



CORPORATE GOVERNANCE REPORT 2022



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AN OVERVIEW BY OUR LEAD INDEPENDENT DIRECTOR

“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.”

Jeff van Rooyen



Our approach to corporate governance

In the year that we celebrate the 55th anniversary of the Group's founding, the Board of directors (Board) reaffirms its long-standing commitment to the highest standards of corporate governance, which it believes has contributed to the Group's sustainable value creation. The Board provides effective and ethical leadership and remains committed to a governance framework that is built on the principles of honesty, integrity and accountability.

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 6 of the 2022 Integrated Annual Report (IAR).

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

The Board is satisfied that it has fulfilled its responsibilities in accordance with its memorandum of incorporation, corporate governance charter, King IV, the JSE Listings Requirements, the Companies Act and applicable statutory and regulatory requirements for the financial period ended 27 February 2022.

Impact of Covid-19

Efforts to curb the spread of the Covid-19 global pandemic continued to impact significantly on people and economies. The National State of Disaster remained in force in South Africa during the 2022 financial period, and the impact on the economy of the regulatory restrictions on trade continues to be felt in the current financial period. While the State of Disaster was lifted on 4 April 2022, the Minister of Health has proposed regulations under the Surveillance and Control of Notifiable Medical Conditions Act. The draft regulations were being debated, while interim restrictions limited social gatherings and required that masks be worn in public indoor places. We are pleased to note that on 23 June 2022 these remaining restrictions were lifted. The Group's established corporate governance policies continue to be of benefit in ensuring that the amended regulatory measures are accommodated in our stores and offices. All efforts continue to ensure that our customers have access to quality products at fair prices in a safe store environment.

Impact of civil unrest in July 2021

The goal of providing a safe store environment for staff and customers was unexpectedly and significantly challenged by the civil unrest experienced in South Africa in July 2021. In response to the looting, the decision was swiftly taken that the safety and well-being of our staff and customers was of paramount importance. We closed 551 stores as a safety precaution, all of which re-opened to trade within 12 days. Unfortunately, a further 212 stores and two distribution centres were significantly looted, with a number of these stores being severely damaged.

The Group incurred material damage losses which were recovered in full in the 2022 financial period under the SASRIA special riot insurance covers. While business interruption claims were

submitted to our insurers regarding the looted stores, it was not possible to insure against the loss of trade from the 551 stores closed as a preventative measure.

The Board actively monitored and supported management in their response to the civil unrest, with non-executive directors making themselves freely available for ad hoc Board and committee meetings as the situation unfolded. The Board extends its deep gratitude to management for their agile response to the civil unrest, firstly in minimising the risk to the safety of staff and customers, and secondly in re-establishing trade as quickly as possible in the affected areas. Despite being a victim of the looting and destruction, the Group was one of the first to bring relief to the affected local communities to ensure they did not experience food shortages and hunger. All but 16 stores re-opened for trade during the 2022 financial period and 13 remain closed at the date of publication. Our franchisees were supported to ensure they could weather the crisis. The causes and impacts of the civil unrest have been thoroughly analysed and measures taken as far as possible to ensure that risks are mitigated. The increased costs of security and insurance cover remain a concern.

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 corporate governance charter, ensuring it was updated to align with best practice.
- 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.
- The Board oversaw the Group's response to the State of Disaster declared as a result of the Covid-19 pandemic and the civil unrest experienced in July 2021:
 - » The Group worked tirelessly with suppliers and staff to ensure that its stores remained open to provide essential products to consumers and a safe environment for staff and customers
 - » The Group actively assisted in poverty alleviation through the Feed the Nation Foundation
 - » The Group endorsed the policy of donating dividends that have remained unclaimed for more than three years to the Feed the Nation Foundation to ensure a regular source of income to address poverty alleviation

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 Board's various committees. Read more from page 6.
- The Board's delegation of authority within its governance framework contributes to role clarity and the effective exercise of responsibilities across the Board'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 Corporate Governance Charter was amended to link the term of the Chair and Lead Independent Director to a term equivalent to the duration of their election as directors by shareholders.
- The Board annually conducts an evaluation of its contribution

to the Group as a whole, as well as the individual performance of each director. The Board is satisfied that its objectives have been met. Read more from page 20.

- As part of its succession planning strategy and to enable a seamless transition in key leadership roles, the Board, in collaboration with the nominations and corporate governance committee:
 - » Reviewed the succession planning for non-executive directors on the Board
 - » Reviewed the succession planning for the senior executive positions in the Group
 - » Finalised the succession plan for the Chair of the audit, risk and compliance committee, given the upcoming retirement of the incumbent
 - » Finalised the succession plan for the Company Secretary, given the upcoming retirement of the incumbent
 - » Reviewed the succession planning for the Lead Independent Director, given my planned retirement
 - » Assessed the effective functioning of the Board and each Board committee, to ensure that there was an appropriate mix of knowledge, skill, experience and diversity as well as sufficient non-executive director capacity to execute committee and Board duties effectively
 - » Adjusted committee membership to ensure that all directors contributed in accordance with their strengths and diverse experience
- The Board respects the King IV principle of having an arm's 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.

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 regularly reviews its stakeholder relationships with the aim of ensuring its approach is inclusive and balances the needs, interests and expectations of all in the best interests of the Group.

Implementation of effective stakeholder relationship management has been delegated to the executive team. Key areas of focus include:

- Ensuring that shareholders can participate as effectively as possible in the annual general meetings, which have been held on a virtual platform in recent years owing to the Covid-19 pandemic
- Ensuring that all directors attend the annual general meeting and are available to respond to shareholder questions as to how the Board executed its governance duties
- Ensuring that the designated partner of the external audit firm attends the annual general meetings, and is available to respond to shareholder questions
- Making the minutes of the annual general meetings publicly available to shareholders
- Regularly reviewing the governance framework adopted by the Group, including the levels of authority for the executive and management teams
- Ensuring that the subsidiary companies in the Group operate as separate and independent juristic entities with delineated rights and roles

Good performance

- There are well-entrenched structures within the Group to ensure that proper assurance and oversight are given to strategic and operational performance. The Board undertook a number of discussions during the year related to strategy, performance, governance and risk management. The details of material issues under discussion by the Board, as well as the decisions and actions arising, are set out in more detail in this overview.
- The Board ensures that the reports issued by the Group enable stakeholders to make informed assessments of its performance, and its longer-term prospects.

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 and transformation objectives

The Group's governance framework is regularly reviewed to ensure that it 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.

In the 2022 financial period, following the separation in the prior financial period of the risk and internal audit functions, the Board closely monitored and was satisfied with the services provided by risk and internal audit.

The Board is considering the principles and key aspects of practices published as ISO 37000 : 2021 Governance of Organizations, alongside King IV, the Companies Act and the JSE Listings Requirements, with the aim of ensuring that best corporate governance practice remains in place.

Board committees

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

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

Pick n Pay Stores Limited Board

Attendance

The Board ensures that the Group is managed in a transparent, equitable and responsible manner for the benefit of all its stakeholders.

- Four scheduled Board meetings were held during the 2022 financial period
- In addition to the scheduled Board meetings, two ad hoc Board meetings were called in July and August 2021 to monitor the impact of the civil unrest on South Africa and the Group.
- Directors' attendance at both scheduled and ad hoc Board meetings was 100%
- All directors attended the annual general meeting held on 28 June 2021

Read more from page 7.

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

Jeff van Rooyen, lead independent director

Audit, risk and compliance committee

Members and attendance

	Scheduled	Ad hoc
J van Rooyen (Chair) ^Δ	2/2	3/3
H Bhorat ^Δ	2/2	2/3
M Cassim ^Δ	2/2	2/3
D Friedland ^Δ	2/2	3/3
A Mothupi ^Δ	2/2	2/3

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

Read from page 24 for more detail of the role this committee plays in determining the financial reporting and material issues faced by the Group and in assessing the adequacy of the Group's risk management processes.

Nominations and corporate governance committee

Members and attendance

G Ackerman (Chair) [†]	2/2
S Ackerman-Berman [#]	2/2
H Bhorat ^Δ	2/2
D Friedland ^Δ	2/2
A Mothupi ^Δ	2/2
A van der Merwe ^Δ	2/2
J van Rooyen ^Δ	2/2

In addition to scheduled meetings, the nominations committee holds ad hoc meetings with all the non-executive directors to discuss and guide succession plans and committee membership.

The committee is responsible for identifying and evaluating suitable candidates for possible appointment to the Board and its committees, and ensuring that the governance procedures, practices and structures of the Board and its committees are effective, appropriate and aligned with relevant local and international codes and best practices.

Read more from page 32.

Social and ethics committee

Members and attendance

S Ackerman-Berman (Chair) [#]	3/3
A Jakoet ^{†*}	3/3
D Robins [^]	3/3
A van der Merwe ^Δ	3/3

The committee, supported by key management personnel, is tasked with ensuring that the Group's enduring values as set out on page 6 of the IAR underpin the Group's long-term strategy and are applied daily in all areas of the business, and that our sustainability strategy is closely aligned with the United Nations Sustainable Development Goals most relevant to our business (refer to page 15 and page 55 of the IAR for more information).

Read more from page 62.

Remuneration committee

Members and attendance

A Mothupi (Chair) ^Δ	3/3
G Ackerman [^]	3/3
H Bhorat ^Δ	3/3
A Jakoet [^]	3/3
J van Rooyen ^Δ	3/3

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

Read more in our remuneration report from page 36.

[✓] Available for all ad hoc meetings.

[^] Non-executive director.

^Δ Independent non-executive director.

[†] Resigned from committee at end of financial period.

[#] Executive director in 2022 financial period, non-executive director from 31 March 2022.

Employee share incentive trust

Members and attendance

G Ackerman (Chair) [^]	2/2
A Jakoet [^]	2/2
A Mothupi ^Δ	2/2
J van Rooyen ^Δ	2/2

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

The trustees ensure that the employee share incentive schemes are managed in a responsible and appropriate manner, with adequate funding and internal controls.

Corporate finance committee

Members and attendance

J van Rooyen (Chair) ^Δ	✓
H Bhorat ^Δ	✓
M Cassim ^Δ	✓
D Friedland ^Δ	✓
H Herman ^Δ	✓
A Jakoet [^]	✓
A Mothupi ^Δ	✓
A van der Merwe ^Δ	✓

The committee consists of the non-executive directors who are not representatives of the controlling shareholder. It assists the Board in assessing material investment opportunities for the Group, as identified in the Group's long-term Ekuseni strategy. No formal meetings were held in the 2022 financial period.

Read from page 46 of the IAR for more detail on the Group's strategic focus.

Executive committee

Members and attendance

P Boone	✓
L Olivier	✓

The executive committee is tasked with implementing the strategy of the Board. It serves as the Chief Operating Decision Maker (CODM) of the Group, managing the day-to-day operations of the Group, to ensure sustainable value creation for all stakeholders. The executive committee meets regularly.

✓ Available for all ad hoc meetings.
[^] Non-executive director.
^Δ Independent non-executive director.
^{*} Resigned from committee at end of financial period.

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, ESG, legal and regulatory knowledge to the Board, and add value through wisdom and practical business acumen.

February 2022



June 2022



The non-executive directors are diverse in their academic qualifications, business experience, gender and race, resulting in a balanced Board. Read more from page 33 regarding the independence of Aboubakar Jakoet.

Suzanne Ackerman-Berman retired as an executive director on 31 March 2022, on which date she was appointed as a non-executive director and will be presented to shareholders for election at the 2022 AGM. Gareth Ackerman, Suzanne Ackerman-Berman and David Robins are not considered independent owing to their relationship with the controlling shareholder. As our Chair 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 8 for further information) performs the CODM role within the Group. The CODM comprises Pieter Boone (CEO) and Lerena Olivier (CFO). They are tasked with the day-to-day executive management of the Group including the CISO portfolio. Jonathan Ackerman performs a valuable ancillary executive role alongside the executive committee, focused on customer relations.

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

Hugh Herman will retire from the Board as a non-executive director after the 2022 AGM. The Board has assessed its composition and considers that there is sufficient capacity to fulfil all Board functions after the 2022 AGM.

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 2023 financial period

- Risk management in general, with a specific focus on international and national socio-economic risks
- The effectiveness of information technology in effectively serving customers, as well as the security of information technology services
- ESG reporting

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.



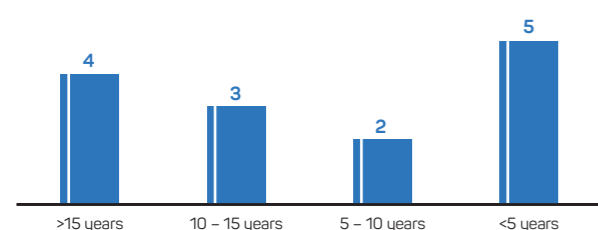
Following questions raised by shareholders at the 2021 AGM, sector experience was reviewed and validated. The graph reflects the cumulative knowledge and experience of all the sectors in which our directors have spent time working and advising in a particular industry or sector of the economy. In addition, 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.

Controlling shareholder representation on the Board

The non-executive Chair of the Group, Gareth Ackerman, non-executive directors Suzanne Ackerman-Berman and David Robins and executive director, 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 96 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 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 Chair has a conflict of interest, without detracting from the authority of the Chair. 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 re-appointed as LID on 16 May 2022 after agreeing to postpone his planned retirement for a year to provide robust handover on the audit, risk and compliance committee.

Board director tenure



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.

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

Director appointment and rotation

At least a third of non-executive directors retire at each annual general meeting, including long-serving directors who serve one-year terms, in terms of the Group's policy of director rotation.

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.

In the 2021 Integrated Annual Report, long-serving independent non-executive directors Hugh Herman and Jeff van Rooyen indicated their intention to retire from the Board after the 2022 annual general meeting. Subsequently, Jeff van Rooyen was asked to postpone his retirement until the 2023 annual general meeting so as to provide a comprehensive handover to the new Chair of the audit, risk and compliance committee, as Aboubakar Jakoet had not previously been a member of that committee. The Board extends its gratitude to Jeff van Rooyen for agreeing to this request and also for agreeing to act as LID during this period. The retirement of Hugh Herman as non-executive director was confirmed for 26 July 2022 after the conclusion of the 2022 annual general meeting. Succession planning has ensured that there will remain sufficient capacity among the non-executive directors to fulfil all Board functions. The Board is pleased that Hugh Herman's great wisdom and experience will remain available to guide its deliberations, as he has agreed to stay on as a consultant to the Board.

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. The Board raised the diversity target percentages from 25% to 30% during the 2022 financial period.

Gender diversity - %
At least 30% of our Board should comprise women.

Racial diversity - %
At least 30% of our Board should comprise South African citizens who are African, Coloured or Indian.

The Board has achieved its gender and race diversity targets, which were raised from 25% to 30% during the 2022 financial period.

The Board will once again review these targets as part of its broader transformation strategy in the 2023 financial period.

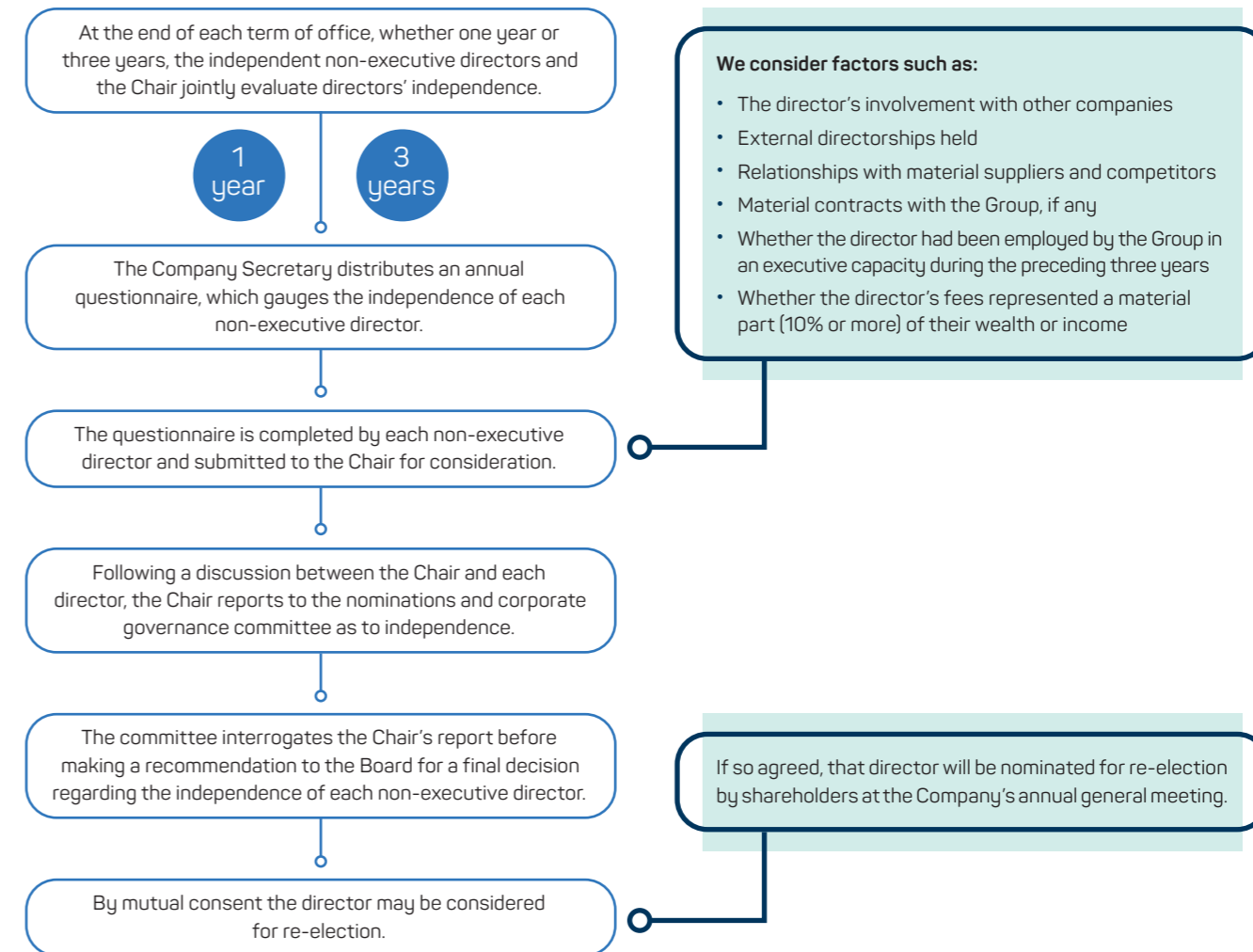
Gender diversity - %

Male 64%
Female 36%

Racial diversity - %

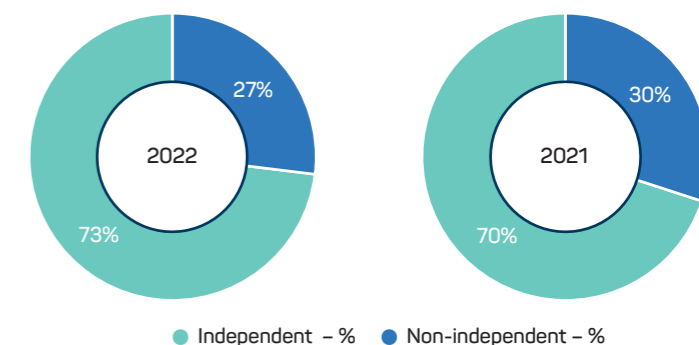
White 64%
ACI 36%

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 his or her 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 for the Group. For detail on Board reaction to some shareholder concerns, please read from page 39. 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 longer prospects.

Key Board focus areas over the year included:

Strategy and performance

The Board assumes accountability for the Group's performance. The Board guides and oversees the business in the context of material and emerging risks and opportunities to ensure that our business strategy remains relevant and responsive.

Group strategy – delivering growth in a more difficult consumer environment

- Following the appointment of Pieter Boone as CEO, the Group undertook a rigorous review of operations to ensure that its strategy was best designed to deliver growth in a more difficult consumer environment.
- The review encompassed a detailed analysis of:
 - » the market, competitors and key customer segments
 - » the customer value proposition
 - » future growth opportunities and key future trends, driven by technology and changes in customer needs, to ensure the Group serves customers in new and better ways
 - » performance per division, including productivity and cost in each area and where we can be better, simpler and cheaper
 - » the executive team needed to deliver future success across the Group
- The Board continued to monitor management's continued efforts to improve the cost effectiveness and efficiency of the business through the execution of Project Future, which had been adopted in the prior financial period and continued to deliver savings allowing us to increase investment in the customer proposition.
- The Board continued to monitor the impact of the increasingly difficult economic and social conditions in the regions we trade and the impact on consumer confidence and consumer spend.
- The Board is confident that the Group's strategy will be effective in delivering long-term sustainable growth. Read from page 46 in the IAR for further information on the Group's strategic focus as approved by the Board.
- The Board reviewed the results of the 2021 annual general meeting, particularly aimed at addressing shareholder concerns regarding the remuneration policy and implementation of the remuneration policy.
- The Board reviewed and approved the sale of 25 Pick n Pay pharmacies to Clicks.

Material performance drivers

- Further refining the Pick n Pay customer value proposition, with a clear differentiation of the customer offer across two distinct formats in Pick n Pay.
- Significantly accelerating growth in Boxer's soft discount model, under-pinned by supply chain centralisation and IT development to enhance efficiencies while maintaining the cost effective operating model through a time of rapid expansion.
- Achieving our omnichannel and digital ambitions – including the recently announced commercial service agreement with Takealot to provide customers with a dedicated Pick n Pay on-demand grocery service on the Mr D app. Read from page 50 in the IAR for further information on the Group's omnichannel ambitions.
- Investment in core food and grocery lines at a time of rising inflation to protect price and availability.
- Supply chain operations streamlined to minimise disruption and improve product availability.
- Investment in lower prices and leveraging the Smart Shopper loyalty programme to deliver greater value.
- The Group's execution of its Project Future modernisation programme.
- Modernisation of the Group's store estate, including conversions between brands and formats to drive returns.
- Working capital management.
- Funding and liquidity management in response to the Covid-19 pandemic and the civil unrest experienced in July 2021.
- Control of cost escalations and resource efficiency.

Covid-19 impact

The Board's audit, risk and compliance committee ensured management formed a risk committee to assess and respond to the risks relating to the Covid-19 pandemic in the 2021 financial period. The risk committee continues to monitor the Covid-19 risks. Considerations included:

- Health, safety and human resources
- Liquidity and going concern
- Governance and regulatory implications
- Strategic and economic implications
- Operational resilience, including the implications for the use of technology
- Financial reporting implications
- Communications to stakeholders

The Board assessed and approved the risk mitigating factors put in place by management.

