earnings per Share on a 52-week basis. Refer to the Appendices on pages 110 to 115 of the annual financial statements for further information on the Group's Comparable Headline Earnings per Share. Further communication in this regard will follow at the time of the Group's financial year 2021 interim results publication.

### Share capital

At period end, 8 485 240 shares (2019: 9 576 550 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, 7 630 000 shares (2019: 8 494 000) 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.

During the period under review, the Company's controlling shareholder (Ackerman Investment Holdings Proprietary Limited) transferred its Pick n Pay Stores Limited shareholding to its wholly-owned subsidiary, Newshelf 1321 Proprietary Limited. Refer to the analysis of ordinary shareholders on page 54.

### Borrowings

The Group's overall level of debt (including overnight borrowings) decreased by R140.0 million to R2 985.0 million, reflecting a positive impact of financial calendar cut-off. Refer to the Review of Operations on pages 18 to 27 of the annual financial statements for further information on the Group's net funding position.

### Legal proceedings

The Company and its subsidiaries are not involved, and have not in the 2020 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 2019, the Company's shareholders approved the following special resolutions as tabled in the notice to the annual general meeting:

#### Directors' fees for the 2020 and 2021 annual financial periods

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 the 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 Group annual financial statements for a list of directors of the Company for the 2020 financial year.

The directors listed below retire by rotation and they offer themselves for re-election at the next Annual General Meeting (AGM) on 4 August 2020:

Gareth Ackerman (non-executive)  
Hugh Herman (non-executive)  
Jeff van Rooyen (non-executive)

The directors listed below offer themselves for election at the next AGM on 4 August 2020:

Lerena Olivier (executive), effective 6 September 2019  
Aboubakar Jakoet (non-executive), effective 6 September 2019

Subsequent to the 2020 financial year end, the following directors were appointed to the Board and offer themselves for election at the next AGM on 4 August 2020:

Mariam Cassim (non-executive), effective 18 May 2020  
Haroon Bhorat (non-executive), effective 18 May 2020

The Company Secretary is Debra Muller.

### Directors' interest in shares

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

### Audit, risk and compliance committee

We draw your attention to the audit, risk and compliance committee report on pages 22 to 26 where we set out the responsibilities of the committee and how it has discharged these responsibilities during the period.

**Gareth Ackerman**  
Chairman

**Richard Brasher**  
Chief Executive Officer

19 June 2020

# AUDIT, RISK AND COMPLIANCE COMMITTEE

## Pick n Pay Stores Limited Group

### Introduction

The Group operates in the fast-moving consumer goods industry on the African continent, primarily in South Africa, 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 of directors (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



The Pick n Pay Group is operating in the unprecedented circumstances created by the global COVID-19 pandemic, with South Africa operating under a National State of Disaster and subject to an extended lockdown. Countries in the rest of Africa, in which the Group operates, implemented similar measures in an attempt to slow down the spread of the pandemic.

As an essential service provider, the Group has embraced its responsibility to support consumers with vital access to essential consumer goods during the lockdown, notwithstanding considerably constrained operating circumstances.



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.

### Novel coronavirus pandemic (COVID-19) and its impact on the activities of the committee

The COVID-19 pandemic and extended lockdown measures continues to have a significant impact on the economies in which the Group operates in. In response to this, and as informed by the committee, the Group has expanded its group risk strategy and framework regarding crisis management to specifically address the COVID-19 pandemic. Internal controls impacted by the pandemic continue to be assessed, monitored and amended where relevant, including controls which address the following risks:

- Health, safety and human resources
- Liquidity and going concern
- Governance and regulatory
- Group strategy and economic implications
- Operational and technological
- Financial reporting
- Communication

In addition, business continuity and disaster recovery plans continue to be assessed and, where necessary, amended.

The Board concluded that the impact of the COVID-19 pandemic was a non-adjusting subsequent event, as the first case in South Africa was confirmed after the 2020 financial year-end. The COVID-19 pandemic therefore did not affect the economic assumptions and estimates made at 1 March 2020 for financial measurement purposes. Refer to note 31 of the audited Group annual financial statements for further information. The guidance and amendments to regulations published by the JSE, IFRS and SAICA regarding the Group's reporting obligations continue to be closely monitored.



**Jeff Van Rooyen**  
Chairman of the audit, risk and compliance committee

The practical implications of the COVID-19 lockdown resulted in logistical delays in the financial statements close process and the audit process of the 2020 financial result. Following consultation with the JSE and EY, the committee consented to management's request that the Group's result be released with a review opinion, as opposed to an audit opinion, to ensure that the Group's results were released timeously to shareholders. The reviewed results were released on 12 May 2020, followed with the approval of the audited financial result on 19 June 2020.

The committee will continue to oversee management's efforts to ensure the on-going integrity of the Group's risk and control environment in these unprecedented times of the COVID-19 pandemic.

### Composition and activities of the committee

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 in the annual Corporate Governance Report available on the Group's website at [www.picknpayinvestor.co.za](http://www.picknpayinvestor.co.za).

The committee meets formally twice a year with the Chairman, the Chief Executive Officer, the Chief Finance 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. In addition, 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. Formal minutes of meetings 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.

### Committee members and attendance at meetings held during the 2020 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 with extensive expertise in auditing, risk and compliance, David had a long career as audit engagement partner and lead partner with major audit companies	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

### 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

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 and, as a result, a 53rd week of trading was included in the prior period.

To provide useful and transparent comparative information, a 52-week result for the prior year has been presented for comparison against the current year 52-week result. The prior period 52-week financial information constitutes pro forma information as per the JSE Listings Requirements. Refer to the Appendices for further information.

**Integrated and financial reporting and finance function**

Responsibilities	Activities performed and areas of focus
<ul style="list-style-type: none"> <li>• 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</li> <li>• Providing independent oversight and assessment of the integrity of the annual financial statements and other external reports issued by the Group</li> <li>• Providing independent oversight and assessment of the management of financial and other risks that affect the integrity of external reports issued by the Group</li> <li>• Ensuring that the necessary internal controls and checks and balances are in place</li> <li>• Establishing that management are enforcing use of the controls</li> <li>• Overseeing any tender process adopted to establish whether new external auditors should be appointed</li> <li>• Acting as a liaison between the external auditors and the Board</li> </ul>	<ul style="list-style-type: none"> <li>• Reviewed and recommended to the Board for approval the annual financial statements, interim results, preliminary results announcement and Integrated Annual Report;</li> <li>• Ensured and recommended to the Board that financial and integrated reporting was reliable and was in conformity with International Financial Reporting Standards (IFRS), the Companies Act, the JSE Listings Requirements and the King IV Code of Conduct;</li> <li>• Reviewed and approved the appropriateness of accounting policies, disclosure policies and the effectiveness of internal financial controls;</li> <li>• Ensured that the Group has established appropriate financial reporting procedures and that those procedures are operating, including considering the Group structure, to ensure that the committee has access to all the financial information of each company in the Group, to allow effective preparation of the report on the financial position of the Group;</li> <li>• Continued focus on ensuring that the Group's financial systems, processes and controls are operating effectively and are responsive to changes in the environment and industry;</li> <li>• Reviewed the sustainability disclosure in the Integrated Annual Report and ensured that it was consistent with financial information reported;</li> <li>• Considered the expertise, experience and resources of the Group's finance function;</li> <li>• Reviewed the Group's integrated reporting function and progress, considering factors and risks that could impact on the integrity of the Integrated Annual Report;</li> <li>• Reviewed and confirmed that the listed company has an independent sponsor at all times during the financial period;</li> <li>• Ensured that the appointment of the external auditor was included as a resolution for shareholders to vote on in the Notice of the 2020 annual general meeting;</li> <li>• 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, including any potential impact of the COVID-19 pandemic;</li> <li>• Reviewed and considered representations by management on the conclusion that the COVID-19 pandemic was a non-adjusting subsequent event;</li> <li>• Ensured that prior period pro forma financial information, prepared in accordance with IFRS and the JSE Listings Requirements, was provided to stakeholders on an equivalent 52-week basis, to assist stakeholders with their assessment of the Group's comparable performance;</li> <li>• Reviewed and considered the adoption of new accounting standards that impacted on financial reporting, including the adoption of IFRS 16 <i>Leases</i>; and</li> <li>• Monitored the political and economic situation in Zimbabwe and the accounting treatment of the Group's investment in its associate, TM Supermarkets (Pvt) Ltd in a hyperinflationary environment, including the application of IAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>.</li> </ul>

**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	Activities performed and areas of focus
<ul style="list-style-type: none"> <li>• Reviewing and approving the internal audit charter and audit plans</li> <li>• Evaluating the independence, effectiveness and performance of the internal audit function and compliance with its mandate</li> <li>• Reviewing the Group's system of internal control, including financial controls, ensuring that management is adhering to and continually improving these controls</li> <li>• Reviewing significant issues raised by the internal audit process</li> <li>• Reviewing policies and procedures for preventing and detecting fraud</li> </ul>	<ul style="list-style-type: none"> <li>• Reviewed the internal audit coverage plan;</li> <li>• Considered and confirmed the composition, experience, resources, independence and skills of the internal audit function;</li> <li>• Considered and confirmed that the head of the internal audit function has the appropriate expertise and experience for the position;</li> <li>• Ensured continued progress in integration with the combined assurance model;</li> <li>• Reviewed the effectiveness of internal financial controls; and</li> <li>• Met separately with the internal auditors to confirm that they received the full co-operation of management.</li> </ul>

**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 five 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, the external auditor firm would be rotated in the financial period ended 2027. The committee concluded that a new tender process was not required in the 2021 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 2020 financial year marks the end of the five-year tenure of Malcolm Rapson as designated audit partner. Tina Rookledge will be appointed as the new designated audit partner for the 2021 financial period. Both audit partners have been assessed to have the necessary competence, ability and independence required for this position.



The committee confirmed its satisfaction with the performance and level of service rendered by EY during the 2020 financial period.



Responsibilities	Activities performed and areas of focus
<ul style="list-style-type: none"> <li>• Acting as a liaison between the external auditors and the Board</li> <li>• Nominating the external auditor for appointment by shareholders</li> <li>• Determining annually the scope of audit and non-audit services that the external auditors may provide to the Group</li> <li>• Approving the remuneration of the external auditors and assessing their performance</li> <li>• Assessing annually the independence of the external auditors</li> <li>• Ensuring a process is in place for the committee to be informed of any reportable irregularities identified by the external auditor</li> </ul>	<ul style="list-style-type: none"> <li>• Ensured the appointment as external auditor 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;</li> <li>• Ensured that the re-appointment of the external auditor complied with relevant legislation;</li> <li>• Assessed the competence of the designated audit partner;</li> <li>• Ensured that the Group's designated audit partner would be rotated during the 2021 financial period, in compliance with section 92 of the Companies Act;</li> <li>• Reviewed IRBA's rule on the requirements of mandatory audit firm rotation;</li> <li>• Determined the fees to be paid to the external auditor, as well as the terms of engagement;</li> <li>• Pre-approved non-audit services provided by the external auditors;</li> <li>• Considered and confirmed the independence of the external auditors, taking into account all non-audit services performed and circumstances known to the committee;</li> <li>• Reviewed the external audit coverage plan to ensure adequate coverage of critical risk areas and dealt with questions arising from audit activities;</li> <li>• 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;</li> <li>• 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;</li> <li>• Received and appropriately dealt with any queries relating to the accounting practices of the Group, the content of its financial statements and the internal financial controls of the Group or to any related matter;</li> <li>• Made submissions to the Board on any matter concerning the Group's accounting policies, financial controls, records and reporting; and</li> <li>• Met separately with both the external and internal auditors to confirm that full co-operation was received by them from management.</li> </ul>

**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	Activities performed and areas of focus
<ul style="list-style-type: none"> <li>Ensuring that the Group has adequate processes in place to identify, monitor and manage all significant business and financial risk areas</li> <li>Assisting management to identify risk areas, and evaluating management in the handling of identified risks</li> <li>Ensuring that the Group's assets are secure</li> <li>Ensuring that the Group's information systems are adequate, secure and function effectively</li> <li>Ensuring that the accounting system and controls are adequate and function effectively</li> <li>Ensuring that the effectiveness of the internal control measures is continually evaluated</li> <li>Ensuring that systems exist that adequately provide for the Group's conformance with all laws, regulations and codes</li> </ul>	<ul style="list-style-type: none"> <li>Discharged all audit, risk and compliance committee responsibilities of all the subsidiary companies in the Group;</li> <li>Together with internal auditors, external auditors and management, reviewed the findings of the financial review committees of the material operating divisions in the Group;</li> <li>Ensured that management's processes and procedures were adequate to identify, assess, manage and monitor enterprise-wide risks;</li> <li>Reviewed operational risks, in particular how they were managed;</li> <li>Met with management to review their progress on identifying and addressing material risk areas within the business;</li> <li>The Chairman met regularly with key management to keep abreast of emerging issues which, during the 2020 financial period, included:                         <ul style="list-style-type: none"> <li>The adoption of new accounting standards, including IFRS 16 Leases</li> <li>Continued monitoring of possible corporate governance failures and their implications on risk management and director responsibilities in oversight of management</li> <li>The unfolding political and economic events in Zimbabwe and in other countries in Africa in which the Group is operating or considering operating</li> </ul> </li> <li>Reviewed both global and local governance failures, to ensure that the Group's risk management remained robust and relevant.</li> </ul>

**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 (2019: R0.4 million) equating to 3.6% (2019: 4.3%) of the total audit remuneration relating to agreed-upon procedures. All non-audit services undertaken during the 2020 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 Lereina Olivier 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 2020 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 1 March 2020, the committee is of the opinion that, in all material respects, the financial statements comply with International Financial Reporting Standards and the Companies Act and that they fairly present the financial position of the Group and Company for the 2020 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, following specific consideration of the impact of the COVID-19 pandemic.

