



Pick n Pay



CORPORATE  
GOVERNANCE REPORT

2023

# KIOSK



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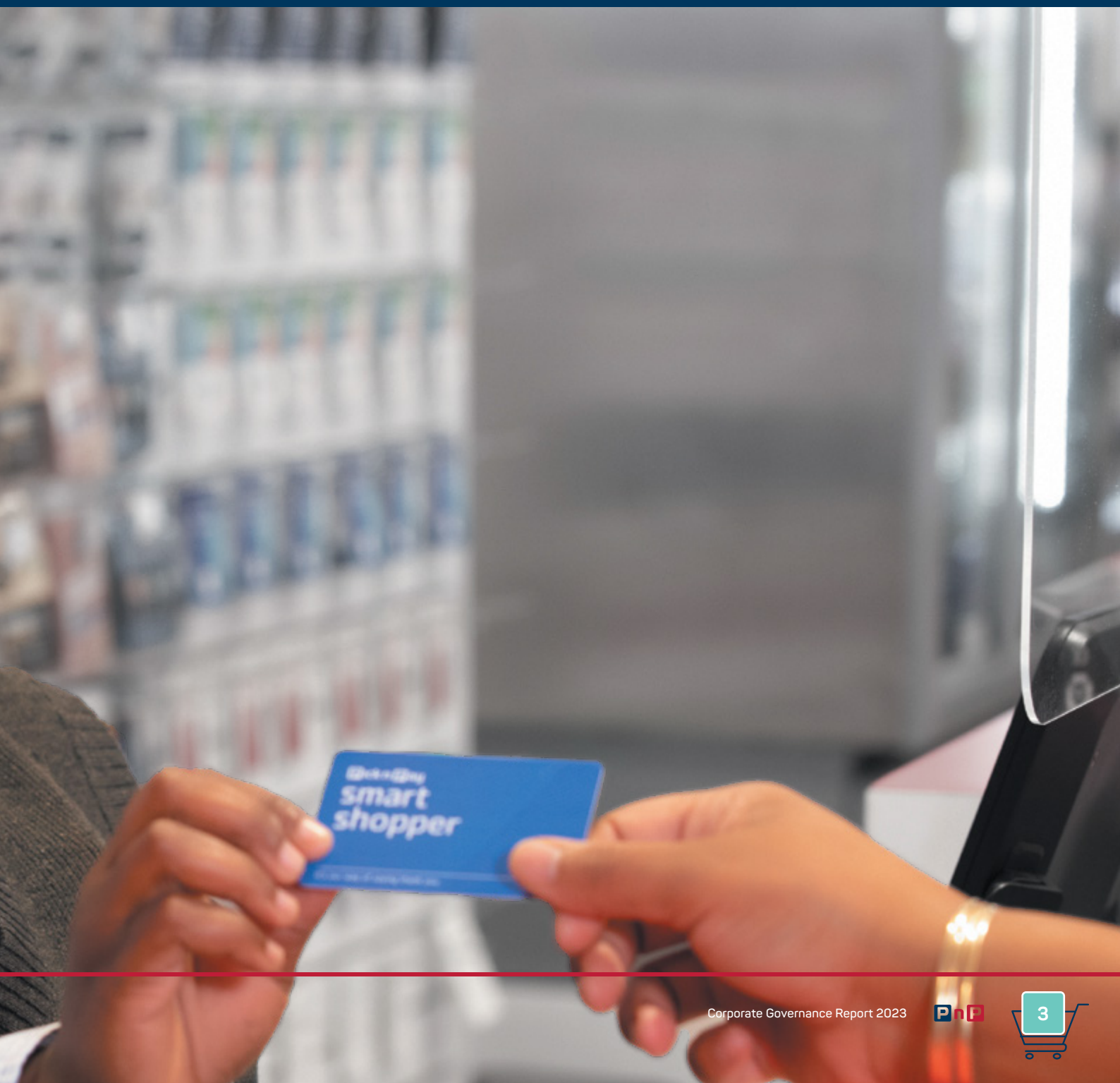
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# OUR GOVERNANCE

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# AN OVERVIEW BY OUR LEAD INDEPENDENT DIRECTOR



Jeff van Rooyen  
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.

## Our approach to corporate governance

The Board of directors (the 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 over the past 56 years. 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 the values of integrity, competence, fairness, responsibility, transparency and accountability, as captured by our enduring values.

The Board is elected by shareholders and accepts overall accountability for the Group's performance. It ensures that the Group is adequately positioned to create sustainable value over the long term for all stakeholders, considering all material issues, risks and opportunities. 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 Ekuseni strategy. It also references 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 the Company's Memorandum of Incorporation, corporate governance charter, King IV, the JSE Listings Requirements, the Companies Act and applicable statutory and regulatory requirements for the financial year ended 26 February 2023 (FY23).

## Our enduring values

We are passionate about our customers and will **fight for their rights**

We live by **honesty** and **integrity**

We foster **personal growth** and **opportunity**

We take **individual responsibility**

We **care** for and **respect** each other

We **support** and **participate** in our **communities**

We **nurture leadership** and **vision**, and **reward innovation**

We are all **accountable**

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

### Ethical culture

#### An ethical culture has built the support structures that underpin our core purpose, values and strategy.

Governance structures are regularly reviewed to align with best practice and reflect regulatory changes to ensure that we maintain an ethical culture.

The Board, supported by the Nominations and Corporate Governance Committee, conducted its annual review of the corporate governance charter, aligning it with best practice. The review continues into FY24 as the charter is updated to reflect new management structures under the Ekuseni strategy.

The Board also conducted its annual review of the Group's Code of Ethics, supported by the Social, Ethics and Transformation Committee, which outlines the key behaviours and actions expected by the Board, employees, suppliers and business partners. The Code of Ethics was redrafted and modernised this year with the assistance of the Ethics Institute of South Africa, subject to final Board approval in FY24.

The Board oversaw the activities of the Group's ESG division and reviewed the Group's FY23 progress against its long-term ESG targets, including in respect of food waste, recyclable packaging, water and energy usage, the roll-out of natural refrigerants and carbon emissions.

### Effective control

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

The governance framework allows for specific areas of governance to be delegated to the Board's various committees. This delegation of authority contributes to role clarity and the effective exercise of responsibilities across the Board's various committees and within the broader business. The governance framework, as set out in the corporate governance charter, ensures a clear balance of power and authority on the Board, such that no single director has unfettered powers of decision-making. Read more from page 8.

The Group's 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 during the year to change the name of the Social and Ethics Committee to the Social, Ethics and Transformation Committee, to best reflect the role of that Committee, and to increase the Board's diversity targets from 30% to 35% for both female and ACI participation. Other small enhancements were proposed, and the formal review of this charter continues into FY24.

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 24.

As part of its succession planning 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 all non-executive directors as well as for senior executive positions.

- Appointed:
  - › Aboubakar Jakoet as the independent chair of the Audit, Risk and Compliance Committee after his appointment to the Committee by shareholders at the 2022 annual general meeting (AGM).
  - › Penelope Gerber as the Company Secretary, on the retirement of Debra Muller on 31 July 2022.
  - › James Formby as an independent non-executive director on 10 October 2022.
- Accepted Jonathan Ackerman's early retirement as an executive director on 31 March 2023 and appointed Jonathan as a non-executive director from that date.
- 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.
- Reviewed and adjusted committee membership to ensure that all directors contributed in accordance with their strengths and diverse experience, with James Formby appointed to the Audit, Risk and Compliance Committee and Jonathan Ackerman appointed to the Social, Ethics and Transformation Committee.
- Agreed that James Formby would take over as lead independent director on my retirement from the Board at the 2023 AGM. The Board will benefit from James' fresh perspective as the newest serving member of the Board, alongside his exceptional skill and experience in treasury and liquidity management, mergers and acquisitions, and the assessment of investment returns.

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 she 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. The Board formally assessed and confirmed the competence and expertise of Penelope Gerber in May 2023.

### Legitimacy

#### The Board retains overall responsibility for the concept of integrated thinking.

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 stakeholders in the best interests of the Group. The implementation of effective stakeholder relationship management has been delegated to the executive management team.

#### Key areas of focus included:

- Customer feedback on service, price competitiveness, product range and quality.
- Corporate social investment into poverty and hunger relief efforts, educational initiatives and other social upliftment programmes.
- Investment into employee training and development, job creation, promotions and oversight of indicators of overall employee wellness across the Group.
- Engagements with suppliers and service providers, and ongoing efforts to develop small and diverse businesses across the Group's value chain.

- The quality of the Group's relationship with its Pick n Pay franchisees, including the support provided in difficult trading conditions and the reasonability of provisions against overdue franchise debt.
- The transparency of internal and external financial reporting and engagement with shareholders and retail analysts on the Group's financial and operating performance.
- Ensuring that shareholders can participate as effectively as possible in the AGM, making the minutes publicly available, and ensuring that all directors attend the AGM and are available to respond to shareholder questions as to how the Board executed its governance duties. In addition, ensuring that the designated partner of the external audit firm attends the AGM and is available to respond to shareholder questions.
- 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, and sustainable value creation.

The Board undertook several discussions during the year related to strategy, performance, governance and risk management. The details of material matters 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 financial and operational reports issued by the Group are timely, accurate and transparent to enable stakeholders to make informed assessments of its performance and its longer-term prospects.

### Jeff van Rooyen

Lead Independent Director

14 June 2023

## Reflections from our Lead Independent Director

Jeff van Rooyen joined the Pick n Pay Board in 2007, and alongside a number of committee memberships, he served as the Chair of the Audit, Risk and Compliance Committee for 15 years until handing over the reins to Aboubakar Jakoet in July 2022. Jeff has also held the significant lead independent director position for the past three years, providing sound independent leadership and wise counsel for the Board during challenging circumstances. Jeff has shared some reflections from his time on the Pick n Pay Board ahead of his planned retirement at the 2023 AGM.

### What informed your decision to join the Board so many years ago?

I had always admired Raymond and Wendy Ackerman from a distance. They are truly iconic figures, not only in business but in society in general. The contribution of the Group to the economy in terms of jobs, taxes and social responsibility has been immeasurable. The Group has been at the forefront of providing food to communities at the most affordable prices, a philosophy and commitment that has endured to this day. During the apartheid era, the Group took enormous risks by promoting black people to senior positions. It took years for others in the industry and business in general to follow suit. These were my main reasons for joining the Pick n Pay Group and for staying on for 16 years.

### What makes the Group so special?

The founders created a business based on the universal values of doing good, integrity, respect and caring. My sense is that the people have been selected and recruited on the same basis. I've seen everyone in the Group, from the founders, directors, management to the general staff, live these values, walking the talk, during good times and difficult times. It is especially during difficult times that values and principles are sorely tested, and the Group has always remained firm and unwavering.

### What do you believe has made the Board effective?

All the Board members embrace the values and principles of the Group – there is complete alignment. The Board is diverse in terms of race, gender and age. Board members have all the requisite skills, for example, strategy, retail, finance, legal and ESG, to perform at the highest level. The Board exercises its oversight role in a manner that empowers the management to perform their duties to the best of their ability. The Board has managed succession well and brings in new members as and when necessary.

### What are the right qualities for a lead independent director?

In my opinion, the qualities required for this position are exactly the same as that required for the Chair of the Board. The lead independent director must embrace sound values and principles, always take a strategic view of the business, have strong inter-personal skills and the strength of character to remain calm and focused regardless of noise or pressure.

### Appointment of my successor

In view of the depth of talent we have on the Board, identifying and appointing my successor was no easy task. Some of the long-serving Board members will be retiring within the next year or so, and this was an important consideration. Given where the business is at the moment and where we need to go in future, it was the unanimous view of the Board to name James Formby as the new LID, subject to his appointment to the Board by shareholders at the 2023 AGM. I'm confident that James will be very successful in his new role.



# 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, contribute 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 strong and effective retail 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.

## Board committees

The Board is supported by the Executive, Audit, Risk and Compliance, Remuneration, Nominations and Corporate Governance, Corporate Finance, and Social, Ethics and Transformation Committees. The Board's delegation of authority to these six committees contributes to role clarity and the effective exercise of authority and responsibilities within the broader Group.

The role and responsibilities of each committee are set out in the Board's corporate governance charter, available on our website at [www.picknpayinvestor.co.za](http://www.picknpayinvestor.co.za). The charter is reviewed annually to ensure that the Committee mandates remain current and effective and that the requirements of King IV are met. Each committee considers its effectiveness by way of a review of its activities against the approved terms of reference in line with its 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 and related to the 2023 financial period
- The Board held an expanded Board strategy session over two days in February 2023 to adequately assess the impact of high levels of power outages (load-shedding) on the business and on the implementation of the Ekuseni long-term strategy
- Directors' attendance at the scheduled and strategy Board meetings was 100%
- All directors attended the annual general meeting held on 26 July 2022
- The Board will meet more regularly over the coming months in order to provide increased oversight and guidance at a time of significant crisis for South Africa, as the elevated levels of load-shedding continue to escalate

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



### Audit, Risk and Compliance Committee

Members	Meeting Attendance	
A Jakoet (Chair) <sup>Δ</sup>	2/2	<p>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.</p> <p>The Committee meets at least twice a year, although subcommittees of this committee – including the Treasury Committee and the Franchise Committee – meet more regularly (at least quarterly) to address areas of material risk and opportunity.</p> <p>Read from page 28.</p>
H Bhorat <sup>Δ</sup>	2/2	
M Cassim <sup>Δ</sup>	2/2	
J Formby <sup>Δ</sup>	2/2	
D Friedland <sup>Δ</sup>	2/2	
A Mothupi <sup>Δ</sup>	2/2	
J van Rooyen <sup>Δ</sup>	2/2	

### Nominations and Corporate Governance Committee

Members	Meeting Attendance	
G Ackerman (Chair) <sup>^</sup>	2/2	<p>In addition to scheduled meetings, the Nominations and Corporate Governance Committee holds ad hoc meetings with all the non-executive directors to discuss and guide succession plans and committee membership.</p> <p>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.</p> <p>Read more from page 36.</p>
S Ackerman <sup>^</sup>	2/2	
H Bhorat <sup>Δ</sup>	2/2	
D Friedland <sup>Δ</sup>	2/2	
A Mothupi <sup>Δ</sup>	2/2	
A van der Merwe <sup>Δ</sup>	2/2	
J van Rooyen <sup>Δ</sup>	2/2	

### Social, Ethics and Transformation Committee

Members	Meeting Attendance	
S Ackerman (Chair) <sup>^</sup>	3/3	<p>The Committee, supported by key management personnel, is tasked with ensuring that the Group's enduring values underpin the Group's long-term strategy and are applied daily in all areas of the business, and that our ESG strategy is closely aligned with the United Nations Sustainable Development Goals most relevant to our business (refer to page 65 and page 66 of the Integrated Annual Report (IAR) for more information). Jonathan Ackerman was appointed to the Committee on 31 March 2023.</p> <p>Read more from page 68.</p>
A Jakoet <sup>^*</sup>	1/1	
D Robins <sup>^</sup>	3/3	
A van der Merwe <sup>Δ</sup>	3/3	

### Remuneration Committee

Members	Meeting Attendance	
A Mothupi (Chair) <sup>Δ</sup>	4/4	<p>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.</p> <p>Read more from page 40.</p>
G Ackerman <sup>^</sup>	4/4	
H Bhorat <sup>Δ</sup>	4/4	
A Jakoet <sup>Δ</sup>	4/4	
J van Rooyen <sup>Δ</sup>	4/4	

<sup>^</sup> Non-executive director

<sup>Δ</sup> Independent non-executive director

<sup>\*</sup> Aboubakar Jakoet retired from the Committee in FY23.

## Employee share incentive trust

### Members

G Ackerman (Chair)<sup>^</sup>  
 A Jakoet<sup>Δ</sup>  
 A Mothupi<sup>Δ</sup>  
 J van Rooyen<sup>Δ</sup>

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.

The liquidity of the Group's share schemes is presented and considered at two Treasury Committee and two Board meetings each year, including the request to obtain shareholder approval for a general repurchase of shares as necessary.

## Corporate Finance Committee

### Members

J van Rooyen (Chair)<sup>Δ</sup>  
 H Bhorat<sup>Δ</sup>  
 M Cassim<sup>Δ</sup>  
 J Formby<sup>Δ</sup>  
 D Friedland<sup>Δ</sup>  
 A Jakoet<sup>Δ</sup>  
 A Mothupi<sup>Δ</sup>  
 A van der Merwe<sup>Δ</sup>

The Committee assists the Board in assessing material investment opportunities for the Group, as identified in the Group's long-term Ekuseni strategy. Where no potential conflicts of interest exist with the controlling shareholder, meeting invitations are extended to include Gareth Ackerman and David Robins. No formal meetings were held in FY23.

Read more from page 39.

Read from page 85 of the IAR for more detail on the Group's strategic focus.

## Executive Committee

### Members

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.

<sup>^</sup> Non-executive director

<sup>Δ</sup> Independent non-executive director

<sup>#</sup> Executive director in FY23, non-executive director from 31 March 2023

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

June 2023

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

Jeff van Rooyen will retire from the Board as a non-executive director at the 2023 AGM, after which James Formby will be appointed as lead independent director, subject to his appointment to the Board by shareholders.

The Board has assessed its composition and considers that there is sufficient capacity to fulfil all Board functions after the 2023 AGM.

67%  
of our non-executive  
directors are independent

8

Independent  
non-executive directors

+

4

Non-executive  
directors

+

2

Executive  
directors

=

14

Directors at the date  
of this report

The independent non-executive directors are diverse in their academic qualifications, business experience, gender and race, resulting in a balanced Board.

Read more on page 14 regarding their classification as independent.

Jonathan Ackerman retired as an executive director on 31 March 2023, on which date he was appointed as a non-executive director and will be presented to shareholders for election at the 2023 AGM.

Gareth Ackerman, Jonathan Ackerman, Suzanne Ackerman 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 holds the position of lead independent director. Read more under "Controlling shareholder representation on the Board" overleaf.

The Executive Committee (refer to page 24 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.

## Our directors' sector experience

The Board has broad local and international retail experience.

### Board development focus areas for FY23

- 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 key areas, supported by a skilled management team, and will continue to closely monitor developments in climate change, data analytics and supply chain logistics.