The Covid-19 pandemic and lockdown had a significant negative impact on the South African economy and increased stress on consumers. The Board remains focused on ensuring that all expenses are well controlled so that the best possible prices can be extended to consumers.

The Board ensured that every effort is made to ensure that customers, staff and service providers remain safe during the pandemic. Whatever the level of the lockdown during the 2022 financial period, screens, masks, sanitising and social distancing protocols ensured that the Group remained as safe as possible for all who serve and shop.

The Board monitored the development of a hybrid work environment for support staff.

Impact of the civil unrest in July 2021

The Board actively monitored the damage to property, looting and significant interruption to trade arising from the civil unrest experienced in July 2021. Read from page 25.

The impact of the civil unrest on security costs and insurance premiums, as well as the difficulties in obtaining business interruption cover in South Africa, remain a deep concern. The long-term implications for operating expenses, as well as the possibility of further civil unrest, are being actively monitored by the Board.

Performance of our Rest of Africa segment

The Board focused on Group operations outside South Africa to ensure tight management during tough economic times, taking into account the extra economic and social pressure caused by the Covid-19 pandemic.

The trading environment remains constrained, with continued local currency weakness in the regions in which we trade and rising cost of doing business given extraordinary electricity and fuel price increases. Despite this, the segment continues to generate profit for the Group. Our slow and steady approach was reaffirmed by the Board, and our aspiration remains for the Rest of Africa segment to be a future growth engine for the Group.

Our financial reporting is aimed at providing stakeholders with clear information on the performance of the business and the impact of currency devaluation on the Group result.

Our Zambian team committed to and delivered strong cost discipline and working capital management to mitigate the impact of the low-growth environment.

Our associate in Zimbabwe, TM Supermarkets, again delivered a strong trade performance notwithstanding the difficult economic backdrop.

The Board is committed to a prudent approach to expansion in Nigeria. The Group opened its first store in Nigeria in 2021.

Covid-19 impact – Rest of Africa

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 staff, customers and service providers remain safe, that expenses are well controlled and that product availability is maintained at the best possible price.

Governance and risk management

Re-aligning committees and committee membership

Committee structure and membership was re-assessed. The allocation of non-executive directors to committees was reviewed and adjusted where it was felt they were best placed to make a contribution based on sector experience.

ESG performance and reporting

The Board continues to monitor the Group's progress against its sustainable living strategy, including its environmental impacts and contribution to social upliftment.

In addition to progress made against strategy, the Board has considered increasing the depth of ESG disclosures. Considerations include:

- Climate change-related targets, timelines and actions
- Fair labour and wage practices
- Human rights and fair trade practices across our supply chain

The Board has authorised disclosure in line with dual materiality, reflecting sustainability matters that create or erode enterprise value, and ESG reporting that reflects the Group's impact, both good and bad, on the environment and people. The reporting is informed by all relevant codes and regulations, including the recently introduced JSE Guidelines on Sustainability and Climate Disclosure.

The Board is proud that Pick n Pay was the top retailer in South African on the IRAS Sustainability/ESG Data Transparency Index.

For further information please read the ESG Report and from page 54 in the Group's IAR.

Effectiveness of our information systems and technology

The Board is cognisant of the increased risk of cyberattacks and the vulnerability of office workers using technology to work from home. The Board continues to endorse 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.

Monitoring statutory development

We monitored statutory developments, including:

- The Companies Amendment Bill
- The Constitutionality of the Expropriation Bill, following the failed attempt to amend section 25 of the Constitution
- The National Health Insurance Bill, which seeks to establish an insurance fund to provide comprehensive healthcare services free of charge to all South Africans, to be funded through taxation including a surcharge on personal income tax, which will circumscribe the services that may be offered by medical aids
- The Promotion of Equality and Prevention of Unfair Discrimination Bill, which aims to introduce strict, joint and several liability on companies if an employee is found to have caused, encouraged or requested a person to discriminate against others, given that companies will be required to "eliminate discrimination" that is related to race or any other prohibited ground even if the discrimination is "fair" or unintentional
- The Employment Services Amendment Bill, which aims to empower the Minister of Employment and Labour to set quotas for the employment of foreign nationals
- The Employment Equity Amendment Bill, which aims to empower the Minister of Employment and Labour to determine numerical employment equity targets for identified national economic sectors

The ongoing impact of the government's use of the amended Competition Act as an instrument of policy in addressing the skewed ownership profile of the economy remains an area of focus.

The Competition Commission's announcement that it intends to investigate South Africa's fresh produce food market is being closely monitored, given the stated aim of focusing on each layer of the value chain from farmer, processor, retailer and export market.

People, culture and diversity

Diversity

The Board continued to monitor the work being done by the Group to achieve a diverse workforce at all levels. The workforce profile and relative pay is continually analysed, 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. The results remain 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.

The Board approved the donation of dividends that have remained unclaimed for more than three years to the Feed the Nation Foundation to support social responsibility efforts to alleviate the impact of poverty in South Africa.

Staff productivity and efficiency

The Group's goal remains to build a sustainable business, creating more opportunities for all employees.

Financial reporting

Proactive monitoring by the JSE of financial statements

The audit, risk and compliance committee considered the findings in the JSE's report back on proactive monitoring of financial statements in 2021 and confirmed that, where relevant, the Group had improved its annual financial statements disclosure.

CEO/CFO sign-off on internal financial control

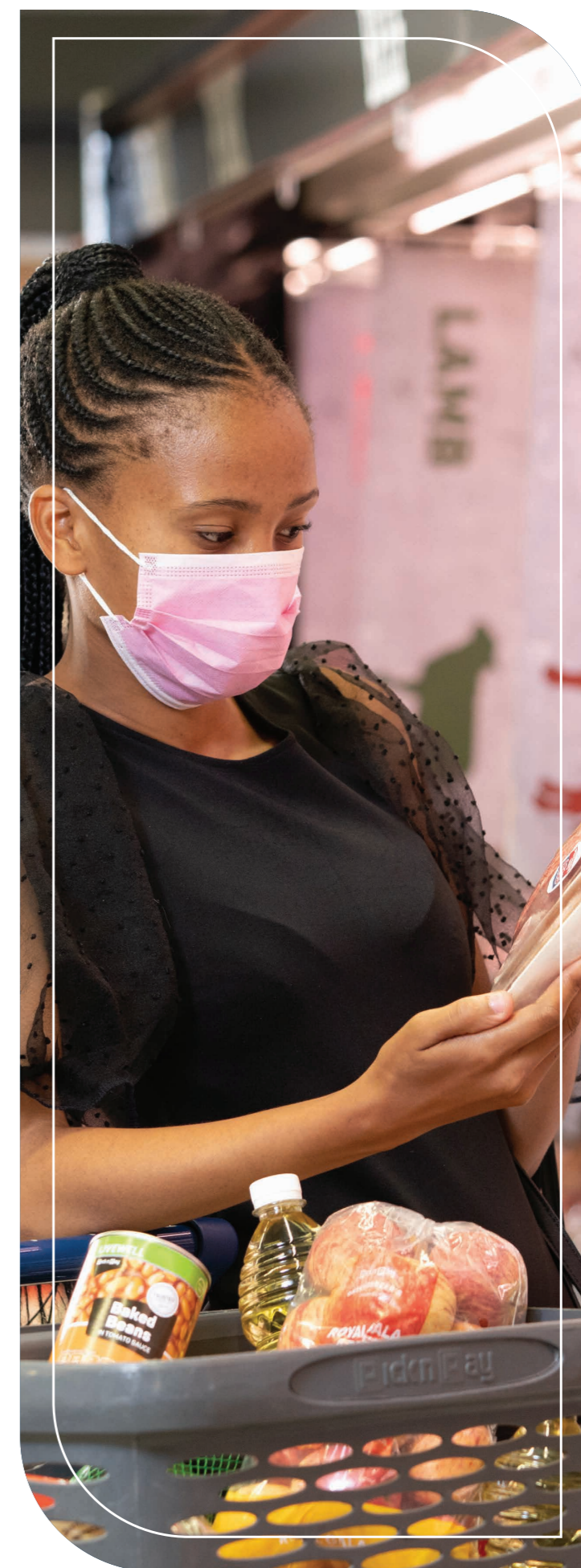
The Group's CEO and CFO have signed off on the internal financial control responsibility statement in terms of paragraph 3.84(k) of the JSE Listings Requirements, confirming that, following due, careful and proper consideration, the annual financial statements have been prepared in accordance with the accounting framework and are suitable for reliable economic decision-making.

IAS 29 Financial Reporting in Hyperinflationary Economies

During the 2020 financial period, Zimbabwe was classified as a hyperinflationary economy. This continues into the current financial period. The equity accounted earnings of the Group's investment in its associate operating in Zimbabwe was therefore accounted for under IAS 29 Financial Reporting in Hyperinflationary Economies. The Group's share of associate's income, recognised within profit before tax and headline earnings, included a hyperinflationary accounting net monetary adjustment. 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 the 2022 financial period on a comparable basis excluding the Group's share of associate's non-cash net monetary adjustments. Refer to the Appendices contained in the 2022 audited Group annual financial statements for further information.

Jeff van Rooyen
Lead Independent Director

23 June 2022



OUR CURRENT BOARD OF DIRECTORS

Non-Executive Chair



Gareth Ackerman (64)

Chair
BSocSci, CMS and AMP (Oxon)

- Appointed 1990
- Years of service to the Group: 38
- Years of service on the Board: 32
- Chair of the nominations and corporate governance 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 Chair 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 Chair of Pick n Pay Stores Limited.

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



Executive directors



Pieter Boone (54)

Chief Executive Officer (CEO)
BBA

- Appointed 2021
- Years of service to the Group and Board: 1



A Dutch national, Pieter became CEO of the Group in April 2021. He has extensive international experience in the retail, food service and wholesale sectors, and a consistent track record of leading and delivering retail growth in a diverse range of tough and emerging markets across Asia, Latin America and Europe. Pieter's goal is to drive the Group forward into a new era of sustainable growth, accelerating the development of its existing businesses and building new engines of growth. Pieter believes that people are an organisation's greatest asset and is committed to winning with our people.



Lerena Olivier (46)

Chief Finance Officer (CFO)
CA(SA)

- Appointed 2019
- Years of service to the Group: 11
- Years of service to the Board: 2



Lerena joined the Group 11 years ago, taking responsibility for Group financial reporting and the finance team. During her 20 years of experience in JSE-listed companies in the retail sector, Lerena has gained expertise across a number of key business areas, including finance, risk management, strategy, accounting and tax.



Jonathan Ackerman (55)

Executive Director
BA Marketing

- Appointed 2010
- Years of service to the Group: 29
- Years of service on the Board: 12

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



Non-executive directors



Suzanne Ackerman-Berman (59)

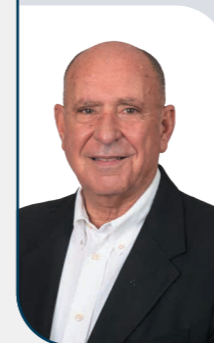
BA, Fellow: Aspen Business Institute;
First Movers

- Appointed 2010
- Years of service to the Group: 27
- Years of service on the Board: 12
- Chair of the social and ethics committee



Following broad executive experience in the Group, Suzanne was appointed Director of Transformation in 2007. In addition to her executive contribution to the Group, she was appointed to the Board as a representative of the controlling shareholder in March 2010. Suzanne retired as an executive director on 31 March 2022, on which date she was appointed to the board as a non-executive director.

Suzanne remains active in many areas of philanthropy across different sectors of society. In particular, she is a passionate proponent of enterprise development. She formed the Feed the Nation Foundation in response to the Covid-19 pandemic, is chair of the Ackerman Pick n Pay Foundation and heads the Pick n Pay Enterprise Development Division. Suzanne is a trustee of the SMILE Foundation.



David Robins (68)

BBusSci

- Appointed 2002
- Years of service to the Group: 28
- Years of service on the Board: 20



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 Chair 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.



Independent non-executive directors



Haroon Borhat (53)

PhD in Economics

- Appointed 2020
- Years of service on the Board: 2
- Other listed company directorships: Sygnia Asset Management (independent non-executive Chair)



Haroon is Professor of Economics and Director of the Development Policy Research Unit at the University of Cape Town. He is currently a member of the Presidential Economic Advisory Council (PEAC), established in 2019 by President Ramaphosa to generate new ideas for economic growth, job creation and addressing poverty in South Africa. Haroon is the Independent Non-Executive Chair of Sygnia and is also Chair of the Nimble Group. Haroon is a Non-Resident Senior Fellow at the Brookings Institution – the world's leading global think tank. He was recently invited to join the UCT College of Fellows. He is a member of the executive committee of the International Economic Association. His career appointments include serving as an economic advisor to former Minister of Finance Pravin Gordhan and to former presidents Thabo Mbeki and Kgalema Motlanthe, formally serving on the Presidential Economic Advisory Panel.



Mariam Cassim (40)

CA(SA), MBA

- Appointed 2020
- Years of service on the Board: 2



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 and Commercial Evaluation. Her flair for innovation, disruption and new business development allows Mariam to generate creative business solutions, which have a strong purpose element and thereby benefit business as well as society. Mariam served on the board of Super Group Limited until December 2020.



David Friedland (68)

CA(SA)

- Appointed 2013
- Years of service on the Board: 9
- 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.



Independent non-executive directors



Hugh Herman (81)
BA LLB, LLD (hc)
• Appointed 1976
• Years of service on the Board: 46

Hugh was a partner at law firm Sonnenberg Hoffmann Galombik before joining the Group in 1976. He was managing director of Pick n Pay from 1986, before joining Investec Bank in 1993. Hugh was appointed group chair of Investec Bank Limited in 1994, a position from which he retired in 2011. Hugh remains chair of Ninety One Africa (previously Investec Asset Management Limited).

Following 46 years of distinguished service to the Group, Hugh retires from the Board after the 2022 AGM.

LC R RM F SM S G



Aboubakar (Bakar) Jakoet (66)
CA(SA)
• Appointed 2019 as a non-executive director
• Years of service to the Group: 36
• Years of service on the Board as non-executive director: 2
• Years of service on the Board as executive director: 8
• Other listed company directorships: Oceana Group Limited

Following his 34-year career in the finance team of the Group, Bakar retired as CFO and executive director 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 capacity as a non-executive director.

Bakar is deputy chair of the UCT finance committee.

C G H L IT R LC F RM S SM



Audrey Mothupi (52)
BA (Hons)
• Appointed 2013
• Years of service on the Board: 9
• Other listed company directorships: Life Healthcare Group, Altona plc (listed on the Aquis Stock Exchange)

Audrey is the Chief Executive Officer of the South African-based SystemicLogic Group, a global financial innovation, data and technology disruptor, specialising in emergent business models. Audrey's experience spans across various business domains including group strategy, talent design, marketing and communication as well as data, technology and innovation. Prior to SystemicLogic Group, Audrey was the head of inclusive banking at Standard Bank Group.

She is the Chair of Roedean School (SA) and was Chair of Orange Babies of South Africa. Audrey also sits on the boards of Nordic Female Business Angel Network and the Numeric Board of South Africa. She is a Fellow of the Africa Leadership Initiative (ALI), a member of the International Women's Forum (IWF) and a board member of the International Women's Forum South Africa (IWFSA). Audrey has been named one of Africa's 1 000 most powerful women.

C RM SM H G IT R LC S F



Annamarie van der Merwe (58)
B.Juris, LLB, LLM, EMP
• Appointed 2020
• Years of service on the Board: 1

Annamarie is the Executive Chair of the FluidRock Governance Group, a business that she co-founded approximately 17 years ago. Annamarie has been a corporate lawyer and company secretary of companies in the listed environment for more than 30 years. She was until late 2020 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 with the functioning of boards and responsibilities of directors. Annamarie serves as a member of the JSE Advisory Committee. 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 16 years and currently chairs the board of the Bureau of Food and Agricultural Policy NPC (BFAP) as well as the Vastfontein Community Transformation NPC.

C G H LC RM F S



Jeff van Rooyen (72)
BCom (SA), Hons BCompt, CA(SA)
• Appointed 2007
• Years of service on the Board: 15
• Lead independent director (LID)
• Chair of the audit, risk and compliance committee and corporate finance committee

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, chair 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 chair of the Financial Reporting Standards Council, executive officer of the Financial Services Board, member of the Advisory Committee, Faculty of Economics and Management Sciences of the University of Pretoria and director of MTN Group Limited. Jeff stood down as Chair of Exxaro Resources Limited in May 2021.

C G H R LC RM F S CC

Company Secretary



Debra Muller (60)
Company Secretary
BA LLB
• Appointed 2010
• Years of service to the Group: 16

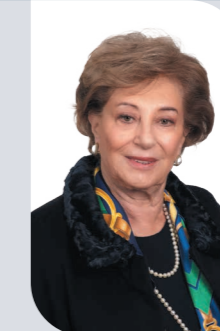
Debra was admitted as an attorney in 1988. From 1994 she assisted the Group as a legal consultant, taking a permanent position as in-house legal advisor in 2006, working with contracts, compliance and disputes. Appointed as Company Secretary to the Group in 2010, Debra continues to head up the legal department. Debra was on the board of directors of the Consumer Goods and Services Ombud (RF) NPC and was a member of its audit committee until retiring in February 2022.

Having retired from the Group at the end of March 2022, Debra remains on a 12-month contract for succession plans to be implemented.

Honorary life presidents



Raymond Ackerman
Years of service: 55



Wendy Ackerman
Years of service: 55

Sector experience

- C** Corporate social responsibility
- LC** Legal compliance
- L** Logistics
- CC** Climate change
- RM** Risk management
- R** Retail
- H** Human resources
- SM** Sales and marketing
- F** Finance
- IT** Information technology
- G** Governance
- S** Strategy

Refer to page 9 for insight into the Board's overall sector experience.

Members of:

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

BOARD REPORT

Pick n Pay Stores Limited Group

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, which in the 2022 financial period consisted of the CEO and CFO, 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 the executive management 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 Chair, who conducts interviews with each member of the Board. The performance of the Chair 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 Chair gives general feedback to the nominations and corporate governance committee. The committee debates the feedback and makes recommendations 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 independence as established by King IV, the Companies Act and the JSE Listings Requirements.

Company Secretary

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

- Assists with the induction of new directors
- Assists with director orientation, ongoing development and education
- Makes directors aware of any law or amendments to any law relevant to the Group
- Provides the Board with guidance on the discharge of director duties, responsibilities and powers
- Assists the Chair to co-ordinate and administer the operation of the Board
- Provides guidance on the Company's compliance with all statutory and regulatory requirements and with the Company's Memorandum of Incorporation
- 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.

In line with succession planning announced to shareholders on the JSE Stock Exchange News Service (SENS) on 15 March 2022, Debra Muller will be retiring as Company Secretary on 31 July 2022, at which time Penny Gerber will be appointed as Company Secretary to the Pick n Pay Group of companies.

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 bi-annually 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 remained constant 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 34 of the IAR.

Information 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 Group Executive: Information Systems and Technology, who ensures that appropriate governance structures, systems and controls are implemented.

A privacy committee manages the Group's response to the POPI 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

Pick n Pay Stores Limited is an investment holding company, which is domiciled and incorporated in the Republic of South Africa and listed on the JSE, the recognised securities exchange in South Africa. 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.

Noteworthy 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 on pages 16 to 25 of the 2022 Audited Annual Financial Statements (AFS) for an overview of financial results and activities of the Group.

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

In order to provide useful and transparent comparative information, we have presented our results on a pro forma basis by adjusting for the hyperinflation effects of IAS 29 *Financial Reporting in Hyperinflationary Economies* as well as insurance recoveries received post year-end relating to the civil unrest experienced in parts of South Africa during the current reporting period. Refer to the Appendices for further information.

Going concern

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 considered the impact of the current COVID-19 pandemic and the unprecedented civil unrest which occurred in parts of South Africa during the current reporting period. In line with standard governance practice, the Board have assessed 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

The directors have declared a final dividend (dividend 108) of 185.35 cents per share out of income reserves, maintaining the Group's dividend cover of 1.3 times Pro Forma Headline Earnings per share. Refer to the Appendices for further information on the Group's Pro Forma Headline Earnings per share. For further information on the dividend declaration, refer to page 26 of the AFS.

Share capital

At period end, 5 517 150 shares (2021: 6 264 100 shares) of Pick n Pay Stores Limited were held within the Group in order to settle obligations of share options granted under the Group's employee share scheme.

In addition, 7 707 650 shares (2021: 9 004 500 shares) of Pick n Pay Stores Limited were held within the Group in order to settle obligations under the Group's restricted share plan (RSP), previously named the forfeitable share plan (FSP). Dividends in respect of RSP awards are deferred until the shares have vested and are paid according to the number of shares that vest on vesting date. Participants of FSP awards have non-forfeitable rights to the dividends on shares. Refer to note 5 of the Group annual financial statements.

Borrowings

The Group's overall level of debt (including bank overdraft and overnight borrowings) increased by R1 520.5 million to R6 803.1 million. The Group has drawn down approximately two thirds of its available borrowing facilities to protect the Group against potential short-term market liquidity risks as a result of the COVID-19 pandemic and civil unrest. Surplus funds have been invested in high-yield money market accounts. Refer to the result summary 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 2022 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 28 June 2021, the Company's shareholders approved the following special resolutions as tabled in the notice to the annual general meeting:

Directors' fees for the 2022 and 2023 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 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, prescribed officers and company secretary

Refer to note 4 of the Group annual financial statements for a list of directors of the Company for the 2022 financial year.

Richard Brasher resigned as CEO at the end of April 2021, and Pieter Boone was appointed as CEO and as an executive director on 20 April 2021. Pieter Boone was a prescribed officer up until his date of appointment.

The non-executive directors listed below retire by rotation and, being eligible, they offer themselves for re-election at the next Annual General Meeting (AGM) on 26 July 2022:

David Friedland
Aboubakar Jakoet
Annamarie van der Merwe
Jeff van Rooyen

Suzanne Ackerman-Berman resigned as an executive director on 31 March 2022 and was re-appointed on that date as a non-executive director, which will be presented to shareholders at the next AGM on 26 July 2022 for ratification.

Hugh Herman is resigning as a director at the next AGM on 26 July 2022.

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 24 to 30 where we set out the responsibilities of the committee and how it has discharged these responsibilities during the period.

Gareth Ackerman
Chairman

Pieter Boone
Chief Executive Officer

16 May 2022

AUDIT, RISK AND COMPLIANCE COMMITTEE

Pick n Pay Stores Limited Group

“The committee provides independent oversight of the effectiveness of assurance functions and services, the integrity of external financial reporting, the annual financial statements, and risk governance and compliance.”