In compliance with the requirements of the King IV Report™, an Integrated Annual Report will be compiled for 2020 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 2020 financial period and that its report to shareholders was approved by the Board.

**Jeff van Rooyen**  
Chairman: Audit, risk and compliance committee  
19 June 2020

# CORPORATE GOVERNANCE COMMITTEE

Members: Gareth Ackerman, David Friedland, Jeff van Rooyen

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, to which the responsibilities of the CFO and CISO roles were added
- the remuneration committee charter, incorporating the malus and clawback policy adopted by the Board
- 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  
1 July 2020

For 53 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.



**Gareth Ackerman**  
Chairman of the corporate governance committee

# NOMINATIONS COMMITTEE

# CORPORATE FINANCE COMMITTEE

Members: Gareth Ackerman, Alex Mathole, Audrey Mothupi

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. The committee had an exceptionally busy period:

- In view of the retirement of CFO, Aboubakar (Bakar) Jakoet, and reflecting the strategic and operational importance of the role of CFO, the committee conducted an extensive search involving both internal and external candidates. The committee was ably assisted by all non-executive directors in reaching its conclusion and recommending to the Board that an internal candidate, Lerena Olivier, be appointed. The Board accepted the proposal and Lerena was appointed with effect from 6 September 2019, on which date Bakar retired from his executive role. For more details on Lerena please refer to her CV on page 14.

- Following CEO, Richard Brasher, informing the Board that he felt his time at the Company was nearing its end, having been in the pressurised role since 2013, the committee commenced a search for a suitable successor both internally and externally. However, the advent of the COVID-19 pandemic and restrictions on local and International travel precluded this search being finalised. The Board is delighted that Richard Brasher has committed to staying on to steer the Group through these unprecedented times. The committee, with the able assistance of all non-executive directors, continues in identifying a worthy successor to Richard.
- The committee reviewed the composition of the Board in light of the pending resignation of independent non-executive director, Alex Mathole, who gave notice that she would step down as from the 2020 annual general meeting owing to her professional commitments. The Board-approved charter stipulates that a majority of the directors should be non-executive, and that a majority of the non-executive directors should be independent. Coupled with the statement by the Chairman, Gareth Ackerman, at the 2019 annual general meeting that the Company was considering refreshing the Board, an extensive process was Instituted to identify candidates for appointment as independent non-executive directors:
  - Bakar Jakoet was appointed as a non-executive director with effect from 6 September 2019;
  - Mariam Cassim and Haroon Borat were appointed as independent non-executive directors with effect from 18 May 2020; and
  - Annamarie van der Merwe will be appointed as independent non-executive director with effect from 4 August 2020, on which date Alex Mathole will step off the Board.



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.



**Gareth Ackerman**  
Chairman of the nominations committee

In addition to these actions, the committee has continued with its responsibilities:

- ensured the succession planning for the Board, the CEO and senior executive positions, so that the Group's long-term strategy can be well executed
- 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 refreshing of the Board, 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  
1 July 2020



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



Members: Jeff van Rooyen, David Friedland, Hugh Herman, Alex Mathole, Audrey Mothupi, Gareth Ackerman\*, David Robins\*, Bakar Jakoet

## 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.

## Committee membership

Membership comprises the independent non-executive directors. Should there be no perceived conflict of interest, membership is extended to include the non-independent non-executive directors.

**Jeff van Rooyen**  
Chairman: Corporate finance committee  
1 July 2020

\* Provided not conflicted



**Jeff van Rooyen**  
Chairman of the corporate finance committee

# REMUNERATION REPORT

The FY20 result was protected by continued strength and consistency within the core South African business.

Our remuneration policies seek to incentivise and reward performance that delivers on the Group's long-term objectives.

The remuneration committee must exercise careful judgement to ensure that its policies remain relevant in all conditions.

## SECTION 1: Committee Chairman's Report

These are exceptional times. COVID-19, and the measures taken to mitigate it, have had major consequences for South Africa's fragile economy. The Pick n Pay Group, as a provider of essential goods and services, has played a valuable role in maintaining the supply of food and other essential goods and services throughout the national state of disaster. We are proud of the role our team has played in feeding the nation, and are particularly grateful to our front-line Pick n Pay and Boxer staff for their commitment to our customers.

Group CFO, Lerena Olivier, has explained in her report that the full financial impact of COVID-19 on the Group cannot yet be reasonably known. However, there is little doubt that the pandemic, the trading and movement restrictions introduced to limit its spread, and the additional hygiene and safety measures put in place to protect staff and customers, will have a significant impact on the Group's financial performance in FY21.

In these extraordinary circumstances, the Board's mandate to the remuneration committee is clear. The committee must ensure that its remuneration policies and decisions at all times support the achievement of the Group's strategic objectives in a fair and responsible way.

Our remuneration policies seek to incentivise and reward performance that delivers on the Group's long-term objectives, measured against clear and relevant financial and operational targets. Decisions on pay and reward for the Board and for senior management must be appropriate in order to attract, motivate and retain a strong and effective team, and to align their interests with those of shareholders.

In exceptional times, it is important that remuneration policy takes into account the impact of unforeseen events on the ability of management to achieve existing performance targets, and does not penalise them for circumstances entirely outside of their control. The remuneration committee must exercise careful judgement to ensure that its policies remain relevant in all conditions.

### The year in review

Economic conditions deteriorated significantly over the course of FY20, both in South Africa and the other southern African regions in which the Group trades. The difficult domestic trading environment reflected very low levels of economic growth, rising household costs and high levels of unemployment. Operations in the rest of Africa, particularly Zambia and Zimbabwe, were impacted by economic and political instability, currency weakness, drought and erratic power supply.

Against this background, the Group delivered a sound FY20 financial result, with a resilient performance from the South African division. However, the overall result fell short of what the remuneration committee, and indeed the senior executive team, felt the Group was capable of this year.



In exceptional times, it is important that remuneration policy takes into account the impact of unforeseen events on the ability of management to achieve existing performance targets.



**Hugh Herman**  
Chairman: Remuneration committee

The remuneration committee recognises that challenges in Zambia and Zimbabwe, including severe and rapid currency devaluation over the year, reduced Group earnings by 8.7 percentage points year-on-year. Earnings were reduced by a further 7.1 percentage points as a result of an increase in the Group's effective tax rate from 24.3% to 31.2%. This was driven by hyperinflation in Zimbabwe and reduced share scheme obligations as a result of the Group's lower share price over the year. Please refer to the CFO report on page 61 of the 2020 IAR for further information.

The FY20 result was protected by continued strength and consistency within the core South African business, which lifted its comparable profit before tax by 15.2% this year. As a result, the Group was able to deliver comparable headline earnings of 278.81 cents per share, down 0.6% on last year.

### Executive incentives

#### Short-term incentive – FY20 annual bonus

The Group delivered growth in profit before tax and exceptional items (PBTAIE), the Group's primary short-term performance target, of 6.5% in FY20. This was short of the remuneration committee's threshold target of 8.0%. As such, the Group did not meet the required performance measures set by the remuneration committee for the payment of a short-term annual bonus, and accordingly the remuneration committee has not awarded a short-term bonus to its senior executive team this year.

This decision was not taken lightly. The Group once again delivered consistent and sustained progress against its long-term plan under the leadership of its senior team, notwithstanding the increasingly challenging trading environment. However, the FY20 result fell short of the primary earnings target, and also missed the mark on a number of secondary targets, including sales growth, expense ratios, finance costs and inventory management.

Short-term bonuses have been paid to our Boxer team, for an outstanding market-leading sales and earnings performance and to lower levels of Pick n Pay management in recognition of the attainment of individual performance targets.

#### Long-term incentive – forfeitable shares due in 2020 (FSP 4)

The Group delivered compound annual growth of 4.0% in headline earnings per share (HEPS) over the past three years, short of the 10% threshold target required for the vesting of FSP 4 (awarded in 2017). The below-target HEPS performance is largely as a result of challenges outside South Africa in FY20. Accordingly, the remuneration committee has elected to forfeit approximately 70% of the FSP 4 shares awarded to executives.

In line with the discretion provided within the scheme rules, the remuneration committee will allow approximately 30% of the allocation to vest in June 2020 (subject to service conditions being met). This is in recognition of the strong performance of the Group's South African division over the past three years (10% compound annual earnings growth), and acknowledgement that

the Group HEPS target miss was largely due to factors outside of the control of the senior executive team in FY20. This includes hyperinflation in Zimbabwe, currency devaluation Zambia and a material increase in the Group's tax rate.

The remuneration committee is satisfied with the difficult decisions it has taken this year. These include decisions to withhold an annual bonus for its executive team, and to forfeit approximately 70% of the forfeitable shares due to vest later this year. These decisions have provided balanced and fair remuneration for our team in the context of missed financial performance targets in a difficult economy, and are appropriately aligned with the expectations and interests of our shareholders.

#### Long-term incentive – forfeitable shares due in 2021 and 2022 (FSP 5 and FSP 6)

The COVID-19 pandemic will have a meaningful impact on FY21 Group earnings. During the nationwide lockdown, the Group was unable to trade in many key categories, including liquor, tobacco and most clothing and general merchandise lines. These non-essential categories make up around 20% of revenue, and have higher margins than basic food and grocery lines. Earnings will also reflect additional hygiene and personal protection costs, and consumer confidence and consumer spending markedly changed by a more acute economic recession.

The Group's long-term strategic objectives are being re-evaluated and re-set by the Board, to reflect the substantively changed economic and trading conditions under COVID-19. Please refer to Richard Brasher's report for further information on the Group's plan to accelerate the delivery of its long-term plan, including a cost and efficiency "Project Future" programme to remove R1 billion of operating costs over the next two years.

The remuneration committee is mindful that the historic performance targets set for the Group's outstanding FSP 5 and FSP 6 awards, due to vest in June 2021 and June 2022 respectively, are likely no longer attainable within the context of the COVID-19 landscape, and may no longer be relevant in terms of the Group's revised long-term plan. Please refer to page 42 for further information. The remuneration committee is cognisant that performance targets which are no longer relevant due to circumstances outside the control of the management team are discouraging to senior executives and create long-term retention risk.

The remuneration committee will utilise the discretion provided in terms of Section 8 of the FSP scheme rules to revise the HEPS performance targets of FSP 5 and FSP 6 to reflect the changed circumstances of the COVID-19 pandemic and its likely longer-term impact. The objective is unchanged – revised targets will be stretching but attainable, aligned to the Group's long-term plan, and must drive a performance that delivers long-term value creation for shareholders. The remuneration committee will report to shareholders on the action taken in due course.



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 4 August 2020.



### Malus and claw-back

In line with best corporate governance practice, and under the direction of the remuneration committee, the Group adopted a malus and claw-back remuneration policy this year. The policy provides that in the event of a material misstatement of the financial statements of the Pick n Pay Group, or of any company in the Pick n Pay Group, the Board is entitled to adjust (malus) or recover (claw-back) any performance-related elements of remuneration from executives implicated in the misstatement, as a result of their fraud, dishonesty or negligence.

### Review and restructure of long-term share incentive schemes going forward

#### Share option scheme

The remuneration committee has tasked the Group's employee benefits team to re-evaluate the Group's share option scheme to establish whether there is a more modern and more effective way of incentivising and retaining middle and lower levels of management. In particular, one that is more cost effective for the Group, creates more certain value for employees in the context of poor performing equity markets, and removes the volatility risk from the tax rate. Please refer to page 42 of Section 3 for further information.

#### Forfeitable share plan (FSP)

The remuneration committee assured shareholders last year that it would continue to assess the effectiveness and appropriateness of the FSP scheme, and would seek to modernise it in line with market best practice when appropriate. The remuneration committee will once again re-evaluate the appropriateness of the FSP scheme in the coming year. Assisted by industry experts, the committee will seek to ensure that the FSP scheme adequately and reasonably achieves executive retention in a competitive market, while rewarding individual and divisional performance, in a manner that maximises long-term shareholder value creation. As a start, the Group will ask shareholders at the 2020 AGM for greater flexibility around FSP participant voting and dividend rights. Voting and dividend rights are currently mandatory under the rules of the FSP, which necessitates upfront funding of the scheme in the form of treasury shares. These rights add cost to the scheme, and allow FSP participants to receive dividends over the course of the scheme, whether or not financial performance conditions are ultimately met for the shares to vest. The remuneration committee seeks greater shareholder alignment, and the flexibility to issue FSP shares without voting and dividend rights (during the vesting periods), as appropriate.

### FY21 salary increases for executive directors and senior management

In light of the economic disruption and dislocation of COVID-19, the Board and the remuneration committee have agreed not to grant an annual increase to executive directors and senior management for the coming year. These savings will be directed towards increases for our front-line staff and our colleagues at more junior employment grades. Non-executive Board members have waived their shareholder-approved fee increase for the FY21 financial year.

### Stability of labour relations

The Group secured new three-year wage agreements with its main Pick n Pay and Boxer supermarket labour unions in FY20. The agreements deliver fair and reasonable remuneration improvements for our staff, introduce a further increase in minimum guaranteed hours for variable time employees, and provide the Group with long-term stability in labour relations.