### Board development focus areas for FY24

- General risk management – with a specific focus on socio-economic risks in the regions we trade
- General compliance – as the Group strengthens this function under its newly appointed Head of Legal, who will also fulfil the role of Group Risk and Compliance Officer
- Energy resilience and the effectiveness of the Group's plans to mitigate the financial and operational impact of elevated levels of load-shedding
- Data-analytics and the effectiveness of information technology (IT) in effectively serving customers, as well as the security of IT platforms and data
- The impact of climate change on the Group and requirements of best practice in ESG reporting

### 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.

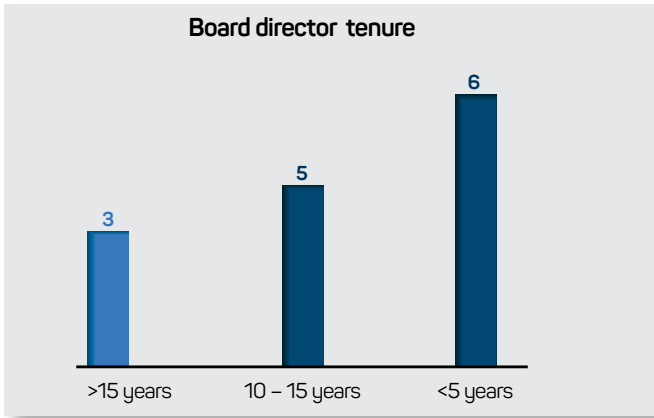


The graph above reflects the cumulative knowledge and experience of all the sectors in which our directors have spent time working and advising in a particular industry or sector of the economy. In addition, all directors receive regular briefings on changes in the Group's consumer and competitive environment, 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 and non-executive directors Jonathan Ackerman, Suzanne Ackerman and David Robins were appointed as representatives of the controlling shareholder. All are members of the Ackerman family, and are not considered independent by virtue of their indirect shareholdings in the Company. 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 has ably filled the position of LID for the past three years. Jeff will retire at the 2023 AGM to be held on 19 July 2023, and James Formby will take over as LID from that date, subject to his election to the Board by shareholders.



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 AGM, 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.

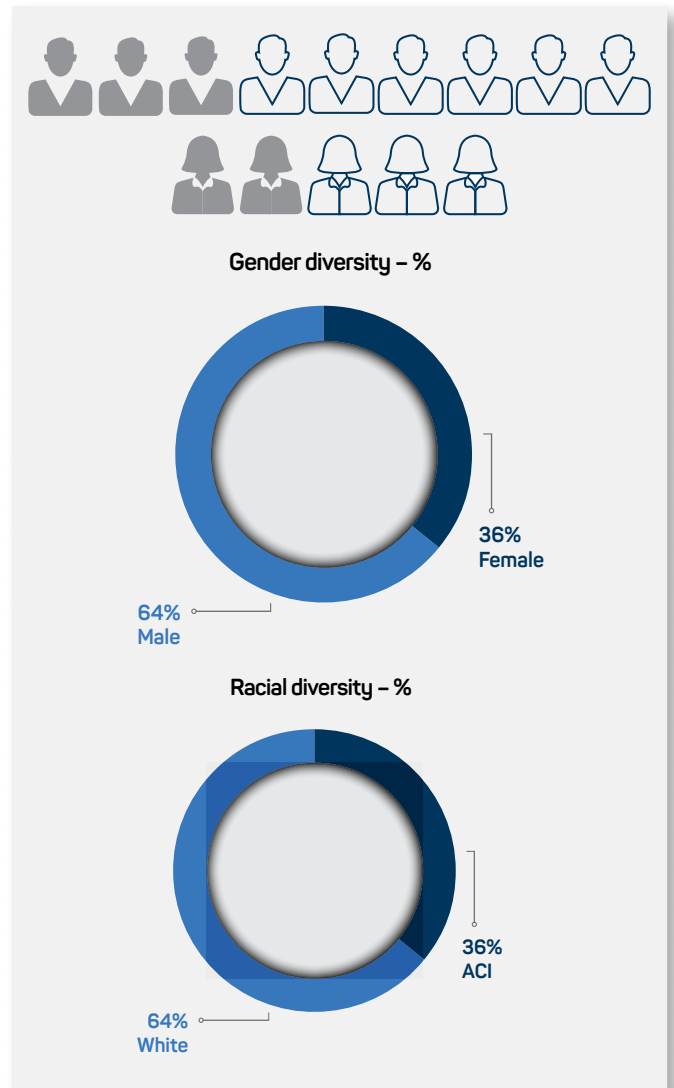
Jeff van Rooyen had originally indicated his intention to retire from the Board at the 2022 AGM. The Board requested that Jeff postpone his retirement until the 2023 AGM in order to provide a comprehensive handover to the new chair of the Audit, Risk and Compliance Committee, as Aboubakar Jakoet had not previously been a member of that committee. In addition, the postponement of Jeff’s retirement allowed the Board the opportunity to consider and appoint a strong new LID in James Formby. The Board extends its sincere gratitude to Jeff van Rooyen for his assiduous service to the Group over 16 years.

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 30% to 35% during the 2023 financial period. Succession planning has ensured that there will remain sufficient capacity among the non-executive directors to fulfil all Board functions.

#### Gender and racial diversity – %

At least 35% of our Board should comprise women.

At least 35% of our Board should comprise South African citizens who are African, coloured or Indian.



The Board has achieved its gender and race diversity targets. The Board will once again review these targets as part of its broader transformation strategy in the 2024 financial period and acknowledges that there is more to do, including in senior management roles.

### Independence of non-executive directors

At the end of each term of office, whether one year or three years, the independent non-executive directors and the Chair jointly evaluate directors' independence.

1 year

3 years

The Company Secretary distributes an annual questionnaire, which gauges the independence of each non-executive director.

The questionnaire is completed by each non-executive director and submitted to the Chair for consideration.

Following a discussion between the Chair, the Company Secretary and each director, the Chair reports to the Nominations and Corporate Governance Committee as to independence.

The Nominations and Corporate Governance Committee interrogates the Chair's report before making a recommendation to the Board for a final decision regarding the independence of each non-executive director.

By mutual consent, the director may be considered for re-election.

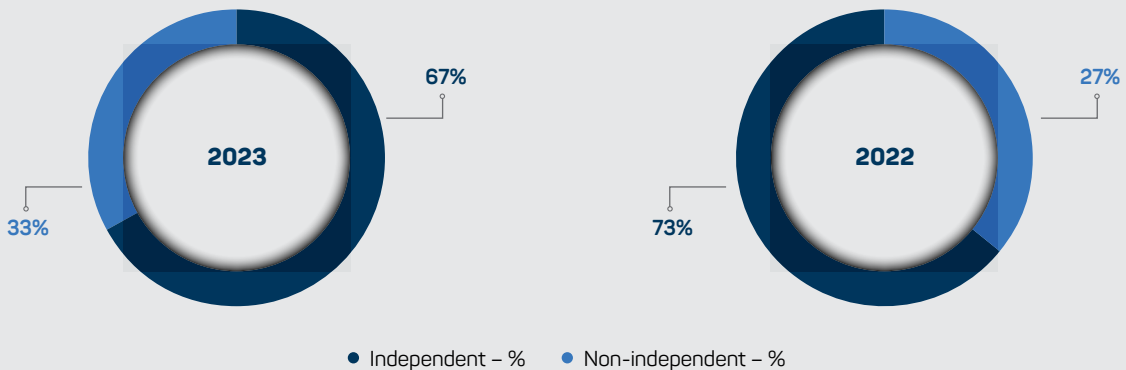
#### We consider factors such as:

- The director's involvement with other companies
- External directorships held
- Relationships with material suppliers and competitors
- Material contracts with the Group, if any
- Whether the director had been employed by the Group in an executive capacity during the preceding three years
- Whether the director's fees represented a material part (10% or more) of their wealth or income
- Whether the director's shareholding in the company represented a material part of their wealth or income

If so agreed, that director will be nominated for re-election by shareholders at the Company's AGM.

### 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 Board ensures 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 sustainable 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's response to shareholder concerns raised at the 2022 AGM, please read from page 45. 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.

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.

### Key Board focus areas over the year included:

#### The implementation of the Ekuseni strategy

The Group began its implementation of the new Ekuseni long-term strategy in May 2022. Ekuseni seeks to build on the strategic advantages of the Group, address current areas of under-performance in the Pick n Pay supermarket business and accelerate the momentum of key underlying growth engines (Boxer, Clothing, Online). The strategy is customer-centric and was developed through extensive research and customer engagement. The Board agreed on clear objectives and performance targets for the multi-year plan, which allowed for material once-off costs and investments in the first year of implementation, with strategic benefits expected to flow thereafter. The Board has monitored the implementation of Ekuseni closely, which has been undertaken against a backdrop of deteriorating macro-economic conditions, mainly as a result of severe load-shedding in South Africa. Notwithstanding the substantive negative financial and operational impact of load-shedding, the Board is pleased with the underlying progress of the strategic implementation and encouraged by early results, particularly against the first-year targets set for the opening of new Boxer and Pick n Pay Clothing stores, CVP\* conversions, on-demand online retail growth and improved operating efficiency and labour productivity under Project Future.

There have been valuable learnings over the course of the year, and the Board has noted in particular the trade disruption caused by the number of large CVP conversions undertaken, the higher levels of fresh waste and stockholdings as CVP ranges are optimised and a decrease in employee morale attributed to uncertainty as a result of the restructuring programmes undertaken. All strategic learnings are being addressed as a matter of urgency, with plans to deliver improvement during FY24, including on waste and stockholdings. The Board has received regular and transparent financial and operational updates from the management team and has guided in areas of high risk and opportunity, with a particular focus on maintaining balance sheet stability and liquidity.

\* Customer value proposition

## The impact of load-shedding and the development of an energy resilience plan

The Board noted the material escalation in load-shedding with concern, particularly over the last quarter of the financial year and monitored management's crisis response to keep trade disruption to a minimum and maintain consistently high-levels of on-shelf availability. The management team rapidly developed a robust energy resilience plan to mitigate the additional cost of running diesel generators, including greater collaboration with landlords on the implementation of solar energy, the roll-out of LED lighting across stores and the trialling of battery energy storage where possible.

## The separation of the Pick n Pay brand into Pick n Pay and Pick n Pay QualiSave

The refinement of the Pick n Pay brand into two separate customer-facing banners was a significant milestone in the Group's history and allows Pick n Pay to serve the broad spectrum of South African consumers with ranges and promotions tailored to their specific needs.

The Board has closely monitored the performance of the newly refurbished Pick n Pay and QualiSave stores, with QualiSave outperforming its Pick n Pay counterparts. The Board will guide more decisive and rapid action on Pick n Pay, whether in more targeted range optimisation, more consistent in-store execution, more conversions to QualiSave and Boxer, or with closure of under-performing stores.

## Gross profit margin management and price competitiveness

The Board continued to monitor the results of pricing surveys to ensure that the Group remained price competitive and that customer perception of the competitiveness of its pricing improved. The Board focused on gross profit margin management to ensure that promotions were targeted, effective, did not erode the Group's gross profit margin, and that supplier incentive income had been recognised accurately. The Group was able to keep its internal selling price inflation well below CPI Food inflation over the year while keeping its gross profit margin flat on a comparative basis with the prior year.

## Cost inflation and the effectiveness of Project Future

The Board closely monitored and assessed the cost drivers across the business, including higher fuel prices, higher interest rates, and the increased cost of insurance and security post the July 2021 unrest. The cost of insurance and the availability of cover remains a significant risk for the business, and engagement with brokers and underwriters continues. The Board monitored management's continued efforts to mitigate the high levels of cost inflation through the execution of Project Future – including the ongoing implementation of an in-store labour multi-skilling agreement – which delivered further cost savings in FY23 and allowed further investment in lower prices and a strengthened customer value proposition.

## People initiatives

The Board closely monitored the introduction of three employee restructuring programmes in Pick n Pay – a Company-wide voluntary severance programme, the restructure of junior store management roles, and the consolidation of the two Pick n Pay support offices. All three programmes will be completed in FY24. The Board monitored employee communication and engagement to ensure that these key efficiency-led initiatives were undertaken in line with the Group's values of honesty, integrity and mutual care and respect. The Board monitored employee morale and capacity in Boxer, as the management team in that business began executing on the Ekuseni ambition of doubling the size of Boxer over four years.



## Supply chain efficiency

The Board monitored the effective transition from the Longmeadow distribution centre in Gauteng to the Group's newly developed Eastport facility, and the short-term duplication of stock-holdings and operational cost. The Group has entered into a long-term lease in respect of the Eastport facility.

## Return on invested capital (ROIC)

The Group has entered a cycle of accelerated capital investment in order to meet the growth ambitions of Ekuseni. Capital investment budgets were interrogated and approved by the Board, skewed towards the Group's high-return growth engines of Boxer, Clothing and Online. The Board tasked management with developing a return on invested capital methodology that was simple, relevant and could be applied consistently to accurately measure the real returns of all capital invested, whether in new stores, refurbishments or technology. The ROIC methodology has also been utilised by the Remuneration Committee in target setting for short-term and long-term incentives.

## Gearing

Higher levels of capital investment have necessitated greater levels of debt funding. The Board has carefully managed the Group's gearing levels, supported by regular meetings of the Treasury Committee (a subcommittee of the Audit, Risk and Compliance Committee). The Board has introduced conservative internal debt and interest covenants, including an annual net debt : EBITDA ceiling of 1.5 times (excluding once-off costs). The Board approved management's plans to re-profile the Group's debt funding from short-term funding to an appropriate combination of short-term and long-term debt, including through the implementation of a syndicated loan programme early in FY24.

## Working capital management and engagement with franchisees

The cash benefit from improved working capital management remains a key lever of Ekuseni funding, mainly enabled through lower stockholdings. The Board interrogated the reasons for the year-on-year increase in inventory, largely driven by the Eastport transition, alongside strategic investments into essential food and grocery lines to maintain lower prices and on-shelf availability. The reduction of inefficient stockholdings (not related to strategic investment) will be a key Board focus in FY24 and will be included as a key performance measure in short-term incentives. The Board also assessed the quality of franchise debt and affirmed the reasonability of related provisions. The Franchise Committee, a subcommittee of the Audit, Risk and Compliance Committee, met regularly to review the Group's engagements with a small group of ex-franchisees and market store owners, together with their representatives, in relation to claims that these former traders may have been treated unfairly. Internal investigations have uncovered no evidence to substantiate the accusations. Formal engagements continue, and the Group has reiterated to all parties that it is prepared to initiate an independent inquiry overseen by independent legal counsel to establish confidence around the facts.

## Performance of our Rest of Africa segment

The Board focused on Group operations outside South Africa to ensure careful risk management across regions beset with economic challenges. All regions across southern Africa remain constrained, with local currency weakness, high inflation and low levels of economic growth. Despite the challenges faced, the segment grew its sales and earnings contribution this year. The Board will continue to assess the long-term viability of these Rest of Africa operations, including the two stores in Lagos, Nigeria, and whether the returns generated can justify the risk.

*The Board remains confident in the efficacy of the Ekuseni strategy and in its ability to deliver long-term sustainable returns for all stakeholders. It is the right strategy for the Group and will advance the Group's resilience in more challenging economic conditions.*

## Governance and risk management

### Re-aligning committees and committee membership

Committee structure and membership were 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. Jonathan Ackerman was appointed to the Social, Ethics and Transformation Committee in March 2023, on the change of his role from executive to non-executive director. James Formby served on the Audit, Risk and Compliance Committee following his appointment to the Board in October 2023, with his formal election put forward to shareholders at the 2023 AGM.

### ESG performance and reporting

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

In addition to progress made against targets, the Board continues to monitor progress in external ESG reporting, including:

- 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 approved the expansion of ESG disclosures, to reflect 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. Improvements in reporting are informed by relevant codes, regulations and frameworks, including JSE Guidelines on Sustainability and Climate Disclosure.

The Board is proud that the Group was recognised as the top retailer in South Africa on the IRAS Sustainability Data Transparency Index (SDTI). For further information, please read the Group's FY23 ESG Performance Summary and Databook available on the Group's investor relations website at [www.picknpayinvestor.co.za](http://www.picknpayinvestor.co.za).

### Effectiveness of our information technology (IT) systems

The Board is cognisant of the increased risk of cyber attacks 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.

## Statutory developments

### The Board monitored statutory developments, including:

- The Companies Amendment Bill, 2021
- The adoption of the Expropriation Bill, 2020 in September 2022
- The National Health Insurance Bill, 2019, 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, 2021, which proposes to amend the definition of “discrimination” to make it clear that it is not necessary for a person to act with intention before they can be found guilty of unfair discrimination. In addition, there is a provision that will make employers liable for unfair discrimination committed by their employees
- The Employment Services Amendment Bill, 2021, which aims to empower the Minister of Employment and Labour to set quotas for the employment of foreign nationals
- The coming into effect of the Employment Equity Amendment Act, which aims to empower the Minister of Employment and Labour to determine numerical employment equity targets for identified national economic sectors

The Group is currently collaborating with the Competition Commission with its enquiry into South Africa’s fresh produce 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 are 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.

### Staff productivity and efficiency

The Group’s goal remains to build a sustainable business with improved operational productivity and efficiency and less duplication of effort, in order to create more opportunity for employment through long-term sustainable growth.

## 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 2022 and confirmed that, where relevant, the Group had improved its annual financial statements disclosure.

### CEO and 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.

### Pro forma earnings

#### Insurance recoveries

The FY23 financial results include the cash receipt of R145.2 million (R104.5 million net of tax) of insurance recoveries related directly to the losses suffered by the Group during the prior reporting period as a result of civil unrest, and which were accounted for in the prior period pro forma earnings presented. As a result, the Group has presented its earnings performance for the current period on a pro forma basis, excluding the insurance proceeds received.

#### Hyperinflation accounting

The equity accounted earnings of the Group’s investment in its associate in Zimbabwe was 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 hyperinflationary accounting net monetary adjustments. The impact of hyperinflation accounting does not provide stakeholders with an accurate assessment of the Group’s comparable year-on-year performance. As such, and in line with normal Group practice, the Group has excluded hyperinflation net monetary adjustments from its pro forma earnings for the current and prior periods under review.



# OUR BOARD OF DIRECTORS

as at June 2023

The Board has broad local and international retail experience – a strong competitive advantage and a unique strength. All Board members are conscious of their obligation to act with integrity and as representatives of all our stakeholders.

## Non-Executive Chair



### Gareth Ackerman (65)

Chair  
BSocSci, CMS and AMP (Oxon)

- Appointed 1990
- Years of service to the Group: 39
- Years of service on the Board: 33
- Chair of the Nominations and Corporate Governance Committee



An executive at Pick n Pay for 15 years until 1999, Gareth headed up various divisions and served as Joint Group Managing Director and the Managing Director of Pick n Pay Group Enterprises. He was appointed to the Board in 1990 as an executive director, until becoming a non-executive director in 1999. From 2002 to 2010 Gareth was 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. Gareth sits on the Board of Business Unity South Africa and 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 (55)

Chief Executive Officer (CEO)  
BBA

- Appointed 2021
- Years of service to the Group and Board: 2



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 (47)

Chief Finance Officer (CFO)  
CA(SA)

- Appointed 2019
- Years of service to the Group: 12
- Years of service to the Board: 3



Lerena joined the Group 12 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, information systems, value added and retail related financial services, accounting and tax.

Non-executive directors



**Suzanne Ackerman (60)**  
*BA, Fellow: Aspen Business Institute; First Movers; International Professor of Practice, Rutgers School of Business-Camden*

- Appointed 2010
- Years of service to the Group: 28
- Years of service on the Board: 13
- As executive director: 12
- As non-executive director: 1
- Chair of the Social, Ethics and Transformation 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 holds the position of International Professor of Practice at the Rutgers School of Business-Camden (United States), where she lectures to undergraduate and graduate students and members of the business community in New Jersey and Philadelphia. Suzanne also remains active in many areas of philanthropy across different sectors of society. In particular, she is a passionate proponent of enterprise development and acts as advisor and mentor to the Pick n Pay Enterprise Development division. Suzanne is the Founder and a Trustee of the Feed the Nation Foundation, Chair of the Ackerman Pick n Pay Foundation, a Trustee of the David Sussman Community Forum and a Trustee of the Smile Foundation.