Jeff van Rooyen
Chair: audit, risk and compliance committee



The committee provides independent oversight of the effectiveness of assurance functions and services, the integrity of external financial reporting, the annual financial statements, and risk governance and compliance.

The board of directors (the Board) retains the overall responsibility to review and approve the annual financial statements for the Group and the Company, as well as Group-wide risk governance.

The Board acknowledges that it will be exposed to certain risks in order to achieve sustainable growth in the fast-moving consumer goods industry in South Africa and on the rest of the African continent. The Board's focus on risk and compliance management is aimed at maintaining an appropriate balance between risk and reward, protecting all stakeholders against avoidable risks and mitigating the impact of unavoidable risks.

The Board has delegated to the committee the statutory and regulatory duties arising from the Companies Act, No. 71 of 2008 as amended (the Companies Act) and the JSE Listings Requirements, as well as risk governance and compliance. It is the committee's responsibility to develop, communicate and monitor financial and risk management policies and processes across all divisions in the Group. The committee discharges this responsibility through the oversight of management's implementation of these policies and processes. The committee ensures that adequate systems are in place to identify, evaluate and manage key business risks. The committee ensures that it dedicates sufficient time to assurance functions, financial reporting and risk governance and compliance.

During the 2022 financial year, the Pick n Pay Group continued to operate under the National State of Disaster imposed to control the global Covid-19 pandemic. In addition to ad hoc trade restrictions in the South African liquor category arising out of the State of Disaster, the Group was further disrupted by the civil unrest in July 2021, which led to severe damage to trade and property. The Group embraced its responsibility to support central authorities and consumers in re-establishing law and order in affected communities. The looting of stores and distribution centres, and the closure of roads, severely limited access to essential consumer goods. The Group worked tirelessly to re-open supply lines and facilities with the aim of ensuring that further civil unrest was not fuelled by lack of access to food.

Covid-19 pandemic and July's civil unrest: impact on the activities of the committee

As informed by the committee, the Group had significantly expanded its risk strategy and framework regarding crisis management and business continuity to address the Covid-19 pandemic. This continued in the 2022 financial year and proved most valuable in addressing the civil unrest in July 2021. The guidance and amendments to regulations published by the JSE, IFRS and SAICA regarding the Group's reporting obligations continued to be closely monitored. Internal controls impacted by the pandemic and July's civil unrest were assessed, monitored and amended where relevant. The impact of July's civil unrest on insurance cover was a significant concern. In addition, business continuity and disaster recovery plans were assessed and, where necessary, amended. These plans again proved effective in re-establishing trade following the damage caused by the flooding experienced in KwaZulu-Natal in April 2022.

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.

The long-standing chair of the committee, Jeff van Rooyen, indicated his intention to retire from the Board. Jeff's role as chair will be filled by Aboubakar (Bakar) Jakoet following his election to the committee at the 2022 annual general meeting. Three financial years have passed since Bakar was CFO of the Group and as an independent non-executive director, he is ideally qualified to assist the Group as chair of the committee. Reinforcing his independent status, by end June 2022 Bakar will not have an interest in the Group that is material to his personal wealth. The Board is grateful that Jeff has agreed to remain on as a non-executive director and a member of the committee until the 2023 annual general meeting, to achieve a comprehensive handover in line with the Group's succession plan.

The committee meets formally twice a year with the Chair, the Chief Executive Officer, the Chief Finance Officer, the head of the internal audit function, the head of risk and the external auditors in attendance. Additional ad hoc meetings are held as required. The committee has the right to invite other Board members, executives and external advisors to attend any meeting. In addition, the committee chair meets with executives, the head of risk and the internal and external auditors whenever necessary. The head of risk and 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 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 2022 financial period

Members	Qualifications and experience	Attendance
Jeff van Rooyen (Chair)	A chartered accountant with extensive experience in both the private and public sectors, Jeff is chair of the committee.	2/2 scheduled 3/3 ad hoc
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 scheduled 3/3 ad hoc
Audrey Mothupi	An Honours graduate with extensive business experience in financial services as well as in data and digital innovation, Audrey is the CEO of the SystemicLogic Group.	2/2 scheduled 2/3 ad hoc
Mariam Cassim	A chartered accountant with extensive auditing and business experience, Mariam is CEO of Vodacom Financial and Digital Services and a member of Vodacom Group's executive committee. She was elected to the committee by shareholders on 4 August 2020.	2/2 scheduled 2/3 ad hoc
Haroon Borat	Professor of Economics and Director of the Development Policy Research Unit at the University of Cape Town, Haroon is currently a member of the Presidential Economic Advisory Council. He was elected to the committee by shareholders on 28 June 2021.	2/2 scheduled 2/3 ad hoc

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
- Request and obtain 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

Integrated and financial reporting and finance function

Responsibilities	Activities performed and areas of focus
<ul style="list-style-type: none"> • 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, risk, external assurance service providers and the finance function • Providing independent oversight and assessment of the integrity of the annual financial statements and other external reports issued by the Group • Providing independent oversight and assessment of the management of financial and other risks that affect the integrity of external reports issued by the Group • Ensuring that the necessary internal controls and checks and balances are in place • Establishing that management are enforcing use of the controls • Overseeing any tender process adopted to establish whether new external auditors should be appointed • Acting as a liaison between the external auditors and the Board 	<ul style="list-style-type: none"> • Reviewed and recommended to the Board for approval the annual financial statements, interim results, preliminary results announcement and the Integrated Annual Report • 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 • Reviewed and approved the appropriateness of accounting policies, disclosure policies and the effectiveness of internal financial controls • Ensured that the Group has established appropriate financial reporting procedures and that those procedures are operating effectively across all companies in the Group, to allow for the effective preparation of the Group's annual financial statements • 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 • Reviewed the sustainability disclosure in the Integrated Annual Report and ensured that it was consistent with financial information reported • Considered the expertise, experience and resources of the Chief Finance Officer and the Group's finance function • Reviewed the Group's integrated reporting function and progress, considering factors and risks that could impact on the integrity of the Integrated Annual Report • Reviewed and confirmed that the listed company has an independent sponsor at all times during the financial period • Ensured that the appointment of the external auditor is included as a resolution for shareholders to vote on in the Notice of the 2022 annual general meeting • 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 • Reviewed feedback from the JSE proactive monitoring panel and included additional disclosure where relevant • Reviewed and confirmed compliance with the JSE regulations relating to the financial sign-off by the CEO and CFO on the internal financial framework • Reviewed and considered representations by management on the Group's response to the impact on trade of the Covid-19 pandemic as well as the civil unrest in July 2021 • Reviewed the Group's insurance cover in light of the civil unrest in July 2021, including considering the challenges experienced in renewing business interruption cover and the impact on the cost of doing business in light of significantly increased premiums • Reviewed the financial reporting of the insurance claim arising from the civil unrest in July 2021, including the disclosure of the related pro forma financial information • Reviewed and advised on the capital investment and related liquidity and solvency required to fund the long-term growth plans of the Group • Continued to monitor the economic situation in areas of Africa other than South Africa in which the Group has interests • Continued to monitor 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>

Internal audit

A risk-based methodology is used to identify material business risks, which informs aspects of the internal audit plan as part of the Group's annual combined assurance plan. The internal audit function is independent of business operations and provides assurance on the adequacy and effectiveness of internal controls.

Responsibilities	Activities performed and areas of focus
<ul style="list-style-type: none"> • Reviewing and approving the internal audit charter and audit plans • Evaluating the independence, effectiveness and performance of the internal audit function and compliance with its mandate • Reviewing the Group's system of internal control, including financial controls, ensuring that management is adhering to and continually improving these controls • Reviewing significant issues raised by the internal audit process • Reviewing policies and procedures for preventing and detecting fraud 	<ul style="list-style-type: none"> • Reviewed the internal audit coverage plan • Considered and confirmed the composition, experience, resources, independence and skills of the internal audit function • Considered and confirmed that the head of the internal audit function has the appropriate expertise and experience for the position • Ensured continued progress in integration with the combined assurance model • Reviewed the effectiveness of internal financial controls • Met separately with the internal auditors to confirm that they received the full co-operation of management • Reviewed the adequacy and effectiveness of controls over information systems and cyber security, specifically raised by co-sourced partners to the internal audit function (i.e. KPMG, BDO and PwC) • Reviewed the approach of the internal audit function to continuously grow and develop data analytics as well as continuous audit capabilities within the company • Areas of focus included: <ul style="list-style-type: none"> » Implementation of POPIA » Covid-19 protocols » Customer call centre operations » Human Resources disciplinary processes » The safeguarding of assets » Franchise governance » The implications of the civil unrest in July 2021, including processes to limit stock losses and to minimise the increased costs of security and logistics

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 seven 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 2026. The committee concluded that a new tender process was not required in the 2023 financial period.

In terms of section 92 of the Companies Act, the designated auditor of a company is required to be rotated after serving as a company’s auditor for five consecutive financial years. Tina Rookledge is the designated audit partner for the 2022 financial period, having been appointed in the prior financial period following the five-year tenure of Malcolm Rapson as designated audit partner. Tina Rookledge has 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 2022 financial period.”

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

Risk management

The Chief Finance Officer serves as the Chief Risk Officer for the Group and, along with the Head of Group Risk, 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 risk assurance function, under the Head of Group Risk. 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"> Ensuring that the Group has adequate processes in place to identify, monitor and manage all significant business and financial risk areas Assisting management to identify risk areas, and evaluating management in the handling of identified risks Ensuring that the Group’s assets are secure Ensuring that the Group’s information systems are adequate, secure and function effectively Ensuring that the accounting system and controls are adequate and function effectively Ensuring that the effectiveness of the internal control measures is continually evaluated Ensuring that systems exist that adequately provide for the Group’s conformance with all laws, regulations and codes 	<ul style="list-style-type: none"> Discharged all risk and compliance committee responsibilities of all the subsidiary companies in the Group Together with head of risk, internal auditors, external auditors and management, reviewed the findings of the financial review committees of the material operating divisions in the Group Ensured that management’s processes and procedures were adequate to identify, assess, manage and monitor enterprise-wide risks Reviewed internal audit findings and comments from a risk perspective Reviewed risk report and findings Reviewed operational risks, in particular how they were managed Met with management to review their progress on identifying and addressing material risk areas within the business Areas of focus included <ul style="list-style-type: none"> Supply chain operations Maintenance of food safety and occupational health and safety policies Store operations Insurance risks, including cyber security cover Talent retention The potential for labour disruption Security of the franchise contribution to the Group The Chair met regularly with key management to keep abreast of emerging issues which, during the 2022 financial period, included <ul style="list-style-type: none"> The impact of the continuing Covid-19 pandemic The impact of the civil unrest in July 2021 Cultural sensitivity Continued monitoring of possible corporate governance failures and their implications on risk management and director responsibilities in oversight of management Reviewed the Group’s progress against the implementation of measures to ensure compliance with the Protection of Personal Information Act The social, political and economic events in South Africa and other countries in Africa in which the Group is operating, or in which the Group is considering operating

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 R24 500 (2021: R217 548) relating to agreed-upon procedures. All non-audit services undertaken during the 2022 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 Lerena 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 2022 financial period.

Effectiveness of the design and implementation of internal financial controls

As required by section 3.84(k) of the JSE Listings Requirements, 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 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 27 February 2022, 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 2022 financial period and the results of the operations and cash flows for the period then ended.

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

In compliance with the requirements of the King IV Report™, an Integrated Annual Report will be compiled for 2022 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 2022 financial period and that its report to shareholders was approved by the Board.

Jeff van Rooyen

Chair: audit, risk and compliance committee

16 May 2022



NOMINATIONS AND CORPORATE GOVERNANCE COMMITTEE

Pick n Pay Stores Limited Group

“The committee carries out its duties with the overarching aim of ensuring that the people, policies and practices of the Group are aligned with the achievement of the Group's long-term strategy.”

Gareth Ackerman
Chair: Nominations and corporate governance committee



The committee is responsible for identifying and evaluating suitable candidates for possible appointment to the Board and ensuring that the governance procedures, practices and structures of the Board and its committees are effective, appropriate and aligned with relevant local and international codes and best practices.

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.

Members: Gareth Ackerman, Suzanne Ackerman-Berman, Haroon Bhorat, David Friedland, Audrey Mothupi, Annamarie van der Merwe and Jeff van Rooyen

The role of the committee and what the committee focused on during the year

The committee operates in accordance with the requirements of the Companies Act, the JSE Listings Requirements, King IV and international best practice. It is governed by a Board-approved charter, which is reviewed and approved annually by the Board.

The committee meets twice a year. In addition, informal ad hoc meetings are held as required.

Nominations role

The authority to appoint directors remains with the Board. Those identified by the committee for potential appointment, whether as executive or non-executive directors, are interviewed by all non-executive directors. When the committee has finalised its deliberations, the nominees are referred by the committee to the Board for a final decision. Once appointed by the Board, directors are nominated at the next annual general meeting for election by shareholders.

During the period:

- Following his appointment as CEO designate in January 2021, Pieter Boone stepped into the CEO role in April 2021 upon the retirement of Richard Brasher.
- Mindful of the need to have a succession plan at all times, the committee continues to monitor the pipeline of talent to fill senior executive roles in the future.
- Reviewed the CEO's plans for executive structure and recommended acceptance to the Board.
- Recommended to the Board that Suzanne Ackerman-Berman be presented to shareholders at the 2022 annual general meeting for appointment as a non-executive director, for a three-year term of office, upon her retirement as an executive director on 31 March 2022.

- Reviewed the rotation of directors and agreed that it would recommend to the Board that the directors to be retired by rotation and presented to shareholders at the 2022 annual general meeting were Jeff van Rooyen and David Friedland, for a one-year term of office as each had been on the Board for longer than nine years, and Aboubakar Jakoet, Annamarie van der Merwe, for a three-year term of office.
- Considered the implications of a promotion and relocation upon Mariam Cassim's ability to devote sufficient resources to her non-executive directorship and concluded that her assurances of capacity be accepted. As with all non-executive directors, capacity to devote sufficient time to perform fiduciary duties will be monitored. On behalf of the Board, the committee extended sincere congratulations to Mariam on her promotion.
- Reviewed the independence of Aboubakar Jakoet as a non-executive director in light of the King IV guidance note. Having retired as CFO in September 2019, three financial periods had elapsed since his retirement as an executive. In addition, Aboubakar Jakoet has diversified his equity holdings to ensure that his shareholding in the Company is not material to his personal wealth. It is concluded that Aboubakar Jakoet has achieved independence.
- Reviewed the succession planning for the Board as well as committee membership, agreeing to recommend to the Board that:
 - » Hugh Herman's retirement from the Board be accepted to take effect after the 2022 annual general meeting to be held on 26 July 2022. Heartfelt thanks were extended to Hugh on his 46 years of service to the Group.
 - » Jeff van Rooyen's retirement had been planned to take effect after the 2022 annual general meeting, however, the committee recommended to the Board that Jeff van Rooyen be asked to stay on for a further year to ensure that succession plans regarding the Chair of the audit, risk and compliance committee and the lead independent directorship were bedded down, and the Board expressed their gratitude to Jeff van Rooyen for agreeing to extend his tenure.
 - » Recommended to the Board that Jeff van Rooyen be appointed as lead independent director for a further year.
 - » Following a detailed assessment of Aboubakar Jakoet's independence as a non-executive director, recommended that Aboubakar Jakoet be appointed to the audit, risk and compliance committee, with effect from and subject to his election to that committee by shareholders at the 2022 annual general meeting; and to assume the Chair of that committee upon Jeff van Rooyen stepping down as Chair after the 2022 annual general meeting.
 - » Recommended to the Board that Aboubakar Jakoet resign from the social and ethics committee with effect from 1 March 2022, given the additional demands on his time in joining and chairing the audit, risk and compliance committee.
 - » Reviewed the composition of the social and ethics committee and recommended to the Board that Suzanne Ackerman-Berman continue as Chair, alongside members David Robins and Annamarie van der Merwe. Consideration will be given to appointing a new member following Aboubakar Jakoet stepping off the committee.
 - » Recommended to the Board that Suzanne Ackerman-Berman continue to serve as a member of the nominations and corporate governance committee.
- Reviewed the independence of all non-executive directors in light of the King IV guidance note. Material shareholding, time elapsed since prior employment (if applicable) and incentive-based payment were all considered. It was concluded that no independence was compromised.
- Tenure of directors was considered in light of possible public perception. It was agreed that fellow Board members were best placed to assess the level of independence of their colleagues and it was definitively concluded that every non-executive director exercised independence, notwithstanding tenure. It was concluded that the Board continued to meet its requirement that a majority of the directors should be non-executive, and that a majority of the non-executive directors should be independent.
- Reviewed the composition of the Board in light of the retirement of Hugh Herman in July 2022 and the planned retirement of Jeff van Rooyen in July 2023, and concluded that an additional independent non-executive director should be recruited in due course.
- In light of the upcoming retirement of the Company Secretary after the 2022 annual general meeting, reviewed the succession planning for the role and recommended to the Board that Penny Gerber be appointed as Company Secretary following the retirement of Debra Muller on 31 July 2022.

Corporate Governance role

- Actively monitored diversity, broad-based black employment equity and employment equity considerations and was satisfied that the legacy of the Group in promoting diversity was honoured by the progress made.
- Reviewed proposed amendments to, among other statutes, the Companies Act and the Competition Act. It was agreed that the impact of the proposed amendments would continue to be closely monitored.
- Reviewed, in light of the Memorandum of Incorporation, the proposal that accumulated forfeited (unclaimed) dividends be donated to the Feed the Nation Foundation as part of the Group's corporate social responsibility programmes, and agreed to recommend to the Board, together with the social and ethics committee, that an annual donation be made.
- Reviewed the Memorandum of Incorporation with a view to aligning it with best corporate practice and recommended to the Board that amendments be presented to shareholders for approval at the 2022 AGM.
- Reviewed the performance of the Company's JSE sponsor, and concluded that it remained satisfactory.



- Reviewed a proposal to rationalise the Group's organogram by de-registering dormant companies and recommended to the Board the de-registration of some companies that had been dormant for over three years, with tax affairs up to date and no properties endorsed in their names.
 - Monitored the publication of ISO 37000 : 2021 Governance of Organisations in light of how the Group is governed alongside the terms of King IV, the Companies Act and the JSE Listings Requirements to ensure that the Group adopted best practice in terms of local and international standards of corporate governance.
- In addition to these actions, the committee has continued with its responsibilities:
- Ensured 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 to ensure that directors were best placed to offer their skills and experience in the appropriate Board committees
 - Reviewed the tenure of the Chair and succession plans
 - Reviewed the key performance indicators and objectives of the CEO
 - Reviewed the key performance indicators and objectives of the CFO
 - 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
 - Reviewed the Memorandum of Incorporation
 - Reviewed the Code of Ethics, the corporate governance charter including all committee charters and section 45 requirements of the Companies Act in light of the King IV Code on Corporate Governance

Gareth Ackerman
Chair: Nominations and corporate governance committee
 23 June 2022

CORPORATE FINANCE COMMITTEE

Pick n Pay Stores Limited Group

“ The committee is convened to assist the Board in assessing potential investment opportunities for the Group. ”

Jeff van Rooyen
Chair: Corporate finance committee



Members: Jeff van Rooyen, Haroon Borhat, Mariam Cassim, David Friedland, Bakar Jakoet, Audrey Mothupi, Annamarie van der Merwe, Gareth Ackerman* and David Robins*

* Provided not conflicted.

The role of the committee and what the committee focused on during the year

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

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 committee did not meet during the 2022 financial period.

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
Chair: Corporate finance committee

23 June 2022

OUR REMUNERATION REPORT

The remuneration committee is mandated by the Board to ensure that the Group's remuneration policies and decisions are:





- aligned with the interests of all stakeholders
- closely aligned with the delivery of the Group's long-term strategic objectives
- appropriate to incentivise sustainable value creation over the longer term
- fair and responsible, rewarding both individual and Group performance
- effective at attracting and retaining talent

The remuneration committee is satisfied that it has met its responsibilities in terms of its Board charter, and that the remuneration policies it has applied and the decisions it has taken have fulfilled the objective of fair and responsible remuneration.

The Group's remuneration report is prepared in accordance with the requirements of the Companies Act, King IV and the JSE Listings requirements.

As a responsible corporate citizen, we devote the necessary focus to important issues of employment equity, gender equity and pay parity. At our heart, we are a people business and can only win through our people.

Our commitment to employees:

-  We take deliberate action to achieve employment equity and gender targets
-  We are equitable in our recruitment
-  We guarantee equal pay for equal work
-  Everybody has the opportunity to progress in the Group

Navigating the report

The remuneration report is structured as follows:

Section 1: Remuneration Committee Chair report

Our Chair's background statement provides context to the year under review, including:

- The role and responsibility of the remuneration committee as mandated by the Board
- All key focus areas and decisions taken
- Remuneration voting outcomes at the 2021 annual general meeting and related shareholder engagement
- Remuneration policy changes during the year
- Future focus areas

Section 2: Remuneration Policy

Information on the remuneration policies and practices of the Group, including:

- The key principles underlying remuneration policy, including detail on:
 - » Fair, equitable and responsible remuneration
 - » Benchmarking of remuneration policies and outcomes
- Overview of the structure of staff remuneration packages, including detail on:
 - » Guaranteed remuneration
 - » Variable remuneration: short-term and long-term incentives
- Service contracts and termination benefits
- Minimum shareholding requirements
- Malus and claw-back

The Group's remuneration policy is forward looking and will be voted on by shareholders at the AGM on 26 July 2022.

Section 3: Implementation of Remuneration Policy

Information on how the remuneration committee implemented remuneration policy over the 2022 financial year (FY22), based on Group and individual performance, including:

- Guaranteed pay, with specific focus on the salary of the CEO and CFO
- The award of a short-term annual performance bonus
- The award of long-term performance incentives under the Group's CRI and RSP Schemes
- The review of long-term incentives and their alignment with the Group's Ekuseni strategy
- Retirement gratuities
- Non-executive director remuneration

The Group's implementation of remuneration policy will be voted on by shareholders at the AGM on 26 July 2022.

“The remuneration committee always seeks to strike the right balance of attracting, motivating and retaining key talent while delivering a fair return to all stakeholders.”

Audrey Mothupi
Chair: Remuneration committee



Section 1

Remuneration committee Chair report

On behalf of the Board, I am pleased to present the FY22 remuneration report for the Group. The remuneration report provides stakeholders with an overview of our Group's overall remuneration philosophy, highlights key underlying remuneration policies, and sets out how these policies have been implemented during FY22, with a specific focus on payments made to executive and non-executive directors.