The Group has experienced some labour disruption in its supply chain operations over recent months. This follows the transition from a model which traditionally included a number of service providers, to a functional outsourced model, which includes the introduction of formal measures of productivity and efficiency. To date, any disruption has been short-lived and the remuneration committee congratulates management on the work it is doing to improve ways of working across its supply chain and to promote long-term labour stability across its operations.

### Voluntary severance programme

The Group has achieved significant progress against its long-term plan over the past seven years. However, the need to deliver even better value to customers has never been greater, and this can only be achieved through greater efficiency in the Group's operations. The Group's Project Future will address all operational costs, including product and store waste, energy usage, better utilisation of the store estate, greater efficiency in the supply chain and better use of working capital. Targeting labour cost and efficiency, Pick n Pay launched a voluntary severance programme (VSP) in March. Participation in the scheme is entirely voluntary, and acceptance of applications is at the Group's discretion. The VSP is an opportunity for colleagues to choose to leave the business on a voluntary basis, with a more generous package than would be the case with any statutory retrenchment programme.

### Leadership update – Group CEO

During 2019, the Group's CEO, Richard Brasher, provided the Board with 12 months' notice of his intention to retire from the Group at the end of May 2020, post the publication of the Group's FY20 financial result. Richard expressed his confidence in the strength and stability of the business, and in the depth and skill of the management team, and believed 2020 would be the right time to hand over the reins to a new CEO.

The Group, under Richard's steadfast and determined leadership has been transformed over the past seven years. Richard has had a very clear vision for the business and his long-term plan has steered the Pick n Pay and Boxer teams successfully through difficult economic times. The business is leaner and fitter, and with a strong and stable balance sheet has delivered consistent earnings growth. Richard and his team have built the Group into a genuine multi-channel retail platform, with the flexibility to successfully pursue growth in the market.

Richard provided the Board and its nominations committee with sufficient notice to begin the work of identifying and appointing a strong successor to lead the Group in future years.

The COVID-19 pandemic reached South Africa in early March 2020 and has brought unprecedented operational challenges. Richard has assured the Board that he intends to stay at the helm throughout the COVID-19 crisis, and will navigate his team through these challenging times.

Richard has once again stepped up as a strong leader with energy and determination. He has committed to stay with the Group until a strong and suitable successor has been appointed, and a reasonable and effective handover period has been completed, or until 31 March 2022, in line with the Group's retirement policy. In recognition for his unwavering commitment to the Group, the Remuneration Committee has awarded Richard with 1.2 million FSP shares under the Group's executive share incentive scheme. This award seeks not only to incentivise Richard adequately over the extension to his term, but also to recognise that, due to his planned retirement, Richard did not receive an annual share incentive award in 2019 (FSP 6) when one was allocated to his executive team. Please refer to page 42 for further information.

### Looking ahead

The remuneration committee is confident that it has played an integral role in the Group's strategic objective to build a strong and winning retail team by ensuring the Group offers fair and balanced remuneration and benefits, designed to retain key skills and reward outperformance. We will continue our work this year to modernise our policies, and to ensure that all incentive structures adequately reflect current trading conditions and individual achievements. Employment equity, gender equity and pay parity remain keen focus areas. While the Group has a good record in all these areas, the remuneration committee will ensure that it continues to improve where possible, and continue to set an example of fair benefits for all.

#### Hugh Herman

Chairman: Remuneration committee

1 July 2020

### An overview of the remuneration committee

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; and
- aligned to the Group's strategic objectives.

The remuneration committee is mandated by the Board to ensure that our remuneration policy achieves its key objective of value creation over the short, medium and long term. Our remuneration policy incentivises behaviour that delivers on our strategic plan. This is measured against clear individual and Group performance targets. Importantly, pay and reward for the Board and senior management must be appropriate, fair and responsible to attract, motivate and retain a winning team in a manner that is aligned with the interests of our shareholders. 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.

### Members and meeting attendance:

	Attendance
Hugh Herman (chairman)	2/2
Gareth Ackerman	2/2
Aboubakar Jakoet*	1/1
Audrey Mothupi	2/2
Jeff van Rooyen	2/2

\* Aboubakar Jakoet was appointed as a non-executive director and as a member of the remuneration committee in September 2019.

The remuneration committee 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. Independent expert advice is obtained as required, including in respect of the evaluation of our share incentive schemes. 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.

More information about the directors on the remuneration committee can be found on page 7.

Reporting to our stakeholders

To drive sustainable value creation for our stakeholders, our remuneration policies seek to build the most skilled and talented retail business in South Africa.

Our remuneration policies, including all reward principles, are consistent with last year – with the inclusion of a new malus and claw-back policy. Remuneration policies are outlined in Section 2 of this report. Read more from page 35.

The application of our remuneration policies in FY20 is detailed in Section 3 of this report. Read more from page 41.

The remuneration committee is confident that the remuneration policy achieved its stated objectives:

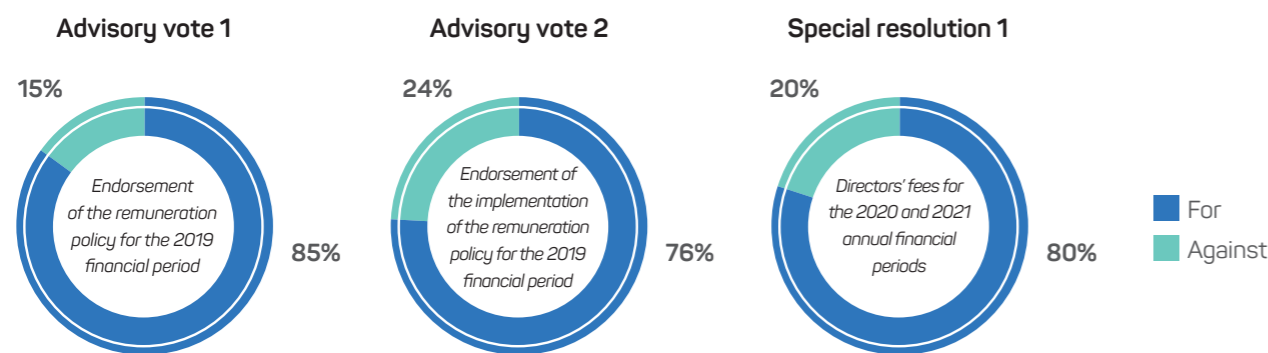
- Senior management and staff were remunerated fairly, commensurate with market best practice
- Current achievements were recognised in a tough economic climate
- Future performance was incentivised in line with the objectives of the Group's long-term strategy and shareholders' interests

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 4 August 2020. The proposed directors' fees for the 2021 and 2022 financial periods will be submitted to shareholders at the AGM. No fee increase will be taken in FY21, notwithstanding previous shareholder authority received. Please refer to page 43 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; and
- 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 policy and directors' fees for the 2020 financial period were approved by shareholders at the AGM held on 30 July 2019 as follows:



“The remuneration committee is satisfied that it has fulfilled its responsibilities in terms of the Board charter and its objectives for the 2020 financial period.”

SECTION 2: Overview of remuneration policy

Our 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:

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

Our remuneration policies

The Group's underlying remuneration policies provide balanced reward that recognises the attainment of short-term performance goals, while incentivising sustainable long-term value creation. The interests of our team are aligned with those of our shareholders through governance practices 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 decisions 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
- The executive team is not unduly rewarded where performance does not meet expectations. However, the committee strives to find a reasonable balance to retain key executives and attract quality executives from outside the business to ensure delivery against our strategic objectives. Executive remuneration is considered in the context of overall employee remuneration, given South Africa's socio-economic conditions

Fair and responsible remuneration

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

The remuneration committee recognises its responsibility to ensure that our remuneration policies support the Group's long-term strategic goals. Executive pay is directly linked to the achievement of these goals. This is reflected in the performance targets set by the remuneration committee. The remuneration committee further ensures that executive directors are remunerated fairly and in line with industry benchmarks and shareholder expectations.

Underpinned by strong governance principles, the committee is satisfied that the Group's remuneration policies ensure objective and reasonable executive director pay that is free from discrimination, prejudice or favouritism.

Parity of remuneration across gender and race groups

The Group's 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.

Fixed and variable benefits are benchmarked against industry norms. Comprehensive statistical analysis at all levels of remuneration is performed on an ongoing basis, 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.

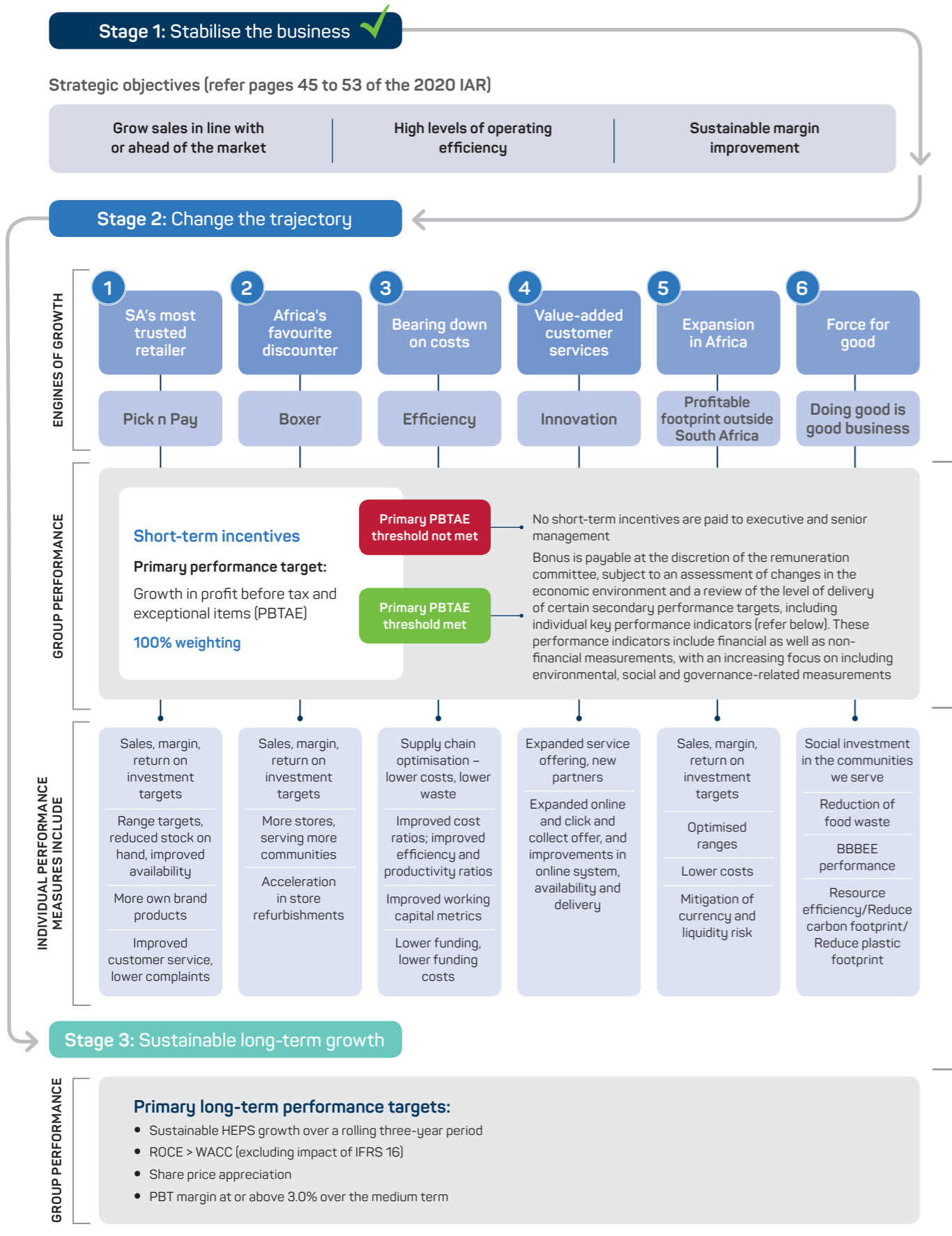
The Group has made strong progress on our employment equity and gender equity targets across the business – achieving pay parity across all levels of the business, while acknowledging that there is more to do in our most senior roles.