**Jonathan Ackerman\* (56)**  
*BA Marketing*

- Appointed 2010
- Years of service to the Group: 30
- Years of service on the Board: 13



Returning to South Africa after studying and working in the USA, Jonathan joined the Group in 1992. Over a distinguished career with the Group, Jonathan held key leadership roles, most notably in marketing and store operations. Jonathan was appointed to the Board as a representative of the controlling shareholder in March 2010, and as the Group's director of Values he ensured that the well-being of customers was the primary motivating factor for any strategic decision taken in the Group. Jonathan retired as an executive director on 31 March 2023 and has served as a non-executive director from that date.



**David Robins (69)**  
*BBusSci*

- Appointed 2002
- Years of service to the Group: 29
- Years of service on the Board: 21



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.

**Legend: Committee membership**

- Audit, Risk and Compliance Committee
- Remuneration Committee
- Nominations and Corporate Governance Committee
- Corporate Finance Committee
- Social, Ethics and Transformation Committee
- Executive Committee
- Employee Share Incentive Trust

**Legend: Sector experience**

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

\* Jonathan Ackerman retired as an executive director on 31 March 2023 and was appointed as a non-executive director from that date.

## Our Board of directors

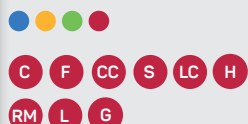
### Independent non-executive directors



#### Haroon Borat (54)

*PhD in Economics*

- Appointed 2020
- Years of service on the Board: 3
- 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 Asset Management 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.



#### James Formby (53)

*CA(SA)*

*Masters in Philosophy in Management Studies*

- Appointed 2022
- Years of service on the Board: 1



James was appointed to the Board in October 2022, following his retirement as CEO of the RMB group. James had a successful 25-year career with RMB, holding a number of senior leadership roles over his tenure including in corporate finance and investment banking. James’ transactional skills and his ability to structure large deals made him a core member in many BBBEE transactions, IPOs, de-listings, mergers, acquisitions, and disposals over his tenure with RMB. As CEO, James played a significant role in developing RMB’s strategy.

James will take over from Jeff van Rooyen as the Board’s lead independent director on Jeff’s retirement at the 2023 AGM.



#### Aboubakar (Bakar) Jakoet (67)

*CA(SA)*

- Appointed 2019 as a non-executive director
- Years of service to the Group: 37
- Years of service on the Board as non-executive director: 3
- Years of service on the Board as executive director: 9
- Other listed company directorships: Oceana Group Limited
- Chair of the Audit, Risk, and Compliance Committee



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.



**Mariam Cassim (41)**

CA(SA), MBA

- Appointed 2020
- Years of service on the Board: 3



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 that 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 (69)**

CA(SA)

- Appointed 2013
- Years of service on the Board: 10
- Other listed company directorships: 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. David served on the Boards of Investec Limited and Investec plc until August 2022.



**Audrey Mothupi (53)**

BA (Hons)

- Appointed 2013
- Years of service on the Board: 10
- Other listed company directorships: Life Healthcare Group, Altona plc (listed on the Aquis Stock Exchange)
- Chair of the Remuneration Committee



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.

Audrey has served as the Chair of Roedebeek School (SA) as well as the Chair of Orange Babies of South Africa. Audrey has previously served 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.

**Legend: Committee membership**

- Audit, Risk and Compliance Committee
- Remuneration Committee
- Nominations and Corporate Governance Committee
- Corporate Finance Committee
- Social, Ethics and Transformation Committee
- Executive Committee
- Employee Share Incentive Trust

**Legend: Sector experience**

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

## Our Board of directors

### Independent non-executive directors



#### Annamarie van der Merwe (59)

*B.Juris, LLB, LLM, EMP*

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



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.



#### Jeff van Rooyen (73)

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

- Appointed 2007
- Years of service on the Board: 16
- Lead independent director (LID)
- Chair of the 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.

Jeff will retire from the Board at the 2023 AGM.

### Company Secretary




#### Penelope Gerber (49)

*CA (SA)*

- Appointed 2022
- Years of service on the Board: 1
- Years of service to the Group: 20

Penelope joined the Group in 2002 as a newly qualified chartered accountant. Penny has worked in the Group's finance division for twenty years, holding leadership positions in our financial reporting and treasury divisions, and more recently led the Group's Investor Relations function until 2022.

### Honorary life presidents



**Raymond Ackerman**  
Years of service: 56



**Wendy Ackerman**  
Years of service: 56

#### Legend: Committee membership

- Audit, Risk and Compliance Committee
- Remuneration Committee
- Nominations and Corporate Governance Committee
- Corporate Finance Committee
- Social, Ethics and Transformation Committee
- Executive Committee
- Employee Share Incentive Trust

#### Legend: Sector experience

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

*The sector experience highlighted considers the cumulative knowledge and experience of directors who have spent time working or advising in a particular industry or sector. Directors receive regular briefings on changes in the Group's consumer and competitive environment, including updates on regulatory compliance, which focus on the material opportunities and risks that could impact on successful execution of the Group's long-term plan.*

# 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 2023 financial period consisted of the CEO and CFO, to manage 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 CFO is responsible for:

- Directing and managing the fiscal, financial, risk and compliance functions of the Group in accordance with all relevant regulations, accounting principles and governance standards

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 and/or CFO 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

In line with the succession planning announced to shareholders on the JSE Stock Exchange News Service (SENS) on 15 March 2022, Debra Muller retired as Company Secretary on 31 July 2022, at which time Penelope Gerber was appointed as Company Secretary of the Group.

The Company Secretary assists the Board in fulfilling 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
- Provides secretarial services for Board committees as required

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 the Head of Legal and Compliance and external professional corporate governance resources. The Board believes that the corporate governance services are effective.

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

## Risk governance

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

The Group's combined assurance model is interrogated by the Audit, Risk and Compliance Committee. It is tabled 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, although certain risks have increased as a result of more difficult economic conditions and elevated levels of load-shedding. Please refer to the Group's integrated view of risks and opportunities as set out from page 35 of the Integrated Annual Report.

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 35 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 CFO, who, supported by the Chief Information Officers of Pick n Pay and Boxer, ensures that appropriate governance structures, systems and controls are implemented.

An information, risk and privacy office manages the Group's response to the POPI Act and 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:

- Ekuseni Steering Committee to manage the effective implementation of strategy
- Capital Committee to manage capital expenditure and monitor returns on investment
- Property Committee to manage real-estate development
- Treasury Committee to manage debt structures, gearing covenants, liquidity and cash flow (includes independent non-executive director representation)
- Franchise Committee to monitor engagement with franchisees (includes independent non-executive director representation)
- People Committee to manage key people initiatives, including training, development, promotions, restructuring and to monitor employee wellness, motivation and morale
- Energy Committee to manage the Group's crisis response to load-shedding

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 that is domiciled and incorporated in the Republic of South Africa and listed on the JSE and A2X, the recognised securities exchanges in South Africa. The Group comprises subsidiaries and an associate that retail food, clothing, general merchandise 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 29 of the Group Annual Financial Statements.

### Overview of financial results and activities

Refer to the result summary on pages 16 to 21 of the 2023 Audited Annual Financial Statements (AFS) for an overview of the 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 during this financial year. These insurance recoveries relate to the civil unrest losses suffered by the Group in the prior reporting period and were included in the prior period pro forma earnings. Refer to the Appendices of the 2023 AFS 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 economic environment, which has been severely impacted by the load-shedding crisis experienced in South Africa during the current financial period. In line with standard governance practice, the Board has assessed the Group's solvency and liquidity and is satisfied as to the Group's ability to continue as 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 before any dividend payment and provision of financial assistance.

### Shareholder distribution

The directors have declared a final dividend (dividend 110) of 140.30000 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 of the 2023 AFS for further information on the Group's pro forma headline earnings per share. The Group will change from its 1.3 times dividend cover to a range of between 1.5 times and 1.8 times cover effective from the 2024 financial year. The new policy will contribute towards the Group having the necessary balance sheet flexibility to support the elevated capital expenditure required by the Ekuseni strategy. For further information on the Group's dividend policy refer to page 76 of the 2023 Integrated Annual Report.

### Share capital

At period end, 5 367 653 shares (2022: 5 517 150 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, 7 012 500 shares (2022: 7 707 650 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). 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. Refer to note 5 of the Group Annual Financial Statements.

### Borrowings

The Group's overall level of debt (including bank overdraft and overnight borrowings) is at R5 699.4 million.

The Group's net funding position (defined as overall debt net of cash and cash equivalents) increased by R3 293.8 million, as a result of higher levels of capital investment under the Group's long-term Ekuseni strategy. Refer to the result summary on pages 16 to 21 of the 2023 AFS 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 2023 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 26 July 2022, the Company's shareholders approved the following special resolutions as tabled in the notice to the annual general meeting:

#### Directors' fees for the 2023 and 2024 annual financial periods

Shareholders approved the directors' fees.

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

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

#### General approval to repurchase Company shares

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

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

## Replacement of the Company's Memorandum of Incorporation (MOI)

The Group's previous MOI was replaced at the annual general meeting (AGM) on 26 July 2022 with an updated MOI to ensure alignment with recent changes in the Companies Act.

## 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 2023 financial year.

Hugh Herman resigned as a director at the AGM on 26 July 2022.

The non-executive directors listed below retire by rotation and, being eligible, they offer themselves for re-election at the 2023 annual general meeting (AGM) on 19 July 2023:

- Gareth Ackerman
- Haroon Borat
- Mariam Cassim
- David Friedland
- Audrey Mothupi

Jeff van Rooyen will retire at the 2023 AGM.

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

Jonathan Ackerman retired as an executive director on 31 March 2023 and served as a non-executive director from that date and is to be proposed for formal shareholder election at the 2023 AGM.

James Formby was appointed to the Board as an independent non-executive director on 10 October 2022 and is to be proposed for formal shareholder election at the 2023 AGM.

The Company Secretary is Penelope Gerber.

## 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 28 to 35, where we set out the responsibilities of the Committee and how it has discharged these responsibilities during the period.

**Gareth Ackerman**  
Chair

**Pieter Boone**  
Chief Executive Officer

3 May 2023

# AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT



*Aboubakar Jakoet  
Chair: Audit, Risk and  
Compliance Committee*

The Audit, Risk and Compliance Committee is pleased to present its report for the financial year ended 26 February 2023. This report was prepared in accordance with the requirements of the Companies Act, the King IV™ Code of Governance for South Africa (King IV), the JSE Limited Listings Requirements, International Financial Reporting Standards (IFRS) and other applicable regulatory requirements.

## **Mandate of the Audit, Risk and Compliance Committee (the Committee)**

The Board of directors (the Board) has delegated the statutory and regulatory duties arising from the Companies Act, No 71 of 2008, as amended (Companies Act), JSE Listings Requirements, and risk governance and legislative compliance to the Committee.

The mandate and responsibilities of the Committee are incorporated in the Committee's charter, which is reviewed annually and approved by the Board. The charter is contained within the Group's Corporate Governance Charter and can be viewed at [www.picknpayinvestor.co.za/governance.php](http://www.picknpayinvestor.co.za/governance.php).

**The Committee is a statutory committee responsible for fulfilling the responsibilities under section 94(7) of the Companies Act, including:**

- to provide independent oversight of the effectiveness of the Group's framework of combined assurance, the integrity of external financial reporting and risk governance and compliance
- to consider the independence and effectiveness of the external auditor and recommend to shareholders the external auditor's appointment

## **The Committee's responsibilities**

The Committee is responsible for developing, communicating and monitoring financial and risk management policies and processes across all Group divisions. It 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. It ensures that it dedicates sufficient time to assurance functions, financial reporting and risk governance and compliance. The Committee is authorised by the Board to investigate any activity within its terms of reference.

**The Committee has the right to:**

- Request and obtain unrestricted access to records and information
- Consult directly with the Group internal audit function, external auditor and senior management
- Obtain outside legal or other professional advice
- Have access to the resources it needs to fulfil its responsibilities
- Set and maintain an appropriate mandate for subsidiary company audit committees

## The role and responsibility of the Board

The Board retains the overall responsibility to review and approve the Annual Financial Statements for the Group and the Company, and for Group-wide combined assurance, compliance and risk governance.

The Board acknowledges that it will be exposed to certain risks to achieve sustainable growth in the fast-moving consumer goods industry in South Africa and 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.

## Governance and Committee members

The Committee is chaired by an independent non-executive director and comprises only independent non-executive directors. Members of the Committee are nominated for appointment annually by the Board for the ensuing financial period and are elected by shareholders at the annual general meeting (AGM).

All Committee members satisfy the requirements to serve as members of an audit committee, as provided in section 94 of the Companies Act, and have the necessary financial literacy skills and experience to execute their duties effectively. Independence on the Committee is assessed by the Board's annual independence review. The curriculum vitae of each Committee member will be made available to shareholders in the 2023 Notice of AGM.

The Committee follows a formal work plan designed to effectively deliver the execution of its responsibilities over the year.

The Committee meets formally twice a year with the Board Chair, the Chief Executive Officer, the Chief Finance Officer, the Head of Internal Audit, the Head of Risk and Compliance and the external auditor. Additional ad hoc meetings are held as required.

In addition, the Committee Chair meets with senior management, the Head of Risk and Compliance and the internal and external auditors whenever necessary. The Head of Risk and Compliance and the internal and external auditors have unfettered access to the Committee and its members throughout the year.

There is an open invitation to all Board members to attend Committee meetings, and all directors have access to the papers for each of the Committee's meetings. Other senior executives and professional advisors are invited to meetings when required to provide insight into specific matters. Formal minutes of meetings are made available to the Committee and are available on request to other Board members.

The Committee Chair reports to the Board at the quarterly Board meetings on the Committee's activities over the period, and highlights the key items deliberated and those requiring specific Board attention.

### Meeting attendance

Aboubakar Jakoet was elected by shareholders to serve on the Committee at the AGM in June 2022. This was in line with the Board's succession planning, and followed his classification as an independent non-executive director. Aboubakar took over from Jeff van Rooyen as Chair on that date.

James Formby was appointed to the Board and the Committee on 10 October 2022, subject to formal election by shareholders at the 2023 AGM.

The Committee's composition and meeting attendance for FY23 is set out below.

Members	Qualifications and experience	Attendance
Aboubakar Jakoet (Chair)	A chartered accountant with extensive experience in the retail industry, having previously served as the Group's Chief Finance Officer.	2/2
Haroon Borhat	Professor of Economics and Director of the Development Policy Research Unit at the University of Cape Town. Haroon is a member of the Presidential Economic Advisory Council.	2/2
Mariam Cassim	A chartered accountant with broad auditing and business experience, Mariam is CEO of Vodacom Financial and Digital Services and a member of Vodacom Group's executive committee (telecommunications industry).	2/2
James Formby	A chartered accountant with a Master's in Philosophy in Management Studies. James retired as CEO of RMB after a successful 25-year career with the FirstRand Group (financial services industry).	2/2
David Friedland	A chartered accountant with expertise in auditing, risk and compliance. David had an extensive career as audit engagement partner with major audit companies.	2/2
Audrey Mothupi	An Honours graduate with business experience in financial services and in data and digital innovation. Audrey is the CEO of the Systemic Logic Group.	2/2
Jeff van Rooyen	A chartered accountant with experience across private and public sectors. Jeff's former involvement in the accounting profession includes as 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. Jeff is the founder CEO of Uranus Investment Holdings.	2/2

## Specialist subcommittees

The Committee is supported by smaller subcommittees, including divisional Financial Review Committees, the Treasury Committee and the Franchise Committee. These subcommittees comprise executive and non-executive directors, meet at least twice a year and provide additional oversight, guidance and feedback in critical focus areas.



## Committee's responsibilities and activities performed

### Financial reporting, integrated reporting and the Group finance function

The Committee provides independent oversight and objective assessment of the effectiveness of the Group's finance function and the accuracy and integrity of the Group's internal and external financial reporting.

#### Key areas of activity during the year

##### Internal reporting

- Reviewed internal reports regarding the Group's financial performance, including divisional results, budgets, forecasts, capital expenditure and progress against financial targets of the Group's long-term Ekuseni strategy ("Ekuseni")
- Monitored the significant operational and financial impact of accelerated levels of load shedding
- Reviewed treasury reports and cash flow forecasts, monitored liquidity and adherence to internal debt covenants and found all to be within the guidelines of treasury policy
- Considered additional long-term funding proposals to support the capital investment requirements of Ekuseni
- Received feedback on the Group's tax position and its tax compliance and are satisfied with the Group's status and compliance
- Reviewed the reporting process and controls around the compilation of the financial information and found it to be effective, appropriate and responsive to business needs
- Reviewed the Group's integrated reporting function and progress, considering factors and risks that could impact on the integrity of the Integrated Annual Report and the environmental, social and governance (ESG) disclosures provided

##### External reporting

- Reviewed the basis for determining materiality for external reporting
- Reviewed the appropriateness of the Group's accounting policies and guided on increased segmental turnover disclosure in respect of the Group's operating divisions
- Assessed and confirmed the appropriateness of the going concern assumption used in the Group's Annual Financial Statements
- Reviewed the pro forma disclosures presented in order to ensure that shareholders are presented with appropriate financial information to understand the Group's underlying FY23 performance

##### Specific items

- Reviewed and guided on a proposal for a more prudent dividend policy from FY24
- Reviewed the effectiveness of the Group's capital structure, including the shareholder approvals required for a potential future equity raise, when and if appropriate
- Confirmed that the listed company always had an independent sponsor during FY23
- Ensured that the appointment of the external auditor was included as a resolution for a shareholders' vote in the Notice of the 2023 AGM
- 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

##### Outcome

Reviewed and recommended to the Board for approval the Annual Financial Statements, interim results and preliminary results announcements and ensured all reports complied with IFRS, the Companies Act, the JSE Listings Requirements and King IV. The Integrated Annual Report and related suite of governance documents are separately reviewed and approved in June of each year.

## Internal audit

The Committee provides independent oversight and objective assessment of the effectiveness of the Group's internal audit function.

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

### Key areas of activity during the year

#### Internal audit function

- Reviewed and approved the internal audit coverage plan
- Considered and appointed the new Group Head of Internal Audit and confirmed appropriate expertise and experience for the role
- Evaluated and confirmed the composition, experience, skill and independence of the internal audit function
- Met with the Group Head of Internal Audit independently of management to confirm that they had received the full co-operation of management
- Assessed the adequacy of the performance of the internal audit function and found it to be effective
- Received confirmation that internal audit members conform to the recognised industry code of ethics and that the internal audit function had conformed to the key principles of the International Institute of Internal Auditors standards for professional practice of internal auditing

#### Reporting matters

- Considered internal audit reports on the Group's system of internal control, including financial controls, corporate governance and business risk management, and ensured ongoing progress in the integration of the Group's framework of combined assurance
- Received assurance that proper and adequate accounting records were maintained, and that systems of internal control were adequate to prevent and/or detect fraud and safeguard assets
- Maintained focus on the adequacy and effectiveness of controls over information systems and cybersecurity
- Reviewed the approach of the internal audit function to develop and integrate data analytics and digital capability within internal audit processes and procedures
- Reviewed significant issues raised by internal audit processes and monitored and challenged, where appropriate, the corrective action taken by management regarding adverse internal audit findings

#### Outcome

**The Committee considered the skill, experience and independence of the Group internal audit function and concluded that the internal audit function is appropriate and effective for the Group.**



## External audit

**The Committee provides independent oversight and objective assessment of the effectiveness of the Group's external audit function.**

Following a tender process, Ernst & Young Inc. (EY) was appointed as external auditor to the Group in July 2015, bringing their tenure to eight years. The Committee annually considers whether a tender process should be adopted to appoint new external auditors. The Independent Regulatory Board for Auditors' (IRBA) rule on mandatory audit firm rotation was considered.