The year in review

The Group and its executive management team looked forward to a more stable year in FY22 – leaving the challenges of the Covid-19 pandemic behind, and targeting a solid recovery off the highly disrupted base of the prior year. The remuneration committee set strong sales and earnings performance targets for the executive management team this year – aligned with the expectations of the Board – which were initially borne out in the strong trade momentum delivered over the first quarter of the financial year. Unfortunately, trade disruptions became a significant feature of the Group's second quarter, with the resumption of stringent Covid-19 trading restrictions in respect of the sale of alcohol, followed by the severe operational and financial impact of the July 2021 civil unrest in South Africa.

The FY22 performance targets set by the remuneration committee became increasingly unrealistic as the devastating scale of the unrest became clear. Close to 40% of the Group estate was closed at the very height of the unrest – including 70% of the Boxer business – and the safety of our customers and our staff quickly became the Group's main priority. The financial impact of the civil unrest and the Group's operational recovery has been a key feature of the remuneration committee's deliberations over the course of the year. The Group has not met the original sales and profit targets set for the FY22 year. The committee acknowledges that this was mainly due to the extraordinary circumstances of the unrest. The committee has further been struck by the incredible efforts of so many of its people across the organisation – not only to rebuild and restore operations so quickly and effectively – but also in leading humanitarian efforts to provide essential food and groceries to the vulnerable communities most affected by the unrest.

In a year of such disruption and devastation, it has been exceedingly important for the committee to use careful judgement in its reward of management. The committee will always consider the impact of unforeseen events on the ability of management to achieve its targets, and it is never the committee's intent to penalise management for circumstances outside of their control. At the same time, fair and responsible reward is always balanced with the interests of all stakeholders. The remuneration committee remained cognisant of the concern expressed by shareholders around the level of discretion it has used in the past – particularly in FY21 during the Covid-19 pandemic – and sought to keep shareholder interests at the forefront of its decision-making this year. I hope that shareholders agree that the committee has struck a fair and equitable balance this year with its application of remuneration policy – and while the reduced award of short-term bonuses and the forfeit of a portion of long-term share incentives reflect the challenging circumstances of the past year, it also acknowledges the resilient performance of the management team under the most difficult of circumstances. Please refer to pages 52 and 54 for further information.

The Group's new long-term Ekuseni strategy, as set out on page 46 of the IAR, has also been a key area of focus for the remuneration committee this year. The committee has an important role to play in ensuring that management is adequately and appropriately incentivised to deliver on the objectives of Ekuseni – which includes clear sales, market share and earnings growth targets over the next four years.

The role and responsibility of the remuneration committee

The remuneration committee assists the Board to formulate and administer an effective remuneration strategy that:

- meets all legislative and regulatory requirements
- delivers on the Group's commitment to fair, transparent and responsible remuneration
- is balanced in the best short- and long-term interests of the Group and its stakeholders
- is aligned with the Group's long-term strategic objectives

The remuneration committee is mandated by the Board to ensure that the Group's remuneration policy achieves its key objective of sustainable value creation over the short, medium and long term. The Group's remuneration policy incentivises performance that delivers on the Group's strategic plan. Performance is measured against clear individual and Group performance targets. Remuneration paid to executive directors and senior management must be appropriate, fair and responsible, designed to attract, motivate and retain a diverse and high-performance 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 specific focus on executive directors, senior management and non-executive directors.

Members and attendance at meetings

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.

The remuneration committee held three meetings over the course of and in respect of the FY22 financial year.

	Board tenure as non-executive	Remuneration committee meeting attendance
Audrey Mthupi (Chair)	9 years	3/3
Gareth Ackerman	32 years	3/3
Haroon Borhat	2 years	3/3
Aboubakar Jakoet	2 years	3/3
Jeff van Rooyen	15 years	3/3

Independent external advisors

The remuneration committee ensures that the Group remains up to date with evolving legislation and remuneration practices across the retail industry through ongoing training, research and monitoring. Independent and objective expert advice is obtained as required, including in respect of industry benchmarking and the fair and transparent structure of variable short-term and long-term benefits in order to drive performance and achieve retention. Refer to page 44 for further information.

The Group anticipates inflationary and other cost pressures in FY23, alongside the disruption of a programme of accelerated store refurbishments and further action to improve efficiency across the Group's support functions under Ekuseni. The Group targets stronger sales and earnings momentum from the FY24 year as the benefits of the Ekuseni strategy start to be realised. The remuneration committee therefore recognises that the performance targets attached to outstanding executive share incentive schemes (specifically RSP 2020) may no longer be relevant or appropriate, as the original targets had been aligned with the objectives of the Group's previous long-term plan.

The remuneration committee acknowledges that any revision of the performance targets of "in-flight" long-term share awards does not reflect best corporate governance practice and, as such, these targets remain unchanged. However, any once-off or extraordinary costs related to the restructure of Group operations in FY23 under the Ekuseni plan will be taken into account in the deliberation of the fair vesting of RSP 2020 in June 2023. The remuneration committee's objective is clear: the application of fair and appropriate remuneration policy – closely aligned with shareholder interests – to ensure that the senior executive team is incentivised to deliver against the long-term Ekuseni strategic targets, in a manner that delivers sustainable value for all stakeholders. Refer to page 112.

In addition to the material deliberations detailed above, the committee also addressed the following key focus areas:

- Engaged with independent specialist remuneration consultants to undertake a comprehensive bench-marking review of the Group's remuneration policies against best practice in the market and made relevant changes where appropriate. Refer to page 44 for the scope of the review.
- Ensured the award of all CRI and RSP incentive awards were aligned with the Group's employment equity and gender targets. Refer to pages 53 to 54 for further information.
- Reviewed detailed statistical data to ensure the Group maintained race and gender pay parity across all levels of the business. Refer to page 43 for further information.
- Reviewed and approved salary increases for executive and senior management and ensured fair and responsible increases for staff at lower income levels. Refer to page 52 for further information.
- Formulated an appropriate retirement package for Suzanne Ackerman-Berman who retired early from the Group on 31 March 2022 and was appointed as a non-executive director on that date. The remuneration committee extends its sincere thanks to Suzanne for her valuable contribution to the Board over the past 12 years, and specifically for her leadership of the social and ethics committee. Suzanne's boundless generosity and spirit for community upliftment has been at the very heart of the Group's social investment programmes, including more recently the development of the impactful Feed the Nation campaign. Refer to page 54 for further information.
- Reviewed the remuneration framework for, and fees paid to, non-executive directors. Refer to page 55 for further information.

Shareholder engagement



The Chair of the remuneration committee and the Chair of the Board met extensively with shareholders ahead of the 2021 annual general meeting. Unfortunately, notwithstanding the constructive nature of the engagements held, Advisory Vote 1 and Advisory Vote 2 each received less than 75% of support from shareholders and, in line with the requirements of King IV and the JSE Listing requirements, the Board invited further engagement with shareholders. Two shareholders requested the opportunity for further engagement with the Board and remuneration committee after the AGM, and one-on-one meetings were held with these shareholders.

Shareholder concern largely centred around the implementation of remuneration policy, specifically:

- the level of discretion used by the remuneration committee in the implementation of the Group's remuneration policy
- the lack of transparency around the individual performance targets set for executive directors, specifically the CEO and CFO
- a request for greater clarity around ESG targets set for executive management, and a commitment from the Board to integrate environmental, social and corporate governance within performance management and incentivisation

Shareholder engagements focused on the following key issues:

Discretion utilised in the revision of short-term and long-term performance targets, as a result of the operational and financial impact of the Covid-19 pandemic:

- Shareholders expressed concern that the revised STI FY21 stretch target of PBTAE growth had been set at an achievable level, which guaranteed a management pay-out
- Shareholders expressed concern that the revised targets for the outstanding FSP 2019 and RSP 2020 awards were not stretching enough – considering that the trading environment was expected to improve as Covid-19 trading restrictions were eased
- Shareholders noted that the repeated use of discretion could be alleviated by linking STI and LTI performance targets to an appropriate economic measure, for example CPI or GDP growth

Remuneration committee response:

Discretion was appropriate to reward and retain senior executives under the unprecedented and challenging conditions of the Covid-19 pandemic:

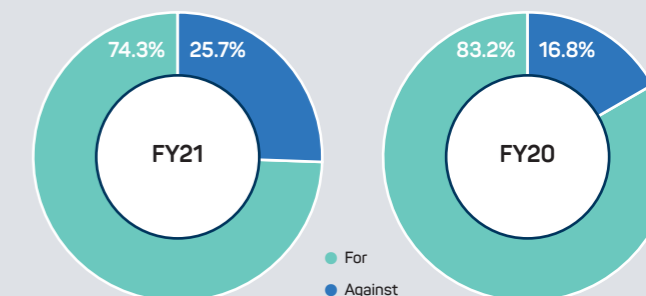
- Management was appropriately rewarded for exceptional work in maintaining uninterrupted business operations
- The targets were set at a time of strict lockdown – when the Group had already lost almost R3.0 billion of sales, and incurred additional operating costs, with little direction from government on how or when restrictions would be eased
- The remuneration committee has aligned RSP 2021 performance targets with an economic measure and will do so going forward. Refer to page 54.

AGM voting outcomes

Shareholder voting results at the annual general meeting held on 28 June 2021:

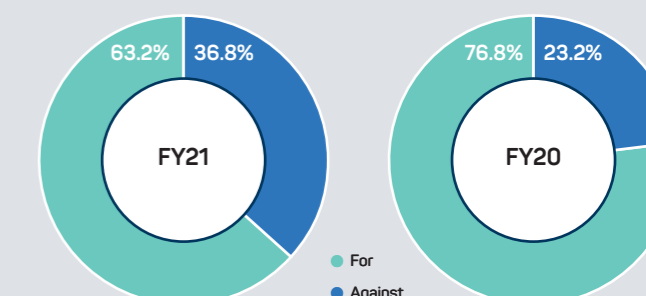
Advisory vote 1:

Endorsement of the remuneration policy report



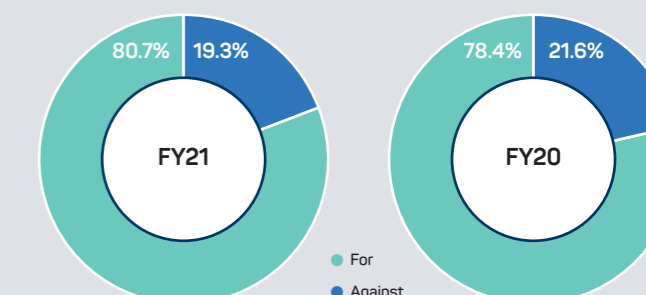
Advisory vote 2:

Endorsement of the remuneration implementation report



Special resolution 1:

Directors fees for the 2022 and 2023 annual financial periods



Discretion utilised in the reward of directors on retirement, specifically:

- The accelerated delivery of outstanding FSP awards to the outgoing CEO and CISO on their retirement, with the effective removal of associated performance targets
- The practice of awarding share awards to executive directors where planned retirement is imminent
- Retirement gratuities paid to the CEO and CISO on their retirement from the Group
- The total value of the annual package paid to the outgoing CEO

Remuneration committee response:

The early delivery of the long-term share awards and the retirement gratuities were considered appropriate reward in the context of the significant contribution from both the CEO and CISO over their individual tenures with the Group. The committee agreed that the Board will no longer award long-term share awards to executive directors where the term of the award extends into a planned retirement.

The payment of super-stretch bonuses

Shareholders expressed general concern around super-stretch targets – seeing this as a further lever for remuneration committee discretion, without sufficient disclosure of the individual targets and the benefits delivered to shareholders.

Remuneration committee response:

Super-stretch targets are only set under exceptional circumstances to incentivise and reward significant out-performance. The CFO was awarded an additional super-stretch bonus in FY21 – equivalent to two months’ salary – in recognition of her exceptional debt and liquidity management over the Covid-19 pandemic, which allowed for an uninterrupted, albeit slightly delayed, dividend cycle in FY21.

Non-disclosure of variable incentive scheme performance targets

Shareholders requested disclosure of forward looking short-term performance targets.

Remuneration committee response:

The committee recognises that best practice dictates the publication of these targets; however, due to the commercial sensitivity of disclosing prospective profit targets, the Group will continue to disclose profit targets on a retrospective basis in Section 3 of this report.

The value of the non-executive Chair’s fee

The high value of the non-executive Chair’s fee relative to other listed companies in South Africa.

Remuneration committee response:

The Chair’s fee reflects the active role the Chair plays in formulating and steering the Group’s overarching corporate governance framework, with a focus on environmental and social responsibility. Please refer to pages 51 and 55 for further information.

The independence of the Group’s longer-serving directors

Concerns around the independence of the Group’s longer-serving directors.

Remuneration committee response:

The Board acknowledges that long tenures can create concerns around director independence. The Board is confident that it has established a remuneration committee which has a good balance between the wisdom and experience of longstanding directors, and the fresh insights from more recent appointees. Please refer to page 16 for further information.

The development of local talent

Shareholders noted the appointment of an international CEO from outside the Group and expressed concern that this highlighted insufficient training and development of skill within the business, or inadequate succession planning.

Remuneration committee response:

The Group’s non-executive Board, led by the nominations committee and assisted by an independent executive placement agency, undertook a robust and considered search for the Group’s new CEO. The Board considered candidates from within the Group, and the broader South African and international retail industry. Pieter Boone was the right candidate to succeed Richard Brasher in terms of his skill, experience and character. The due diligence appointment process identified a number of experienced and talented executive managers within the Group, allowing for a strong succession plan. The development of local and diverse talent remains an important area of focus for the remuneration committee.

A number of shareholders acknowledged the positive steps that had been taken by the committee to strengthen remuneration governance over the FY21 year, including:

- The discontinuation of the Group’s share option scheme
- The deferral of dividend rights under the executive RSP scheme
- The implementation of a minimum shareholding requirement for the CEO
- The introduction of a more structured short-term bonus framework

In summary:

There is little doubt that the past two years have provided the business with some of the most challenging circumstances of its history. The remuneration committee has played a vital role in striking the right balance between attracting, motivating and retaining employees in a challenging market – and aligning remuneration outcomes with operational performance and stakeholder interests. It is not always an easy balance to get right, and I hope that shareholders are able to see the progress we have made in strengthening our remuneration policies and disclosures in line with best practice in the market. I hope too that our commitment to listen carefully to our shareholder concerns and amend our policies and our actions where necessary, was evident in the constructive engagements we held with shareholders and with our expanded disclosures this year.

The remuneration committee will continue to review and evolve the Group’s remuneration policies in a measured and responsible manner that considers the needs of all stakeholders.

Future focus areas:

A review of Board and remuneration committee timelines to ensure timely and transparent reporting to stakeholders.

Ongoing review of the effectiveness of STI and LTI policy to drive the objectives of Ekuseni.

The development of a specific Ekuseni long-term incentive award targeting senior executives key to the delivery of the plan.

We will continue to differentiate reward in terms of individual performance and address under-performance through the Group’s formal performance appraisal process.

Our focus on the development and retention of key successors will continue, as emphasised by the CRI scheme which is aimed at the retention and development of lower and middle-management employees.

Diversity and skills development among senior leaderships remains critical, with a focus on gender and race.

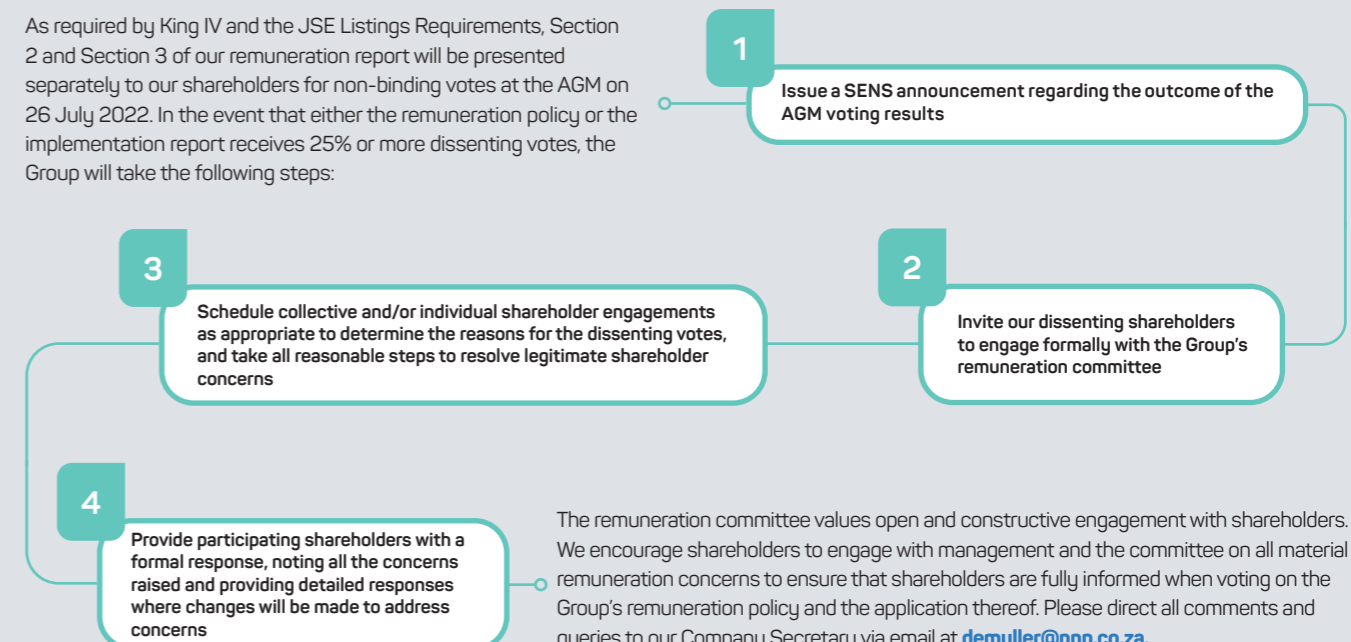
We will continue to ensure fair and equitable remuneration practices across the Group – including a focus on improving income disparity at lower levels of management, and providing a fair wage for our employees.

Audrey Mothupi

Chair: Remuneration committee

23 June 2022

As required by King IV and the JSE Listings Requirements, Section 2 and Section 3 of our remuneration report will be presented separately to our shareholders for non-binding votes at the AGM on 26 July 2022. In the event that either the remuneration policy or the implementation report receives 25% or more dissenting votes, the Group will take the following steps:



Section 2

Overview of remuneration policy

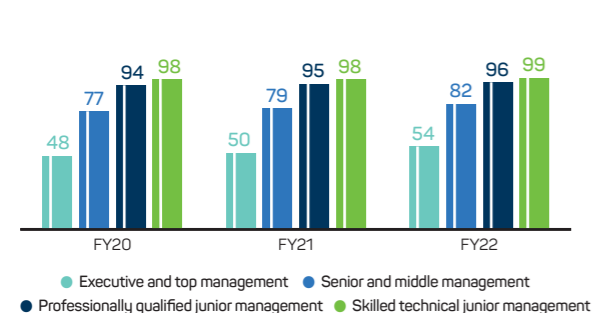
The Group's remuneration philosophy is to build a diverse and high-performance team that is fairly rewarded and incentivised to deliver on the Group's strategic objectives over the short, medium and long term. The Group's framework of remuneration policies is designed to provide our employees with fair, responsible and balanced reward that recognises the attainment of short-term goals, while incentivising long-term sustainable value creation.

The interests of our team are aligned with those of our shareholders through governance practices, which include the following key principles:

Promoting diversity and building talent

- To ensure our team adequately reflects the communities we serve, the Group provides equal opportunities to people from all walks of life
- Remuneration packages are benchmarked at all levels and are designed to attract, develop, motivate and retain the retail industry's most talented staff

Employment equity participation – %



Fair and responsible remuneration

- The Group provides fair and responsible remuneration for all staff members to help our people succeed and thrive in and outside of work
- Comprehensive statistical analysis is performed on an ongoing basis at all levels of staff (with reference to the scale of each role and the experience and tenure of each staff member). This enables the Group to identify and correct any differential pay rates based on either race or gender, and to ensure employees are always rewarded fairly in relation to their peers in adherence to the principle of equal pay for equal work
- The Group is committed to furthering the economic empowerment and well-being of employees. As such, the provision of retirement benefits and access to health care benefits is a key part of our employee value proposition, alongside opportunities for ongoing skills development, bursaries and study grants
- There is equal opportunity across the Group for growth and development, and staff members are recognised and advanced based on merit.

Efficient and productive workforce

- The Group is committed to building a high-performance culture that rewards efficiency and productivity
- The Group's Ekuseni strategy is focused on building a winning team, and unlocking productivity and efficiency gains across our supply chain, store and support operations
- Regular reviews are undertaken to ensure operational efficiency and cost discipline is achieved through ongoing improvements in employee structures and scheduling and the centralisation of support services
- Group and individual performance targets increasingly focus on key measures of employee efficiency and productivity

Responsible executive remuneration

- Executive directors are fairly rewarded for creating and delivering sustainable shareholder value over the short, medium and longer-term, in line with the Group's strategic objectives
- The executive team is not unduly rewarded where performance does not meet expectations
- The remuneration committee strives to find a reasonable balance to retain key executives and attract quality executives from outside the business, to ensure delivery against the Group's strategic objectives
- Long-term share incentive schemes align executive and shareholder interest and promote a culture of executive share ownership

Fair and responsible remuneration: non-management bargaining unit employees (NMBU)

Approximately 70% of our staff belong to a labour union, where wages are governed by labour union agreements. Negotiations with our labour partners take into account:

- All statutory minimum wage requirements, in South Africa and in the retail sector
- The economic environment, including levels of food and general inflation
- Individual job categories as defined in the SD9 regulation, as well as the Basic Conditions of Employment Act
- Further benefits provided by the Group for the well-being of our employees, including meals, transport, uniform allowances, funeral cover, retirement funding, maternity benefits and access to medical aid
- The affordability of the wage settlement – with a particular focus on the projected percentage increase in like-for-like sales growth relative to the percentage wage increase and the increase in other costs, to determine whether the wage increase is affordable, or whether it is likely to reduce the overall competitiveness of the Group, and our capacity to offer greater value to customers through lower prices

Fair and responsible remuneration: management employees

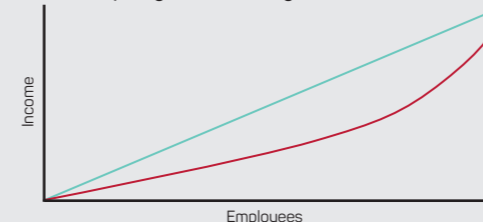
The Group follows an equal pay for equal work policy and does not discriminate based on race, ethnicity or gender. Guaranteed pay and variable incentives are benchmarked against the market to ensure our staff are rewarded competitively. The remuneration committee utilises the Gini index in its statistical analysis of income distribution across management grades – it is an effective tool to identify any evidence of income disparity.