We have committed the following to our employees:

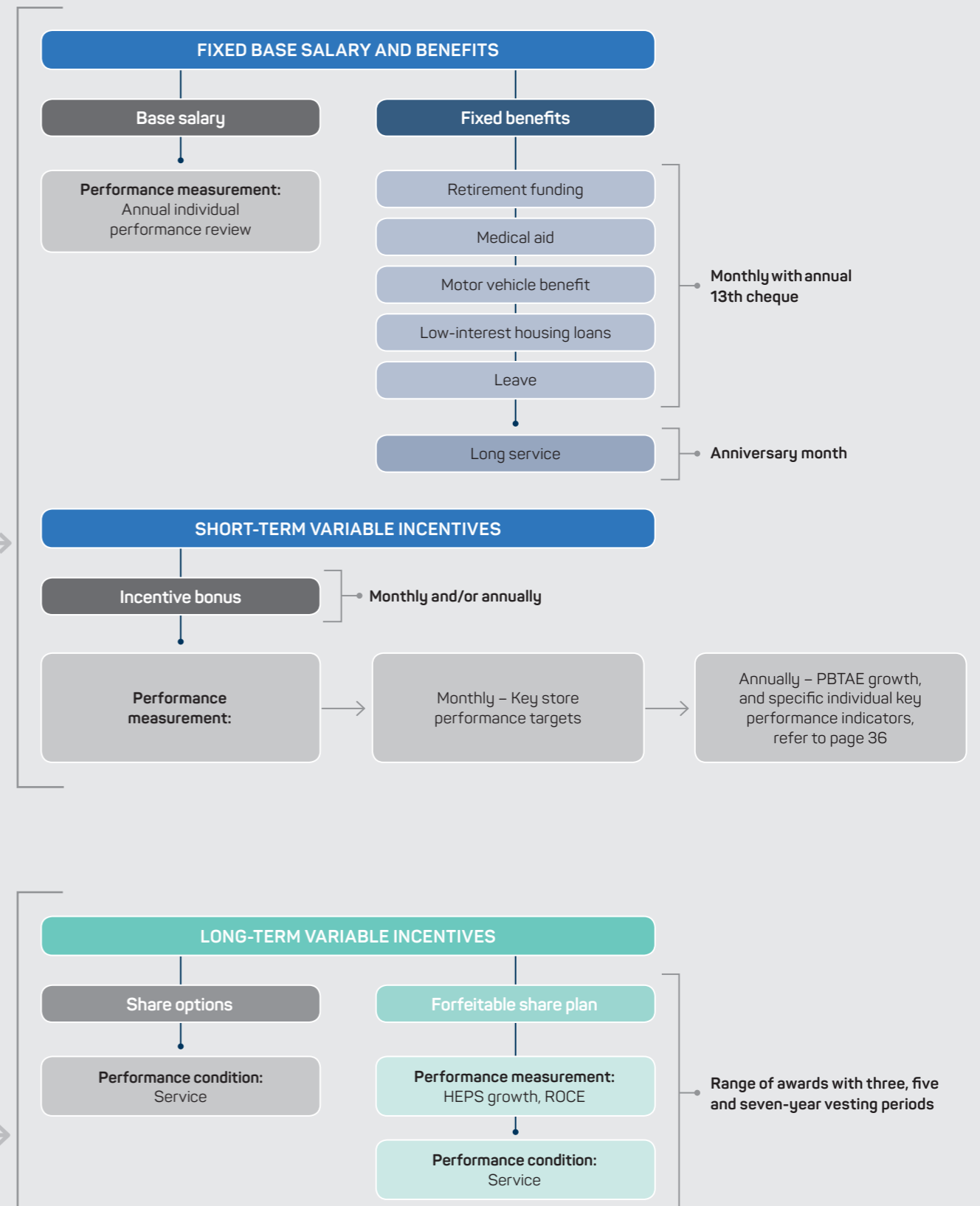
- We will take deliberate action to achieve our employment equity and gender equity targets
- We are equitable in our recruitment
- Colleagues will enjoy fair pay for work done – equal pay for equal work
- Everybody will have the opportunity to progress in the Group

### Aligning remuneration with long-term strategic plan

Short- and long-term incentives are linked to the achievement of performance targets that support our strategic objectives, contribute to building a winning team and create long-term, sustainable value for all stakeholders.



### 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.

<b>Base salary</b>	<p>Annual base salaries across 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 our strategic business objectives.</p> <p>The fixed base salary reflects the relative skills, experience, contribution and performance of the individual. Remuneration is directly linked to formal annual performance assessments.</p> <p>The scope of the employee's role, competence and performance, the projected consumer price index and comparable increases in the general and retail market determine annual increases.</p>
<b>Retirement funding</b>	<p>It is an employment condition that all employees (including variable-time employees<sup>2</sup>) 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.</p>
<b>Medical aid</b>	<p>Medical aid provisions are in place for all full-time<sup>1</sup> and variable-time<sup>2</sup> 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 NMBU<sup>3</sup> employees. We contribute 50% of medical aid contributions on behalf of employees.</p>
<b>13th cheque</b>	<p>A 13th cheque is paid to qualifying employees in November each year. Variable-time employees<sup>2</sup> 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, which is paid on a pro rata basis where the employee has been with the Group for less than a year.</p>
<b>Motor vehicle benefit</b>	<p>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.</p>
<b>Leave</b>	<p>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<sup>2</sup> employees accumulate leave based on ordinary hours worked. The Group provides family responsibility and religious leave, where applicable.</p>
<b>Training, bursaries and study grants</b>	<p>We offer over 330 training programmes to employees, ranging from basic literacy and numeracy to computer-based training and management and leadership programmes. Our Chartered Accountant (SA) and graduate training programmes attract talented young people into the business and develop them to join our management team. Our corporate academy seeks to fast-track the development of a pool of managers for our stores. We also offer learnership programmes that focus on scarce skills, particularly in the bakery and butchery sectors. Our leadership development programmes, accredited by formal tertiary institutions in South Africa, have been very successful in providing the business with future leaders.</p>
<b>Long service</b>	<p>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 recognised with an additional allocation of leave at five-year intervals, depending on the terms and conditions of employment.</p>

<sup>1</sup> Full-time employees have a fixed contract with the Group and work 45 hours per week.

<sup>2</sup> Variable-time employees have a variable contract with the Group, which guarantees 105 hours per month.

<sup>3</sup> NMBU refers to our non-management bargaining unit.

### Short-term incentives

The annual 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 36.

The bonus pool is self-funding and is created after achieving 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 depends on the overall Group target reached and on their 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	36 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	1 x basic monthly salary

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.

### Long-term incentives

It is Group policy to maintain a broad-based share incentive 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. All levels of management can acquire Group shares. This is a key differentiator between the Group and other retail employers in South Africa, encouraging employee retention and creating opportunities for economic upliftment.

The Group operates two share incentive schemes:

#### Share option scheme

The employee share option scheme incentivises management and employees through the acquisition of Group shares, thereby aligning interests with shareholders. It further fosters trust and loyalty among employees and rewards performance, encouraging employee retention.

#### Forfeitable share plan (FSP)

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

### Funding of share incentive schemes

Shareholders authorised the Board to utilise up to 63.9 million Pick n Pay Stores Limited (PIK) shares to manage the Group's share schemes, representing 13% of issued share capital. Both of the Group's share schemes fall within this limit. Accordingly, the aggregate number of shares awarded under both schemes cannot exceed the authorised limits. In respect of the number of new shares that can be issued to cover obligations under the employee share schemes, the two share schemes are further constrained by an aggregate limit of 5% of the issued share capital of PIK.

### The Group's share option scheme

Share options	Eligibility	Vesting			
Status share options – service conditions attached	Status share options are granted to employees who attain grade F. 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. 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 before the end of a vesting period, unvested share options lapse.			
Performance share options – service conditions attached	Middle-management employees on grades C and D may be eligible for performance "top-up" share options in recognition of their individual performance and contribution to the Group.	This is a reward scheme, aimed at high performers, in order to recognise and retain key management personnel over the longer term.  To encourage employee retention, status and performance shares vest in three tranches (vesting periods) as follows:			
		<table border="0"> <tr> <td style="text-align: center;"><b>40%</b> 3 years of service</td> <td style="text-align: center;"><b>30%</b> 5 years of service</td> <td style="text-align: center;"><b>30%</b> 7 years of service</td> </tr> </table>	<b>40%</b> 3 years of service	<b>30%</b> 5 years of service	<b>30%</b> 7 years of service
<b>40%</b> 3 years of service	<b>30%</b> 5 years of service	<b>30%</b> 7 years of service			

### The Group's forfeitable share plan (FSP)

The FSP recognises key members of senior management who have a significant role to play in delivering Group strategy and ensuring the growth and sustainability of the business in the future. A participant of the FSP 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.

<b>Eligibility</b>	The remuneration committee awards shares to participants. The actual number of shares awarded takes into account recognised market benchmarks as well as each participant's individual contribution to value creation, annual salary, employment grade and other relevant retention and attraction requirements.
<b>Vesting</b>	The shares are held by a Central Securities Depository Participant (CSDP) on behalf of the employee during the time of the vesting period. The employee cannot dispose of the shares before the vesting date. If the employee leaves the Group before the completion of the vesting period (other than on normal retirement, disability or death), all shares are forfeited.
<b>Performance conditions</b>	<p>The performance conditions are linked to the Group's financial performance, with growth in HEPS as the primary performance measure. Performance conditions are applied on a linear, rising scale. This allows for the vesting of an increasing number of shares as earnings thresholds are met and exceeded. All growth thresholds recognise the applicable IFRS 2 share-based payment expense, which is charged to the income statement over the vesting term of the forfeitable shares. The scheme is therefore self-funding.</p> <p>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: ROCE must be greater than WACC (excluding any impact from IFRS 16 liabilities) over the vesting period before any FSP shares can vest. This ensures that the Group generates a real return for shareholders before rewarding its management team.</p>

### Service contracts and termination benefits

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 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. Termination or restraint of trade payments may be made in this regard at the discretion of the remuneration committee.

### 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. Fees are not subject to attendance of meetings as attendance of Board meetings is generally good. Refer to page 43 for more detail on the proposed fees for FY21.

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.



In the coming year, the remuneration committee will re-evaluate its share option and FSP schemes as effective and appropriate mechanisms for long-term retention and reward.



## SECTION 3: Implementation of remuneration policy

The committee chairman's report on pages 30 to 33 details the key focus areas of the remuneration committee this year, including the important decisions taken to balance short-term and long-term incentives in a tough economic climate, alongside the best interests of shareholders. Additional work performed and decisions taken by the remuneration committee during FY20 include:

### Executive director remuneration benchmarking, including an annual review of all benefits provided

#### CEO remuneration

In setting the CEO's FY20 base salary at R10.7 million, the remuneration committee considered Richard Brasher's 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 contribution to date.

#### CFO remuneration

The Board welcomed Lerena Olivier into her new role as Group CFO this year. Led by the nominations committee, the Board followed a formal process to appoint the right successor for Bakar Jakoet, considering a number of external and internal candidates. Lerena, a qualified chartered accountant, has extensive experience in the retail industry, including eight years leading the Group's financial reporting team. The remuneration committee worked closely with the Board to formulate an appropriate remuneration package for the position, aligned with industry norms, including adequate incentives for retention and reward.

#### Other executive and senior management remuneration

The committee evaluated the overall value and composition of short-term and long-term benefits in respect of executive and senior management, to ensure the packages are effective and appropriate to drive the delivery of short- and long-term strategic objectives. Executive remuneration is considered fair and competitive against market benchmarks and the role and performance of each individual executive director.

### Determining annual increases in fixed remuneration for executive directors, and an overall salary increase for salaried staff across the Group

Annual increases were determined in April 2019 after formal performance reviews. These increases reflect individual performance against key performance indicators, the scope of each role, as well as comparable increases in the general and retail market, and moderate CPI projections.

The increase in total fixed base salary and benefits (fixed remuneration) paid to executive directors year-on-year was on average 5.0%, excluding additional fringe benefits. The average salary increase for the Group was 7.0% in FY20, excluding employees governed by a labour union agreement (NMBU).

Executive directors and senior management received lower annual salary increases (5% on average) than employees on lower employment grades (6% – 7% on average) in recognition of the impact of the tough economic climate on many of our employees. The average annual increase for NMBU employees, as governed by labour union agreements, was between 7% and 10%.

### Short-term incentives – determining an appropriate annual cash bonus, and the reasonable allocation thereof to executive directors and qualifying management 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 annual 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 remuneration committee's PBTAE targets for FY20, on a comparable 52-week financial calendar basis, were as follows:



As described in Section 2 of this report, secondary performance targets, which include turnover growth, improved operating costs and other efficiency ratios and key working capital metrics are set on an individual basis. 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 R1 870.7 million for FY20, a 6.5% increase on the comparable PBTAE for the 52-week prior period. The increase in PBTAE fell short of the threshold target set by the remuneration committee. As a result, no short-term incentive bonus has been awarded to executive directors, or to the senior management team of Pick n Pay. Please refer to the chairman's report on page 31 for further information.

The remuneration committee will meet later this year to set new and appropriate targets for FY21. It will work closely with the Board to formulate targets which adequately reflect the impact of the COVID-19 pandemic, and all related trade and social distancing restrictions, on Group performance.

### Long-term incentives – the vesting of forfeitable shares (FSP 4) in June 2020

The Group has delivered three-year compound annual growth in headline earnings per share (HEPS) of 4.0% per annum (FY18 – FY20). The HEPS performance over three years is short of the required 10% threshold target for FSP 4 to vest in June 2020.

The remuneration committee has utilised the discretion available to it within the rules of the FSP scheme, and will forfeit approximately 70% of the FSP shares, and allow approximately 30% to vest in June 2020 (subject to the service condition being met). This recognises the strong performance of the Group's South African division over the past three years (10% compound annual earnings growth). It further acknowledges that the Group HEPS under-performance was largely due to factors outside of the control of the senior executive team in FY20, including hyperinflation in Zimbabwe and a material increase in the Group's tax rate. Please refer to the chairman's report on page 31 for further information.

## Long-term incentives – forfeitable share award to executive directors and qualifying senior management (FSP 6)

The remuneration committee agreed an annual award of forfeitable shares to senior management personnel in FY20, 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 6 award provided 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 2019 award (FSP 6) and agreed on the individual participants and the level at which each would participate, with particular focus on allocations to executive directors. Please refer to the disclosure provided below for further information.