In terms of the rule, the Committee concluded that the external auditor firm would be rotated in the financial period ended 2026 (a maximum tenure of ten years). As such, a tender process was not required in FY23.

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 FY23, and was appointed on 5 August 2020. She was assessed to have the necessary competence, ability and independence required for this position.

## Key areas of activity during the year

### External audit process

- Approved the external audit plan and related scope of work for the FY23 annual audit to ensure adequate coverage of material matters and critical risk areas
- Approved the audit fees for the FY23 external audit
- Received confirmation from EY as to their internal governance processes that are in place to ensure independence and effectiveness
- Requested and reviewed the information as per paragraph 22.15(h) of the JSE Limited Listings Requirements from EY when assessing their suitability for their appointment for FY23
- Met with management, independently of the external auditor, to discuss issues relevant to the audit and for purposes of evaluating the quality and effectiveness of the external audit function
- Reviewed the independence of EY in accordance with the provisions of sections 90 and 94 of the Companies Act and assessed the performance and accreditation of EY and Tina Rookledge in terms of the JSE Limited Listings Requirements, applicable regulations and legislation, and the appropriate audit quality indicators, and concluded that it is satisfied with the external auditor's independence, JSE accreditation, and performance

### Reporting matters

- Engaged directly with the Group and subsidiary designated audit partners and acted as a liaison between the external auditor and the Board
- Dealt with questions arising from audit activities and reviewed EY's findings and recommendations, and confirmed that there were no material unresolved matters at the date that the Annual Financial Statements were approved
- 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 matters concerning the Group's accounting policies, financial controls, records and reporting
- Confirmed that no reportable irregularities were identified and reported by the external auditor in terms of the Auditing Profession Act, 26 of 2005
- Met separately with the external auditor to confirm that full co-operation was received by them from management
- Monitored the effectiveness of the external auditor in terms of their audit quality, expertise and independence, as well as the content and execution of the audit plan

### Outcome

**The Committee has concluded that it is satisfied with the level of service rendered by EY during FY23 and is satisfied with EY's independence and JSE accreditation. The Group will table a resolution at the 2023 AGM to be held on 19 July 2023 to re-appoint EY as the external auditor for the 2024 financial year.**

## Risk management

**The Committee provides independent oversight and objective assessment of the effectiveness of the Group's risk assurance function, focusing on material existing and emerging risks which could negatively impact on the Group's ability to create and protect stakeholder value.**

The Group's risk assurance function is designed to ensure that the Group has adequate processes in place to identify, monitor and manage all significant business and financial risk areas. The function takes overall responsibility for ensuring that the Group's information and accounting systems are adequate, secure, well-controlled and continue to function effectively. The Group Risk function takes overall accountability for the Group's compliance with all relevant laws, regulations and codes of conduct.

The Chief Finance Officer serves as the Chief Risk Officer for the Group and, along with the Group Head of Risk and Compliance, attends all 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 Group Head of Risk.

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.

### Key areas of activity during the year

#### Risk management processes

- Assisted management in identifying risk areas, including emerging risks, and evaluated the mitigation management had put in place to minimise the impact on the Group
- Discharged all risk and compliance committee responsibilities of all the Group's subsidiary companies
- Together with Group Head of Risk, internal and external auditors and management, reviewed the findings of the Financial Review Committees of the Group's material operating divisions
- Reviewed internal audit findings from a risk perspective
- Reviewed the risk assurance report and findings and the corrective or mitigative action taken

#### Specific focus areas

- Considered and appointed the new Group Head of Risk and Compliance and confirmed the appropriate expertise and experience for the role
- Evaluated and confirmed the composition, experience, skill and independence of the risk function
- The material financial and operational impact of load-shedding on the business, including the related impact on water supply, and the mitigation plans put in place to minimise the impact
- The security of supply chain and store operations, including plans to protect the safety of customers and employees and the security of assets during civil unrest
- The maintenance of food safety and occupational health and safety policies
- The Group's insurance covers, including considering ongoing challenges experienced in renewing business interruption covers post the July 2021 unrest and the impact of higher insurance premiums on the cost of doing business
- Employee welfare, talent retention and the potential for labour disruption in a period of high inflation and low economic growth
- The effectiveness of the franchise model, the security of franchise contributions to the Group and the recoverability of franchise debt
- 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

#### Outcome

**The Committee has concluded that it is satisfied with the effectiveness of the Group's risk management function in identifying, evaluating and mitigating issues which may have a material impact on the Group's ability to protect and create sustainable stakeholder value.**



## Policy on non-audit services

All non-audit services provided by the Group's external auditor are required to be pre-approved by the Committee. EY did not provide non-audit services during FY23. All non-audit services undertaken during the 2022 financial period were approved in accordance with this policy.

The nature and extent of non-audit services provided by the external auditor are reviewed to ensure that the fees for such services do not become so significant as to call into question their independence. In FY22, EY received R24 500 relating to agreed-upon non-audit procedures (0.2% of the audit fee).

## Expertise and experience of Chief Finance Officer and the finance function

The Committee, together with the lead external audit partner, considered the composition, experience, resources and skills of the Group finance function. The Committee is satisfied that Lerena Olivier has the appropriate expertise and experience for her position. 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 complied with all applicable legal, regulatory and other responsibilities for the 2023 financial year.

## Internal financial controls

The Committee examined the effectiveness of internal financial controls to assess if there were any significant weaknesses in the design, implementation or execution of internal financial controls that could result in material financial loss, fraud, corruption or error.

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 concluded that the design of internal financial controls is effective but will continue to be watchful.

## Combined assurance

The Committee closely monitored the relationship between external and internal assurance providers and the Group. It ensured that the Group's combined assurance model adequately addressed the Group's significant risks.

The Committee was satisfied that the Group's combined assurance model had been effective in achieving transparent and accurate financial reporting, sound risk management and mitigation, and an effective level of residual risk.

## King IV

The Group applies the principles of King IV, details of which will be reported in the 2023 Integrated Annual Report, which is expected to be published on or about 15 June 2023.

## Significant matters

The Committee considered the key audit matters reported in the external audit report from page 6 of the 2023 Annual Financial Statements and, after discussions with management and the external auditors, is satisfied that the Consolidated Annual Financial Statements appropriately address the critical judgements and key estimates pertaining to the key audit matters.

Other significant matters of focus included considering that the below items were appropriately dealt with in the Consolidated Annual Financial Statements:

- Consideration of the pro forma financial information provided in respect of insurance proceeds received in March 2022 related to the civil unrest of July 2021
- Accounting treatment of the Group's investment in its associate, TM Supermarkets (Pvt) Ltd, in a hyperinflationary economy
- Expanded divisional turnover information
- Classification of assets held for sale
- Consideration of the accounting treatment of material elements of the Group's Eastport transaction, including recognition of the long-term lease of the distribution centre

## Annual Financial Statements

The Annual Financial Statements for the financial year ended 26 February 2023 were compiled under the supervision of the Chief Finance Officer, Lerena Olivier CA (SA).

Following its review of the consolidated Group and separate Company Annual Financial Statements for the financial year ended 26 February 2023, the Committee is of the opinion that, in all material respects, the financial statements comply with IFRS and the Companies Act and that they fairly present the financial position of the Group and Company for the 2023 financial year and the results of the operations and cash flows for the year then ended. The Committee recommended them for approval to the Board on 3 May 2023.

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. The 2023 Integrated Annual Report will be published in addition to these Annual Financial Statements.

### Key focus areas for FY24

#### The Committee has set the following key areas of focus and monitoring:

- Financial and operating performance in line with the Ekuseni strategy objectives
- Project Future cost savings initiatives, including the effective implementation of the Group's Office of the Future programme
- Optimal capital allocation to ensure the prioritisation of investment returns
- Optimal capital allocation to advance energy resilience and ensure the prioritisation of mitigation plans to minimise the impact of load-shedding and disrupted water supply
- A balanced short-term and long-term debt portfolio to support growth, maintain a strong balance sheet, actively manage increased funding costs and achieve targeted gearing levels
- Increased focus on emerging and accelerated risks, including significant operational risk on the transition from the Longmeadow distribution centre to the Eastport distribution centre in Gauteng, increased cyber risk driven by the growth in online sales, and the potential for civil and labour unrest as a result of challenging socio-economic conditions in South Africa
- Further progress in integrated reporting, including in ESG disclosures

## Committee evaluation and re-election

The Committee's performance and effectiveness are assessed on an annual basis by the Board, assisted by the Nominations and Corporate Governance Committee. The Board's assessment was positive, with no concerns raised, and the Board remains satisfied that the Committee has performed its duties effectively and that Committee members have the necessary skills and experience to discharge their duties effectively.

Committee members will be put to shareholders for formal election at the 2023 AGM to be held on 19 July 2023.

## Appreciation

I extend sincere thanks to Jeff van Rooyen, who will retire from the Board at the 2023 AGM. Jeff has served on the Board for 16 years, with 15 years as Chair of this committee. Jeff's rich history in private practice, including his leadership of the Financial Services Board alongside his broad experience with a number of large South African listed companies, has proved invaluable to the Committee. I am grateful to Jeff for his valuable guidance and wise counsel over the years, and particularly for his support and guidance when handing over the role of Chair.

The more difficult macro-economic environment has made for a challenging year, and the elevated levels of load shedding in particular have had a significant impact on the 2023 financial results. I extend thanks to EY, the internal audit and risk management teams, and the executive management team for their regular, constructive and transparent engagement under trying circumstances.

The Committee is satisfied that it complied with, and discharged, all statutory duties in terms of section 94(7) of the Companies Act and the JSE Limited Listings Requirements, as well as with the functions and responsibilities assigned to it by the Board under its terms of reference and committee mandate, for FY23.

#### Aboubakar Jakoet

Chair: Audit, Risk and Compliance Committee

3 May 2023

## 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. 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.

# NOMINATIONS AND CORPORATE GOVERNANCE COMMITTEE REPORT



Gareth Ackerman  
Chair: Nominations and  
Corporate Governance  
Committee

*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.*

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.

## 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 at least twice a year, with additional ad hoc meetings as required.

## Committee membership

Members	Meeting attendance
Gareth Ackerman (Chair)	2/2
Suzanne Ackerman	2/2
Haroon Borhat	2/2
David Friedland	2/2
Audrey Mothupi	2/2
Annamarie van der Merwe	2/2
Jeff van Rooyen	2/2

## 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, the Committee:

- Deliberated and recommended to the Board the appointment of James Formby as an independent non-executive director in October 2022, following his long and successful career with RMB and his retirement as CEO of that group. The Committee recommended that James be presented to shareholders at the 2023 annual general meeting (AGM) for appointment as an independent non-executive director for a three-year term of office.
- Recommended to the Board that Jonathan Ackerman be presented to shareholders at the 2023 annual general meeting for appointment as a non-executive director, for a three-year term of office, following his retirement as an executive director on 31 March 2023.
- Reviewed the rotation of directors and recommended to the Board that the directors to be retired by rotation and presented to shareholders at the 2023 annual general meeting for a three-year term of office be Gareth Ackerman, Haroon Borhat and Mariam Cassim. All directors had indicated their availability for re-appointment, and committee discussion had focused on their individual contributions to the Board and their capacity to fulfil their duties adequately and effectively.
- 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 2023 annual general meeting for a one-year term of office be David Friedland and Audrey Mothupi, as each had been on the Board for longer than nine years. Both directors had indicated their availability for re-appointment, and the Committee remained confident in their objectivity and in their individual performance.
- Considered the capacity of all non-executive directors to devote sufficient time to perform their fiduciary duties to the Group.
- Reviewed the succession planning for the Board as well as committee membership, agreeing to recommend to the Board that:
  - › Jeff van Rooyen's retirement from the Board be accepted and to take effect after the 2023 AGM to be held on 19 July 2023. Sincere thanks were extended to Jeff for his 16 years of service to the Group.
  - › Recommended to the Board that James Formby be appointed as lead independent director on the retirement of Jeff van Rooyen, subject to his election to the Board by shareholders.
  - › Recommended to the Board that Jonathan Ackerman be appointed to the Social, Ethics And Transformation (SET) Committee.
- Reviewed the composition of the Board in light of the retirement of Jeff van Rooyen in July 2023, and concluded that up to two additional independent non-executive directors would be recruited in due course. The Committee continued to work with recruitment specialists to identify suitable candidates for appointment as independent non-executive directors, to ensure long-term succession is maintained in a considered and consistent manner. The search remained focused on furthering the diversity targets of the Board, in line with the corporate governance charter and broader employment equity policy of the Group.

- The Committee noted and confirmed the composition of the board of directors of the Group's main trading subsidiaries. The Group would continue to explore opportunities to increase diversity on the Boards of Pick n Pay Retailers (Pty) Limited and Boxer Superstores (Pty) Limited in order to further the Group's transformation objectives.

## Corporate governance role

- Actively monitored diversity, including broad-based black employment equity and gender employment equity, and was satisfied that the legacy of the Group in promoting diversity was honoured by the progress made. The Committee will focus on accelerating the momentum of transformation at senior management levels going forward.
- Reviewed proposed amendments to, among other statutes, the Companies Act and the Competition Act. The implications of the proposed amendments would continue to be closely monitored.
- Following Board approval received in the prior year, the Committee reviewed and approved the annual donation of unclaimed dividends to the Feed the Nation Foundation as part of the Group's programme of corporate social responsibility.
- Reviewed the performance of the Company's JSE sponsor and concluded that it remained satisfactory.
- Reviewed a proposal to simplify and rationalise the Group's structure by de-registering dormant companies and recommended the relevant de-registrations to the Board.
- Reviewed the Group's corporate governance charter and individual committee charters to ensure alignment with local and international standards of corporate governance, including King IV, the Companies Act and the JSE Listings Requirements. The review remains ongoing.
- Changed the name of the Social and Ethics Committee to the Social, Ethics and Transformation (SET) Committee to better describe the full role of this important committee.
- Increased the Board diversity targets to 35% for both female and ACI\* representation.
- Reviewed and agreed on the appointment of the Group's new head of Legal, who assumes overall accountability for Group risk and compliance, reporting directly to the Chair of the Audit, Risk and Compliance Committee. Under new leadership, and with a strengthened compliance function, the Group's combined framework of compliance (including the Board charters referred to above) will be fully reviewed and modernised in FY24 to reflect best practice.
- Further to the action referred to above, the Group engaged the Ethics Institute of South Africa to review and advise on amendments to the Group's Code of Ethics policy. The proposed amendments have been discussed with the Social, Ethics and Transformation Committee and will be presented to the Nominations and Corporate Governance Committee in the coming months. Revisions to all other policies of governance and compliance will proceed on a systematic basis.
- Reviewed the CEO's plans for the new Ekuseni executive management structure and recommended acceptance to the Board. 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.

\* African, Coloured and Indian.





**In addition to these actions, the Committee continued to deliver on key standing responsibilities, with annual review of:**

- Succession planning for the Board, the CEO and senior executive positions so that the Group's long-term Ekuseni strategy can be well executed.
- Reviewed the independence of all eight non-executive directors designated as independent in line with the guidance provided by King IV, including consideration of material shareholdings, time elapsed since prior employment (where applicable) and incentive-based payments. The Committee concluded that no independence was compromised. Please refer to page 76 for further information.
- The Committee exercised specific focus and careful consideration in its assessment of the independence of non-executive directors who had served on the Board for more than nine years, particularly noting third-party perception of independence in its deliberations. 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 classified as independent had exercised impartiality and objectivity, 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 Board committee membership to ensure that directors were best placed to offer their skills and experience in the appropriate Board committees. The SET Committee consists of directors with a real passion for and experience of social governance, ethics and transformation. However, the Committee consists of a majority of non-independent non-executive directors, and further consideration will be given to increasing independence on the Committee after the appointment of new independent non-executive directors to the Board (expected over the next 12 months).
- Reviewed the performance of the Chair in line with the corporate governance charter and the succession plans in place.
- Reviewed the performance of the CEO and CFO in line with the requirements of each role, as set out in the corporate governance charter, and the objectives of the Ekuseni long-term strategy.
- Assessed and confirmed the competence and expertise of the Company Secretary.
- Assessed the composition of the Board and concluded that the Board retained an appropriate balance of skills, knowledge, diversity, independence and experience.

**Gareth Ackerman**

Chair: Nominations and Corporate Governance Committee

14 June 2023

# CORPORATE FINANCE COMMITTEE REPORT

Pick n Pay Stores Limited Group



Jeff van Rooyen  
Chair: Corporate Finance  
Committee

The Committee is convened to assist the Board in assessing potential investment opportunities for the Group.

## 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 separately during the 2023 financial period. A number of potential investment opportunities, aligned with the Ekuseni growth strategy, were reviewed and discussed in detail in full Board meetings and in other Board committees and sub-committees of which these directors are also committee members, including the Treasury Committee and the Audit, Risk and Compliance Committee. No investment opportunities explored involved a potential conflict of interest with the controlling shareholder.

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

### Members

Jeff van Rooyen	David Friedland
Haroon Borhat	Aboubakar Jakoet
Mariam Cassim	Audrey Mothupi
James Formby	Annamarie van der Merwe

### Jeff van Rooyen

Chair: Corporate Finance Committee

14 June 2023

# OUR REMUNERATION REPORT

## The structure of our remuneration report

- 40 An overview of the Remuneration Committee
- 41 Reflections from the Remuneration Committee Chair
- 49 Understanding the Group's remuneration policy
- 58 The remuneration implementation report for FY23

## Our commitment to employees

- We recognise that retail is a people business and we will build a winning team
- 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

## An overview of the Remuneration Committee

### Mandate of the Remuneration Committee

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

- Market-related and effective at attracting and retaining talent
- Fair, responsible and balanced, rewarding individual, divisional and Group performance
- Closely aligned with the delivery of the Group's long-term Ekuseni strategy
- Appropriate to incentivise sustainable value creation over the longer term
- Aligned with the interests of shareholders

### The role and responsibility of the Remuneration Committee

The Committee assists the Board in developing and administering an effective remuneration strategy that:

- Aligns with the Group's long-term strategic objectives
- Delivers the Group's commitment to fair, transparent, and responsible remuneration
- Balances the best short- and long-term interests of the Group and its shareholders
- Meets all legislative and regulatory requirements

The Committee ensures that the Group's remuneration policy achieves its key objective of sustainable value creation over the short, medium and long-term. The Committee considers and recommends the remuneration policy for all employee levels in the Group, with specific focus on executive directors, senior management and non-executive directors.