The Gini index is a statistical measure of distribution and is used as a gauge of economic inequality, measuring income distribution among a population. The Gini index ranges from 0 (or 0%) to 1 (or 100%), with 0 representing perfect equality and 1 representing perfect inequality:

Gini index	<0.2	Income equality
Gini index	0.2 – 0.3	Relative income equality
Gini index	0.3 – 0.4	Adequate income equality
Gini index	0.4 – 0.5	Big income gap or large disparity
Gini index	>0.5	Severe income gap or severe disparity

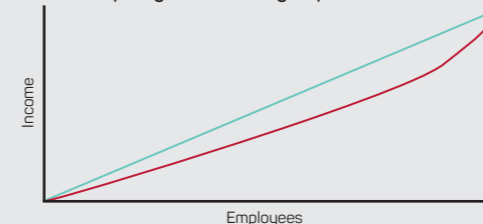
The Lorenz curve is a statistical illustration of the underlying income distribution represented by the Gini index:

Income parity across management levels



The Group's income equality across its management grades achieves 0.37 or 37% on the Gini index – an outcome of **adequate income equality**. The level of income parity reflects the remuneration packages paid to our most senior executives (including the CEO and CFO) compared to entry level management. All remuneration across all employment grades and roles has been benchmarked by an independent remuneration specialist and found to be in line with market norms. The remuneration committee will continue to award higher annual salary increases to lower levels of management to narrow this income gap.

Income parity across race groups



The Group's income equality across race classifications (African, Coloured, Indian and White) achieves 0.24 or 24% on the Gini index – an outcome of **relative income equality**. The Group follows a principle of equal pay for equal work and does not discriminate based on race or ethnicity. The income parity across race groups reflects lower ACI representation at executive and top management level (currently 54%) and the Group has targets in place to address this over time, including through its recruitment policies and training and skills development programme.

Income parity by gender



The Group's income equality by gender achieves 0.06 or 6% on the Gini index – an outcome of **income equality**. The remuneration committee is gratified with this outcome as it reflects the Group's principle of equal pay for equal work without any discrimination based on gender.

— Lorenz curve — Perfect equality

Benchmarking remuneration to the market

Guaranteed pay and variable benefits at each employment grade are benchmarked annually against industry norms to ensure our staff is rewarded competitively in relation to the broader employment market and the retail industry specifically. Independent experts assist with remuneration benchmarking to ensure that decisions are objective and fair. Advisors include PWC, REMchannel and DG Capital. Remuneration is generally positioned at the market median. Key or scarce skills and high performers are remunerated at the upper quartile of the market.

Employees below senior executive level

The Group utilises REMchannel national surveys to annually benchmark remuneration against the national and retail markets for employees below senior executive level.

Senior executive benchmarking

The Group annually benchmarks guaranteed and variable remuneration paid to senior executives to a comparator group of large JSE-listed companies to ensure our executives are remunerated fairly and in line with the market.

Comprehensive independent remuneration review undertaken in FY22

Following constructive engagement with shareholders at the AGM in July 2021, the Group appointed independent remuneration specialists, DG Capital, to perform a comprehensive review of the Group's overall remuneration framework and remuneration policies. This review was in addition to our annual benchmarking, and specifically focused on the reasonableness of senior executive remuneration relative to retail industry norms.

The remuneration committee requested DG Capital to advise on the following key aspects of its remuneration:

- The Group's guaranteed remuneration and variable incentive (STI and LTI) compared to the broader retail market, specifically:
 - » whether the incentive framework is typical and appropriate
 - » whether the incentive policies are internally and externally fair, considering the interest of all stakeholders
 - » whether the value of incentives is fair and reasonable based on market norms such as company size metrics, grade multiples and financial performance

In performing its review, DG Capital analysed the Group's proposed remuneration structure and certain remuneration metrics relative to the Group's financial performance over the past five years. This included the total rand value of incentives paid, the pay-out ratio of variable incentives relative to the various performance metrics and the equitable distribution of incentives across employee grades.

Benchmarking to the median, the Group's variable remuneration policy was measured against 10 large South African listed retail companies:

- Clicks
- Dis-Chem
- Foschini
- Massmart
- Mr Price
- Pepkor
- Shoprite
- Spar
- Truworths
- Woolworths

Outcomes of the independent review:

Detailed qualitative and quantitative analysis highlighted the following:

- The Group has a sound and traditional remuneration and incentive model, with STI and LTI subject to performance targets.
- In the context of the Group's size and its overall financial performance and financial metrics, the total value of potential incentives to be paid to qualifying staff appeared fair and reasonable for FY22. It was noted that the total value of variable incentives paid in FY21 was comparably high as a result of the discretionary incentives paid to retiring executives. The planned FY22 incentives have normalised.
- It was noted that the STI and LTI multiples were based on monthly cash salary, with most listed companies expressing multiples based on total guaranteed pay (TGP). As a result, the STI and LTI multiples for the CEO and CFO were found to be conservative relative to the market.
- STI multiples for lower management grades were ahead of market norms, resulting in a higher distribution ratio at those levels.
- It was noted that the STI scheme was highly leveraged between Target and Stretch performance and the remuneration committee could consider moderating the differential in targets and the associated pay-outs to ensure more consistent and regular pay-outs ratios relative to performance.
- It was noted that the historical TGP of the CFO was below the market median, and this was corrected in FY22.
- It was noted that the remuneration committee had utilised significant discretion in recent years. While this is appropriate under certain circumstances, a pattern of significant discretionary payments does negate the effectiveness of the remuneration policy. However, the revised remuneration framework and policies for FY22 were found to be a substantial improvement and more market related than the previous policy and if implemented accordingly will be fair and more balanced in the interests of all stakeholders.

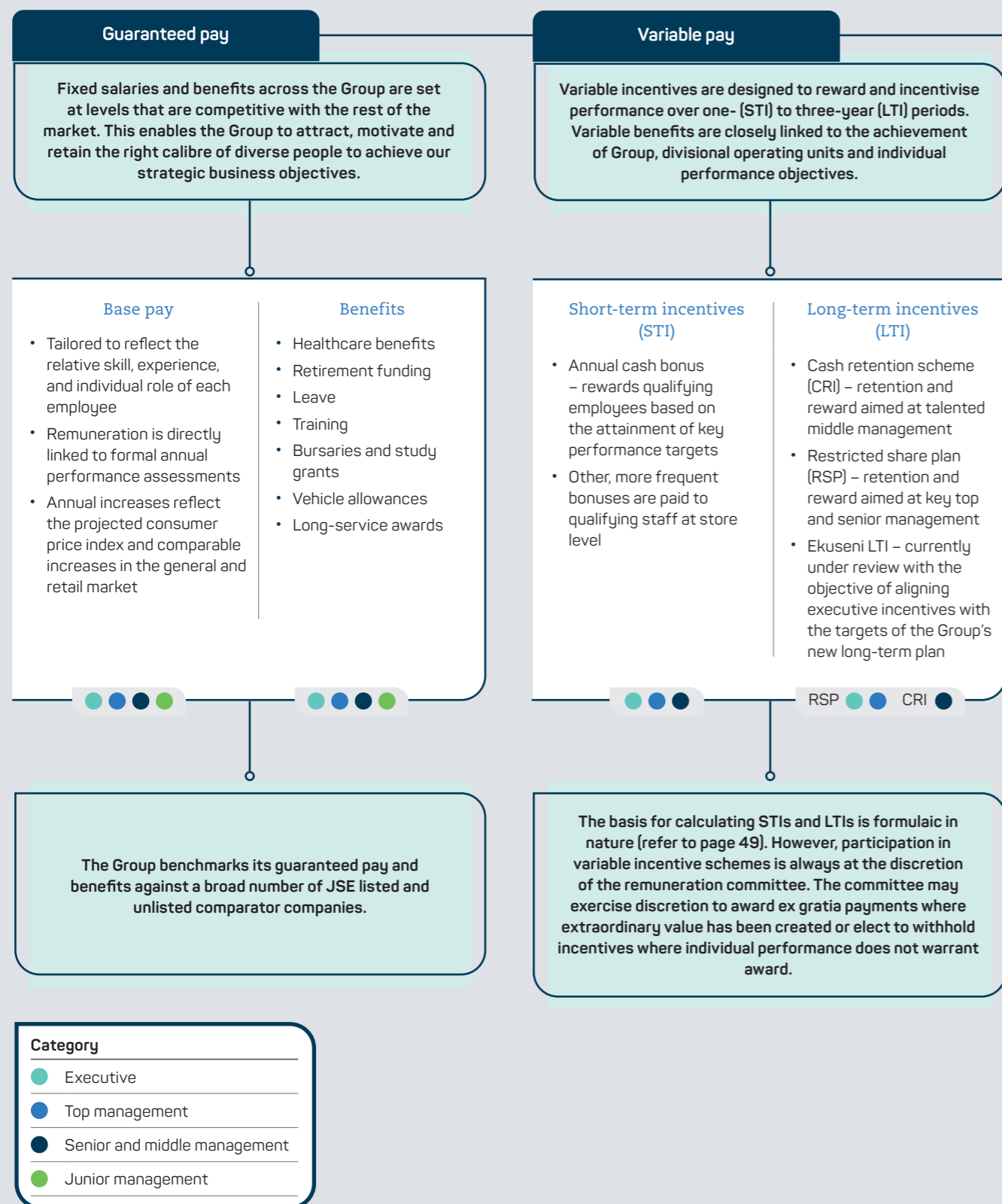
The remuneration committee's response:

- The review did not necessitate any changes to the remuneration framework, underlying policies or the methodology used for determining the value of short-term and long-term incentives.
- The value of short-term and long-term incentives were revised at target, threshold and stretch performance levels where appropriate, to align with market benchmarks and drive delivery of the Ekuseni strategy.
- The remuneration committee reviewed the leverage of the STI scheme towards outperformance, and balanced the STI multiples accordingly.
- The remuneration committee noted that lower grades of management were well incentivised, ahead of market norms.
- Work is underway to transition the Group's "cash plus benefits" guaranteed remuneration structure to a "total guaranteed pay" (TGP) structure under Ekuseni, the Group's new long-term plan.
- The remuneration committee remains cognisant of the total value of staff incentives relative to Group earnings and performance. As such, while the bonus pool will continue to be built from the bottom up based on market-related multiples, the total value of the bonus pool must be affordable and fair and is therefore capped at a reasonable percentage of PBT as determined annually by the remuneration committee.
- The CFO's base salary was lifted from R4.2 million in FY21 to R5.1 million in FY22 to align with market norms, and annual benchmarking reviews would continue.
- The point on remuneration committee discretion was noted, which was a key theme in discussions with shareholders this year. The committee will continue to use careful judgement where discretion under extenuating circumstances is warranted – both in revising targets upwards or downwards – and will ensure that its communication with shareholders is clear and transparent.



Remuneration framework

The Group has an ambition to build the most skilled and talented retail business in Africa. The Group's remuneration framework for management employees is designed to develop and retain a high-performance team – providing fair and balanced reward that recognises the attainment of short-term goals, while motivating sustainable value creation, strongly aligned with the Group's strategy and the long-term interests of shareholders.



Remuneration mix

Remuneration is balanced between guaranteed remuneration and variable short- and long-term incentives to align employee and shareholder interests over the long term. To achieve a high-performance culture, a higher proportion of variable remuneration is applied to senior management personnel to drive performance, with a greater emphasis on total guaranteed pay (TGP) for middle and junior management. Variable remuneration consists of short-term incentives (STI) and long-term incentives (LTI) and is considered "at risk pay" as it is dependent on the attainment of performance targets, closely aligned to the Group's long-term strategic plan. Performance targets are set within the Group's overall risk appetite, with the objective of being challenging but realistic within the broader context of the Group's economic and trading environments.

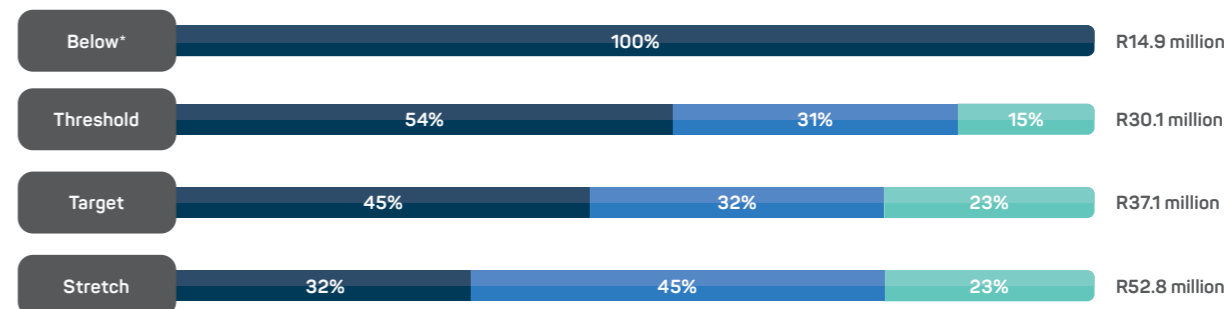
The value of STI and LTI remuneration increases as targets are met and exceeded, in order to encourage the attainment of stretch targets. The table below illustrates the mix of guaranteed and variable remuneration payable to the Group's executive management team.

	Remuneration outcome		
	TGP	STI award	LTI vesting
Below threshold	100%	0%	0%
Threshold	100%	80%	40%
Target	100%	100%	70%
Stretch	100%	120%*	100%

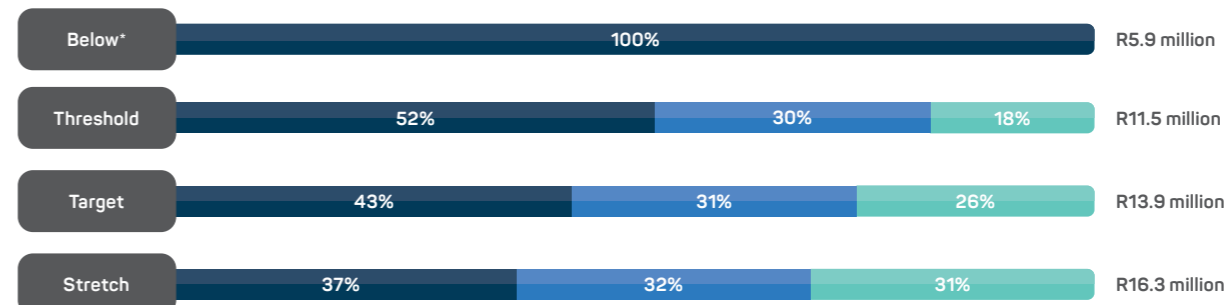
*CEO STI at 200% at stretch

The table below presents the potential remuneration mix for the Group's CEO, CFO and executive and top management team against agreed performance targets, based on a multiple of basic cash monthly salary:

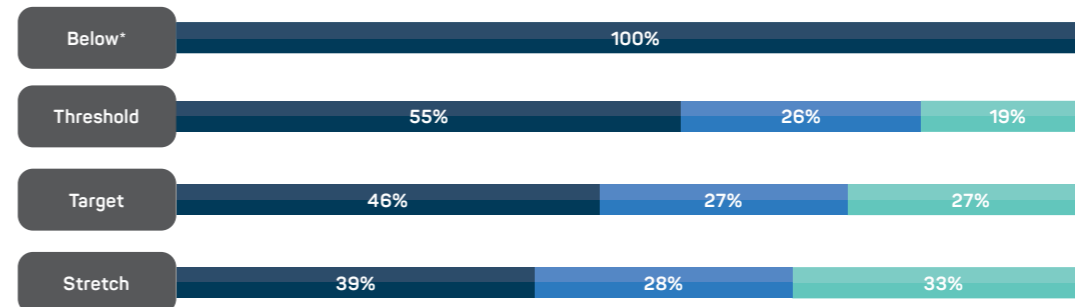
CEO



CFO



Top management



* Assumes the threshold target is not met and no STI cash bonus is awarded and no LTI shares vest.

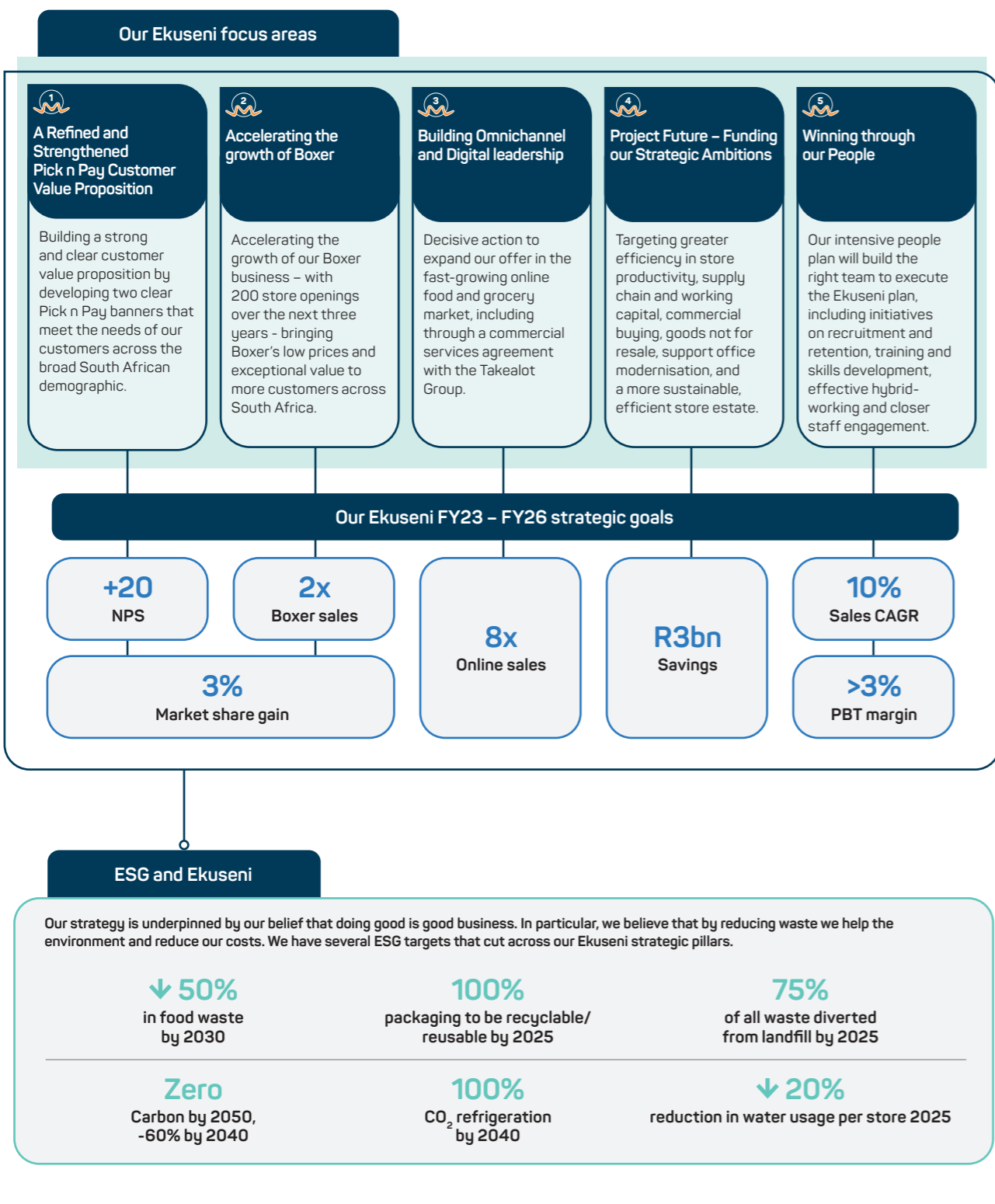
Legend: TGP (dark blue), STI (blue), LTI (light green)

Variable pay – aligned with the delivery of Group strategy

The Group's variable remuneration policies are strongly aligned with the Group's long-term plan – designed to incentivise the delivery of the Group's financial and operational objectives over a one- and three-year period. The Group's Ekuseni long-term strategy was developed and reported to shareholders this year, and its execution will be measured against performance indicators within five key strategic focus areas.

Primary targets – sales, profit before tax and exceptional items (PBTAE) and comparable headline earnings per share – contained within the short-term bonus scheme and long-term executive share plan align management interests with those of shareholders.

Secondary targets (individual KPIs) drive management performance against a balanced score card of financial, operational, transformation and good business targets (linked to the business's long-term environmental, social and governance objectives), and include:



Short-term incentives (STI)

Annual short-term bonus scheme

The annual short-term bonus scheme aims to drive short-term performance in a measured and sustainable way. The scheme incentivises the achievement of the Group's financial and non-financial targets as set out in the Group's plan for the year to follow, while retaining key skill and talent over the longer term.

The Group follows a formulaic approach to the calculation of the short-term bonus:

- The Group must first attain the threshold target set by the remuneration committee for profit before tax and exceptional items (PBTAE) before any bonus is payable to the management team. This gatekeeper PBTAE target is applied at Group or divisional level, as appropriate, and ensures the bonus is affordable.
- The PBTAE target determines the maximum value of the short-term bonus pool based on a formal and transparent pay-out multiple linked to participants' basic monthly cash salary.
- The bonus pool increases in a linear manner, as performance hurdles are met with the target pay-out at 100%; with threshold at 80%; and stretch at 120% (CEO 200%).
- The value of the short-term bonus paid to each participant is determined through a balanced score card of Group performance and individual key performance indicators (KPIs). Performance targets are determined and communicated to participants annually in advance.

Group or divisional financial performance weighting 60%

60% of the pay-out multiple is subject to the attainment of PBTAE and sales targets as set by the Group's remuneration committee on an annual basis. Focus on both earnings and top-line trade performance is important to ensure that the Group delivers growth in a sustainable manner.

Weighting:	
Group or divisional performance targets	
PBTAE	60%
Sales growth	40%

40% Individual financial and non-financial performance weighting

40% of the pay-out multiple is subject to each participant achieving two key performance targets specific to their role within the Group, as agreed with their line manager on an annual basis and monitored through the formal performance appraisal process. The executive team are subject to a third good business key performance target linked directly to the Group's environmental, social or governance (ESG) objectives, as appropriate.