## Long-term incentives – the re-evaluation of performance hurdles in respect of outstanding forfeitable share awards held by executive directors and senior management (FSP 5 and FSP 6)

The Group's outstanding executive forfeitable share awards are as follows:

Year	Scheme	Number of shares millions	Number of participants	Current performance targets – to be revised			Vesting date
				3-year HEPS CAGR threshold	3-year HEPS CAGR target	3-year HEPS CAGR stretch	
2018	FSP 5	2.3	117	10%	12%	14%	June 2021
2019	FSP 6	1.9	124	8%	10%	12%	June 2022

The remuneration committee will utilise the discretion provided in terms of Section 8 of the FSP scheme rules to revise the HEPS performance targets to reflect the changed circumstances of the COVID-19 pandemic and its likely longer-term impact. These targets must be stretching but attainable, aligned to the Group's long-term plan, and must deliver a performance that drives long-term value creation for shareholders. The remuneration committee will report to shareholders on the action taken in due course. Please refer to the chairman's statement on page 32 for further information.

## Long-term incentives – CEO

### FSP Award

The remuneration committee has awarded 1.2 million FSP shares to CEO Richard Brasher. The share award recognises that Richard did not participate in FSP 6 as a result of his planned retirement, and seeks to ensure that Richard is now adequately rewarded over his extended term, and fairly incentivised to lead the Pick n Pay Group through the COVID-19 crisis and deliver on the Board's revised earnings' targets. The shares will have a two-year vesting term, to 31 March 2022, with hurdles aligned with the revised targets for FSP 6 (as detailed above).

### Restraint of trade

In recognition of Richard Brasher's key role in formulating and delivering Group strategy through the COVID-19 crisis and beyond, the remuneration committee has now included a restraint of trade provision in his CEO employment contract. The remuneration committee will have the discretion to pay Richard Brasher up to four times his annual salary on his retirement from the Group, to secure appropriate employment restrictions. This is in line with our remuneration policy in respect of executive service contracts, as detailed on page 40.

## Long-term incentives – share options issued in recognition of promotion and performance

During FY20, 3.2 million Pick n Pay Stores Limited (PIK) options were issued to employees in respect of their progress and performance. A further 200 000 share options were awarded to Lerena Olivier on her appointment as Group CFO. Share options were awarded at market price, and vest over a period of three, five and seven years. A total of 23.5 million share options were held by employees at year-end, amounting to 4.8% of shares in issue. Please refer to note 5 of the FY20 annual financial statements for further information.

The future net realisable value of all outstanding share options at 1 March 2020:

Year	Average grant price	Number of options 000's	Net realisable value* Rm
Outstanding share options may be taken up during the following financial periods:			
2021	R44.85	11 416.3	118.6
2022	R68.20	3 188.5	-
2023	R63.79	2 564.6	-
2024	R70.44	2 242.5	-
2025 and thereafter	R67.55	4 090.0	-
		23 501.9	118.6

\* The net realisable value of outstanding share options was calculated using the prevailing market share price at year-end of R55.24, less the grant price per award.

In recent years, the Group's share price performance has mirrored under-performing equity markets across the globe, and increasingly negative investor sentiment towards emerging market economies. In particular, investor confidence in South Africa remains low as a result of stagnant economic growth, high unemployment, and credit agency downgrades taking the country's sovereign rating below investment grade. As a result, approximately 65% or 15 million share options held by employees have no value (are currently out-of-the-money), notwithstanding the Group delivering compound annual earnings growth of 19% per annum over the past seven years. As such, these instruments are increasingly ineffective in providing middle and lower levels of management with adequate incentive or reward.

At the same time, the significant reduction in the value of the Group's employee share scheme obligations over the past year has resulted in a reversal of related deferred tax assets and a material 4.2 percentage point increase in the Group's tax rate. Please refer to page 64 of the CFO's report in the 2020 IAR for further detail.

The remuneration committee has tasked management to re-evaluate the Group's share option scheme to establish whether there is a more modern and effective way to incentivise and retain key members of staff, particularly middle and lower levels of management. The remuneration committee seeks a scheme that is more cost effective for the Group, creates more certain value for employees, and removes the volatility risk from the tax rate. The remuneration committee will communicate its final decision on the Group's share option scheme in its FY21 report.

## Malus and clawback

No incidents identified in the FY20 financial year.

## Reviewing and recommending to the Board the overall compensation for the Chairman, for approval by shareholders at the AGM

In setting the Chairman's proposed annual fee of R4.7 million in FY20, 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 recommending non-executive directors' fees for FY21 for approval by shareholders at the AGM

Shareholders approved the FY21 directors' fees at the AGM held in July 2019, agreeing that the FY20 fees be increased by CPI for the 2021 annual financial period. However, non-executive directors have waived their right to the increase in light of the COVID-19 pandemic. Directors' fees will remain unchanged for the 2021 annual financial period.

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

	Proposed 2021 R	Actual 2020 R	% Change
Chairman of the Board	4 660 000	4 660 000	-
Lead independent non-executive director of the Board	145 000	145 000	-
Non-executive director of the Board	435 000	435 000	-
Chairman of the audit, risk and compliance committee	375 000	375 000	-
Member of the audit, risk and compliance committee	145 000	145 000	-
Chairman of the remuneration committee	200 000	200 000	-
Member of the remuneration committee	94 500	94 500	-
Member of the nominations committee <sup>1</sup>	90 000	90 000	-
Member of the social and ethics committee <sup>2</sup>	94 500	94 500	-
Chairman of the corporate finance committee <sup>3</sup>	200 000	200 000	-
Member of the corporate finance committee <sup>4</sup>	135 000	135 000	-
Member of the corporate governance committee <sup>5</sup>	90 000	90 000	-
Trustee of the employee share purchase trust	42 000	42 000	-

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

<sup>2</sup> The chairman of the social and ethics committee is an executive director and does not receive an additional fee for chairing this committee.

<sup>3</sup> 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 FY20, and therefore no fees were paid.

<sup>4</sup> 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 FY20, and therefore no fees were paid.

<sup>5</sup> The Chairman of the corporate governance committee is Chairman of the Board and does not receive an additional fee for chairing the committee. No formal meetings were held during FY20, and therefore no fees were paid.

## Payments, accruals and awards to directors

### Total remuneration of executive directors

	Base salary R'000	Retirement and medical contributions R'000	Fringe and other benefits R'000	Total fixed remuneration R'000	Bonus and gratuity*** R'000	Total remuneration R'000	Long-term share award charges# R'000
<b>2020</b>							
Richard Brasher	10 707.0	968.0	742.5	12 417.5	-	12 417.5	4 551.7
Aboubakar Jakoet*	2 711.3	52.8	1 348.4	4 112.5	-	4 112.5	2 673.6
Lerena Olivier**	1 896.2	182.4	169.7	2 248.3	-	2 248.3	285.2
Richard van Rensburg	4 980.0	431.3	327.6	5 738.9	-	5 738.9	(637.8)
Suzanne Ackerman-Berman	2 922.3	276.8	289.6	3 488.7	-	3 488.7	(791.6)
Jonathan Ackerman	1 494.0	271.6	298.1	2 063.7	-	2 063.7	(234.7)
<b>Total remuneration</b>	<b>24 710.8</b>	<b>2 182.9</b>	<b>3 175.9</b>	<b>30 069.6</b>	<b>-</b>	<b>30 069.6</b>	<b>5 846.4</b>
<b>2019</b>							
Richard Brasher	10 140.0	916.4	293.7	11 350.1	20 640.0	31 990.1	32 477.3
Aboubakar Jakoet	5 088.6	33.8	152.6	5 275.0	15 216.0 <sup>®</sup>	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
<b>Total remuneration</b>	<b>24 174.8</b>	<b>1 878.2</b>	<b>1 354.0</b>	<b>27 407.0</b>	<b>41 736.0</b>	<b>69 143.0</b>	<b>46 071.1</b>

\* Effective 6 September 2019, Aboubakar Jakoet retired as an executive director and was appointed as a non-executive director of Pick n Pay Stores Limited. On retirement, outstanding leave encashment and the settlement of outstanding employee loans resulted in additional fringe and other benefits received during the year.

\*\* Lerena Olivier was appointed as an executive director of Pick n Pay Stores Limited on 6 September 2019.

\*\*\* The remuneration committee has not awarded a short-term bonus to its senior executive team this year, as the growth in comparable profit before tax and exceptional items (PBTAE) of 6.5% for the 52 weeks ended 1 March 2020 was short of the targeted 8.0%.

<sup>®</sup> During the prior period, a gratuity of R10.0 million was granted to Aboubakar Jakoet on his retirement, in appreciation of his outstanding contribution to the Pick n Pay Group over the 34 years of his career.

# The long-term share awards expense or recoupment is determined in accordance with IFRS 2: Share-Based Payments, and reflects the current year's charge recorded in the Group's statement of comprehensive income and statement of changes in equity. The fair value of share awards are determined at grant date, and are recognised in the statement of comprehensive income and statement of changes in equity over the period during which the employee becomes unconditionally entitled to the award (the vesting period). Long-term share awards will vest in the future only if all the vesting criteria set out in the rules of the 1997 Employee Share Options Scheme and the Forfeitable Share Plan (FSP) are met. Dependent on the nature of the vesting criteria, long-term share awards expense may be reversed and recouped by the Group if the vesting criteria are not met. During the current year, certain vesting criteria relating to FSP awards with a vesting date of 25 June 2020 were not met. As a result, approximately 70% of the cumulative long-term share awards expense relating to this FSP allocation was recouped by the Group.

### 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 governance committee R'000	Social and ethics committee R'000	Employee share trust R'000	Total remuneration R'000
<b>2020</b>									
Gareth Ackerman	4 660.0	-	-	-	-	-	-	-	4 660.0
David Friedland	435.0	-	145.0	-	-	90.0	-	-	670.0
Hugh Herman	435.0	145.0	145.0	200.0	-	-	-	42.0	967.0
Alex Mathole	435.0	-	-	-	90.0	-	94.5	-	619.5
Audrey Mothupi	435.0	-	145.0	94.5	90.0	-	-	42.0	806.5
Aboubakar Jakoet*	217.5	-	-	47.25	-	-	47.25	21.0	333.0
David Robins	435.0	-	-	-	-	-	94.5	-	529.5
Jeff van Rooyen	435.0	-	375.0	94.5	-	90.0	-	42.0	1 036.5
<b>Total remuneration</b>	<b>7 487.5</b>	<b>145.0</b>	<b>810.0</b>	<b>436.25</b>	<b>180.0</b>	<b>180.0</b>	<b>236.25</b>	<b>147.0</b>	<b>9 622.0</b>
<b>2019</b>									
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 <sup>^</sup>	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
<b>Total remuneration</b>	<b>7 122.5</b>	<b>138.0</b>	<b>754.0</b>	<b>361.0</b>	<b>127.5</b>	<b>61.5</b>	<b>135.0</b>	<b>120.0</b>	<b>8 819.5</b>

\* Aboubakar Jakoet has retired as an executive director and was appointed as a non-executive director of Pick n Pay Stores Limited on 6 September 2019.

<sup>^</sup> Lorato Phalatse resigned, in the prior period, as a director of Pick n Pay Stores Limited on 31 August 2018.

### Share awards granted to directors

	Calendar year granted	Award grant price R	Balance held at 3 March 2019	Forfeits	Granted/ (exercised)	Exercise price R	Balance held at 1 March 2020	Grants/ (forfeits) subsequent to 1 March 2020**	Available for take-up
<b>2020</b>									
<b>Richard Brasher</b>									
Forfeitable shares	2016	Nil	230 000	-	(230 000)	69.30	-	-	n/a
	2017	Nil	400 000	-	-	-	400 000	(280 000)	June 2020
	2018	Nil	1 000 000	-	-	-	1 000 000	-	June 2021
	2020	Nil	-	-	-	-	-	1 200 000	March 2022
			<b>1 630 000</b>	<b>-</b>	<b>(230 000)</b>		<b>1 400 000</b>	<b>920 000</b>	
<b>Lerena Olivier</b>									
Share options	2019	58.05	-	-	80 000	-	80 000	-	September 2022
	2019	58.05	-	-	60 000	-	60 000	-	September 2024
	2019	58.05	-	-	60 000	-	60 000	-	September 2026
Forfeitable shares	2017	Nil	60 000	-	-	-	60 000	-	June 2020
	2018	Nil	20 000	-	-	-	20 000	-	June 2021
	2019	Nil	-	-	100 000	-	100 000	-	June 2022
			<b>80 000</b>	<b>-</b>	<b>300 000</b>		<b>380 000</b>	<b>-</b>	
<b>Richard van Rensburg</b>									
Share options	2016	31.14	487 464	-	-	-	487 464	-	Now
Forfeitable shares	2016	Nil	45 000	-	(45 000)	69.30	-	-	n/a
	2017	Nil	140 000	-	-	-	140 000	(98 000)	June 2020
	2018	Nil	30 000	-	-	-	30 000	-	June 2021
	2019	Nil	-	-	150 000	-	150 000	-	June 2022
			<b>702 464</b>	<b>-</b>	<b>105 000</b>		<b>807 464</b>	<b>(98 000)</b>	
<b>Suzanne Ackerman-Berman</b>									
Forfeitable shares	2016	Nil	25 000	-	(25 000)	69.30	-	-	n/a
	2017	Nil	80 000	-	-	-	80 000	(56 000)	June 2020
	2018	Nil	15 000	-	-	-	15 000	-	June 2021
	2019	Nil	-	-	15 000	-	15 000	-	June 2022
			<b>120 000</b>	<b>-</b>	<b>(10 000)</b>		<b>110 000</b>	<b>(56 000)</b>	
<b>Jonathan Ackerman</b>									
Forfeitable shares	2016	Nil	25 000	-	(25 000)	69.30	-	-	n/a
	2017	Nil	40 000	-	-	-	40 000	(28 000)	June 2020
	2018	Nil	8 000	-	-	-	8 000	-	June 2021
	2019	Nil	-	-	8 000	-	8 000	-	June 2022
			<b>73 000</b>	<b>-</b>	<b>(17 000)</b>		<b>56 000</b>	<b>(28 000)</b>	
<b>Aboubakar Jakoet*</b>									
Share options	2008	26.14	150 000	-	(150 000)	70.35	-	n/a	n/a
	2011	41.70	226 458	-	(226 458)	70.35	-	n/a	n/a
	2011	41.70	273 542	-	(273 542)	65.69	-	n/a	n/a
Forfeitable shares	2016	Nil	45 000	-	(45 000)	69.30	-	n/a	n/a
	2017	Nil	140 000	-	(140 000)	69.78	-	n/a	n/a
	2018*	Nil	30 000	(30 000)	-	-	-	n/a	n/a
			<b>865 000</b>	<b>(30 000)</b>	<b>(835 000)</b>		<b>-</b>	<b>-</b>	

\* Effective 6 September 2019, Aboubakar Jakoet retired as an executive director and was appointed as a non-executive director of Pick n Pay Stores Limited. As a result of his retirement, 30 000 of his forfeitable shares were forfeited.