### Members and attendance at meetings

The Committee meets at least twice a year, is chaired by an independent non-executive director and comprises only non-executive directors. In addition to the Committee members, the CEO, CFO and Chief People officers of Pick n Pay and Boxer are permanent invitees to Committee meetings. All are recused from the meeting when their individual remuneration is being discussed. Independent external advisors and other human resource managers and executives are invited to attend the meetings as and when required.

The Committee operates in terms of a Board-approved charter, which the Board reviews annually. Four Committee meetings were held over the course of and in respect of FY23.

	Board tenure	Remuneration Committee meeting attendance
Audrey Mothupi (Chair)	10 years	4/4
Gareth Ackerman	33 years	4/4
Haroon Borat	3 years	4/4
Aboubakar Jakoet	12 years	4/4
Jeff van Rooyen	16 years	4/4

The Committee is satisfied that it met its responsibilities in terms of its charter, and that the remuneration policies it applied and the decisions it took fulfilled the objective of fair and responsible remuneration.

# REFLECTIONS FROM THE REMUNERATION COMMITTEE CHAIR



Audrey Mothupi  
Chair, Remuneration  
Committee

## Guide for stakeholders

This section provides context to FY23, including:

- Key focus areas, decisions taken and priorities going forward
- Internal and external factors that influenced remuneration decisions and the discretion applied
- Outcomes of shareholder engagement
- Remuneration policy changes

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

## The year in review

On behalf of the Board, I am pleased to present the Group's FY23 remuneration report. This report provides shareholders and other stakeholders with an overview of the Group's overall remuneration philosophy, highlights key remuneration policies, and sets out how these policies were implemented in FY23. While the report focuses on payments made to executive and non-executive directors, it also highlights the Committee's heightened focus on employee morale and wellness across all levels of the organisation, and providing adequate consideration and support in a more difficult socio-economic environment. This report is prepared in accordance with the Companies Act, King IV, and the JSE Listings requirements.

The Committee seeks to strike the right balance of attracting, motivating and retaining key talent, while delivering a fair return to shareholders. Remuneration paid to executive directors and senior management must be appropriate, fair and responsible, and policies must be designed to attract, motivate and retain a diverse and high-performance team in a manner that is aligned with the interests of all our stakeholders. The Committee continued to engage with shareholders on matters of remuneration policy to ensure that our decision-making remained fair and balanced. The outcomes of these important discussion are set out from page 45.

The Committee has an important role in ensuring that the award of management incentives is measured against the delivery of the Group's Ekuseni strategy, which includes clear sales, market share and earnings growth targets. However, the Committee must also consider the extent to which delivery is hampered by effects outside of management's control, and make the necessary adjustments to ensure that the objectives of retention and appropriate reward are upheld.

Employee retention at all levels was a specific Committee focus area this year as a result of the very difficult macro-economic environment and the challenges it has posed for the retail industry and for our team. The Committee is aware that our people have had little respite from challenging trading conditions over the past three years. Our team have navigated the unprecedented circumstances of the Covid-19 pandemic, the severe disruption of the July 2021 unrest, and most recently and currently the severe practical and financial impact of running a business for many hours a day without grid power. We are concerned that operating in these conditions may have taken a personal toll on experienced and talented employees across the business. Managing the challenge of escalating and unpredictable load-shedding requires effective crisis management, rapid and flexible decision-making, agility in managing operational systems and protocols, and in many cases very long hours. Their efforts have not gone unnoticed by the Committee.

## Measuring performance in a disrupted environment

In addition to the increased burden on our operational teams, unrelenting load-shedding imposes heavy unplanned costs on the business through the need to operate expensive diesel generators in stores. While management is focused on mitigating as much as possible of this financial impact, it is not possible at current levels of grid outage to avoid a significant overall cost escalation, with a resulting substantial negative impact on management's ability to deliver against its short- and longer-term performance targets.

Put simply, once load-shedding began to worsen from the second half of FY23, it became clear that management teams would find it impossible to meet the performance targets set – with the rapid action taken to mitigate the impact actually impeding their ability to deliver against the targets due to the high diesel costs.

The Committee carefully deliberated how to measure and reward performance against targets that were no longer achievable, or indeed relevant, under substantively changed trading conditions. It became increasingly important for the Committee to look through the noise and focus on the Group's underlying performance, excluding the material impact of load-shedding. This in itself was not straightforward.

The incremental cost of operating diesel generators for several hours per day across the vast store estate was R522 million in FY23, and R430 million net of electricity savings as a result of not taking power from the grid. However, this does not take into account the additional cost of repairing and maintaining generators, refrigeration and other machinery vulnerable to damage as a result of power outages and power surges. It also does not consider the increased cost of product spoilage across the business as a result of cold chain disruption, lost trade due to reduced product availability, or less footfall in dark shopping centres.

Load-shedding and the use of diesel generators also had a negative impact on the Group's environmental and social targets for the year, most notably in respect of elevated carbon emissions and waste. Management has developed a strong energy resilience plan to mitigate these impacts, including through the increased use of solar energy, LED lighting and battery solutions. However, these measures will only have a positive impact over time, beginning in FY24. The Group has also increased its engagement with suppliers to better understand and manage disruption over the value chain to reduce waste and improve availability.

**The Committee resolved to look through the disruption as far as possible, and objectively assess the underlying execution of the Ekuseni strategy in this the first year of implementation.**

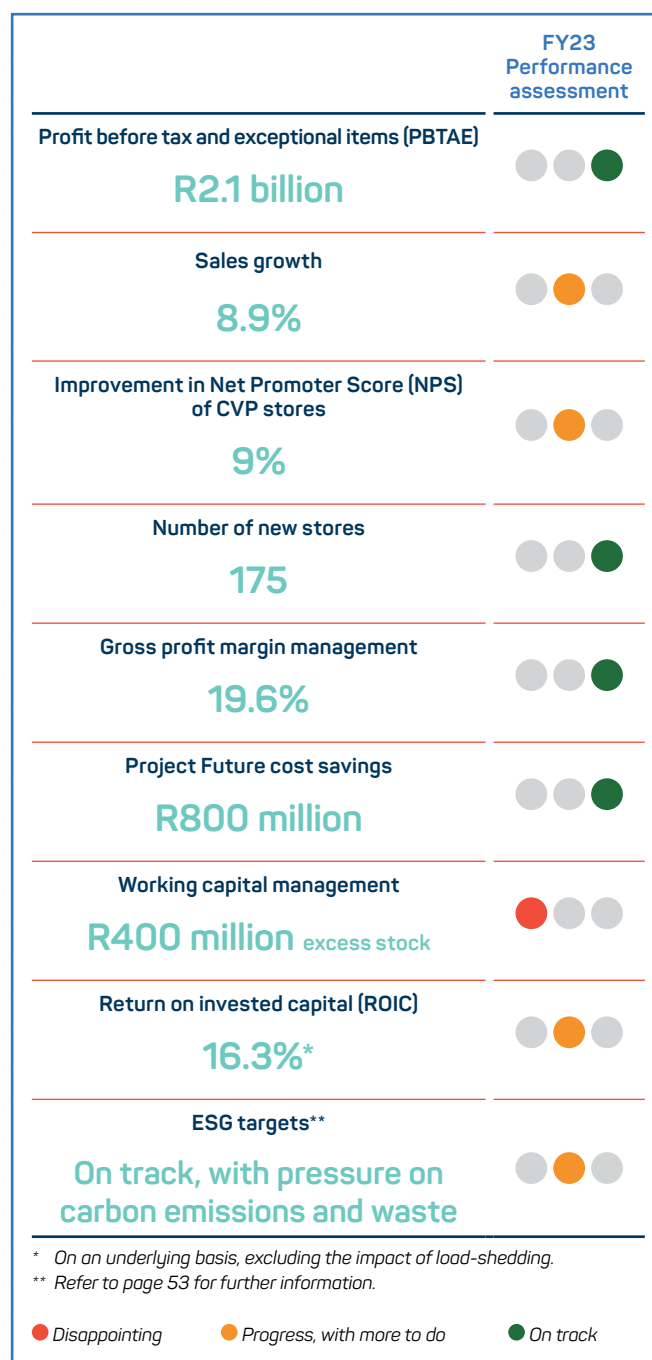
## Ekuseni – a year of progress and learning

In May 2022, the Group published FY26 Ekuseni targets across five strategic pillars. Internally, these targets are further broken down into shorter-dated annual targets, which provide the Group and the Committee with a scorecard against which to incentivise and measure management performance. The Group had planned and guided externally for an investment year in FY23, with implementation costs necessary to kick-off the Ekuseni strategy expected to curtail earnings growth in the short-term.

The Group delivered pro forma profit before tax (PBT) of R1.7 billion in FY23. On an underlying basis, excluding the exceptional net incremental costs of load-shedding of R430 million, Group profit before tax and exceptional items (PBTAE) of R2.1 billion increased an estimated 7% on the prior year, ahead of the year-one Ekuseni PBT target of R2.0 billion (in line with FY22).

The underlying earnings performance demonstrates solid progress against the Ekuseni strategy, with strong performances from the Boxer, Clothing and Online growth engines, tight gross profit margin management and discipline over controllable costs. However, there were also important strategic learnings over the course of the year, which had a negative impact on operations. Most notable were the number and scale of customer value proposition (CVP) conversions undertaken across the Pick n Pay supermarket estate, which caused trade disruption and restricted Pick n Pay sales growth, particularly in the second half of the year. The CVP conversions also resulted in higher stock-holdings and higher fresh waste (unrelated to load-shedding) as the management team fine-tuned the CVP in Pick n Pay and QualiSave supermarkets and adjusted its forecast and replenishment to meet changing customer needs.

Capital investments directed at Boxer, QualiSave, Clothing and Online have generated the targeted levels of return, while investment returns from the Pick n Pay banner have lagged, requiring further refinement of the operating model.



## Fair recognition and reward

The Committee used careful and considered judgement in the application of remuneration policy to ensure fair and responsible reward. With the Group's underlying FY23 PBTA target met (excluding the net cost of load-shedding), the Committee was able to award a short-term incentive (STI) bonus in FY23, subject to the application of the Group's formal STI methodology.

The Group's STI methodology ensures high-performance divisions are recognised commensurately, and individual performance is rewarded in line with the outcome of a robust performance appraisal process. The Committee is confident that it has achieved fair and reasonable award. Please refer to page 50 for further information.

Division	Average STI awarded at:		
	Threshold	Target	Stretch
Pick n Pay Supermarkets	✘		
Pick n Pay Clothing		✓	
Pick n Pay Online		✓	
Boxer			✓
Rest of Africa	✓		

STI awards are subject to the attainment of individual performance targets. Higher performing individuals have been awarded bonuses higher than the average award. The Pick n Pay Supermarket division did not meet its threshold PBTA target required for an STI award. Certain key high-performing personnel were awarded an ex gratia payment for retention purposes.

**The Committee considers the impact of unforeseen events on management's ability to achieve its targets. It is never the Committee's intention 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 Committee remained balanced in its assessment of underlying performance, careful to note both positive drivers and negative detractors, and is confident that it has achieved a fair and reasonable outcome under trying conditions.**

## Labour productivity and efficiency

**The Group began the implementation of four important, efficiency-led people initiatives this year:**

**Multi-skilling labour agreement** – Pick n Pay secured a multi-skilling agreement with its main labour partner during the year, which allows Pick n Pay, for the first time, to schedule employees for more than one task within a single shift. This is a significant step forward in advancing skills development, productivity and improved customer service. Pick n Pay began to implement multi-skilling in the second half of the year, with the early benefits expected to come through from FY24. All other trading divisions have multi-skilling in place.

**Pick n Pay voluntary severance programme** – Pick n Pay undertook a company-wide voluntary severance programme in March 2023. The programme was aimed at delivering targeted benchmarks in support office and store-level efficiency through a streamlined labour force enabled by improved ways of working. Participation by employees was entirely voluntary, and the business had the right to refuse applications in order to protect key skills and talent. This has been concluded successfully in line with Project Future targets.

**Restructure of junior management roles** – Pick n Pay commenced with the modernisation of its junior store management structures in March 2023 to best support changing customer and operational needs. Pick n Pay anticipates that some roles are likely to be lost through a Section 189 retrenchment process. However, the business is also creating a broadly equivalent number of new roles at a more junior level. This process is underway with good progress to date.

**Consolidation of support office infrastructure and services** – Pick n Pay announced plans to consolidate its Cape Town and Johannesburg support offices by December 2023. This is another important step in streamlining support functions, removing the duplication of roles and services, and creating an office of the future in Cape Town.

The programmes all target improved efficiency and levels of service, but all inevitably create short-term uncertainty and vulnerability for employees that are directly or indirectly impacted. The Board and the Committee support each of the programmes detailed above and all other measures undertaken to improve the long-term cost-effectiveness of the Group under Ekuseni.

The Committee has ensured that the implementation of each programme has been undertaken in line with the values of the Group, including clear communication and respectful engagement and consultation with employees and labour partners. It is never easy to say goodbye to valued colleagues. However, these important initiatives will ultimately allow for longer-term job creation in areas of growth and innovation. The Committee will closely monitor management's efforts to maintain the cost savings and productivity gains and not allow costs to creep back into the business.

## Employee capacity and morale

Ekuseni is driving substantive change. The Committee has remained mindful of the ambitious targets of the strategy and the implications for the capacity of management teams across the business.

This is particularly true for our Boxer team. With plans to double the size of the business by FY26, Boxer opened 60 new stores this year, more than double that of last year, and added 3 100 new jobs. Adequate training, skills development and succession planning will be key determinants in the successful delivery of the Boxer Ekuseni strategy. Strengthened measures are in place, all of which are being closely monitored by the Committee alongside regular reviews of employee morale and retention.

Similarly, Pick n Pay converted 131 stores this year to its new Pick n Pay or QualiSave CVP, an immense achievement under challenging conditions. The conversions required an important step change in training and skills development at store level, while navigating the implications of the efficiency programmes detailed above.

**The successful delivery of Ekuseni will be predicated on the collective and individual achievements of people across the Group, and as such, the Committee is regularly reviewing the results of employee surveys and other indicators of employee morale, motivation and retention.**



## Application of Remuneration Committee discretion

A number of mechanisms are available to the Committee to ensure pay outcomes appropriately reflect individual and business performance and the wider economic and societal climate. This includes the ability to apply malus, claw-back and responsible discretion to override formulaic outcomes under the short-term and long-term incentive schemes. Throughout the year, the Committee carefully considered pay arrangements and where it may, or indeed may not, be appropriate to apply discretion. After meaningful deliberation, the Committee concluded it was appropriate to apply discretion in the following three areas:

### CEO and CFO short-term incentive bonus

The Committee moderated the STI awarded to the CEO and CFO from the target achieved to the mid-way point between threshold and target. The Committee recognised that the Group met its underlying performance targets, excluding the impact of load-shedding, driven by strong performances from the Group’s growth engines, but believes that some moderation was appropriate to reflect elements of under-performance in the Pick n Pay division (sales growth, waste, stockholdings). Please refer to page 60 for further information.

### The vesting of the long-term 2020 RSP share award (RSP 1) at 50%

The Committee recognised that the original headline earnings per share (HEPS) performance conditions set for the 2020 restricted share plan (RSP) awards (three-year compound annual growth rate of 6% at maximum) could not reasonably be attained due to the severe trade disruption over the past three years (FY21: Covid-19; FY22: Civil unrest; FY23 load-shedding). The RSP LTI is designed to achieve long-term retention, with reasonably attainable targets resulting in a 40% vesting. The Committee elected to vest 50% of the awards in June 2023 to achieve the retention objective of the scheme, alongside recognition of the commitment of management under extraordinary circumstances. Please refer to page 61 for further information.

### Amendment of in-flight RSP threshold performance targets

The rules of the Group’s Restricted Share Plan allow for the Committee to reasonably substitute or vary the performance conditions attached to share incentive awards should events occur during the performance period that result in the original targets no longer being effective or appropriate.

The Committee believes that the deterioration in the Group’s trading conditions as a direct result of load-shedding has put the key retention objective of the RSP scheme at substantial risk. As such, and after consultation with independent remuneration specialists, the Committee has elected to amend the RSP threshold targets required for a 40% vesting, from a Group HEPS target to an individual target linked directly to each participant’s achievement of personal key performance indicators (KPIs).

Performance target	Vesting	Previous	Amended
		Performance measure	Performance measure
Threshold	40%	3-year HEPS growth: CPI	Individual KPIs
Target	70%	3-year HEPS growth: CPI + 1%	3-year HEPS growth: CPI + 1%
Stretch	100%	3-year HEPS growth: CPI + 2%	3-year HEPS growth: CPI + 2%

The discretion utilised will be key to achieving retention in a highly competitive and volatile trading environment. Please refer to page 56 for further information.

### Retirement gratuity to retiring executive director

The Committee awarded Jonathan Ackerman a retirement gratuity of R1.5 million on his retirement from the Group on 31 March 2023. Please refer to page 62 for further information.

The Committee remained mindful of the concern expressed by shareholders around the level of discretion it has used in the past. The Committee trusts that shareholders will agree that it has struck a fair and equitable balance in delivering on the retention objectives of its remuneration policy.

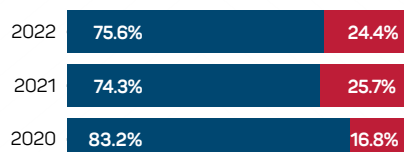
## Considering our shareholders’ views on remuneration

I was supported by the Board chair in a number of engagements with our large institutional shareholders ahead of the 2022 annual general meeting (AGM). The shareholder meetings were highly constructive and resulted in strong shareholder representation at the AGM (90% of ordinary shares voted) and improved voting outcomes for our remuneration-related resolutions.

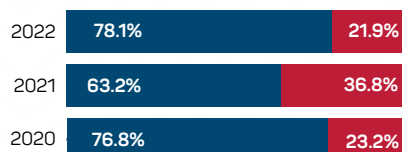
I encourage all our shareholders to continue to engage with myself and the Board on remuneration and other strategic matters, so that shareholder concerns continue to be reflected in the decisions taken.