Weighting:	
Individual performance targets	
Individual KPI	40%
Individual KPI	40%
Relevant ESG KPI	20%

Application of STI methodology:

	FY23 STI at Target
CEO	
Group performance – 60% of bonus	6 424 200
PBTAE – 60%	3 854 520
Sales growth – 40%	2 569 680
Individual performance – 40% of bonus	4 282 800
NPS* – 40%	1 713 120
Number of new stores – 40%	1 713 120
Basket of ESG targets – 20%	856 560
Bonus payable at target	10 707 000

* Improvement in Pick n Pay's net promoter score

	FY23 STI at Target
CFO	
Group performance – 60% of bonus	2 580 000
PBTAE – 60%	1 548 000
Sales growth – 40%	1 032 000
Individual performance – 40% of bonus	1 720 000
Return on capital employed – 40%	688 000
Project Future cost savings – 40%	688 000
Basket of ESG targets – 20%	344 000
Bonus payable at target	4 300 000

The following criteria apply to participation in the short-term bonus scheme:

- Approximately 1 000 management employees are eligible to participate in the short-term bonus scheme
- Employees must have been in the employ of the Group for at least four months of the financial year measured, with the bonus applied on a pro rata basis
- Employees cannot have resigned prior to the bonus payment date or be completing a resignation notice period
- Employees must have achieved the prescribed minimum performance level on their annual performance appraisal

Other short-term bonuses

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 (LTI)

The Group maintains a long-term cash retention scheme for middle-management employees and a long-term share incentive scheme for our senior management team. Long-term incentives are an integral part of the Group’s remuneration philosophy, to ensure the long-term retention of skilled and promising talent at all levels of management and to align the interests of senior executives with those of shareholders.

Cash retention incentive scheme (CRI)

The objective of the CRI scheme is the recognition and retention of key talent at senior and middle-management levels, while advancing the Group’s employment equity and gender equity targets. The cash award is based on a fixed multiple of each participant’s monthly salary, and vests after a period of three years. Retention in a highly contested retail environment is the primary objective of the scheme and, as such, no performance conditions are attached. Vesting is only dependent on the employee remaining in the employ of the Group over the specified vesting period. If a participant leaves the employ of the Group before the end of the vesting period, all unvested cash awards will lapse (subject to good leaver provisions). Participants are identified through the Group’s formal performance appraisal process, and awards are made on an annual basis – allowing for participants to receive rolling annual awards as they progress through the Group.

Restricted share plan (RSP)

The Group’s RSP plan recognises executive and top management employees who have a significant role to play in delivering Group strategy and ensuring the growth and sustainability of the Group. Through the attachment of performance conditions, the RSP incentivises participating employees to deliver long-term earnings growth in line with the objectives set out in the Group’s long-term strategic plan. An award of shares may also be used to attract talented prospective employees, and progress the Group’s transformation strategy.

Eligibility	<ul style="list-style-type: none"> The remuneration committee awards zero-strike RSP shares to participants. The value of the award is calculated as a percentage of each participant’s basic annual cash salary: <ul style="list-style-type: none"> » CEO 100% » CFO 100% » Top management 50% – 100% The value of shares awarded to participants reflects recognised market benchmarks, each participant’s individual contribution to long-term value creation, and other relevant retention and attraction considerations
Vesting	<ul style="list-style-type: none"> The shares are held by a Central Securities Depository Participant (CSDP) on behalf of participants over the time of the vesting period (normally three years) Participants cannot dispose of the shares before the vesting date If a participant leaves the Group before the completion of the vesting period, all shares and accrued dividends are forfeited (subject to good leaver provisions)
Performance conditions	<ul style="list-style-type: none"> Performance conditions are linked to the Group’s financial performance, with compound annual growth in comparable headline earnings per share over three years, adjusted for exceptional items as appropriate, as the primary performance measure (linked to growth in CPI from FY22) Performance conditions are applied on a linear, rising scale once the threshold target has been met. This allows for the vesting of an increasing number of shares as earnings thresholds are met and exceeded. All growth thresholds are inclusive of 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
Gatekeeper clause	<ul style="list-style-type: none"> To ensure that the RSP is aligned with the best interests of the Group and its shareholders, the performance conditions are subject to an overriding gatekeeper condition: <ul style="list-style-type: none"> » ROCE must be greater than WACC (excluding any impact from IFRS 16 liabilities) over the vesting period before any RSP shares can vest. This ensures that the Group generates a real return for shareholders before rewarding its management team
Ownership rights	<ul style="list-style-type: none"> Participants have full voting rights over the period Dividend rights are at the discretion of the remuneration committee, and are currently deferred until vesting date, and paid in direct proportion to the number of shares which vest

Legacy share option scheme

The Group’s legacy share option scheme (the 1997 employee share option scheme) was replaced by the cash retention incentive scheme (CRI) in FY21. All outstanding share options previously awarded under the scheme will vest in participants under the original terms and conditions of the awards. No further share options will be awarded under this scheme.

Funding of share incentive schemes

Shareholders have authorised the Board to utilise up to 63.9 million Pick n Pay Stores Limited (PIK) shares to manage the Group’s employee share option and restricted share schemes, representing 13% of issued share capital. 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.

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 three to 12 calendar months. The CEO and CFO are required to provide 12 months’ notice.

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

Minimum shareholding requirement

The CEO is required to retain 50% of the shares delivered under the Group’s share incentive schemes (after the settlement of tax), while in the employ of the Group.

Malus and claw-back

In the event of a material misstatement of the financial statements of the Group, or of any subsidiary company within the Group, the Board is entitled to adjust (malus) or recover (claw-back) any performance-related short-term and long-term incentives previously paid to executives implicated in the misstatement, as a result of their fraud, dishonesty or negligence.

Non-executive director remuneration

The table below sets out the remuneration policies applied by the Group for the FY22 financial year for non-executive directors. These policies are applicable for the FY23 financial year and form the underlying basis for the directors’ fees tabled for shareholder approval at the AGM to be held on 26 July 2022. Please refer to page 55 of Section 3 for the proposed fees for FY23.

Non-executive director remuneration framework

Directors’ fees

Chair

- The Chair’s fee reflects the active role the Chair plays in the corporate governance of the Group and in formulating overarching strategy

Lead independent director and other directors

- Directors’ fees are market-related, based on relevant benchmarks, commensurate with the time required for directors to fulfil their duties, and are approved by the Board and shareholders on an annual basis
- Annual fees are not subject to attendance at meetings, as attendance at meetings is generally very good

Consultancy fees

- Should 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, considering the nature and scope of the services rendered

Other

- All travel and accommodation expenses related to the work of the Board are settled by the Group

Committee membership

- Non-executive director fees reflect the additional responsibilities taken through the chairpersonship and membership of Board committees

Approval

- Proposed fees are based on independently benchmarked data, including against retail peer companies in South Africa
- The Company Secretary proposes the fees to the remuneration committee which in turn recommends the fees to the Board for final approval from shareholders
- Fees are paid quarterly in arrears

Service contracts

- Non-executive directors do not have service contracts
- Non-executive directors serve under a formal letter of appointment from the Board and are re-elected by shareholders on rotational basis. Please refer to page 10
- Non-executive director services may be terminated without liability for compensation

Other benefits

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

Section 3

Implementation of remuneration policy

The implementation report details the key focus areas of the remuneration committee this year, including the important decisions taken to provide fair and balanced remuneration to staff across the business in a year severely disrupted by the civil unrest and, to a lesser extent, some ongoing Covid-19 trading restrictions in respect of the sale of liquor in the first half of the year.

The remuneration policies applied are consistent with the prior year. Tables are provided at the close of this section for a summary of the remuneration packages paid to executive and non-executive directors.

Executive directors and senior management

Benchmarking

The remuneration committee evaluated the overall value and composition of guaranteed pay and variable incentives in respect of the CEO, CFO and all other executive directors and senior managers. Executive and senior management remuneration is considered fair and competitive against market benchmarks, and appropriately reflects the role, experience and performance of each individual member of the Group's senior management team.

Executive directors – Total Guaranteed Pay (TGP)

	Base salary R'000	Retirement and medical R'000	Other benefits R'000	FY22 TGP R'000	FY21 TGP R'000	Change %
CEO – Pieter Boone	10 707.0	953.6	3 266.0	14 926.6	n/a	n/a
CFO – Lerena Olivier	5 070.0	478.5	336.4	5 884.9	4 895.6	20.2%
Suzanne Ackerman-Berman	3 024.0	281.6	291.5	3 597.1	3 590.7	0.2%
Jonathan Ackerman	1 512.0	268.9	322.6	2 103.5	2 061.3	2.0%

Pieter Boone was appointed as CEO on 20 April 2021. Lerena Olivier's total guaranteed package was increased by 20.2% year-on-year, following the results of a detailed review which concluded that her base salary was uncompetitive against market benchmarks. The CEO and CFO base salary and all related fixed benefits are considered fair in relation to the market and fairly reflect the extensive skill and experience that Pieter Boone and Lerena Olivier bring to their roles.

Annual base salary increases

The following factors are considered in determining a fair, equitable and competitive salary increase: Group performance, affordability, CPI inflation, market benchmarking. The Group continues to provide junior, entry level and non-management staff with higher salary increases relative to more senior colleagues, in recognition of the impact the tough economic climate has on many of our employees, and as a mechanism to narrow the income gap across our management levels. The CEO and CFO, in their leadership of the Ekuseni strategy, and in support of all the cost savings initiatives to come, chose to forego any salary increase in the coming year.

Category	FY23 annual salary % increase	FY22 annual salary % increase	FY21 annual salary % increase
CEO	-	n/a	n/a
CFO	-	21.9%	-
Top management	2.3%	4.0%	-
Senior and middle management	4.5%	4.5%	-
Junior management	5.4%	5.5%	5.5%
Entry level and non-management	5.4%	5.5%	7.0%

The average increase for NMBU employees in FY22, as governed by labour union agreements, was between 5% and 10% (FY21: 7% – 10%).

* Increase to align CFO salary with market benchmarks.

Short-term incentive (STI):

FY22 annual short-term performance bonus

The remuneration committee determines annual financial performance targets in advance of the Group's short-term incentive bonus scheme for the coming financial year. The remuneration committee set strong sales and earnings targets for the FY22 financial year, targeting a strong recovery from FY21, which had been highly disrupted by the Covid-19 pandemic and all related trading restrictions and other health and safety measures.

After a strong first quarter with sales growth up 9.0% and in line with the targets of the remuneration committee, the Group's financial performance was once again impacted by severe trade disruptions – first with the resumption of stringent Covid-19 trade restrictions around the sale of liquor in June 2021, and then by the civil unrest which unfolded across KwaZulu-Natal and parts of Gauteng in July 2021. The committee acknowledged that the disruptions were outside of management control and as a result, some careful judgement was required in the determination of a short-term bonus, including an accurate and detailed assessment of lost sales and earnings which could be reasonably attributed to the disruption. The Group has estimated that it lost R2.7 billion in lost sales over the year – with a significant impact on earnings, excluding insurance recoveries received after year-end.

FY22 performance against STI targets:

	FY21 Prior year performance	FY22 Target for maximum STI pay-out	FY22 Actual performance	
Sales growth	4.3%	9.0%	5.2%	
PBTAE margin	1.7%	2.0%	1.9%	
			2.0%	excluding insurance recoveries received after year-end including insurance recoveries received after year-end

After careful consideration, the remuneration committee elected to award a FY22 bonus of approximately 50% of the Group's total maximum bonus pool (calculated based on participants' stretch multiples) – subject to each participant's performance against their individual KPIs, as captured in the Group's formal appraisal process, and the Group's performance including insurance recoveries after year-end.

The outcome of the STI deliberation for executive directors was as follows:

	Maximum bonus potential R000's	Performance outcome %	FY22 STI bonus awarded R000's
CEO – Pieter Boone	21 414.0	49	10 492.9
CFO – Lerena Olivier	5 160.0	70	3 612.0
Suzanne Ackerman-Berman	2 016.0	50	1 008.0
Jonathan Ackerman	1 008.0	50	504.0

As described in Section 2 of this report, the Group's formal methodology in determining the value of the short-term bonuses paid to participating executives is based on a balanced score card of Group and individual performance. Individuals were assessed against their KPIs set at the beginning of the financial year, with consideration given to the impact the disruptions had on individual employees and roles. The remuneration committee acknowledges the incredible efforts of its management teams across the country to rebuild and restore operations as rapidly as possible, including support office staff who have been so integral in formulating and submitting the Group's insurance claims and in restoring the Group's insurance cover wherever possible. CFO Lerena Olivier was awarded 70% of her maximum bonus in recognition of her key role over year, including the careful management of the Group's liquidity over the period of the disruption, and her leadership in formulating and submitting the Group's insurance claims and the reinstatement of its insurance covers.

Long-term incentives:

Share option scheme

The Group's share option scheme was replaced by the more modern and cost-effective CRI scheme in FY21. No further share options have been awarded. Outstanding share options previously awarded under the scheme will vest in participants over the next three, five and seven years, under the original terms and conditions of the scheme.

The future net realisable value of outstanding share options held by employees at 27 February 2022:

Year	Average grant price R	Number of options 000's	Net realisable value ¹ Rm
Outstanding share options may be taken up during the following financial years:			
2023	53.73	12 859.7	51.7
2024	69.15	1 995.2	-
2025	64.69	1 520.2	-
2026	70.06	1 427.4	-
2027 and thereafter	63.61	764.4	-
Total		18 566.9	51.7

¹ The net realisable value of outstanding share options was calculated using the prevailing market share price at year-end of R46.44, less the average grant price per award.

Cash retention incentive scheme (CRI)

The remuneration committee introduced a cash retention scheme in FY21, aimed at the retention of key members of middle management. The remuneration committee approved the 2021 award under the scheme as follows:

Award date	June 2021
Vesting date	June 2024
Retention period	36 months
Number of participants	204
ACI participation	58%
Female participation	39%

Restricted share plan (RSP) awards

Delivery of executive share awards

Scheme	Number of Shares millions	Number of participants	Base year	Three-year comparable HEPS growth target			Vesting date
				Threshold	Target	Stretch	
FSP 2019	1.7	115	FY19	(3%)	2%	4%	June 2022

The Group did not meet the required three-year HEPS performance target required for the full vesting of FSP 2019, as a result of the lost sales and earnings related to the civil unrest of July 2021. The Group achieved its threshold target for 30% vesting; however, the remuneration committee assessed that the Group would have achieved its stretch target for 100% vesting, had it not been for the impact of the unrest. In the interests of fair and equitable remuneration, and balanced with the interest of stakeholders, the remuneration committee determined that a 50% vesting of FSP 2019 is reasonable. As such, 846 750 shares are expected to be delivered to participants on 27 June 2022.

Outstanding executive share awards under the Group's restricted share plan (RSP)

The shares are held by a CSDP on behalf of the participants, and delivery is dependent on the attainment of performance targets linked to the growth in comparable headline earnings per share (HEPS).

	RSP 2021	RSP 2020
Award date	June 2021	June 2020
Vesting date	June 2024	June 2023
Retention period	36 months	36 months
Number of shares	3.0m	3.6m
	CPI-linked targets	Absolute targets
Three-year comparable HEPS growth targets:		
Threshold – 40% vesting	CPI	2%
Target – 70 % vesting	CPI plus 1%	4%
Stretch – 100% vesting	CPI plus 2%	6%
Number of participants:	145	145
ACI participation	38%	31%
Female participation	30%	40%
Held by executive directors:		
CEO – Pieter Boone	500 000 ¹	n/a
CFO – Lerena Olivier	87 000	120 000
Suzanne Ackerman (refer below)	55 000	60 000
Jonathan Ackerman	27 000	30 000

¹ In accordance with Pieter Boone's sign-on agreement, with a commitment to award a further 500 000 shares in June 2023.

The remuneration committee acknowledges that the HEPS performance targets set for RSP 2020 may no longer be appropriate under the Group's new long-term plan. The committee has elected not to revise these targets, but will consider any once-off or extraordinary costs in FY23 directly related to the actions of Ekuseni in its deliberations of a fair and reasonable vesting.

The HEPS performance hurdles for RSP 2021 link the growth targets over three years to growth in CPI over the same period. The link to an objective economic measure will alleviate the need for remuneration committee discretion going forward where socio-economic shocks impact the ability of management to deliver on absolute targets set at award date. The remuneration committee is satisfied that the CPI-linked targets are aligned with the Ekuseni strategic objectives.

Ekuseni LTI

The remuneration committee is currently developing a separate long-term incentive award, targeted at a small number of executives directly accountable for the successful execution of the long-term Ekuseni strategy. The term of the scheme and its performance targets will be directly aligned with the objectives of the plan. Deliberations are ongoing and will be shared with shareholders in due course.

Executive retirement – Suzanne Ackerman-Berman

Retirement gratuity

Suzanne Ackerman-Berman has graciously elected to take early retirement to provide greater opportunity for transformation in the Group's ESG team. Suzanne has played an invaluable role in advancing the Group's corporate social investment programmes over her tenure, and more specifically has had an incredible impact on addressing hunger in vulnerable South African communities through the development of the Feed the Nation campaign. The remuneration committee has awarded Suzanne Ackerman-Berman an award of R3.0 million on her early retirement from the Group on 31 March 2022. Suzanne was appointed as a non-executive director on that date.

Delivery of outstanding long-term share incentives

Suzanne's outstanding share incentive awards will be delivered to her in June 2022 on a pro rata basis in line with the good leaver provisions of the executive share incentive scheme.

Malus and claw-back

No incidents were identified in the FY22 financial year.

Non-executive directors

The remuneration committee reviewed and recommended non-executive director remuneration to the Board, for shareholder approval at the AGM on 26 July 2022.

Chair of the Board

In setting the Chair's proposed annual fee of R4.9 million in respect of FY23, the remuneration committee considered the active role the Chair plays in the corporate governance of the Group and in formulating overarching strategy for the individual subsidiary companies within the Group. The Chair 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. Gareth Ackerman is recused from all discussions in respect of his annual remuneration. Gareth Ackerman waived a fee increase this year in support of the Group's cost savings and efficiency goals under Ekuseni.

Non-executive directors

Shareholders approved the FY23 directors' fees at the AGM held in June 2021, agreeing that the FY22 fees be increased by no more than CPI for the 2022 annual financial period.

Non-executive director fees (excluding value-added tax) for the current and proposed periods are as follows:

	Proposed 2023 R	Actual 2022 R	% change
Chair of the Board	4 893 000	4 893 000	–
Lead independent non-executive director	156 250	152 000	2.8
Non-executive director	470 000	457 000	2.8
Chair of the audit, risk and compliance committee	405 000	394 000	2.8
Member of the audit, risk and compliance committee	156 250	152 000	2.8
Chair of the remuneration committee	215 800	210 000	2.8
Member of the remuneration committee	101 800	99 000	2.8
Member of the nominations and corporate governance committee ¹	97 150	94 500	2.8
Chair of the social and ethics committee ³	215 800	–	–
Member of the social and ethics committee	101 800	99 000	2.8
Chair of the corporate finance committee ²	215 800	210 000	2.8
Member of the corporate finance committee ²	146 000	142 000	2.8

¹ The nominations and corporate governance committee is chaired by the Chair of the Board, who does not receive an additional fee for chairing this committee.

² 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.

³ The Chair of the social and ethics committee – Suzanne Ackerman-Berman – is now a non-executive director and will receive a fee for this role going forward.

NED Fees have been benchmarked against a comparator group of companies including:

Clicks	Dischem	Foschini
Massmart	Mr Price	Shoprite
Spar	Truworths	Woolworths

Total remuneration of executive directors and prescribed officer

	Retire- ment and medical	Fringe and other benefits	Total fixed remune- ration	Short-term perfor- mance bonus	Retirement gratuity ³	Total remune- ration	Long-term share awards charges – current year ⁴	Long-term share awards charges – accelerated on retirement	
	Base salary R'000	contri- butions R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
FY22									
Executive directors									
Pieter Boone ¹	10 707.0	953.6	3 266.0	14 926.6	10 492.9	-	25 419.5	5 798.6	-
Lerena Olivier	5 070.0	478.5	336.4	5 884.9	3 612.0	-	9 496.9	5 577.7	-
Suzanne Ackerman-Berman ²	3 024.0	281.6	291.5	3 597.1	1 008.0	3 024.0	7 629.1	2 153.4	-
Jonathan Ackerman	1 512.0	268.9	322.6	2 103.5	504.0	-	2 607.5	633.3	-
Richard Brasher ¹	1 806.0	163.8	1 522.1	3 491.9	-	-	3 491.9	-	-
Richard van Rensburg	420.0	36.4	28.6	485.0	-	-	485.0	-	-
Total remuneration	22 539.0	2 182.8	5 767.2	30 489.0	15 616.9	3 024.0	49 129.9	14 163.0	-
FY21									
Executive directors									
Richard Brasher ¹	10 836.0	981.6	310.9	12 128.5	20 000.0	5 000.0	37 128.5	74 611.1	41 251.4
Lerena Olivier	4 160.0	398.4	337.2	4 895.6	4 000.0	-	8 895.6	4 822.8	-
Richard van Rensburg	5 040.0	436.5	327.6	5 804.1	3 360.0	5 000.0	14 164.1	5 310.9	5 324.5
Suzanne Ackerman-Berman	3 024.0	281.0	285.7	3 590.7	2 000.0	-	5 590.7	1 451.7	-
Jonathan Ackerman	1 512.0	270.7	278.6	2 061.3	1 000.0	-	3 061.3	759.0	-
Total remuneration	24 572.0	2 368.2	1 540.0	28 480.2	30 360.0	10 000.0	68 840.2	86 955.5	46 575.9
Prescribed officer									
Pieter Boone ¹	1 784.5	154.5	506.5	2 445.5	-	-	2 445.5	-	-

¹ Richard Brasher retired as CEO at the end of April 2021 and Pieter Boone was appointed as CEO on 20 April 2021. Pieter Boone was a prescribed officer up until his date of appointment.

² Suzanne Ackerman-Berman retired as an executive director on 31 March 2022, and was appointed as a non-executive director on that date.

³ Gratuities were paid on retirement of the directors in recognition of their exemplary service to the Group.

⁴ The long-term share awards expense 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 Restricted Share Plan (RSP), previously named 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. Vesting criteria in respect of the FSP 2019 awards, due to vest in June 2022, have not been fully met. As a result, and as directed by the remuneration committee, 50% of the FSP 2019 long-term share awards have been forfeited, and the related expense recouped by the Group in the 2022 financial year.