\*\* The remuneration committee has forfeited approximately 70% of the FSP shares awarded to executives in 2017, as the three-year cumulative growth target of 10% set for Group headline earnings per share was not met. In line with the discretion provided within the scheme rules, the remuneration committee will allow approximately 30% of the allocation to be available for take-up in June 2020 in recognition of the South African division's market leading performance over the past three years.

## Directors' interest in ordinary shares

2020	How held*	Balance held at 3 March 2019				Balance held at 1 March 2020		Forfeits sub-sequent to 1 March 2020 <sup>#</sup>	Additions/ grants sub-sequent to 1 March 2020	Beneficial/ non-beneficial interest <sup>^</sup>
		3 March 2019	Additions/ grants	Disposals	Forfeits <sup>®</sup>	1 March 2020	1 March 2020 <sup>#</sup>	1 March 2020		
Gareth Ackerman	direct	309	-	-	-	309	-	-	Beneficial	
	indirect	1 687 200	17 000	-	-	1 704 200	-	5 806	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	-	(124 677 237)	-	1	-	-	Non-beneficial	
	indirect	-	124 677 237	-	-	124 677 237	-	-	Non-beneficial	
Mistral Trust****	indirect	2 735 008	32 992	-	-	2 768 000	-	-	Non-beneficial	
Richard Brasher	direct	463 578	230 000	(693 578)	-	-	-	-	Beneficial	
	direct - FSP	1 630 000	-	(230 000)	-	1 400 000	(280 000)	1 200 000	Beneficial	
Lerena Olivier*****	direct	8 100	-	-	-	8 100	-	-	Beneficial	
	direct - FSP	80 000	100 000	-	-	180 000	-	-	Beneficial	
Richard van Rensburg	direct	291 439	45 000	(336 439)	-	-	-	-	Beneficial	
	direct - FSP	215 000	150 000	(45 000)	-	320 000	(98 000)	-	Beneficial	
Suzanne Ackerman-Berman	direct	120 528	25 000	(25 000)	-	120 528	-	-	Beneficial	
	direct - FSP	120 000	15 000	(25 000)	-	110 000	(56 000)	-	Beneficial	
	indirect	598 609	13 500	-	-	612 109	-	-	Beneficial	
Jonathan Ackerman	direct	122 888	25 000	(25 000)	-	122 888	-	-	Beneficial	
	direct - FSP	73 000	8 000	(25 000)	-	56 000	(28 000)	-	Beneficial	
	indirect	726 686	39 200	-	-	765 886	-	21 533	Beneficial	
	indirect	11 039	3 456	-	-	14 495	-	-	Non-beneficial	
Aboubakar Jakoet <sup>®</sup>	direct	758 764	185 000	(185 000)	(30 000)	758 764	-	-	Beneficial	
	direct - FSP	215 000	-	(185 000)	-	-	-	-	Beneficial	
	indirect	13 059	-	-	-	13 059	-	-	Non-beneficial	
David Friedland	indirect	36 688	5 000	-	-	41 688	-	2 500	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	1 700	(1 786)	-	-	-	-	Beneficial	

\* Direct interests represent a holding in the director's personal capacity. Indirect interests represent a holding by a trust (of which the director is a trustee), a spouse or 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 capacities as trustees.

\*\*\* In order to ring fence its Pick n Pay shareholding, Ackerman Investment Holdings Proprietary Limited (AIH) transferred its shareholding to a wholly-owned subsidiary of AIH, namely Newshelf 1321 Proprietary Limited. The indirect non-beneficial interest in Newshelf 1321 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.

\*\*\*\*\* Lerena Olivier was appointed as an executive director of Pick n Pay Stores Limited on 6 September 2019. The balance as at 3 March 2019 reflects the interest in shares prior to the executive director appointment.

<sup>®</sup> Effective 6 September 2019, Aboubakar Jakoet retired as an executive director and was appointed as a non-executive director of Pick n Pay Stores Limited. As a result of his retirement, 30 000 of his forfeitable shares were forfeited.

<sup>#</sup> The remuneration committee has forfeited approximately 70% of the FSP shares awarded to executives in 2017, as the three-year cumulative growth target of 10% set for Group headline earnings per share was not met. In line with the discretion provided within the scheme rules, the remuneration committee will allow approximately 30% of the allocation to be available for take-up in June 2020 in recognition of the South African division's market leading performance over the past three years.

<sup>^</sup> Beneficial interest represents an interest in shares in which a person is entitled to receive income payable in respect of that shareholding and obtain any benefit as a result of holding those shares. Non-beneficial interest represents an interest in shares in which a person will not benefit directly as a result of holding those shares.

## Directors' interest in B shares

2020	How held*	Balance held at 3 March 2019			Balance held at 1 March 2020 <sup>®</sup>	Beneficial/ non-beneficial interest <sup>^</sup>
		2019	Additions	Disposals		
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
	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. Indirect interests represent a holding by a trust (of which the director is a trustee), a spouse or minor children of directors.

\*\* In order to ring fence its Pick n Pay shareholding, Ackerman Investment Holdings Proprietary Limited (AIH) transferred its shareholding to a wholly-owned subsidiary of AIH, namely Newshelf 1321 Proprietary Limited. The indirect non-beneficial interest in Newshelf 1321 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.

<sup>®</sup> There have been no changes in the directors' interest in shares since 1 March 2020 up to the date of approval of the 2020 audited Group annual financial statements.

<sup>^</sup> Beneficial interest represents an interest in shares in which a person is entitled to receive income payable in respect to that shareholding and obtain any benefit as a result of holding those shares. Non-beneficial interest represents an interest in shares in which a person will not benefit directly as a result of holding those shares.



# SOCIAL AND ETHICS COMMITTEE

Members: Suzanne Ackerman-Berman, Alex Mathole, Aboubakar Jakoet<sup>#</sup>, David Robins

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. It accepts responsibility for the subsidiary companies in the Group.

## 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. It accepts responsibility for the subsidiary companies in the Group.

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

<sup>#</sup> Appointed during the 2020 financial period

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 register;
- the introduction of the malus and clawback policy regarding remuneration;
- addressing diversity targets and barriers to achievement of Employment Equity and disability targets;

“

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”.

”



**Suzanne Ackerman-Berman**  
Chairman of the social and ethics committee

- reviewing the Group's activities relating to supplier agreements;
- promoting cultural diversity awareness in marketing campaigns;
- reviewing disclosure of conflicts of business interests between employees, suppliers and service providers;
- reviewing updates on the Group's contribution to the development of communities and charitable donations across the Group; and
- risks arising from the use of email and the Internet, particularly in light of the increase in the number of office workers working from home.

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.

## Focus areas for 2020

Focus areas for 2020 include:

- the impact of the COVID-19 pandemic on all stakeholders of the Company, including employees, suppliers and customers;
- a comprehensive review of the positive impact of charitable donations to communities hard hit by the COVID-19 pandemic;
- continued monitoring of the Group's talent succession plans and the impact of training programmes to assist in career development and a return on investment in learning and development;
- business continuity planning; and
- plastics and packaging reduction.

## Committee membership

As at the end of the 2020 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 managers 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  
1 July 2020

# 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 Competition Act and suggested amendments to the Companies Act, as well as the communication of the Company's Code of Ethics and the newly introduced malus and clawback policy. Training sessions continue to be conducted with employees regarding intellectual property rights, as protected by the Trade Marks Act and the Copyright Act.

The Presidency recently announced that the Protection of Personal Information Act (POPI) will come into effect on 1 July 2020, with a compliance enforcement date of 1 July 2021. The Group's privacy and security committee has been pro-actively ensuring that POPI's provisions are embedded in our practices. This will be an important focus in the coming year.

The Board adopted a malus and clawback policy to ensure that the Group could claw back performance-based elements of an employee's remuneration should that employee be involved in a material misstatement of the financial statements.

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

No judgements, damages, penalties or material 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 2020 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 Competition Commission completed its 4-year inquiry into the grocery retail sector at the end of 2019. The findings are being assessed.

The Group has been in discussions with the Competition Commission as regards the duration of long-term exclusive lease agreements. The Competition Commission requested that the Group waive its exclusivity rights in shopping centres. The Group remains of the belief 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. Any changes to the regulatory regime should apply to all retailers equally to ensure a level playing field. However, in support of our belief that small independent stores play an important role alongside major retailers, Pick n Pay has announced that it will unilaterally cease enforcing exclusivity rights in shopping malls against small and specialist stores. The Group will continue its active support of 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 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 customers 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.

## COVID-19 impact

Following the State President's declaration of a State of Disaster arising from the novel coronavirus pandemic, COVID-19, the grocery retail sector has been operating in accordance with a constantly changing regulatory environment governing the various stages of the lockdown. Every effort is being made to ensure compliance with the regulatory regime.

Amongst other restrictions, the Government Issued regulations prohibiting the charging of excessive or unfair prices and required retailers to ensure an equitable distribution of goods and services and to maintain adequate stock levels. The Government encouraged consumers to bring allegations of price gouging to the attention of the Competition Commission. Various allegations were received by the Group. In all cases, the allegations have proved to be unfounded. The Group continues to follow its policy of ensuring that Pick n Pay would not seek to profit from unjustifiable increases on prices of goods in demand. Allegations appeared to have arisen from customers misunderstanding when promotional pricing reverted to standard pricing, or when price increases had been passed on by suppliers to retailers. The Group continues to work actively with the Competition Commission, responding in detail to allegations, and providing Information regarding promotional pricing and price increases.



# 02

## SHAREHOLDERS' INFORMATION



<b>54</b>	Analysis of ordinary shareholders
<b>55</b>	Analysis of B shareholders
<b>56</b>	Shareholders' information
<b>57</b>	Notice of annual general meeting
<b>62 (and attached)</b>	Participation in the AGM via electronic communication
<b>63</b>	Curricula vitae of directors to be elected
<b>Attached</b>	Form of proxy
<b>IBC</b>	Corporate information

# ANALYSIS OF ORDINARY SHAREHOLDERS

as at 1 March 2020

## Pick n Pay Stores Limited

SHAREHOLDER SPREAD	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	8 523	63.1	2 320 568	0.5
1 001 – 10 000 shares	3 598	26.6	11 727 767	2.4
10 001 – 100 000 shares	1 067	7.9	34 663 892	7.0
100 001 – 1 000 000 shares	247	1.8	71 066 905	14.4
1 000 001 shares and over	67	0.6	373 671 189	75.7
<b>Total</b>	<b>13 502</b>	<b>100.0</b>	<b>493 450 321</b>	<b>100.0</b>

PUBLIC/NON-PUBLIC SHAREHOLDERS	Number of shareholders	%	Number of shares	%
<b>Non-public shareholders</b>	<b>17</b>	<b>0.1</b>	<b>147 965 833</b>	<b>30.0</b>
Newshelf 1321 Proprietary Limited*	1	-	124 677 237	25.3
Ackerman Investment Holdings Pty Ltd	1	-	1	-
Ackerman Pick n Pay Foundation	1	-	101 900	-
Mistral Trust	1	-	2 768 000	0.6
Directors of Pick n Pay Stores Limited	10	0.1	4 303 455	0.9
Shares held on behalf of FSP participants	1	-	7 630 000	1.5
Pick n Pay Retailers Proprietary Limited	1	-	662 978	0.1
Pick n Pay Employee Share Purchase Trust	1	-	7 822 262	1.6
<b>Public shareholders</b>	<b>13 485</b>	<b>99.9</b>	<b>345 484 488</b>	<b>70.0</b>
<b>Total</b>	<b>13 502</b>	<b>100.0</b>	<b>493 450 321</b>	<b>100.0</b>

BENEFICIAL SHAREHOLDERS HOLDING 1% OR MORE	Number of shares	%
Newshelf 1321 Proprietary Limited*	124 677 237	25.3
Government Employees Pension Fund	64 084 116	13.0
GIC Private Limited	17 403 304	3.5
Fidelity Series Emerging Markets Opportunities Fund	14 764 156	3.0
Coronation Balanced plus fund	9 218 044	1.9
Pick n Pay Employee Share Purchase Trust	7 822 262	1.6
Alexander Forbes Investments	7 661 977	1.6
Shares held on behalf of FSP participants	7 630 000	1.5
Vanguard Total International Stock Index Fund	5 666 933	1.1
Vanguard Emerging Markets Stock Index Fund	5 573 229	1.1

\* In order to ring fence its Pick n Pay shareholding, Ackerman Investment Holdings Proprietary Limited (AIH) transferred its shareholding to a wholly-owned subsidiary of AIH, namely Newshelf 1321 Proprietary Limited.