### AGM voting outcomes

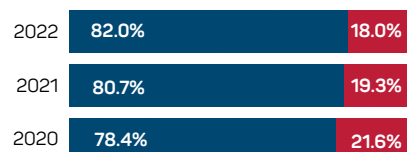
#### Endorsement of Remuneration Policy Report



#### Endorsement of Remuneration Implementation Report

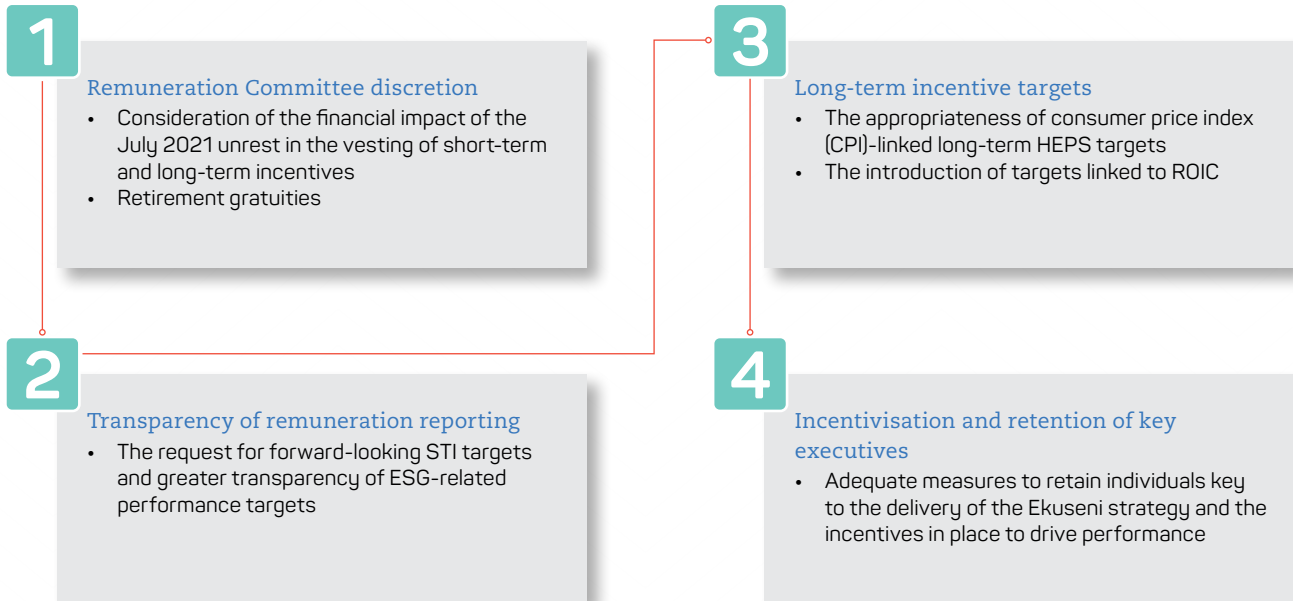


#### Directors’ Fees



■ For ■ Against

Shareholder engagement largely centred around the following key issues:



How the Committee considered shareholders’ feedback on remuneration matters

1. Remuneration Committee discretion

**Discretion utilised by the Remuneration Committee**

Shareholders noted the discretion utilised by the Committee in the award of the FY22 STI and the vesting of the 2019 forfeitable share plan awards, with performance measures adjusted to exclude a portion of the negative financial impact of the July 2021 riots. Shareholders considered the discretion utilised and the outcome thereof justifiable under the circumstances. Shareholders sought confirmation that the discretion had been extended fairly across all levels of the Group, and particularly reached those individuals who had played a pivotal role in restoring critical supply chain and store operations.

**Remuneration Committee response:**

The Committee confirmed that STIs were awarded to all eligible employees, with higher multiples paid to those employees who had worked tirelessly to rebuild and reopen damaged infrastructure.

**Ad hoc retirement gratuity awarded to retiring executive director**

Shareholders expressed concern at the practice of awarding gratuity payments to executive directors on retirement. Suzanne Ackerman was awarded a retirement gratuity of R3.0 million in FY22 in recognition of her extended and valuable tenure with the Group, and in particular her successful contribution to driving transformation across all levels of management.

**Remuneration Committee response:**

The Committee retains the discretion to make such awards when it believes it is right and fair to acknowledge a highly valuable contribution over many years. In these instances, the Committee carefully deliberates the value of the award, which is limited to a maximum of 12 months’ cash salary. Executive directors are not party to any Committee discussion in respect of retirement gratuities. Please refer to page 62 for detail on the retirement gratuity awarded to Jonathan Ackerman on his retirement this year.

**CFO bonus at 70% of maximum (stretch)**

Shareholders requested further clarity on the decision to award the CFO an FY22 STI at 70% of her maximum stretch multiple, compared with the average 50% award provided to other executive directors and the management team.

**Remuneration Committee response:**

The Committee confirmed that while the average award was at 50% of stretch, individual awards were allocated to participants based on the attainment of personal key performance indicators (KPIs). CFO Lerena Olivier was awarded 70% of her maximum bonus in recognition of her careful management of the Group’s liquidity over the period of the disruption, and her leadership in managing the Group’s insurance claims and the reinstatement of its insurance covers. Lerena Olivier was recused from all committee discussion in respect of her bonus award.

2. Transparency of remuneration reporting

**Non-disclosure of forward-looking STI targets and greater transparency of ESG targets**

Shareholders requested disclosure of the forward-looking short-term performance targets which had been agreed for the FY23 short-term annual bonus scheme. Shareholders also requested greater transparency around ESG 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 and increased volatility of the market (which necessitates more regular Committee meetings), the Group will continue to disclose profit targets on a prospective basis in Section 3 of this report, in line with market practice. The Group continues to improve and expand its ESG-related disclosures. Please refer to page 60 for further information.

## 3. Long-term incentive targets

### CPI-linked targets

Shareholders supported the introduction of CPI-linked earnings targets into the executive RSP. However, certain shareholders had expressed concern that the RSP 2021 (RSP 2) performance targets were not stretching enough in the context of the Group's Ekuseni strategy and requested a review of the published CPI-linked targets to ascertain whether it would be appropriate to revise these targets upwards.

#### Remuneration Committee response:

The Committee recognised the merit in shareholder concerns and reviewed the CPI-linked targets in detail at its October 2022 and December 2022 meetings. However, the economic environment deteriorated substantially over the second half of the year, with escalating levels of load-shedding having a material impact on the financial performance of the Group and on its prospects of achieving the original performance hurdles set (which had not anticipated further disruption of power supply). As such, the Committee engaged independent remuneration specialists to provide guidance on how best to address in-flight share awards in order to adequately meet the objective of long-term retention and incentivisation under extremely challenging circumstances. Please refer to pages 60 and 61 for further information.

### Long-term incentive targets linked to return on invested capital (ROIC)

The Group's RSP long-term share incentive scheme includes HEPS performance targets only, with a gatekeeper that return on capital employed must be maintained above weighted average cost of capital over the three-year performance period (ROCE > WACC). A number of shareholders confirmed a preference for a greater proportion of performance hurdles to measure operational returns in excess of cost of capital.

#### Remuneration Committee response:

The Committee confirmed that management (supported by the Treasury subcommittee) was in the process of developing an appropriate measure of ROIC, which would be introduced as a performance target for the CEO, CFO and other senior management, as relevant, for all long-term share incentive awards going forward. Please refer to pages 56 and 61 for further information.

## 4. Incentivisation and retention of key executives

### The incentivisation of the delivery of Ekuseni

A number of shareholders requested assurance that the executive management team would be adequately incentivised to execute and deliver on the ambitious targets of Ekuseni. Shareholder concern centred around the retention of key skills and talent in a difficult and competitive environment, with particular concern around the capacity and incentivisation of the management teams at the helm of the Group's growth engines (Boxer, Clothing and Online), with management teams across the business required to deliver substantive sales and earnings growth over the period of the Ekuseni strategy.

#### Remuneration Committee response:

The Committee, with the assistance of remuneration specialists, was in the process of 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 (including ROIC as appropriate) will be directly aligned with the objectives of the plan and will be communicated in due course. Please refer to pages 56 and 62 for further information.

## 5. Other topics

### Provision of housing loans to employees

Shareholders expressed various concerns regarding the practice of providing financial assistance to employees, including that the policy could lead to greater indebtedness for financially constrained employees and provide unnecessary gain and conflict of interest for senior executives. Some shareholders noted that they only support financial assistance to employees in the case of incentivisation or the advancement of BBBEE.

#### Remuneration Committee response:

The primary objective of the Group's housing loan policy is to assist employees with the acquisition of residential property. The loans are provided at beneficial interest rates and are capped at varying amounts based on the employee's position in the Group and the results of affordability tests. Noting shareholder concern, loans are no longer awarded to executive directors or senior management.

### The value of the non-executive Chair fee

Shareholders expressed concern at 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 57 and 62 for further information.

### The independence of the Group's long-serving directors

Shareholders noted that eight of the Group's non-executive directors had served terms of nine years or more (more than three terms), including four Remuneration Committee members, and the independence of these directors would come under increased scrutiny over coming years.

#### Remuneration Committee response:

The Board recognised that long tenure does create concern 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 long-standing directors, and the fresh insights from more recent appointees. The Board has appointed four new independent directors over the past three years, which has invigorated the Board, including the appointment of James Formby in October 2022. Hugh Herman retired in July 2022 and Jeff van Rooyen will retire at the AGM in 2023. The Committee will look to refresh its composition in the coming 12 months.

## The process we will follow for the 2023 AGM

The Remuneration Committee values open and constructive engagement with shareholders. We encourage shareholders to engage with the Committee on all material remuneration concerns to ensure that they are informed when voting on the Group's remuneration policy and the application thereof. Please direct all comments and queries to our Company Secretary via email at [CompanySecretary@pnp.co.za](mailto:CompanySecretary@pnp.co.za)

The remuneration policy (pages 49 to 57) and implementation report (pages 58 to 67) will be presented separately to our shareholders for non-binding votes at the AGM on 19 July 2023. Should either the remuneration policy or the implementation report receive 25% or more dissenting votes, the Group will take the steps detailed below.

1

Issue a SENS announcement on the AGM's voting results.

2

Invite dissenting shareholders to engage formally with the Remuneration Committee.

3

Schedule collective and/or individual shareholder engagements as appropriate to determine the reasons for the dissenting votes and take reasonable steps to resolve legitimate shareholder concerns.

4

Provide participating shareholders with a formal response, noting concerns raised and providing detailed responses where changes will be made to address concerns.

## Unpacking the Committee's FY23 priorities and key decisions

The table below provides detail on how we actioned the FY23 priorities we committed to in last year's remuneration report.

### The FY23 focus areas

Review the 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 Ekuseni objectives.

Develop a specific Ekuseni long-term incentive (LTI) award, targeting senior executives key to its delivery.

Continue to differentiate reward in terms of individual performance and address under-performance through the Group's formal performance appraisal process.

Continue the focus on developing and retaining key successors, as emphasised by the cash retention scheme (CRI) scheme aimed at retaining and developing lower and middle-management employees.

Diversity and skills development among senior leadership, with a focus on gender and race.

Continue to ensure fair and equitable remuneration practices across the Group – including improving income disparity at lower levels of management and providing a fair wage for employees.

### The Committee's reflection on progress and key decisions

The Committee increased the number of its formal meetings this year to four in order to support Board, management and reporting requirements.

The Committee engaged with independent remuneration specialists to advise on the effectiveness of STI and LTI policy, with a focus on the adequate retention of key skills and talent in a challenged environment. Read more on pages 54 and 60.

The development of a stand-alone Ekuseni long-term share incentive scheme is underway. Read more on page 62.

The Committee is satisfied that the Group's formal performance appraisal process has ensured fair reward that reflects the individual attainment of personal KPIs. Areas of under-performance are identified and formally addressed through this process.

The participation in the CRI and RSP LTI schemes was expanded to include rising stars identified at lower levels of management through the formal appraisal process. These individuals will receive tailored training and development, with ongoing focus on transformation. Read more on page 61.

Pick n Pay has implemented a new bonus scheme for store managers in FY24, which incentivises store managers against a simplified scorecard of seven key KPIs to target improvements in store efficiency and customer service. Read more on page 54.

The Committee noted excellent transformation at middle and lower levels of management. However, it remains concerned with the slow pace of transformation at the most senior levels of the Group and has requested more regular feedback on progress against the Group's transformation goals to drive momentum in this area.

The Committee reviews the results of market benchmarking on an annual basis, and utilises statistical analysis to ensure race and gender pay parity. Read more on pages 50 and 51.

The Group is transitioned to a "cost-to-company" remuneration model that will provide even greater clarity on pay parity across the Group. Refer to page 58.

Higher increases were provided to lower levels of employees.

The amendments to the threshold LTI performance targets, while implemented to drive retention objectives, also serve to differentiate rewards on the basis of individual performance.

In addition to the material deliberations detailed on the previous page, the Committee also addressed:

- The implementation of Pick n Pay employee efficiency programmes under Ekuseni to ensure it is conducted in a manner aligned with the values of the business.
- The capacity of the Boxer management team to meet the growth ambitions of Ekuseni and the steps taken to bolster skills development and succession planning in this business.
- Employee morale at Pick n Pay and Boxer as measured by the employee Net Promoter Score (eNPS) and the steps taken to address issues raised, particularly within a changing Pick n Pay environment.
- Reviewed and approved salary increases for executive and senior management and ensured fair and responsible increases for employees at lower income levels. Refer to page 50.
- Reviewed the remuneration framework for, and fees paid to, non-executive directors. Refer to page 62.

## The role of independent external advisors

The 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.

The Group utilised the services of Remchannel and DG Capital during the year for various aspects of remuneration benchmarking, and utilised PwC for assistance in the development of more efficient management structures in our support office, as part of our Project Future efficiency programme. The Group appointed independent advisors 21st Century and De kern van de zaak to guide on the effectiveness of its long-term incentive schemes, and to assist with the development of a stand-alone LTI to incentivise the goals of Ekuseni. Please refer to page 53 for further information.

The Committee is satisfied that these remuneration specialists all provided objective and independent advice and services to the Group.

The Committee's role has been pivotal in striking the right balance between attracting, motivating and retaining employees in a challenging market and aligning remuneration outcomes with operational performance and shareholder interests. It is not an easy balance to get right, and I hope that shareholders are able to see how we have applied careful judgement in the application of our remuneration policies in order to achieve fair and reasonable outcomes.

I trust that our commitment to listen carefully to our shareholders, and amend our policies and actions where necessary, was evident in the constructive engagements we held with shareholders and with our improved disclosures this year. The 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.

**Audrey Mothupi**

Chair: Remuneration Committee

14 June 2023

## Our key focus areas for FY24

- The motivation and retention of key skills and talent to ensure the business retains its strong leadership team tasked with the delivery of Ekuseni, especially within the challenging macro-economic environment of South Africa
- Increasing the eNPS score in our Pick n Pay business to ensure employee morale is restored post the severance and restructuring programmes undertaken to improve the efficiency of the business
- Maintaining the winning spirit of our Boxer, Clothing and Online growth engines to ensure momentum is maintained in these key divisions
- Targeted attraction and retention of key skills and talent in digital innovation to ensure the Group continues to advance its systems infrastructure and capability
- Enhancements (where necessary) to the Group's short-term and long-term incentive schemes in light of the volatile macro-economic environment, including the finalisation of a stand-alone Ekuseni LTI
- Embedding relevant ESG performance targets at all levels of management
- Race and gender transformation at the most senior levels of the Group

# UNDERSTANDING THE GROUP'S REMUNERATION POLICY

## Guide for stakeholders

This section provides information on the Group's remuneration policies and practices, including:

- Key principles underlying the remuneration policy framework
- Remuneration structures, including detail on guaranteed and variable remuneration
- Service contracts, termination benefits and 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 19 July 2023. Refer to advisory vote 1 in the notice of AGM.

The Group strives 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 employees with fair, responsible and balanced reward that recognises the attainment of short-term goals while incentivising long-term, sustainable value creation.

## Overview of remuneration policy

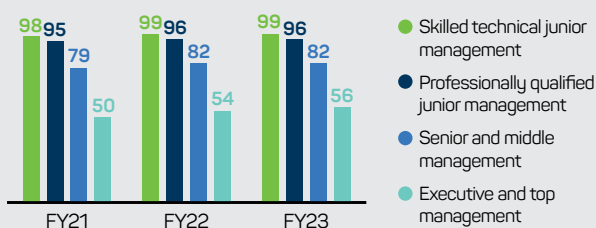
The interests of our team are aligned with those of our stakeholders through governance practices based on four key principles.

1

### Promoting diversity and building talent

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

#### Employment equity participation (%)



2

### Efficient and productive workforce

- The Group is committed to building a high-performance culture that rewards efficiency and productivity
- The 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 of operational effectiveness ensure efficiency and cost discipline are 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

3

### Fair and responsible remuneration

- The Group is committed to furthering employees' economic empowerment and overall well-being
- The Group provides fair and responsible remuneration for all employees, in line with market benchmarks, to help them succeed and thrive in and outside of work, alongside opportunities for ongoing skills development, bursaries and study grants
- There is equal opportunity for growth and development, and employees are recognised and advanced based on merit

Please read from page 50 for further information.

4

### Responsible executive remuneration

- Executive directors and senior managers 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 interests and promote a culture of executive share ownership

## Fair and responsible remuneration

The Group as a responsible corporate citizen has committed to a framework of remuneration policies which will deliver remuneration outcomes that can be objectively viewed as fair and reasonable by all relevant stakeholders.

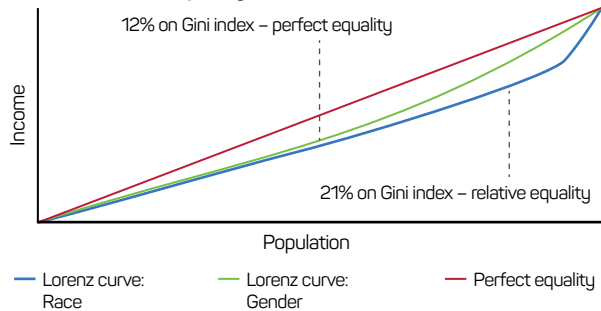
### Equal pay for equal work

The Group follows an equal pay for equal work policy and does not discriminate based on race, ethnicity or gender. Statistical analysis is performed on an ongoing basis to identify and correct any differential pay rates based on race or gender, and to ensure employees are rewarded fairly in relation to their peers, adhering to the equal pay for equal work principle.

The Committee's statistical analysis of income distribution across employee grades was extended this year. In FY22 the analysis focused on management grades (A – G), which was extended in FY23 to all full-time employees, including NMBU employees.

The Group's analysis of the income equality of full-time employees across race classifications and gender did not highlight any evidence of bias or discrimination. Relative equality has been achieved, as reflected in the graph below. The results reaffirm the Group's commitment to equal pay for equal work.

#### Relative income equality



## Fair and responsible

The Group assesses remuneration as fair and responsible in the context of the following criteria:

- Fair and responsible for the role performed (internal equity)
- Fair and responsible in terms of compliance with relevant legislation
- Fair and responsible in terms of agreements with unions
- Fair and responsible in terms of market benchmarks (external equity)
- Fair and responsible in terms of long-term sustainability

## Non-management bargaining unit (NMBU) employees

Approximately 50% of our employees (and 70% in Pick n Pay) belong to a labour union, where wages are governed by labour union agreements. Employees remunerated under contractual agreements with labour unions are paid in accordance with agreed hourly pay scales and additional benefits, without any differentiation based on race, gender or disability. Negotiations with our labour unions consider:

- Statutory minimum wage requirements in South Africa and the retail sector
- Individual job categories as defined in the SD9 regulation\*, as well as the Basic Conditions of Employment Act
- The economic environment
- Additional benefits provided for the well-being of our employees
- Affordability, 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 for the Group or whether it is likely to reduce our overall competitiveness and our capacity to offer greater value to customers through lower prices

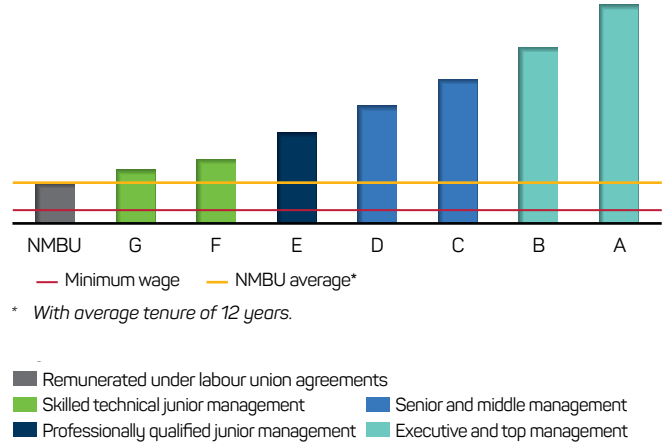
## Management employees (Grades A – G)

Guaranteed pay and variable incentives are benchmarked against the market to ensure employees are rewarded competitively.