Total remuneration of non-executive directors

Director	Directors' fees R'000	Lead independent director R'000	Audit, risk and compliance committee R'000	Remuneration committee R'000	Social and ethics committee R'000	Nominations and corporate governance committee R'000	Employee share trust R'000	Total remuneration R'000
FY22								
Gareth Ackerman	4 893.0							4 893.0
Haroon Borhat ¹	457.0		152.0	99.0		94.5		802.5
Mariam Cassim ¹	457.0		152.0					609.0
David Friedland	457.0		152.0			94.5		703.5
Hugh Herman ²	457.0							457.0
Aboubakar Jakoet	457.0			99.0	99.0		44.0	699.0
Audrey Mothupi	457.0		152.0	210.0		94.5	44.0	957.5
David Robins	457.0				99.0			556.0
Annamarie van der Merwe ³	457.0				99.0	94.5		650.5
Jeff van Rooyen	457.0	152.0	394.0	99.0		94.5	44.0	1 240.5
Total	9 006.0	152.0	1 002.0	507.0	297.0	472.5	132.0	11 568.5
FY21								
Gareth Ackerman	4 660.0							4 660.0
Haroon Borhat ¹	362.5			55.1		52.5		470.1
Mariam Cassim ¹	362.5		120.8					483.3
David Friedland	435.0		145.0			90.0		670.0
Hugh Herman ²	435.0		145.0	200.0			42.0	822.0
Aboubakar Jakoet	435.0			94.5	94.5		42.0	666.0
Alex Mathole ⁴	181.3				39.4	37.5		258.2
Audrey Mothupi	435.0		145.0	94.5		90.0	42.0	806.5
David Robins	435.0				94.5			529.5
Annamarie van der Merwe ³	253.8				55.1	52.5		361.4
Jeff van Rooyen	435.0	145.0	375.0	94.5		90.0	42.0	1 181.5
Total	8 430.1	145.0	930.8	538.6	283.5	412.5	168.0	10 908.5

¹ Haroon Borhat and Mariam Cassim were appointed during May 2020.

² Hugh Herman retired as Chair of the remuneration committee effective 28 February 2021, and Audrey Mothupi was appointed as Chair of the remuneration committee effective 1 March 2021.

³ Annamarie van der Merwe was appointed during August 2020.

⁴ Alex Mathole retired during August 2020.



Share awards held by executive directors

FY22	Calendar year granted	Award grant price R	Balance held at 28 February 2021	Forfeits ²	Granted/ (exercised)	Exercise price R	Balance held at 27 February 2022	Available for take-up
Pieter Boone Restricted shares	2021	Nil	-	-	500 000	-	500 000	June 2024
			-	-	500 000	500 000		
Lerena Olivier 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	2018	Nil	20 000	-	(20 000)	51.71	-	n/a
	2019	Nil	100 000	(50 000)	-	-	50 000	June 2022
Restricted shares	2020	Nil	120 000	-	-	-	120 000	June 2023
	2021	Nil	-	-	87 000	-	87 000	June 2024
			440 000	(50 000)	67 000	-	457 000	
Suzanne Ackerman-Berman ¹ Forfeitable shares	2018	Nil	15 000	-	(15 000)	51.71	-	n/a
	2019	Nil	15 000	(7 500)	-	-	7 500	June 2022
Restricted shares	2020	Nil	60 000	-	-	-	60 000	June 2023
	2021	Nil	-	-	55 000	-	55 000	June 2024
			90 000	(7 500)	40 000	-	122 500	
Jonathan Ackerman Forfeitable shares	2018	Nil	8 000	-	(8 000)	51.71	-	n/a
	2019	Nil	8 000	(4 000)	-	-	4 000	June 2022
Restricted shares	2020	Nil	30 000	-	-	-	30 000	June 2023
	2021	Nil	-	-	27 000	-	27 000	June 2024
			46 000	(4 000)	19 000	-	61 000	

¹ Suzanne Ackerman-Berman retired as an executive director on 31 March 2022, and was appointed as a non-executive director on that date. Suzanne's outstanding share awards will be delivered to her in June 2022 on a pro rata basis in line with the good leaver provisions of the scheme.

² As a result of the trade disruptions experienced in the 2022 financial year, the Group did not fully achieve the three-year headline earnings per share performance target required for the successful delivery of the 2019 FSP award. As a result, and as directed by the remuneration committee, 50% of the FSP 2019 long-term share awards have been forfeited, and the related expense recouped by the Group in the 2022 financial year. The remaining shares will be delivered to participants at the end of June 2022.

Directors' interest in ordinary shares

FY22	How held ¹	Balance held at 28 February 2021	Additions/ grants	Disposals	Forfeits ⁶	Balance held at 27 February 2022	Beneficial/ non-beneficial interest ²
Gareth Ackerman ⁹	direct	309	-	-	-	309	Beneficial
	indirect	1 713 106	-	-	-	1 713 106 ⁹	Beneficial
	indirect	19 762	-	-	-	19 762	Non-beneficial
Ackerman Pick n Pay Foundation ³	indirect	101 900	-	-	-	101 900	Non-beneficial
Ackerman Family Investment Holdings Proprietary Limited ⁴	indirect	1	-	-	-	1	Non-beneficial
Ackerman Investment Holdings Proprietary Limited ⁵	indirect	124 677 237	-	-	-	124 677 237	Non-beneficial
Mistral Trust ⁷	indirect	2 800 000	12 000	-	-	2 812 000 ⁷	Non-beneficial
Pieter Boone	direct - RSP	-	500 000	-	-	500 000	Beneficial
Lerena Olivier	direct	40 500	10 800	-	-	51 300	Beneficial
	direct - RSP/FSP	240 000	87 000	(20 000)	(50 000)	257 000	Beneficial
Suzanne Ackerman-Berman ⁸	direct	120 528	-	-	-	120 528	Beneficial
	direct - RSP/FSP	90 000	55 000	(15 000)	(7 500)	122 500	Beneficial
	indirect	625 069	8 100	(100 000)	-	533 169	Beneficial
Jonathan Ackerman	direct	122 888	-	-	-	122 888	Beneficial
	direct - RSP/FSP	46 000	27 000	(8 000)	(4 000)	61 000	Beneficial
	indirect	799 419	8 000	-	-	807 419	Beneficial
	indirect	2 161	-	-	-	2 161	Non-beneficial
Aboubakar Jakoet ¹⁰	direct	758 764	-	-	-	758 764 ¹⁰	Beneficial
	indirect	13 059	-	-	-	13 059	Non-beneficial
David Friedland	indirect	51 688	-	(10 000)	-	41 688	Beneficial
David Robins	direct	975	-	-	-	975	Beneficial
	indirect	90 436	-	-	-	90 436	Non-beneficial
Hugh Herman	direct	30 000	-	-	-	30 000	Beneficial
	indirect	256	-	-	-	256	Beneficial

¹ 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.

² 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.

³ 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.

⁴ Ackerman Investment Holdings Proprietary Limited changed its name to Ackerman Family Investment Holdings Proprietary Limited. The indirect non-beneficial interest in Ackerman Family Investment Holdings Proprietary Limited represents a portion of the holdings of Gareth Ackerman, Suzanne Ackerman-Berman and Jonathan Ackerman.

⁵ Newshelf 1321 Proprietary Limited changed its name to Ackerman Investment Holdings Proprietary Limited. The indirect non-beneficial interest in Ackerman Investment Holdings Proprietary Limited represents a portion of the holdings of Gareth Ackerman, Suzanne Ackerman-Berman and Jonathan Ackerman.

⁶ As a result of the trade disruptions experienced in the 2022 financial year, the Group did not fully achieve the three-year headline earnings per share performance target required for the successful delivery of the 2019 FSP award. As a result, and as directed by the remuneration committee, 50% of the FSP 2019 long-term share awards have been forfeited, and the related expense recouped by the Group in the 2022 financial year. The remaining shares will be delivered to participants at the end of June 2022.

⁷ 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. Subsequent to 27 February 2022 and before the date of this report, the Mistral Trust purchased 18 000 shares.

⁸ Suzanne Ackerman-Berman retired as an executive director on 31 March 2022, and was appointed as a non-executive director on that date.

⁹ Subsequent to 27 February 2022 and before the date of this report, Burrumbuck Investments (Pty) Ltd (an associate of Gareth Ackerman) purchased 7 300 ordinary shares.

¹⁰ On 24 June 2022 Aboubakar Jakoet effected the following change to his Pick n Pay Stores Limited share portfolio

How held:	Balance Held at 27 February 2022	Movements	Balance Held at 24 June 2022	Beneficial / non-beneficial interest
direct	758 764	(750 000)	8 764	Beneficial
indirect	-	750 000	750 000	Beneficial
indirect	13 059	-	13 059	Non-beneficial

The restructure is an off-market transaction to a company in which Aboubakar Jakoet retains an indirect beneficial holding in accordance with the classifications of the JSE Listings Requirements. However, he has only a 10% shareholding in the company through which these shares are held, cannot exercise control over these shares and receives limited information regarding these shares.

¹¹ Other than disclosed in notes 7, 9 and 10 above, there have been no changes in the directors' interests in ordinary shares since 27 February 2022, up to the date of the approval of this report.

Directors' interest in B shares

FY22	How held ¹	Balance held at 28 February 2021	Additions	Disposals	Balance held at 27 February 2022 ⁶	Beneficial/ non-beneficial interest ²
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 ³	indirect	246 936 847	-	-	246 936 847	Non-beneficial
Mistral trust ⁴	indirect	5 349 559	-	-	5 349 559	Non-beneficial
Suzanne Ackerman-Berman ⁵	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	4 280	-	-	4 280	Non-beneficial
David Robins	direct	1 931	-	-	1 931	Beneficial
	indirect	179 118	-	-	179 118	Non-beneficial

¹ 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.

² 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.

³ Newshelf 1321 Proprietary Limited changed its name to Ackerman Investment Holdings Proprietary Limited. The indirect non-beneficial interest in Ackerman Investment Holdings Proprietary Limited represents a portion of the holdings of Gareth Ackerman, Suzanne Ackerman-Berman and Jonathan Ackerman.

⁴ 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.

⁵ Suzanne Ackerman-Berman retired as an executive director on 31 March 2022, and was appointed as a non-executive director from 1 April 2022.

⁶ There have been no changes in the directors' interest in shares since 27 February 2022, up to the date of approval of this report.



SOCIAL AND ETHICS COMMITTEE

Pick n Pay Stores Limited Group

“The Group has always operated in accordance with our principle that “doing good is good business”. The committee’s objective is to ensure that high ethical standards are applied in all policies, procedures and practices of the Group.”

Suzanne Ackerman-Berman
Chair: Social and ethics committee



Members: Suzanne Ackerman-Berman, Aboubakar Jakoet*, David Robins and Annamarie van der Merwe

* Resigned from committee on 1 March 2022

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.

The committee takes responsibility for monitoring the Group’s activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to social and economic development, good corporate citizenship, the environment, health and public safety, consumer relations, and labour and employment. The committee is also responsible for the oversight of organisational ethics, as recommended in by King IV.

Guidelines for the committee include the anti-corruption principles of the Organisation for Economic Co-operation and Development (OECD), the Employment Equity Act, No. 55 of 1998, as well as elements of the JSE Socially Responsible Index criteria and the Broad-Based Black Economic Empowerment Act, No. 53 of 2003.

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

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

The committee monitored the Group’s activities in relation to relevant policies, legislation and regulation and best practice in corporate governance. In particular, the committee advised on and monitored the Group’s response to the civil unrest in July 2021, as well as the ongoing social and economic impact of the global Covid-19 pandemic.

Among other issues, the meetings dealt with key topics such as:

- Reviewing and monitoring the preventive and social distancing measures adopted in the Group to ensure the safety of staff and customers during the Covid-19 pandemic, including the development of a vaccination policy.
- Reviewing, monitoring and managing the impact of the Covid-19 pandemic on the health and well-being of staff, ranging from store staff continuing to face daily exposure to the virus, and the impact on office workers required to work from home, including measures to support the mental health of employees.

- Reviewing and monitoring the implementation of the “hybrid work policy” aimed at allowing support office staff to return to offices in a measured and safe manner notwithstanding the Covid-19 pandemic.
- Continuing to monitor and ensure that the facts were communicated regarding the public perception of food price increases during the Covid-19 pandemic.
- Reviewing and monitoring the activities of the Feed the Nation Foundation set up in response to rising poverty, ensuring in particular that child-headed households received food donations, and reviewing the measures to achieve financial sustainability for the Foundation, including recommending to the Board that unclaimed dividends, forfeited to the Company in terms of the Memorandum of Incorporation, be donated annually to the Foundation.
- Monitoring and encouraging measures to re-establish law and order following the civil unrest and to assist those impacted by the events of July 2021.
- Reviewing and monitoring the efficiency and effectiveness of product recall policies.
- Reviewing the development and implementation of a risk assessment policy for private label suppliers.
- Reviewing the measures put in place to enable compliance with Extended Producer Responsibility, which places an obligation on the producer to manage all waste from a product. Producer Responsibility Organisations have been set up for each of the different packaging material types, with the aim of ensuring packaging is recyclable and that the infrastructure is in place for the material to be recycled.
- Reviewing the level of oversight required over the use of artificial intelligence services and monitoring cyber risks.
- Monitoring the outcome of the Conference of Parties (COP26) aimed at achieving a reduction in climate change emissions, and exploring methods of achieving such a reduction.
- Reviewing the planned expansion of ESG reporting, highlighting the JSE Regulations aimed at achieving standardised auditing as well as the launch of the ISO 37 000 Corporate Governance Principles in light of the Companies Act, JSE Regulations and King IV guidelines.
- Formalised the annual workplan for the committee, to cover:
 - » Ethics management
 - » BBBEE transformation
 - » Employment relationships
 - » Health and safety
 - » Environmental commitments, tracking and impact
 - » Social responsibility (“Doing Good Is Good Business” being Pick n Pay’s long-standing philosophy)
 - » Marketing, advertising and communications

- Monitoring implementation of the Ethics and Values Campaign.
- Setting and monitoring thresholds against which to measure a reduction in the use of plastics, packaging and food waste.
- Addressing issues arising from the ethical practices of suppliers and ensuring responses were aligned to the Group’s values.
- Addressing diversity targets and barriers to achievement of Employment Equity and disability targets.
- Monitoring proposed amendments to the Companies Act relating to the functioning of the social and ethics committee.

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

The committee will be following a workplan with overarching focus on four key areas in the 2023 financial period:

Economy:	Ethics Management and BBBEE Transformation
Workplace:	Labour, Employment, Employment Relationships and Health & Safety
Environment:	Environmental Commitments, Tracking and Impact
Society:	Marketing, Advertising and Communication

Committee membership

As at the end of the 2022 financial period, the committee members comprised an executive director and three non-executive directors. The Company Secretary, executives responsible for strategy and human resources, senior managers and technical experts on areas of mandate assist the committee. All levels and areas of expertise across the Group are present at committee meetings. Additional advisors attend meetings by invitation, depending on agenda items to be discussed.

Suzanne Ackerman-Berman
Chair: Social and ethics committee

23 June 2022

LEGAL REPORT

Pick n Pay Stores Limited Group

Compliance

The Group's compliance framework rests on its 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. The compliance questionnaires are audited internally to ensure accurate reporting. 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 legal issues arising from statutory provisions.

Current areas of focus continue to include the Competition Act and suggested amendments to the Companies Act. In addition, proposed amendments to the following statutes are being closely monitored given possible implications for the retail industry:

- Proposed amendment [B23 – 2020] to the Expropriation Act, 63 of 1975
- National Health Insurance Bill [B11-2019]
- Proposed amendment [B – 2021] to the Promotion of Equality and Prevention of Unfair Discrimination Act, 4 of 2000
- Proposed amendment [B – 2021] to the Employment Services Act, 4 of 2014
- Proposed amendment [B14B – 2021] to the Employment Equity Act, 55 of 1998

The Group's privacy and security committee has been proactively ensuring that the provisions of the Protection of Personal Information Act, 4 of 2013, are embedded in our practices.

The Competition Commission recently announced plans to investigate South Africa's fresh produce food market, with the stated aim of understanding the state of competition within the industry, the market features affecting price outcomes, and the challenges faced by farmers, especially small-scale and emerging farmers. The announcement advised that the Competition Commission will inquire into the sale of fresh produce by farmer to customer, through the retail chain. Developments in the market inquiry will continue to be monitored.

No material judgments, damages, penalties or fines for non-compliance with any legislation were recorded or levied against any company in the Group, or against any director, officer or employee during the period under review. Each year, the executive directors and relevant members of senior management declare that to the best of their knowledge, they and the companies they serve have complied with all relevant statutes and regulations. No incidents of contravention of the policies or the statutes were reported.

Litigation matters

The Company and its subsidiaries are not involved and have not in the 2022 financial period been involved in any legal or arbitration proceedings that 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.

Covid-19 impact

During the 2022 financial period, the grocery retail sector continued to operate in terms of the constantly changing regulatory environment imposed following the State President's declaration of a State of Disaster arising from the novel coronavirus pandemic, Covid-19. While the State of Disaster was lifted on 4 April 2022, the interim regulations imposed by the Minister of Health continued to require mask-wearing and social distancing, until they were lifted on 23 June 2022. Developments in the regulatory environment are being monitored.



02

SHAREHOLDERS' INFORMATION

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ANALYSIS OF ORDINARY SHAREHOLDERS

as at 27 February 2022

SHAREHOLDER SPREAD	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	16 704	75.5	2 591 946	0.5
1 001 – 10 000 shares	4 082	18.4	12 986 536	2.6
10 001 – 100 000 shares	1 033	4.7	32 649 201	6.6
100 001 – 1 000 000 shares	266	1.2	73 759 465	14.9
1 000 001 shares and over	47	0.2	371 463 173	75.4
Total	22 132	100.0	493 450 321	100.0

PUBLIC/NON-PUBLIC SHAREHOLDERS	Number of shareholders	%	Number of shares	%
Non-public shareholders	17	0.1	145 222 163	29.4
Ackerman Investment Holdings Proprietary Limited*	1	0.0	124 677 237	25.3
Pick n Pay Retailers Proprietary Limited	1	0.0	809 000	0.2
Shares held on behalf on FSP/RSP participants	1	0.0	7 707 650	1.5
Boxer Superstores Proprietary Limited	1	0.0	172 750	0.0
Pick n Pay Employee Share Purchase Trust	1	0.0	4 535 405	0.9
Directors of Pick n Pay Stores Limited	8	0.0	4 305 820	0.9
Mistral Trust	1	0.0	2 812 000	0.6
Pick n Pay Non Contributory Provident Fund	1	0.0	100 400	0.0
Ackerman Pick n Pay Foundation	1	0.0	101 900	0.0
Ackerman Family Investment Holdings Proprietary Limited**	1	0.0	1	0.0
Public shareholders	22 115	99.9	348 228 158	70.6
Total	22 132	100.0	493 450 321	100.0

BENEFICIAL SHAREHOLDERS HOLDING 1% OR MORE	Number of shares	%
Ackerman Investment Holdings Pty Ltd*	124 677 237	25.3
Government Employees Pension Fund	81 449 655	16.5
Fidelity Series Emerging Markets Opportunities Fund	37 857 599	7.7
Allan Gray Balanced Fund	11 860 508	2.4
Norges Bank Investment Management (NBIM)	8 268 678	1.7
Shares held on behalf on FSP/RSP participants	7 707 650	1.5
FIAM Group Trust For Employee Benefit Plans	7 323 225	1.5
Alexander Forbes Investments Limited	7 310 398	1.5
Old Mutual Life Assurance Company SA	6 861 095	1.4
Vanguard Emerging Markets Stock Index Fund (US)	4 957 879	1.0

* Ackerman Investment Holdings Proprietary Limited was previously named Newshelf 1321 Proprietary Limited.

** Ackerman Family Investment Holdings Proprietary Limited was previously named Ackerman Investment Holdings Proprietary Limited.

ANALYSIS OF B SHAREHOLDERS

as at 27 February 2022

SHAREHOLDER SPREAD	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	1	4.0	522	0.0
1 001 – 10 000 shares	7	28.0	43 599	0.0
10 001 – 100 000 shares	8	32.0	181 479	0.1
100 001 – 1 000 000 shares	4	16.0	1 582 276	0.6
1 000 001 shares and over	5	20.0	257 874 993	99.3
Total	25	100.0	259 682 869	100.0

PUBLIC/NON-PUBLIC SHAREHOLDERS	Number of shareholders	%	Number of shares	%
Non-public shareholders	6	24.0	258 277 425	99.4
Ackerman Investment Holdings Proprietary Limited*	1	4.0	246 936 847	95.1
Directors of Pick n Pay Stores Limited	4	16.0	5 991 019	2.3
Mistral Trust	1	4.0	5 349 559	2.0
Public shareholders	19	76.0	1 405 444	0.6
Total	25	100.0	259 682 869	100.0

BENEFICIAL SHAREHOLDERS HOLDING 1% OR MORE	Number of shares	%
Ackerman Investment Holdings 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

* Ackerman Investment Holdings Proprietary Limited was previously named Newshelf 1321 Proprietary Limited.

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.

SHAREHOLDERS' INFORMATION

Annual general meeting – 26 July 2022

The 54th annual general meeting of the 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 live AGM webcast will be held at 08:30 on 26 July 2022, through the following link – <https://meetnow.global/ZA>

The minutes of the previous year's AGM held on 28 June 2021 are available on our investor relations website at www.picknpayinvestor.co.za.

FY23 results announcements

Interim to 28 August 2022	October 2022
Final to 26 February 2023	May 2023

Publication of annual financial statements

FY22	June 2022
FY23	June 2023

Publication of Integrated Annual Report and Corporate Governance Report

FY22	June 2022
FY23	June 2023

Publication of ESG Performance Summary and Databook

FY22	June 2022
FY23	June 2023



NOTICE OF ANNUAL GENERAL MEETING

The 54th annual general meeting (AGM) of the shareholders of Pick n Pay Stores Limited (the Company, alternatively Stores) for the 2022 annual financial period will be conducted entirely by electronic communication, with the meeting starting at 08:30 on Tuesday, 26 July 2022.

The procedure to be followed by shareholders or their duly appointed proxies (participants) who wish to participate electronically in the AGM is set out in detail on page 78 under the heading "Electronic Participation" and again from page 83.

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 54th AGM is Friday, 24 June 2022 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, 15 July 2022. Only shareholders who are registered in the register of members of the Company on Friday, 15 July 2022 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% of the voting rights plus 1 vote exercised on the resolution. Special resolutions require the approval of at least 75% of the voting rights exercised on the resolutions.

The resolutions are proposed in terms of the Companies Act, No. 71 of 2008, as amended (the Companies Act) and the Memorandum of Incorporation of the Company (the Memorandum of Incorporation, alternatively MOI).

1. Presenting the audited Annual Financial Statements, the directors' report, and the reports of the audit, risk and compliance committee and the social and ethics committee for the 2022 annual financial period

- The full audited annual financial results and the Company's 2022 Integrated Annual Report are published on the Pick n Pay website, www.picknpayinvestor.co.za, or can be requested from the Company Secretary at demuller@pnp.co.za
- An extract of the audited Annual Financial Statements of the Company and its subsidiaries is set out in the financial section of the Integrated Annual Report
- A summary of the annual financial results has been distributed together with this Notice
- The remuneration report has been distributed together with this Notice
- The director's report on the Company and its subsidiaries is set out in the Annual Financial Statements
- The audit, risk and compliance committee's report and the social and ethics committee's report of the Company and its subsidiaries are set out in the Corporate Governance Report

2. Ordinary resolution number 1

Appointment of external auditors and designated audit partner

Ernst & Young Inc. are acting as auditors of the Company, having been appointed as auditors on 27 July 2015. Tina Rookledge was appointed as the audit partner on 5 August 2020 and will be entering her third year as audit partner. The audit, risk and compliance committee has considered the continued independence of the auditors and concluded that there is no reason to believe that the auditors acted with impaired independence at any time, and that the audit quality for the 2022 financial year was satisfactory as per the audit quality indicators recommended by the King IV Report on Corporate Governance™ for South Africa, 2016 (King IV™).