# ANALYSIS OF B SHAREHOLDERS

as at 1 March 2020

## Pick n Pay Stores Limited

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
<b>Total</b>	<b>26</b>	<b>100.0</b>	<b>259 682 869</b>	<b>100.0</b>

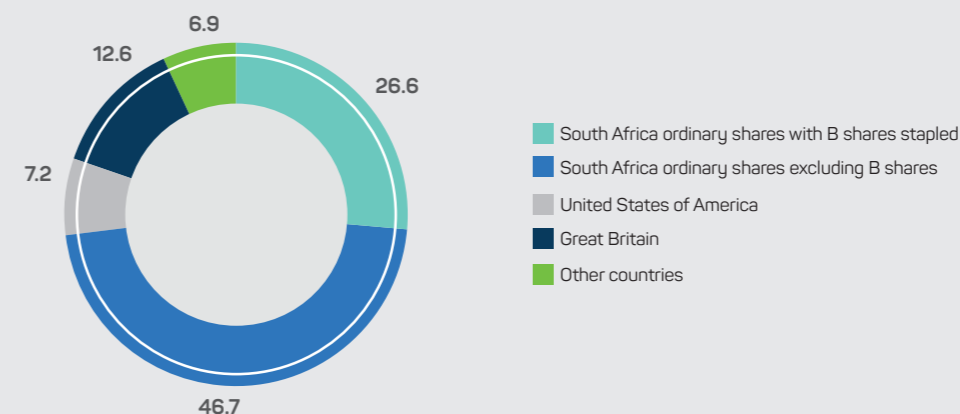
PUBLIC/NON-PUBLIC SHAREHOLDERS	Number of shareholders	%	Number of shares	%
<b>Non-public shareholders</b>	<b>6</b>	<b>23.1</b>	<b>258 295 007</b>	<b>99.5</b>
Newshelf 1321 Proprietary Limited*	1	3.9	246 936 847	95.1
Directors of Pick n Pay Stores Limited	4	15.3	6 008 601	2.3
The Mistral trust	1	3.9	5 349 559	2.1
<b>Public shareholders</b>	<b>20</b>	<b>76.9</b>	<b>1 387 862</b>	<b>0.5</b>
<b>Total</b>	<b>26</b>	<b>100.0</b>	<b>259 682 869</b>	<b>100.0</b>

BENEFICIAL SHAREHOLDERS HOLDING 1% OR MORE	Number of shares	%
Newshelf 1321 Proprietary Limited*	246 936 847	95.1
Mistral Trust	5 349 559	2.1
Gareth Ackerman (Director of Pick n Pay Stores Limited)	3 228 383	1.2

The holders of B shares are entitled to the same voting rights as holders of ordinary shares, but are not entitled to any rights to distributions by the Company or any other economic benefits. All B shares are stapled to certain ordinary shares.

\* In order to ring fence its Pick n Pay shareholding, Ackerman Investment Holdings Proprietary Limited (AIH) transferred its shareholding to a wholly-owned subsidiary of AIH, namely Newshelf 1321 Proprietary Limited.

## GEOGRAPHIC SPREAD OF SHAREHOLDERS – %



# SHAREHOLDERS' INFORMATION

## Annual general meeting – 4 August 2020

The 52nd annual general meeting of shareholders of Pick n Pay Stores Limited (AGM) will be conducted entirely by electronic communication as permitted by the Companies Act, No 71 of 2008, as amended and the Company's Memorandum of Incorporation. The AGM will be held at 08:30 on Tuesday, 4 August 2020.

The minutes of the previous year's AGM held on 30 July 2019 are available on our investor relations website at [www.picknpayinvestor.co.za](http://www.picknpayinvestor.co.za).

## FY21 Results announcements

Interim to 1 September 2020	October 2020
Final to 28 February 2021	April 2021

## Publication of annual financial statements

2020	July 2020
2021	June 2021

## Publication of Integrated Annual Report and Corporate Governance Report

2020	July 2020
2021	June 2021

## Publication of Sustainability Report (every two years)

2021	June 2021
2023	June 2023

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 52nd annual general meeting (AGM) of shareholders of Pick n Pay Stores Limited (the Company, alternatively Stores) will be conducted entirely by electronic communication as permitted by the Companies Act, No 71 of 2008, as amended (the Companies Act) and by the Company's Memorandum of Incorporation (MOI).

The AGM for the 2020 annual financial period will be held at 08:30 on Tuesday, 4 August 2020.

## IMPACT OF COVID-19 PANDEMIC ON THE AGM

As a result of the COVID-19 pandemic and following guidance from authorities regarding the need for social distancing, the AGM will be conducted entirely by electronic communication.

The procedure to be followed by shareholders or their duly appointed proxies (participants) who wish to participate in the AGM are set out in detail on page 62 under the heading ELECTRONIC PARTICIPATION and repeated in the attached form.

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 52nd AGM is Friday, 3 July 2020 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, 24 July 2020. Accordingly, only shareholders who are registered in the register of members of the Company on Friday, 24 July 2020 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 2020 ANNUAL FINANCIAL PERIOD

The full Annual financial results are published on the Pick n Pay website, [www.picknpayinvestor.co.za](http://www.picknpayinvestor.co.za), or can be requested from the Company Secretary at [demuller@pnp.co.za](mailto:demuller@pnp.co.za). The audited Annual Financial Statements and the directors' report of the Company and its subsidiaries are set out in the financial section of the Integrated Annual Report. The audit, risk and compliance committee's report of the Company and its subsidiaries is set out in the Corporate Governance 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 from page 63.

Hugh Herman, Jeff van Rooyen and Gareth Ackerman retire in accordance with the Company's MOI. Being eligible, they offer themselves for re-election as non-executive directors of the Company.

Lerena Olivier was appointed as the Chief Finance Officer and as a director on 6 September 2019. Being eligible, she offers herself for election as an executive director of the Company.

Aboubakar Jakoet retired as the Chief Finance Officer on 6 September 2019, on which date he was appointed as a non-executive director of the Company. Being eligible, he offers himself for election as a director of the Company.

Mariam Cassim and Haroon Borhat were appointed as non-executive directors of the Company with effect from 18 May 2020. Annamarie van der Merwe was appointed as a non-executive director of the Company with effect from 4 August 2020. Being eligible, they offer themselves for election as directors of the Company.

The Board recommends the re-election of Hugh Herman, Jeff van Rooyen and Gareth Ackerman, and the election of Lerena Olivier, Aboubakar Jakoet, Mariam Cassim, Haroon Borhat and Annamarie van der Merwe.

Shareholders are requested to consider and, if deemed fit, re-elect Hugh Herman, Jeff van Rooyen and Gareth Ackerman, and elect Lerena Olivier, Aboubakar Jakoet, Mariam Cassim, Haroon Borhat and Annamarie van der Merwe by way of passing the separate ordinary resolutions set out below:

#### ORDINARY RESOLUTION 2.1

##### Appointment of Hugh Herman as director

"RESOLVED that Hugh Herman be and is hereby elected as a director of the Company."

#### ORDINARY RESOLUTION 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."

#### ORDINARY RESOLUTION 2.3

##### Appointment of Gareth Ackerman as director

"RESOLVED that Gareth Ackerman be and is hereby elected as a director of the Company."

**ORDINARY RESOLUTION 2.4**

**Appointment of Lerena Olivier as director**

"RESOLVED that Lerena Olivier be and is hereby elected as a director of the Company."

**ORDINARY RESOLUTION 2.5**

**Appointment of Aboubakar Jakoet as director**

"RESOLVED that Aboubakar Jakoet be and is hereby elected as a director of the Company."

**ORDINARY RESOLUTION 2.6**

**Appointment of Mariam Cassim as director**

"RESOLVED that Mariam Cassim be and is hereby elected as a director of the Company."

**ORDINARY RESOLUTION 2.7**

**Appointment of Haroon Bhorat as director**

"RESOLVED that Haroon Bhorat be and is hereby elected as a director of the Company."

**ORDINARY RESOLUTION 2.8**

**Appointment of Annamarie van der Merwe as director**

"RESOLVED that Annamarie van der Merwe be and is hereby elected as a director of the Company."

**4. ORDINARY RESOLUTION NUMBER 3**

**Appointment of audit, risk and compliance committee members for the 2021 annual financial period**

*Curricula vitae* are presented on page 64.

**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 2021 annual financial period, subject to his re-election as a director of the Company in terms of ordinary resolution 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 2021 annual financial period, subject to his re-election as a director of the Company in terms of ordinary resolution 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 2021 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 2021 annual financial period."

**ORDINARY RESOLUTION NUMBER 3.5**

**Appointment of Mariam Cassim as a member of the audit, risk and compliance committee**

"RESOLVED that Mariam Cassim be and is hereby elected as a member of the audit, risk and compliance committee of the Company for the 2021 annual financial period, subject to her election as a director of the Company in terms of ordinary resolution 2.6."

**5. ADVISORY VOTE**

**Remuneration policy and report for the 2020 annual financial period**

The directors table the remuneration report for the 2020 annual financial period. The remuneration policy and implementation report is set out in the remuneration report in the integrated annual report, to be found on the website, [www.picknpayinvestor.co.za](http://www.picknpayinvestor.co.za), from page 96. For your convenience, the remuneration report is repeated in the corporate governance report from page 30.

**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 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 on their concerns in line with the provisions of the 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 on their concerns in line with the provisions of the JSE Listings Requirements.

**6. SPECIAL RESOLUTION NUMBER 1**

**Directors' fees for the 2021 and 2020 annual financial periods**

**PLEASE NOTE:** Following the impact on the South African economy of the COVID-19 pandemic, proposed fees for the 2021 annual financial period are unchanged from the prior annual financial period, notwithstanding shareholders resolving at the 2019 AGM that fees could be increased by CPI for the 2021 annual financial period.

"RESOLVED, as a special resolution, that the directors' fees, to be paid to the directors in their capacity as directors only, for the 2021 annual financial period, and to be increased by CPI for the 2022 annual financial period, be as follows:

- Chairman: R4 660 000
- Lead non-executive director: R145 000
- Non-executive directors: R435 000
- Chairman of the audit, risk and compliance committee: R375 000

- Chairman of the remuneration committee: R200 000
- Chairman of the corporate finance committee: R200 000\*
- Member of the audit, risk and compliance committee: R145 000
- Member of the remuneration committee: R94 500
- Member of the nominations committee: R90 000
- Member of the social and ethics committee: R94 500
- Member of the corporate governance committee: R90 000
- Member of the corporate finance committee: R135 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 period is shorter.

**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 special resolutions numbers 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 words 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 period is shorter.

**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 and 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 period is shorter.

**8. SPECIAL RESOLUTION NUMBER 3****Amendment of Forfeitable Share Plan**

"RESOLVED, as a special resolution, that the Company hereby amends the Rules of the Forfeitable Share Plan (FSP) adopted by shareholders on 12 February 2014 by deleting the word "including" in the second line of 7.3 and replacing it with "provided that", adding the phrase "are awarded at the discretion of RemCom" and adding the sentence "The grant of voting rights will be subject to JSE Listings Requirements" such that it reads:

"7.3 Except for the restrictions envisaged in Rule 7.1, the Participant has all other shareholder rights, [including] provided that voting and dividend rights are awarded at the discretion of RemCom, in respect of Performance Shares from the Settlement Date the Shares shall rank pari passu with existing shares. The grant of voting rights will be subject to JSE Listings Requirements."

**Reason for and effect of special resolution number 3**

The reason for special resolution number 3 is that in terms of the current wording of the rules of the FSP, voting and dividend rights cannot be varied by the Remuneration Committee. Participants are entitled to the full voting and dividend rights from the grant date of any awards in terms of the FSP, whether or not financial performance conditions are ultimately met for the shares to vest. The consequence is that, albeit that the awards are still subject to performance conditions, the Company has to either issue, or acquire on-market, the full number of shares on the grant date. As a result, the scheme is capital intensive if shares are acquired or dilutive if shares are issued.

The proposed special resolution number 3 thus has the effect that the Remuneration Committee may vary the entitlement of Participants to the voting and dividend rights during the vesting periods of the awards to reduce the capital intensity or dilutive nature of the FSP on the grant date. Whilst there is no immediate intention to do so it is considered in the interests of the Company and the shareholders that the Remuneration Committee has this discretion for the purposes of limiting the capital cost or dilution arising from the scheme. Should the Remuneration Committee grant voting rights in future awards, voting rights will be subject to JSE Listings Requirements.

The JSE has given its prior approval to the proposed amendment of the Forfeitable Share Plan.

**9. SPECIAL RESOLUTION NUMBER 4****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 Limited (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 in place a repurchase programme 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;
- 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 89 of the IAR, available on our website at [www.picknpayinvestor.co.za](http://www.picknpayinvestor.co.za) and from page 13 of the corporate governance report, 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.

**Major shareholders**

Shareholders are referred to pages 54 and 55.

**Share capital**

Shareholders are referred to pages 54 and 55.

**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.

**10. 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 ANNUAL GENERAL MEETING.****GENERAL INSTRUCTIONS AND INFORMATION**

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

- Details of the directors of the Company from page 13;
- The *curricula vitae* of directors standing for election from page 63;
- The *curricula vitae* of directors nominated for election as members of the audit, risk and compliance committee on page 64.
- The remuneration report from page 30; and
- The directors' interest in shares on pages 45 to 47.