## The income gap

The Group's statistical analysis of its income distribution across its full-time employees demonstrates large income disparity, driven by the high number of unskilled and semi-skilled workers employed across its retail store estate. This is reflective of norms in the retail industry, with higher levels of guaranteed and variable remuneration paid to skilled and senior management.

## Representation of average remuneration by employment grade



The analysis does not yet consider variable-time employees. The significant variation in hours worked across the variable-time labour force does not allow for reasonable comparability. The Group is committed to improving the transparency of its income disparity disclosures in line with the JSE's sustainability disclosure guidance and will provide further information in due course.

The Committee will continue to ensure that remuneration is benchmarked to the market at all levels, that we provide industry-leading benefits, and that the Group continues to award higher annual salary increases to lower levels of management. Refer to page 58 for historic increases.

\* Sectoral Determination 9 – applying to the employment of employees in the Wholesale and Retail Sector in South Africa.

## Benchmarking remuneration to the market

Guaranteed pay and variable benefits at each employment grade are benchmarked annually against industry norms to ensure employees are rewarded competitively in relation to the broader employment market and the retail industry specifically. Remuneration is generally positioned at the market median. Key or scarce skills and high performers are remunerated at the upper quartile of the market. Independent experts assist with remuneration benchmarking to ensure that decisions are objective and fair. Advisors include PWC, REMchannel, DG Capital and 21st Century.

### Employees below senior executive level

The Group utilises REMchannel national surveys to benchmark remuneration annually against the national and retail markets.

### 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. Comparator companies for benchmarking:

Clicks, TFG, Mr Price, Shoprite, Pepkor, Spar, Truworths, Woolworths.

## Remuneration framework

The Group has an ambition to build the most skilled and talented retail business in southern Africa. The Group's remuneration framework for management employees is designed to develop and retain a high-performance team. It provides for 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 stakeholders.

### Guaranteed remuneration

Fixed salaries and benefits across the Group are set at levels that are competitive with the rest of the market. This enables the Group to attract, motivate and retain the right calibre of diverse people to achieve our strategic business objectives.

#### Base pay

- Tailored to reflect the relative skill, experience, and individual role of each employee
- Remuneration is directly linked to formal annual performance assessments
- Annual increases reflect the projected CPI and comparable increases in the general and retail market



#### Benefits

- Healthcare benefits
- Retirement funding
- Leave
- Training
- Bursaries and study grants
- Vehicle allowances
- Long-service awards
- Other benefits at store level, including meal, transport and uniform subsidies in Pick n Pay



The Group benchmarks its guaranteed pay and benefits against several JSE-listed and unlisted comparator companies.

### Variable incentives

Variable incentives are designed to reward and incentivise performance over one- (STI) to three-year (LTI) periods. Variable benefits are closely linked to achieving Group, divisional operating units and individual performance objectives.

#### Short-term incentives (STI)

**Annual cash bonus** rewards qualifying employees based on meeting key performance targets.

**Other**, more frequent bonuses are paid to qualifying employees at store level.



#### Long-term incentives (LTI)

##### Cash retention incentive scheme

Retention and reward aimed at talented middle management.

##### Restricted share plan

Retention and reward aimed at executive and top management.

##### Ekuseni LTI

Retention and reward, aligning key executive management incentives with the targets of the Group's long-term plan. This scheme is in the process of being finalised



The basis for calculating STIs and LTIs is formulaic in nature (page 54). However, participation in variable incentive schemes is at the discretion of the Remuneration Committee. The Committee may exercise discretion to award ex gratia payments where extraordinary value was created or elect to moderate or withhold incentives where individual performance does not warrant an award.

#### Category

- Skilled technical junior management
- Professionally qualified junior management
- Senior and middle management
- Executive and top management

## Remuneration mix

Remuneration is balanced between guaranteed remuneration and variable 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 meeting 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, in order to achieve retention and drive performance in the broader context of the Group's economic and trading environments.

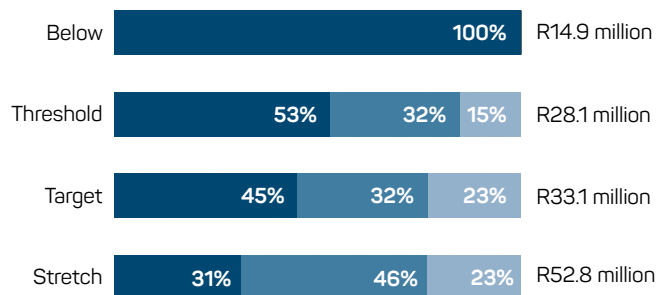
The value of STI and LTI remuneration increases as targets are met and exceeded to encourage the attainment of stretch targets. The table below illustrates the mix of guaranteed and variable remuneration payable to the Group's executive management team.

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

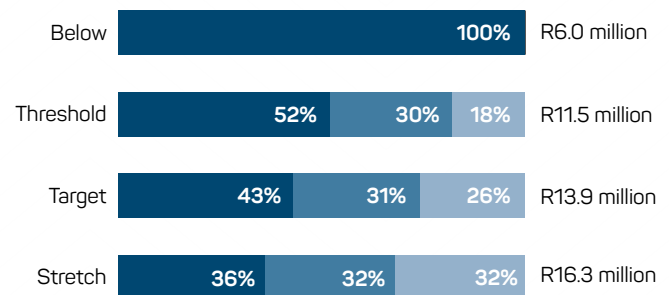
\* CEO STI at 200% at stretch.

The 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, is presented below:

### CEO



### CFO



### Top management



## Aligning variable pay with delivering the 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.

### Primary KPIs

Primary KPIs align management interests with those of shareholders:

Profit before tax and exceptional items (PBTAE)	●
Sales growth	●
Comparable HEPS, adjusted for exceptional items as appropriate	●
ROIC	● ●

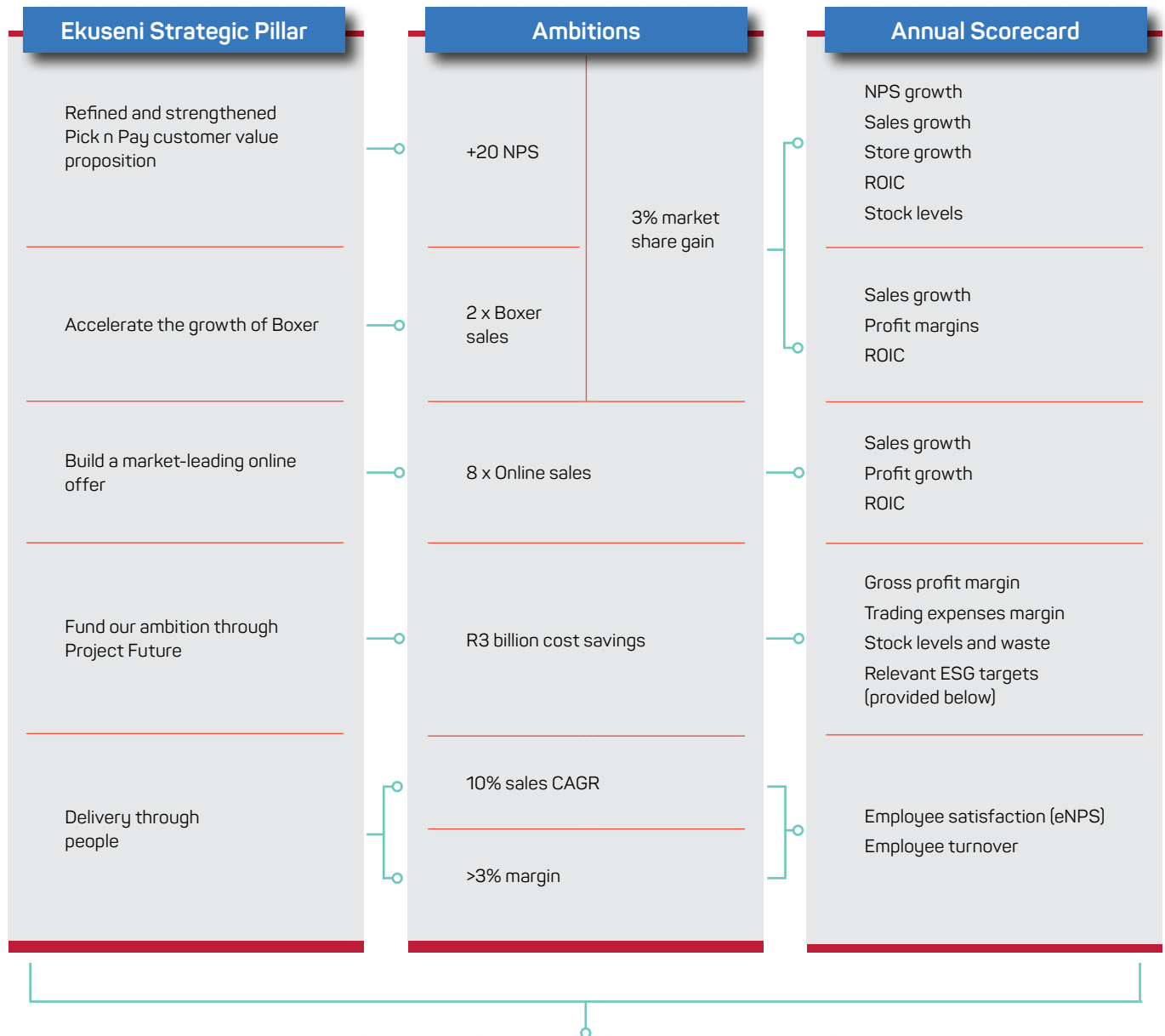
● Short-term incentive scheme – annual performance bonus ● Long-term incentive scheme – Restricted Share Plan

### Secondary KPIs

Individual KPIs drive management performance against a balanced Ekuseni scorecard of financial, operational, transformation and good business targets (refer overleaf for further information). ●

Individual KPIs have been introduced as a threshold target in the RSP. ●

The execution of the Group's Ekuseni strategy is measured against KPIs within its five key strategic focus areas. The long-term Ekuseni ambitions are aligned with the HEPS performance targets of the RSP. KPIs are utilised to incentivise and measure the performance of senior management personnel in the Group's annual performance bonus scheme (short-term incentive scheme).



**We have several Group ESG targets that are linked to our Ekuseni strategy.**

**↓50%**  
in food waste by 2030  
(against a 2019 baseline)

**Net Zero Carbon**  
(Scope 1 and 2) by 2050, -60% by 2040  
(against a 2022 baseline)

**100%**  
packaging to be recyclable/reusable  
by 2025

**100%**  
CO<sub>2</sub> refrigeration by 2040\*

**75%**  
of general waste diverted from  
landfill by 2025

**↓20%**  
reduction in water usage per store 2025  
(against a 2018 baseline)

\* CO<sub>2</sub> refrigeration is a natural and cost-effective alternative to synthetic refrigeration. Its climate impact is 1 500 to 4 000 times less than that of synthetic refrigerants.

The Group's Ekuseni strategic targets and related time-frame for delivery are currently under review as a consequence of the deteriorating macro-economic conditions in South Africa.

\* Please refer to page 60 for further information on ESG targets

## Short-term incentives

### 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 skills and talent over the longer term.

<p><b>Criteria to participate in the short-term bonus scheme</b></p>	<p>Approximately 1 000 management employees (Grades A – D) are eligible to participate. Employees must:</p> <ul style="list-style-type: none"> <li>• Be in the Group’s employ for at least four months of the financial year, with the bonus applied pro rata</li> <li>• Achieve the prescribed minimum performance level on their annual performance appraisal</li> </ul> <p>Employees cannot have resigned prior to the bonus payment date or be completing a resignation notice period.</p>
<p><b>A formulaic approach to calculating the short-term bonus</b></p>	<ul style="list-style-type: none"> <li>• The Group must first attain the threshold target set by the Remuneration Committee for 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 for the Group.</li> <li>• The PBTAE target determines the maximum of the short-term bonus pool based on a formal and transparent pay-out multiple linked to participants’ basic monthly cash salary.</li> <li>• 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%).</li> <li>• The value of the short-term bonus paid to each participant is determined through a balanced scorecard of Group performance and individual KPIs. Performance targets are determined and communicated to participants annually in advance.</li> </ul>

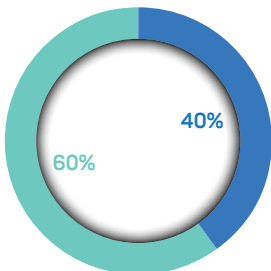
### Balanced scorecard

**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 Remuneration Committee on an annual basis.

Focus on earnings and top-line trade performance is important to ensure that the Group delivers growth in a sustainable manner.

<b>Weighting</b>	
<b>Group or divisional performance targets</b>	
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. This is agreed on with their line manager on an annual basis and monitored through the formal performance appraisal process.

The executive team is subject to a third key performance target linked directly to the Group’s ESG objectives, as appropriate.

<b>Weighting</b>	
<b>Individual performance targets</b>	
Individual KPI	40%
Individual KPI	40%
Relevant ESG KPIs	20%

**Application of STI methodology for the Group’s CEO and CFO**

Please refer to page 60 for detail on how the formal STI methodology was applied in the calculation of the CEO and CFO FY23 performance bonuses.

## Other short-term bonuses

Other, more frequent incentive bonuses are paid to qualifying employees at store level. These incentives are linked directly to short-term store performance targets, including turnover, stockholdings, shortages and waste.

Pick n Pay introduced a new short-term bonus scheme for all Pick n Pay and Pick n Pay QualiSave supermarket store managers in March 2023, which incentivises monthly performance against seven key Ekuseni store metrics:

- |   |  |
|---|--|
| <p><b>1</b> Sales growth</p>                                  | <p><b>5</b> Employee costs</p>   |
| <p><b>2</b> Online picking, fulfilment and delivery rates</p> | <p><b>6</b> Controllable expenses</p>                                      |
| <p><b>3</b> Customer satisfaction (NPS score)</p>             | <p><b>7</b> Compliance with Ekuseni operational standards of execution</p> |
| <p><b>4</b> Shortage as a % of sales</p>                      |  |

## Long-term incentives

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.

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.

### Cash retention incentive scheme

The objective of the CRI scheme is to recognise and retain 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 before the end of the vesting period, all unvested cash awards will lapse, subject to good leaver provisions (such as retrenchment, ill health or disability).

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.

### 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 constrained by an aggregate limit of 5% of PIK's issued share capital.

### Legacy share option scheme

The Group's legacy share option scheme (the 1997 employee share option scheme) was replaced by the CRI in FY22. All outstanding share options previously awarded under the scheme will vest in participants over the next five years under the original terms and conditions of the awards. No further share options are awarded under this scheme.

The future net realisable value of outstanding share options held by employees at 26 February 2023:

Year	Average grant price R	Number of options 000's
<b>Outstanding share options may be taken up during the following financial years:</b>		
2024	64.17	9 694.0
2025	64.58	1 412.6
2026	70.19	1 347.6
2027	65.35	619.1
2028 and thereafter	51.03	89.0
<b>Total</b>		<b>13 162.3</b>

The outstanding share options had a fair value of just R1.6 million at year-end as the market share price of R45.63 on 24 February 2023 was less than the grant price of the majority of the awards.

## Restricted share plan

The RSP recognises executive and top management employees who have a significant role to play in delivering the Group's strategy and its growth and sustainability.

The RSP has performance conditions attached to incentivise participating employees to deliver long-term earnings growth in line with the Group's strategic plan. An award of shares may also be used to attract talented prospective employees and progress the Group's transformation strategy.

<b>Value</b>	<ul style="list-style-type: none"> <li>The Remuneration Committee awards zero-strike RSP shares to participants. The values of in-flight awards were calculated as a percentage of each participant's basic annual cash salary:             <ul style="list-style-type: none"> <li>&gt; CEO 100%</li> <li>&gt; CFO 100%</li> <li>&gt; Top management 50% – 100%</li> </ul> </li> <li>The Group is transitioning to a cost-to-company remuneration model, and multiples will be reviewed and amended as appropriate going forward.</li> <li>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.</li> </ul>
<b>Vesting</b>	<ul style="list-style-type: none"> <li>The shares are held by a Central Securities Depository Participant on behalf of participants over the time of the vesting period (normally three years).</li> <li>Participants cannot dispose of the shares before the vesting date.</li> <li>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).</li> </ul>
<b>Performance conditions/targets</b>	<ul style="list-style-type: none"> <li>In order to drive the stated retention objectives of the RSP, threshold performance targets (40%) are now linked to the attainment of individual KPIs as measured through the Group's formal performance appraisal process. This change follows consultation with remuneration specialists.</li> <li>On-target (70%) and Stretch (100%) performance targets are linked to the Group's financial performance, with in-flight awards utilising compound annual growth in comparable HEPS linked to growth in CPI.</li> <li>Going forward, and following shareholder engagement, the On-target and Stretch performance targets will include a target for Return on Invested Capital (ROIC).</li> <li>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.</li> <li>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.</li> </ul> <p>Please refer to page 44 for further information.</p>
<b>Gatekeeper clause</b>	<ul style="list-style-type: none"> <li>To ensure that the RSP is aligned with the best interests of the Group and its shareholders, the performance conditions of all in-flight awards are subject to an overriding gatekeeper condition that ROCE must be greater than WACC over the vesting period before the RSP shares can vest. The gatekeeper clause ensures that the Group generates a real return for shareholders before rewarding its management team.</li> <li>Future awards will include a formal ROIC performance target alongside earnings targets. The change aligns with revised internal methodology following shareholder engagement.</li> </ul>
<b>Ownership rights</b>	<ul style="list-style-type: none"> <li>Participants have full voting rights over the period.</li> <li>Dividend rights are at the discretion of the Remuneration Committee, are deferred until vesting date, and are paid in direct proportion to the number of shares which vest.</li> </ul>

## 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 at the discretion of the Remuneration Committee.

## Remuneration policy on termination of employment

	Salary	Benefits	STI	LTI
<b>Voluntary resignation</b>	Paid over notice period	Paid over notice period	Lapses	Unvested awards forfeited
<b>Dismissal / termination</b>	Paid until termination	Paid until termination	Lapses	Unvested awards forfeited
<b>Early retirement from 55 years of age</b>	Paid over notice period	Paid over notice period	Paid on normal payment date Pro rata for time served	Accelerated early vesting Pro rata for time served and performance conditions achieved
<b>Normal retirement</b>	Paid until retirement	Paid until retirement	Paid on normal payment date Pro rata for time served	Accelerated early vesting Pro rata for time served and performance conditions achieved
<b>Retrenchment (voluntary or involuntary)</b>	Paid until exit	Paid until exit Severance payments apply	Paid on normal payment date Pro rata for time served	Accelerated early vesting Pro rata for time served and performance conditions achieved

## Minimum shareholding requirement (MSR)

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. The CEO will receive his first shares under the Group's restricted share plan in June 2024.