The audit, risk and compliance committee has recommended the re-appointment of Ernst & Young Inc. as external auditors of the Company and Tina Rookledge as the designated audit partner of the Company.

Ordinary resolution number 1

"RESOLVED that Ernst & Young Inc. are hereby appointed as the external auditors of the Company and Tina Rookledge is hereby appointed as the designated audit partner of the Company."

3. Ordinary resolution number 2

Re-appointment of directors

Curricula vitae of directors to be elected are presented from page 79.

David Friedland, Aboubakar Jakoet, Annamarie van der Merwe, Jeff van Rooyen and Hugh Herman retire in accordance with the Company's MOI. In our 2021 Corporate Governance Report shareholders were informed that Hugh Herman, non-executive director, would be retiring after the 2022 AGM following 46 years of dedicated service to the Group. The Company published a JSE Limited (JSE) Stock Exchange News Service (SENS) announcement on 24 May 2022 confirming to shareholders that Hugh Herman will be retiring on 26 July 2022. Being eligible, David Friedland, Aboubakar Jakoet, Annamarie van der Merwe and Jeff van Rooyen offer themselves for re-election as non-executive directors of the Company.

On 2 September 2021, the Company published a JSE SENS announcement informing shareholders that Suzanne Ackerman-Berman would be retiring as an executive director on 31 March 2022, on which date she would be appointed as a non-executive director of the Company. Being eligible, she offers herself for election as a non-executive director of the Company.

The results of a Board evaluation survey completed by all directors indicates satisfaction that the Board and each Board committee functions effectively and that there is an appropriate mix of knowledge, skill, experience and diversity with sufficient capacity to execute duties effectively. Institutional knowledge is imperative to facilitate appropriate guidance at Board level and the Board is satisfied that the long-serving directors strengthen the Board in its oversight responsibilities. Directors who have served for less than nine years are presented to shareholders for election to a three-year term of office. Directors who have served for more than nine years are presented to shareholders for election to an annual term of office.

The nominations and corporate governance committee also considered the independence of all non-executive directors categorised as independent. After consideration of a number of factors, the committee concluded that David Friedland, Annamarie van der Merwe and Jeff van Rooyen's independence remains appropriate, and that Aboubakar Jakoet has attained independence. As a representative of the controlling shareholder, Suzanne Ackerman-Berman is not considered to be independent.

Based on the results of the evaluation of the composition of the Board, and the past performance and contribution of these directors and the experience that they bring to the Board, together with their insights into various aspects of the business, the Board recommends the election of David Friedland and Jeff van Rooyen for one-year terms of office, and Aboubakar Jakoet, Annamarie van der Merwe and Suzanne Ackerman-Berman for three-year terms of office as non-executive directors.

Shareholders are requested to consider and, if deemed fit, elect David Friedland, Aboubakar Jakoet, Annamarie van der Merwe, Jeff van Rooyen and Suzanne Ackerman-Berman by way of passing the separate ordinary resolutions set out below:

Ordinary resolution number 2.1

Re-election of David Friedland as director

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

Ordinary resolution number 2.2

Re-election of Aboubakar Jakoet as a director

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

Ordinary resolution number 2.3

Re-election of Annamarie van der Merwe as director

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

Ordinary resolution number 2.4

Re-election of Jeff van Rooyen as director

"RESOLVED that Jeff van Rooyen be and is hereby elected as a director of the Company."

Ordinary resolution number 2.5

Appointment of Suzanne Ackerman-Berman as director

"RESOLVED that Suzanne Ackerman-Berman 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 2023 annual financial period

Curricula vitae are presented from page 80.

Shareholders are requested to consider and, if deemed fit, elect Aboubakar Jakoet, Jeff van Rooyen, Audrey Mothupi, David Friedland, Mariam Cassim and Haroon Bhorat by way of passing the separate ordinary resolutions set out below.

Ordinary resolution number 3.1

Appointment of Aboubakar Jakoet as a member of the audit, risk and compliance committee

"RESOLVED that Aboubakar Jakoet be and is hereby elected as a member of the audit, risk and compliance committee of the Company for the 2023 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 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 2023 annual financial period, subject to his re-election as a director of the Company in terms of ordinary resolution 2.4."

Ordinary resolution number 3.3

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

"RESOLVED that Audrey Mothupi be and is hereby elected as a member of the audit, risk and compliance committee of the Company for the 2023 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 2023 annual financial period, subject to his re-election as a director of the Company in terms of ordinary resolution 2.1."

Ordinary resolution number 3.5

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 2023 annual financial period."

Ordinary resolution number 3.6

Appointment of Haroon Bhorat as a member of the audit, risk and compliance committee

"RESOLVED that Haroon Bhorat be and is hereby elected as a member of the audit, risk and compliance committee of the Company for the 2023 annual financial period."

5. Advisory votes

Remuneration policy and implementation for the 2022 annual financial period

The directors table the remuneration report for the 2022 annual financial period. The remuneration policy and implementation reports are set out in the remuneration report in the Integrated Annual Report, to be found on the website, www.picknpayinvestor.co.za. For your convenience, the remuneration report is repeated in this document from page 36.

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 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

"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 2023 and 2024 annual financial periods

NOTE: notwithstanding a special resolution authorising directors fees to be increased by CPI for the 2023 annual financial period, the Chair has elected to waive an increase, and the directors have elected to receive a below-CPI increase of 2.8%.

"RESOLVED, as a special resolution, that the directors' fees, to be paid to the directors in their capacity as directors only, for the 2023 annual financial period, and to be increased by CPI for the 2024 annual financial period, be as follows:

	FY23	FY22 previously
Chair (unchanged):	R4 893 000	R4 893 000
Lead independent director:	R156 250	R152 000
Non-executive directors:	R470 000	R457 000
Chair of the audit, risk and compliance committee:	R405 000	R394 000
Chair of the remuneration committee:	R215 800	R210 000
Chair of the social and ethics committee*:	R215 800 [#]	– [#]
Chair of the corporate finance committee*:	R215 800*	R210 000*
Member of the audit, risk and compliance committee:	R156 250	R152 000
Member of the remuneration committee:	R101 800	R99 000
Member of the nominations and corporate governance committee:	R97 150	R94 500
Member of the social and ethics committee:	R101 800	R99 000
Member of the corporate finance committee*:	R146 000*	R142 000*

Where applicable, directors' fees are exclusive of VAT.

[#] The social and ethics committee chair was previously an executive director, and the services rendered as chair were covered by executive remuneration. As from the 2023 financial period, the chair is a non-executive director and a fee is payable for services rendered.

* 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 per cent) 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

Replacement of the Company's Memorandum of Incorporation

"RESOLVED, as a special resolution, that the existing Memorandum of Incorporation of the Company be and is hereby substituted by the new Memorandum of Incorporation, which new Memorandum of Incorporation is tabled at this meeting and initialled by the Chair for the purposes of identification in accordance with the provisions of section 16(1)(c) (read together with sections 16(5) and 36(2)(a)) of the Companies Act, in terms of which, among others, the following amendments are made:

- Clause 17 is amended to confirm the authority of the Board to change the financial year of the Company and/or to deviate from the 4-4-5 Retail Calendar, subject to the provisions of the Listings Requirements and the Companies Act (including any exemptions granted by the Companies Tribunal)

- Clause 20.2 confirms that the Company is empowered to pass resolutions by way of written consent in accordance with the provisions of section 60 of the Companies Act, unless the Listings Requirements require otherwise
- Several changes have been made to update the Memorandum of Incorporation in line with best practice
- A number of additional changes have been made to address typographical and/or textual matters"

Reason for and effect of special resolution number 3

The amendment of the Memorandum of Incorporation seeks principally to confirm the authority of the Board (subject to subject to the provisions of the Listings Requirements and the Companies Act, including any exemptions granted by the Companies Tribunal), to change the financial year-end of the Company and/or to deviate from the 4-4-5 Retail Calendar.

The amendments further seek to confirm that shareholder resolutions may be passed by way of written consent in accordance with the provisions of section 60 of the Companies Act, unless the Listings Requirements require otherwise.

The amendments further seek to correct typographical and/or textual matters in the document to bring the Memorandum of Incorporation in line with best practice.

The amended Memorandum of Incorporation has been approved by the JSE.

A marked-up copy of the amended Memorandum of Incorporation will be made available for inspection at our offices at Pick n Pay Office Park, 101 Rosmead Avenue, Kenilworth, 7708, Cape Town for the period between 24 June and 26 July 2022 during office hours. In addition, the marked-up copy will be posted on our website at www.picknpayinvestor.co.za.

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 per cent) 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 per cent) 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 per cent) 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 per cent) 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.
- » 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 on page 16, 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 68 to 69.

Share capital

Shareholders are referred to page 22.

Reason for and effect of special resolution number 4

The reason for special resolution number 4 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 considers 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."

11. To transact such other business that may be transacted at an annual general meeting.

Notes to the notice of annual general meeting

A. General instructions and information

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

- Details of the directors of the Company from page 16;
- The curricula vitae of directors standing for election from page 79;
- The curricula vitae of directors nominated for election as members of the audit, risk and compliance committee on page 80.
- The remuneration report from page 36; and
- The directors' interest in shares from page 59.

The Integrated Annual Report, and the Annual Financial Statements, are published on the Pick n Pay website, www.picknpayinvestor.co.za, or can be requested from the Company Secretary at demuller@pnp.co.za.

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 2022 financial period end and 23 June 2022.

The directors, whose names are given in the Board of directors' section in the Integrated Annual Report, 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.

B. Entitlement to participate in and vote at the AGM in person or by proxy

The Company is pleased to offer shareholders or their duly appointed proxies an online voting facility during the AGM via the Computershare platform.

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

- you may 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 page 82, by no later than close of business on Friday 22 July 2022. 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 subregister as holders of dematerialised shares held on behalf of an investor/beneficial owner in terms of Strate should, when authorised in terms of their mandate or instructed to do so by the owner on behalf of whom they hold dematerialised shares, vote by either appointing a duly authorised representative to 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 the heading "Electronic Participation" by no later than close of business on Friday 22 July 2022.

In order to allow the voting preferences of all shareholders to be taken into account, voting will be conducted via poll and shareholders will have one vote in respect of each share held.

C. Identification

In terms of section 63(1) of the Companies Act, all AGM participants are required to provide identification to the reasonable satisfaction of the Transfer Secretary, as follows:

- Participants who register to participate in the AGM using the *online* registration method, by uploading the relevant documentation via the online registration portal; or
- Participants who register to participate in the AGM by submitting the written application *via email* by submitting the relevant documentation by email to proxy@computershare.co.za.

The Transfer Secretary must be reasonably satisfied that the right of that person to participate in and vote at the AGM as a shareholder or a proxy or representative of a shareholder has been reasonably verified.

Acceptable forms of identification include valid South African drivers' licences, green barcoded identity documents or barcoded identification smart cards issued by the South African Department of Home Affairs, and passports.

D. Electronic participation

Shareholders or their duly appointed proxies who wish to participate in the AGM via electronic communication (participants) must follow the instructions for registration, attendance and participation set out below. The electronic participation form can be found as an insert in this Notice of AGM.

- Registration to attend the AGM
 - Register *online* by no later than 08:30 on Tuesday 26 July 2022 using the online registration portal at <https://meetnow.global/ZA> to, among other things, allow the Transfer Secretary to arrange the participation of the shareholder at the AGM.
 - Register *via email* by no later than 08:30 on Tuesday 26 July 2022 by making a written application to participate either in person or via electronic communication, by email to proxy@computershare.co.za in order for the Transfer Secretary to, among other things, arrange such participation for the shareholder at the AGM.

- Apply to Computershare by delivering the duly completed participation form to:
 - First Floor, Rosebank towers, 15 Biermann Avenue, Rosebank 2196; or
 - Posting it to Private Bag X9000, Saxonwold, 2132 (at the risk of the participant);

so as to be received by Computershare by no later than 08:30 on Tuesday, 26 July 2022.

NOTE: Shareholders wishing to participate in and/or vote at the AGM after 08:30 on Tuesday 26 July 2022 may still register after this time provided however, that for those shareholders to participate in and/or vote at the AGM, those shareholders must be verified and registered (as required in terms of section 63(1) of the Companies Act) by uploading their relevant verification documentation as more fully set out above under *Identification* before the commencement of the 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.
- The Company will, by email, inform participants who duly notified Computershare by no later than 08:30 on Tuesday, 26 July 2022 of the relevant details through which participants can participate electronically.
- 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.
- 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.
- 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

23 June 2022

Pick n Pay Stores Limited

CURRICULA VITAE OF DIRECTORS TO BE ELECTED

Pick n Pay Stores Limited

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 set out below.

Board of directors

Appointment of directors

Jeff van Rooyen

BCom, Hons BCompt SA, CA(SA)

Lead independent director

Audit, risk and compliance committee and corporate finance committee Chair

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, Chair 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: Chair 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, director of MTN Group Limited and Chair of Exxaro Resources Limited.

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: The Foschini Group Limited, Investec Limited and Investec plc

Aboubakar (Bakar) Jakoet CA(SA)

Following his 34-year career in the finance team of the Group, Bakar retired as CFO and executive director 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 capacity as a non-executive director. Bakar is the deputy chair of the UCT finance committee.

Other listed company directorships: Oceana Group Limited

Annamarie van der Merwe B Juris, LLB, LLM, EMP

Annamarie is the Executive Chair of the FluidRock Governance Group, a business that she co-founded approximately 17 years ago. Annamarie has been a corporate lawyer and company secretary of companies in the listed environment for more than 30 years. She was until late 2020 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 with the functioning of boards and responsibilities of directors. Annamarie serves as a member of the JSE Advisory Committee. 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 16 years and currently chairs the board of the Bureau of Food and Agricultural Policy NPC (BFAP) as well as the Vastfontein Community Transformation NPC.

Suzanne Ackerman-Berman

BA, Fellow: Aspen Business Institute; First Movers

Following broad executive experience in the Group, Suzanne was appointed Director of Transformation in 2007. In addition to her executive contribution to the Group, she was appointed to the Board as a representative of the controlling shareholder in March 2010. Suzanne retired as an executive director on 31 March 2022, on which date she was appointed to the Board as a non-executive director.

Suzanne remains active in many areas of philanthropy across different sectors of society. In particular, she is a passionate proponent of enterprise development. She formed the Feed the Nation Foundation in response to the Covid-19 pandemic, is chair of the Ackerman Pick n Pay Foundation and heads the Pick n Pay Enterprise Development Division. Suzanne is a trustee of the SMILE Foundation.

Audit, risk and compliance committee

Election of audit, risk and compliance committee members

Aboubakar (Bakar) Jakoet

Please see curriculum vitae on previous page

Jeff van Rooyen

Please see curriculum vitae on previous page

Audrey Mothupi

BA (Hons)

Audrey is the CEO of SystemicLogic Group, a global financial innovation, data and technology disruptor, specialising in emergent business models. Audrey's extensive knowledge of the African and global markets spans across various business domains including group strategy, talent design, marketing and communication as well as data, technology and innovation. Prior to SystemicLogic Group, Audrey was the head of inclusive banking at Standard Bank Group. She is the Chair of Roedean School (SA) and was Chair of Orange Babies of South Africa. Audrey also sits on the boards of Nordic Female Business Angel Network and the Numeric Board of South Africa. She is a Fellow of the Africa Leadership Initiative, a member of the International Women's Forum and has been named one of Africa's 1 000 most powerful women.

Other listed company directorships: Life Healthcare Group Limited, Altona Rare Earths plc (listed on the Aquis Stock Exchange)

David Friedland

Please see curriculum vitae on previous page

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 and Commercial Evaluation. Her flair for innovation, disruption and new business development allows Mariam to generate creative business solutions, which have a strong purpose element and thereby benefit business as well as society. Mariam previously served on the board of Super Group Limited.

Haroon Borhat

PhD in Economics

Haroon is Professor of Economics and Director of the Development Policy Research Unit at the University of Cape Town. He is currently a member of the Presidential Economic Advisory Council (PEAC), established in 2019 by President Ramaphosa to generate new ideas for economic growth, job creation and addressing poverty in South Africa. Haroon is the Independent Non-Executive Chair of Sygnia and is also Chair of the Nimble Group. Haroon is a Non-Resident Senior Fellow at the Brookings Institution – the world's leading global think tank. He was recently invited to join the UCT College of Fellows. He is a member of the executive committee of the International Economic Association. His career appointments include serving as an economic advisor to former Minister of Finance Pravin Gordhan and to former presidents Thabo Mbeki and Kgalema Motlanthe, formally serving on the Presidential Economic Advisory Panel.

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

FORM OF PROXY

FOR COMPLETION BY SHAREHOLDERS WHO HAVE NOT YET DEMATERIALIZED THEIR SHARES OR WHO HAVE DEMATERIALIZED 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, 26 July 2022 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 3)

1. _____ or failing him/her,

2. _____ or failing him/her,

3. the Chair 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
Ordinary resolution 1	Appointment of the external auditors and designated audit partner			
Ordinary resolution 2.1	Re-election of David Friedland as director			
Ordinary resolution 2.2	Re-election of Aboubakar Jakoet as director			
Ordinary resolution 2.3	Re-election of Annamarië van der Merwe as director			
Ordinary resolution 2.4	Re-election of Jeff van Rooyen as director			
Ordinary resolution 2.5	Appointment of Suzanne Ackerman-Berman as a non-executive director			
Ordinary resolution 3.1	Appointment of Aboubakar Jakoet to the audit, risk and compliance committee			
Ordinary resolution 3.2	Appointment of Jeff van Rooyen to the audit, risk and compliance committee			
Ordinary resolution 3.3	Appointment of Audrey Mothupi to the audit, risk and compliance committee			
Ordinary resolution 3.4	Appointment of David Friedland to the audit, risk and compliance committee			
Ordinary resolution 3.5	Appointment of Mariam Cassim to the audit, risk and compliance committee			
Ordinary resolution 3.6	Appointment of Haroon Borhat to the audit, risk and compliance committee			
Advisory vote 1	Endorsement of remuneration policy			
Advisory vote 2	Endorsement of remuneration implementation			
Special resolution 1	Directors' fees			
Special resolution 2.1	Financial assistance to related or inter-related companies			
Special resolution 2.2	Financial assistance to persons			
Special resolution 3	Replacement of the Company's Memorandum of Incorporation			
Special resolution 4	General approval to repurchase Company shares			
Ordinary resolution 4	Directors' authority to implement special and ordinary resolutions			

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

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

Signed at _____ on _____ 2022

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

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 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, 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 Chair shall be deemed to be appointed as the proxy to vote or abstain as the Chair 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, First Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196, Private Bag X9000, Saxonwold 2132.
6. For administrative purposes, it is recommended that proxy forms be received or lodged by no later than 08:30 on Friday, 22 July 2022, being 2 (two) business days before the AGM to be held at 08:30 on Tuesday, 26 July 2022. 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 Chair of the AGM if he/ she is reasonably satisfied that the right of the representative to participate and vote has been reasonably verified. CSDPs or brokers registered in the Company’s subregister voting on instructions from beneficial owners of shares registered in the Company’s subregister, are requested that they identify the beneficial owner in the subregister 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, First Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196, Private Bag X9000, Saxonwold 2132, 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 Chair 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 follow the instructions for registration, attendance and participation set out below. The electronic participation form can be found as an insert in this Notice of AGM.

- a. Registration to attend the AGM
 - (i) Register *online* by no later than 08:30 on Tuesday 26 July 2022 using the online registration portal at <https://meetnow.global/ZA> to, among other things, allow the Transfer Secretary to arrange the participation of the shareholder at the AGM.
 - (ii) Register *via email* by no later than 08:30 on Tuesday 26 July 2022 by making a written application to participate either in person or via electronic communication, by email to proxy@computershare.co.za in order for the Transfer Secretary to, among other things, arrange such participation for the shareholder at the AGM.
 - (iii) Apply to Computershare by delivering the duly completed 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);so as to be received by Computershare by no later than 08:30 on Tuesday, 26 July 2022.

NOTE: Shareholders wishing to participate in and/or vote at the AGM after 08:30 on Tuesday 26 July 2022 may still register after this time provided however, that for those shareholders to participate in and/or vote at the AGM, those shareholders must be verified and registered (as required in terms of section 63(1) of the Companies Act) by uploading their relevant verification documentation as more fully set out above under *Identification* before the commencement of the AGM.

- b. 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.
- c. The Company will, by email, inform participants who duly notified Computershare by no later than 08:30 on Tuesday, 26 July 2022 of the relevant details through which participants can participate electronically.

Important notice

The Company shall, by no later than 08:30 on Tuesday, 26 July 2022, notify participants that have delivered valid notices as per this form by email of the relevant details through which the participants can participate electronically. 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.

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

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.

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.

Pick n Pay Stores Limited cannot guarantee there will not be a break in electronic communication that is beyond its control.

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 directors

Pieter Boone (CEO)
Lerena Olivier (CFO)
Jonathan Ackerman

Non-executive

Gareth Ackerman (Chairman)
Suzanne Ackerman-Berman*
David Robins

Independent non-executive

Haroon Borat
Mariam Cassim
David Friedland
Hugh Herman
Aboubakar Jakoet
Audrey Mothupi
Annamarie van der Merwe
Jeff van Rooyen

Registered office

Pick n Pay Office Park
101 Rosmead Avenue
Kenilworth
Cape Town 7708
Tel: +27 21 658 1000
Fax: +27 (0)86 675 1475

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

Postal address

Private Bag X9000
Saxonwold 2132

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

Stephen Carrott
Email address: StephenCarrott@pnp.co.za

Website

Pick n Pay: www.picknpay.com
Investor relations: www.picknpayinvestor.co.za

Customer careline

Pick n Pay
Tel: +27 860 30 30 30
Email address: customercare@pnp.co.za

Boxer

Tel: +27 860 02 69 37
Email address: customercare@boxer.co.za

Online shopping

Tel: +27 860 30 30 30
www.picknpay.com

ENGAGE WITH US ON



* Suzanne Ackerman-Berman retired as an executive director on 31 March 2022 and was appointed as a non-executive director on that date.