The Integrated Annual Report, and the Annual Financial Statements, are published on the Pick n Pay website, [www.picknpayinvestor.co.za](http://www.picknpayinvestor.co.za), or can be requested from the Company Secretary at [demuller@pnp.co.za](mailto: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 2020 financial period and 1 July 2020.

The directors, whose names are given from page 13, 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 participate in and vote at the AGM.

**ENTITLEMENT TO PARTICIPATE IN 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 sub-register) then:

- you may participate in and vote at the AGM; alternatively
- you may appoint an individual as a proxy (who need not be a shareholder of the Company) to participate in 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 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, 31 July 2020. 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 transfer secretaries, Computershare, via email at proxy@computershare.co.za before the proxy exercises any shareholder rights at the AGM.

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 a person to act as proxy 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. You must provide your CSDP or broker with your voting instructions in the manner and time stipulated in your custody agreement. Alternatively, if you wish to participate in the AGM in person you will need to request your CSDP or broker to provide you with the necessary authority in terms of your custody agreement.

CSDPs, brokers or their nominees recorded in the Company's sub-register 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 participate in 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 transfer secretaries, Computershare, the details of which are set out below under A(ii), Electronic Participation, by no later than 08:30 on Friday, 31 July 2020.

**ELECTRONIC PARTICIPATION**

- A. Shareholders or their duly appointed proxies who wish to participate in the AGM via electronic communication (participants) must either:
- (i) Register online using the online registration portal at www.smartagm.co.za; or
  - (ii) Apply to Computershare, by delivering the duly completed electronic participation form to:
    - a. First Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196; or
    - b. posting it to Private Bag X9000, Saxonwold, 2132 (at the risk of the participant); or
    - c. sending it by email to proxy@computershare.co.za;
 so as to be received by Computershare by no later than 08:30 on Tuesday, 4 August 2020.

The electronic participation form can be found as an insert in this notice of AGM.

Computershare will first validate such requests and confirm the identity of the shareholder in terms of section 63(1) of the Companies Act. If the request is validated, further details will be provided on using the electronic communication facility to participate electronically in the AGM.

- B. The Company will inform Participants who notified Computershare in accordance with A above by no later than 08:30 on Tuesday, 4 August 2020 by email of the relevant details through which participants can participate electronically.
- C. The cost of electronic participation in the AGM is for the expense of the participant and will be billed separately by the participant's own service provider.
- D. The participant acknowledges that the electronic communication services are provided by third parties and indemnifies the Company against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the electronic services, whether or not the problem is caused by any act or omission on the part of the participant or anyone else. In particular, but not exclusively, the participant acknowledges that he/she will have no claim against the Company, whether for consequential damages or otherwise, arising from the use of the electronic services or any defect in it or from total or partial failure of the electronic services and connections linking the participant via the electronic services to the AGM.
- E. The Company cannot guarantee there will not be a break in electronic communication that is beyond its control.

By order of the Board

**Debra Muller**  
Company Secretary  
Cape Town  
1 July 2020

**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, risk and compliance committee, are to be found below.

## Board of directors

### Reappointment of directors

**Hugh Herman**

*Attorney, BA LLB, LLD (hc)*

**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 Ninety One Africa (previously Investec Asset Management).

**Jeff van Rooyen**

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

**Lead independent director**

**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 CEO of Uranus Investment Holdings (Pty) Ltd. 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; member of the Standing Advisory Committee on Company Law and director of MTN Group Limited.

**Other listed company directorships:** Exxaro Resources Limited (Independent Non-Executive Chairman).

**Gareth Ackerman**

*BSocSci, CMS and AMP (Oxon)*

An executive at Pick n Pay for 15 years until 1999, Gareth headed up various divisions and served as Joint Group Managing Director and he became 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 until 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.

**Lerena Olivier**

*CA(SA)*

Lerena joined Pick n Pay nine years ago, taking responsibility for financial reporting and the finance team in the Pick n Pay Group finance division. During her 18 years of experience in JSE-listed companies in the retail sector, Lerena has gained expertise in finance, risk management, strategy, accounting and tax. She was appointed to the position of CFO and to the Board in September 2019.

**Aboubakar Jakoet**

*CA(SA)*

Following his 34-year career in the finance team of Pick n Pay, Bakar retired as CFO in September 2019. Given his extensive experience in strategy, tax and finance, the Group is privileged to retain his expertise and experience in his new capacity as a non-executive director.

Bakar is also a member of the University of Cape Town Council and deputy chairman of the UCT finance committee.

**Other listed company directorships:** Oceana Group Limited

**Mariam Cassim**

*CA(SA), MBA*

Mariam Cassim is the Chief Executive Officer of Vodacom Financial and Digital Services and a member of the Vodacom Group's Executive Committee.

Mariam's professional experience includes Corporate Finance and Deal Structuring, Mergers and Acquisitions, Debt Structuring, Commercial Evaluation and now, full CEO responsibility. Her flair for innovation, disruption and new business development allows Mariam to generate creative business solutions, which have a strong purpose element and thereby benefits business as well as society.

Before her current appointment, Mariam was Executive Head: Commercial, at the Telesure Group and prior to that, she held four positions at Thebe Investment Corporation: first as Senior Corporate Finance Advisor, then as Executive Manager in the Chairman's Office, then Group Executive: Synergy and finally CEO of Thebe Connect. After serving articles at KPMG Inc., Mariam worked at Eskom Holdings and Sanlam Capital Markets.

**Other listed company directorships:** Super Group Limited

**Haroon Borat**

*PhD in Economics*

Haroon is Professor of Economics in the School of Economics and Director of the Development Policy Research Unit at the University of Cape Town. He is a Board Member of the National Research Foundation, the UNU World Institute for Development Economics Research and the Partnership for Economic Policy. He holds the National Research Chair in Economic Growth. He is a Non-resident Senior Fellow at the Brookings Institution, and a Research Fellow at the Institute for the Study of Labour. He was a member of the World Bank's Advisory Board of the Commission on Global Poverty and a member of the Programme Committee of the 2017 International Economic Association World Congress.

His career appointments include being an Advisor on Parliament's High-Level Panel on Acceleration of Change and Transformation and serving on the Presidential Economic Advisory Panel. Haroon sits on the Presidential Economic Advisory Council established by President Ramaphosa to generate ideas for economic growth, job creation and addressing poverty.

**Other listed company directorships:** Sygnia Asset Management (Independent Non-Executive Chairman)

**Annamarie van der Merwe**

*B.Juris, LLB, LLM, EMP*

Annamarie is currently the Executive Chair of the FluidRock Governance Group, a business that she co-founded approximately 15 years ago. Annamarie has been a corporate lawyer and company secretary of companies in the listed environment for more than 30 years. She is a member of the King Committee on Corporate Governance for South Africa and was actively involved in the writing of King II, III and IV with a particular focus on the sections dealing specifically with the functioning of boards and responsibilities of directors. She is a well-known presenter of workshops on issues such as board effectiveness, good corporate governance and statutory duties and liabilities faced by boards and individual directors. Annamarie acted as a facilitator for the IoDSA for more than 15 years and currently chairs the board of the Bureau of Food and Agricultural Policy NPC (BFAP).

**Audit, risk and compliance committee**

**Election of audit, risk and compliance 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 Chief Executive Officer 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**

*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

**Mariam Cassim**

Please see *curriculum vitae* on previous page

# FORM OF PROXY

**FOR COMPLETION BY SHAREHOLDERS WHO HAVE NOT YET DEMATERIALISED THEIR SHARES OR WHO HAVE DEMATERIALISED THEIR SHARES WITH “OWN NAME” REGISTRATION ONLY**

For use at the annual general meeting (AGM) of shareholders of Pick n Pay Stores Limited (the Company, alternatively Stores) to be conducted entirely by electronic communication as permitted by the Companies Act, No 71 of 2008, as amended, and by the Company’s Memorandum of Incorporation at 08:30 on Tuesday, 4 August 2020 and at any adjournment or postponement thereof.

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 participate in the electronic AGM in person, please contact your CSDP or broker.

Note that voting will be performed by way of a poll so each validated participant 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: Mobile (        )

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	Abstained
<b>Ordinary resolution 1</b>	Appointment of the external auditors			
<b>Ordinary resolution 2.1</b>	Election of Hugh Herman as director			
<b>Ordinary resolution 2.2</b>	Election of Jeff van Rooyen as director			
<b>Ordinary resolution 2.3</b>	Election of Gareth Ackerman as director			
<b>Ordinary resolution 2.4</b>	Election of Lerena Olivier as director			
<b>Ordinary resolution 2.5</b>	Election of Aboubakar Jakoet as director			
<b>Ordinary resolution 2.6</b>	Election of Mariam Cassim as director			
<b>Ordinary resolution 2.7</b>	Election of Haroon Borat as director			
<b>Ordinary resolution 2.8</b>	Election of Annamarie van der Merwe as director			
<b>Ordinary resolution 3.1</b>	Appointment of Jeff van Rooyen to the audit, risk and compliance committee			
<b>Ordinary resolution 3.2</b>	Appointment of Hugh Herman to the audit, risk and compliance committee			
<b>Ordinary resolution 3.3</b>	Appointment of Audrey Mothupi to the audit, risk and compliance committee			
<b>Ordinary resolution 3.4</b>	Appointment of David Friedland to the audit, risk and compliance committee			
<b>Ordinary resolution 3.5</b>	Appointment of Mariam Cassim to the audit, risk and compliance committee			
<b>Advisory vote 1</b>	Endorsement of remuneration policy			
<b>Advisory vote 2</b>	Endorsement of remuneration implementation report			
<b>Special resolution number 1</b>	Directors’ fees			
<b>Special resolution number 2.1</b>	Financial assistance to related or inter-related companies			
<b>Special resolution number 2.2</b>	Financial assistance to persons			
<b>Special resolution number 3</b>	Amendment of Forfeitable Share Plan			
<b>Special resolution number 4</b>	General approval to repurchase Company shares			
<b>Ordinary resolution 4</b>	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 the votes have been cast.

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2020

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

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

**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 transfer secretaries of 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 transfer secretaries of 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;
- 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, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (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, 31 July 2020, being 2 (two) business days before the AGM to be held at 08:30 on Tuesday, 4 August 2020. 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 sub-register voting on instructions from beneficial owners of shares registered in the Company’s sub-register, 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, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (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.

## Participation in the AGM via electronic communication

Shareholders or their duly appointed proxies who wish to participate in the AGM via electronic communication (participants) must either:

- (i) Register online using the online registration portal at [www.smartagm.co.za](http://www.smartagm.co.za); or
- (ii) Apply to the Company’s transfer secretaries, Computershare, by delivering this duly completed electronic participation form to:
  - a. First Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196; or
  - b. posting it to Private Bag X9000, Saxonwold 2132 (at the risk of the participant); or
  - c. sending it by email to [proxy@computershare.co.za](mailto:proxy@computershare.co.za);

so as to be received by Computershare by no later than 08:30 on Tuesday, 4 August 2020

Computershare will first validate such requests and confirm the identity of the shareholder in terms of section 63(1) of the Companies Act, and, if the request is validated, further details on using the electronic communication facility will be provided.

### Important notice

The Company shall, by no later than 08:30 on Tuesday, 4 August 2020, notify participants that have delivered valid notices as per this form, by email of the relevant details through which the participants can participate electronically.

APPLICATION FORM
Full name of participant:
ID number:
Email address:
Mobile number:
Telephone number:
Name of CSDP or broker (dematerialised shares):
Contact number of CSDP or broker:
Contact person at CSDP or broker:
Number of share certificate (certificated shares):
Signature:
Date:

### Terms and conditions for participation in the AGM via electronic communication

1. The cost of electronic participation in the AGM is for the expense of the participant and will be billed separately by the participant’s own service provider.
2. The participant acknowledges that the electronic communication services are provided by third parties and indemnifies the Company against any loss, injury, damage, penalty or claim arising in any way from the use of possession of the electronic services, whether or not the problem is caused by any act or omission on the part of the participant or anyone else. In particular, but not exclusively, the participant acknowledges that he/she will have no claim against the Company, whether for consequential damages or otherwise, arising from the use of the electronic services or any defect in it or from total or partial failure of the electronic services and connections linking the participant via the electronic services to the AGM.
3. The application to participate in the AGM electronically will only be deemed successful if this application form has been completed fully and signed by the participant.
4. Pick n Pay Stores Limited cannot guarantee there will not be a break in electronic communication that is beyond the control of the Company.

Participant’s name: \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

# 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)  
Lerena Olivier (CFO)  
Richard van Rensburg (CISO)  
Suzanne Ackerman-Berman  
Jonathan Ackerman

### Non-executive

Gareth Ackerman (Chairman)  
Aboubakar Jakoet  
David Robins

### Independent non-executive

Haroon Bhorat  
Mariam Cassim  
David Friedland  
Hugh Herman  
Alex Mathole  
Audrey Mothupi  
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 Sonnenbergs

## Principal transactional bankers

Absa Limited  
First National Bank

## Company Secretary

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

## Promotion of Access to information Act

informationofficer@pnp.co.za

## Investor relations

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

## Website

Pick n Pay: [www.pnp.co.za](http://www.pnp.co.za)  
Investor relations: [www.picknpayinvestor.co.za](http://www.picknpayinvestor.co.za)

## Customer careline

Tel: +27 800 11 22 88  
Email address: [customer@pnp.co.za](mailto:customer@pnp.co.za)

## Online shopping

Tel: +27 860 30 30 30  
[www.pnp.co.za](http://www.pnp.co.za)

## ENGAGE WITH US ON



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