The Committee will consider extending the MSR to the CFO and other members of the senior executive team over the coming year.

## Malus and claw-back policy

In the event of a material misstatement of the financial statements of the Group or of any subsidiary company, 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 because of fraud, dishonesty or negligence.

**Trigger events for the application of either malus or claw-back are set out in the policy and include:**

- Fraud, dishonesty, or the misrepresentation of financial performance
- Errors or misstatements in financial results which result in greater remuneration outcomes
- Reputational damage

## Non-executive director fees

Non-executive directors do not have service contracts, but serve under a formal letter of appointment from the Board and are re-elected by shareholders on a rotational basis.

Fees are not linked to the performance of the Group or its share price and are paid six monthly in arrears. Non-executive directors do not receive performance-related bonuses and are not granted any share awards. Their services may be terminated without liability for compensation.

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 recommends the fees to the Board for final approval from shareholders.

The table below sets out the remuneration policies applied for FY23. These policies form the underlying basis for the directors' fees tabled for shareholder approval – refer to page 62 for the detailed fees.

<b>Chair</b>	The Chair's fee reflects the active role he plays in the Group's corporate governance and in formulating overarching strategies. He does not play a day-to-day role in the executive management and administration of the business, but makes himself available to the executive team in an advisory capacity.
<b>Lead independent director and other directors</b>	Directors' fees are market-related, based on relevant benchmarks, and commensurate with the time required for directors to fulfil their duties. Annual fees are not subject to attendance at meetings, as meetings are well attended.
<b>Committee membership</b>	The fees reflect the additional responsibilities taken through the chairpersonship and membership of Board committees.
<b>Consultancy fees</b>	The fees related to additional consultancy services to the Board and its committees are determined and approved by the Remuneration Committee on an ad hoc basis, considering the nature and scope of the services rendered.
<b>Expenses</b>	The Group settles all travel and accommodation expenses related to the work of the Board.

**Non-executive director fees have been benchmarked against large JSE listed companies, including:**

ABSA	Multichoice
Bidvest	Shoprite
Clicks	Spar
Dischem	TFG
Discovery	Tiger Brands
TFG	Truworths
Growthpoint	Vodacom
Mr Price	Woolworths

# THE REMUNERATION IMPLEMENTATION REPORT FOR FY23

## Guide for stakeholders

This section details how the Remuneration Committee implemented the remuneration policy over FY23, based on Group and individual performance. It includes information on:

- Guaranteed pay, including for the CEO and CFO
- The awards aligned with the STI and LTIs
- The progress made on the Ekuseni LTI
- Non-executive director fees

The report on the implementation of the remuneration policy will be voted on by shareholders at the AGM on 19 July 2023. Refer to advisory vote 2 in the notice of AGM.

The implementation report details the key decisions taken by the Committee this year, including the steps taken to provide fair and balanced remuneration in a year severely disrupted by elevated levels of load-shedding.

The Committee has complied with the Group's remuneration framework and policy, and all policies applied are consistent with the prior year. Pick n Pay moved to a cost-to-company remuneration model in March 2023. This provides employees with greater flexibility in tailoring their guaranteed package, and provides greater clarity on pay parity across the organisation.

Tables are provided at the close of this section for a summary of the remuneration paid to executive and non-executive directors.

## Executive directors and senior management

### Executive directors' total guaranteed pay

The Committee evaluated the overall value and composition of TGP in respect of the executive directors and all other 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.

	CEO Pieter Boone		CFO Lerena Olivier		Executive director Jonathan Ackerman	
	FY23 R'000	FY22 R'000	FY23 R'000	FY22 R'000	FY23 R'000	FY22 R'000
Base salary	10 707.0	10 707.0	5 160.0	5 070.0	1 217.1	1 512.0
Retirement and medical	968.5	953.6	488.1	478.5	271.2	268.9
Other benefits	3 200.0	3 266.0	340.4	336.4	324.5	322.6
<b>Total guaranteed pay</b>	<b>14 875.5</b>	<b>14 926.6</b>	<b>5 988.5</b>	<b>5 884.9</b>	<b>1 812.8</b>	<b>2 103.5</b>

The CFO did not receive an increase in FY23 and the 1.8% year-on-year increase reflects the timing of her FY22 increase. The decrease in the TGP provided to executive director Jonathan Ackerman reflects a reduction in his role ahead of his retirement on 31 March 2023. Jonathan served as a non-executive director from that date.

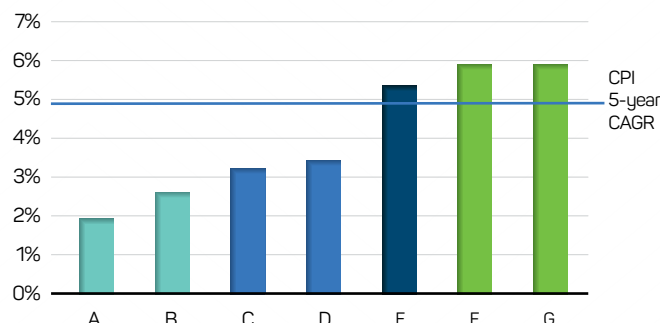
### Annual salary increases

The following factors are considered in determining a fair, equitable and competitive salary increase:

- Group and divisional performance and affordability
- Macro-economic environment
- Market benchmarking

The Group continues to provide junior, entry-level and non-management employees with higher salary increases relative to more senior colleagues. This recognises the impact the tough economic climate has on employees and provides a mechanism to narrow the income gap across management levels.

### Salary increases over five years – 5-year CAGR



- Key:**
- Executive and top management
  - Senior and middle management
  - Professionally qualified junior management
  - Skilled technical junior management

The CEO and CFO, as leaders of the Ekuseni strategy, and in support of the cost-saving initiatives, chose to forego any salary increase in FY23 and FY24.

Category	FY24 annual salary % increase	FY23 annual salary % increase	FY22 annual salary % increase
CEO	–	–	n/a
CFO	–	–	21.9%*
Top management	3.5%	2.3%	4.0%
Senior and middle management	3.5%	4.5%	4.5%
Junior management	4.5%	5.4%	5.5%
Entry level and non-management	4.5%	5.4%	5.5%

\* Increased to align CFO salary with market benchmarks.

The average increase for NMBU employees in FY23, as governed by labour union agreements, was between 6.4% and 7.3% (FY22: 5% – 10%).

## Short-term incentive

The Committee determines annual financial performance targets in advance of the Group's short-term incentive bonus scheme for the coming financial year.

### FY23 performance against STI targets

	FY22 Prior year performance	FY23 Target	FY23 Actual performance	Target met
Sales growth	5.2%	9.0%	8.9%	✓
Profit before tax (PBT)*	R1 978 million	R2 000 million	R1 678 million	Refer below
PBTAE*	R1 978 million	R2 000 million	R2 108 million	✓
PBTAE margin*	2.0%	2.0%	2.0%	✓

\* Adjusted for pro forma insurance recoveries and hyperinflation in Zimbabwe, refer to page 17.

The Group implemented its Ekuseni strategy in FY23 and had anticipated that implementation costs would restrict earnings growth in the first year of the strategy. As such, performance targets anticipated flat earnings (PBTAE) and margin growth in FY23.

The Group delivered PBT of R1.7 billion in FY23 (-15.1%). After careful consideration, the Committee concluded that as performance targets had not anticipated the severe escalation in load-shedding in FY23 and as these costs could not be mitigated by management in the short-term, they would be considered exceptional in nature and would be excluded from PBTAE (refer to the CFO report on page 68 of the Integrated Annual Report). On an underlying basis, excluding the exceptional net incremental costs of load-shedding of R430 million, Group PBTAE of R2.1 billion increased an estimated 7% on the prior year, ahead of the year-one Ekuseni target of R2.0 billion. The underlying earnings performance demonstrates solid progress against the Ekuseni strategy under challenging conditions.

The Committee was able to award an FY23 short-term performance bonus to qualifying employees in most divisions as the primary PBTAE target had been met. The formal methodology STI was applied, with 60% of the bonus driven by Group or divisional performance as appropriate and 40% of the bonus dependent on the attainment of personal KPIs as determined by the Group's formal performance appraisal process. The Pick n Pay Supermarket division did not achieve a performance bonus. An ex gratia retention bonus was awarded to key members of management accountable for the delivery of Ekuseni.

The STI bonus payable to the CEO and CFO was determined as follows:

## CEO – Pieter Boone

	Weighting	KPI at target	KPI achieved	Achieved	Bonus achieved
<b>Primary targets</b>	60%				6 424 200
PBTAE	60%	R2.0bn	R2.1bn	●	3 854 520
Sales growth	40%	9.0%	8.9%	●	2 569 680
<b>Secondary targets</b>	40%				3 939 770
NPS <sup>1</sup>	40%	10%	9%	●	1 370 000
New stores	40%	170	175	●	1 713 120
ESG targets	20%	Various	On track	●	856 650
<b>Bonus achieved based on formula applied</b>				●	10 363 970
<b>Bonus paid</b>					9 814 800

## CFO – Lerena Olivier

	Weighting	KPI at target	KPI achieved	Achieved	Bonus achieved
<b>Primary targets</b>	60%				2 580 000
PBTAE	60%	R2.0bn	R2.1bn	●	1 548 000
Sales growth	40%	9.0%	8.9%	●	1 032 000
<b>Secondary targets</b>	40%				1 720 000
ROIC	40%	18%	16.3%	●	550 000
Project Future savings	40%	R750m	R800m	●	826 000
ESG targets	20%	Various	On track	●	344 000
<b>Bonus achieved based on formula applied</b>				●	4 300 000
<b>Bonus paid</b>					3 870 000

The pressure on the Group's net zero carbon and food waste targets are as a result of the load-shedding experienced, with diesel generators adding to carbon emissions and disruptions in the cold chain resulting in greater product spoilage.

Key:

● Threshold ● Target ● Stretch

<sup>1</sup> Improved net promoter score in CVP supermarkets

The STI paid to the CEO and CFO reflects the mid-way point between the threshold target and the target achieved. The discretion applied in moderating the STI awards downward reflects some challenges in the Pick n Pay supermarket business, including in sales growth, waste and stock holdings.

	Long-term target <sup>1</sup>	FY23	Status
Net zero carbon (Scope 1 and 2)	-60% by 2040	+14% <sup>3</sup>	●
Natural refrigeration	100% by 2040	10%	●
Reduction in water usage	-20% by 2025	-12%	●
Reduction in food waste	-50% by 2030	-28%	●
Recyclable packaging	100% by 2025	92%	●
Waste diverted from landfill	75% by 2025	62%	●
Employee equity <sup>2</sup>	Various	Various	●

<sup>1</sup> Against relevant baselines.  
<sup>2</sup> Targets differ by employee grade.  
<sup>3</sup> Carbon emissions increased by 14% against the 2022 baseline largely due to increased diesel consumption as a result of load-shedding.

Key:  
 ● On track ● Pressure on short-term targets

## Long-term incentives

The Committee engaged independent remuneration specialists, 21st Century, to review its long-term incentive schemes in line with market best practice.

The advisors confirmed that the LTI framework and principles applied remained sound and balanced in the interests of all stakeholders. However, advisors noted the significant retention risk in a volatile macro-economic environment, where forecasting is difficult and performance targets are impacted by economic shocks. The careful use of judgement and discretion is critical under these circumstances and cannot be avoided.

## Cash retention incentive scheme

The Committee introduced a cash retention scheme in November 2020 aimed at the retention of key members of middle management. The Committee approved the 2022 award (FY23) under the scheme as follows:

	2022 Award	2021 Award	2020 Award
Vesting date	June 2025	June 2024	June 2023
Retention period	36 months	36 months	36 months
Number of participants	260*	194	181
ACI participation	64%	58%	56%
Female participation	45%	40%	35%

\* The increase in the number of participants reflects the inclusion of rising stars in lower levels of management, with a focus on developing talented ACI and female managers.

## Restricted share plan 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	
RSP 2020 (RSP 1)	3.1	116	FY20	2%	4%	6%	June 2023

The original HEPS performance targets set for the scheme could not anticipate the level of trade disruption which would unfold over its three-year term, which included trade disruptions related to the Covid-19 pandemic, the July 2021 civil unrest and the material increase in load-shedding in South Africa in the second half of FY23.

The HEPS performance condition is defined as comparable HEPS over three years, adjusted for exceptional items as appropriate. Please refer to page 44 for further information. The Committee considered all the material items listed above as exceptional and outside the control of the management team. While the cost of load-shedding will be mitigated through the Group's energy resilience plan, any benefits therefrom will only flow in FY24.

It was management's assessment that the scheme would have vested close to 100% had it not been for the combined financial impact of the disruption. The Committee concluded that any assessment of earnings performance excluding the disruption was highly complex and subjective and, as shareholders had borne the impact to some degree, a vesting at 50% was considered fair and reasonable. As such, 1.5 million shares will be delivered to participants on 26 June 2023 (with the balance forfeited), alongside the payment of 50% of dividends accrued over the term of the scheme. The Committee is confident that this outcome meets the important retention objective of the scheme (40%), with the additional 10% in recognition of dedicated service under exceptional conditions.

	RSP 2022 RSP 3	RSP 2021 RSP 2
Vesting date	June 2025	June 2024
Retention period	36 months	36 months
Number of shares	2.6 million	3.2 million
<b>Three-year comparable HEPS growth targets:</b>		
Threshold – 40% vesting	Personal KPIs	Personal KPIs
Target – 70 % vesting	CPI plus 1%	CPI plus 1%
Stretch – 100% vesting	CPI plus 2%	CPI plus 2%
<b>Number of participants:</b>		
ACI participation	46%	38%
Female participation	28%	30%
<b>Held by executive directors:</b>		
CEO – Pieter Boone	178 500	500 000 <sup>1</sup>
CFO – Lerena Olivier	87 000	87 000
Jonathan Ackerman	–	27 000

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

### Outstanding executive share awards under the RSP

The HEPS performance hurdles (Threshold, Target and Stretch) for RSP 2 and RSP 3 were linked to growth in CPI over the period of the schemes. The link to an objective economic measure was intended to alleviate the need for Committee discretion. However, the significant cost of load-shedding, alongside the concerted effort to protect customers from this cost through lower price increases, has placed pressure on these HEPS targets. As a consequence of the volatility in the market and the difficulty in forecasting the level of future load-shedding with any accuracy, the Committee has resolved to:

- Replace the HEPS threshold target with a target linked to the attainment of personal KPIs. This addresses key retention risk under the scheme, where the Group's financial performance is materially impacted by economic conditions outside of management control. Individual performance is assessed through a formal and robust performance appraisal process which has been successfully utilised for the Group's short-term incentive scheme.
- Retain the original CPI-linked HEPS performance conditions at Target and Stretch, noting that the exceptional costs of load-shedding, alongside the actions taken to mitigate those costs, will be considered in the deliberation of a fair and reasonable vesting.

The Group will issue a 2023 award in the coming months (RSP 4) that will include a Return on Invested Capital (ROIC) performance measure at the request of shareholders.

## Ekuseni LTI

The Committee, in consultation with independent remuneration specialists, is in the process of developing a long-term share incentive scheme targeted at a small number of senior executives and support staff directly accountable for the delivery of the Ekuseni strategy. The objective of the scheme is the retention of key individuals in a highly competitive and disrupted environment, alongside the incentivisation of performance, aligned with shareholder interests. The nature of the scheme and its performance targets will be aligned with the objectives of the plan and will be communicated in due course.

## Executive early retirement – Jonathan Ackerman

### Retirement gratuity

Jonathan Ackerman retired as an executive director on 31 March 2023. In a distinguished career with the Group, spanning more than 30 years, Jonathan held important leadership positions across many areas, most notably in marketing and store operations. Jonathan worked tirelessly as a champion of the customer and a torchbearer for the Group's values. The Committee extended its sincere appreciation to Jonathan and awarded him a gratuity of R1.5 million on his early retirement. Jonathan continues to serve the Group as a non-executive director.

### Delivery of outstanding long-term share incentives

Jonathan's outstanding share incentive awards will be delivered to him in June 2023 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 FY23.

## Non-executive directors' fees

### Guide for stakeholders

The Committee reviewed and recommended non-executive director remuneration to the Board, for shareholder approval at the AGM on 19 July 2023. Refer to special resolution 1 in the notice of AGM.

### Chair of the Board

In setting the Chair's proposed annual fee of R4.9 million in respect of FY24, the Remuneration Committee considered the active role the Chair plays in the Group's corporate governance and in formulating overarching strategy for the individual subsidiary companies. Gareth Ackerman is recused from all discussions in respect of his annual remuneration.

The Chair informed the Committee that he would again waive an increase in FY24, in support of the Group's cost savings initiatives.

### Lead independent director

The Committee proposed an all-inclusive Lead Independent Director (LID) fee of R1.3 million for FY24, which includes all participation at Board and committee meetings. This is a policy change from previous years, where the LID received a LID fee in addition to the Board fee and committee fees received. The change provides the Board and the Chair with flexibility in utilising the services of the LID.

### Non-executive directors (NED)

Shareholders approved the FY23 directors' fees at the July 2022 AGM, and agreed that the FY24 fees be increased by CPI for FY24 (forecast at 4.5%). Notwithstanding the shareholder approval received, the non-executive directors elected to receive an increase of around 3.5%, aligned with the increase paid to senior management.

Fees paid to members of the Audit, Risk and Compliance Committee have been increased from R156 250 to R200 000 per annum, an increase of 28% to align with market benchmarks.

## Non-executive director fees (excluding value-added tax) for the current and proposed periods

	Proposed FY24 R	Actual FY23 R	Actual FY22 R
<b>Chair of the Board</b>	4 893 300	4 893 000	4 893 000
Lead independent non-executive director (LID)	1 350 000 <sup>1</sup>	156 250	152 000
Non-executive director (NED)	486 000	470 000	457 000
<b>Audit, Risk and Compliance Committee</b>			
Chair	420 000	405 000	394 000
Member <sup>2</sup>	200 000	156 250	152 000
<b>Remuneration Committee</b>			
Chair	223 000	215 800	210 000
Member	105 300	101 800	99 000
<b>Nominations and Corporate Governance Committee<sup>3</sup></b>			
Member	100 000	97 150	94 500
<b>Social, Ethics and Transformation Committee</b>			
Chair	223 000	215 800	–
Member	105 300	101 800	99 000
<b>Corporate Finance Committee<sup>4</sup></b>			
Chair	223 000	215 800	210 000
Member	151 000	146 000	142 000

<sup>1</sup> All-inclusive fee from FY24.

<sup>2</sup> Increased to align with market benchmarks.

<sup>3</sup> 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.

<sup>4</sup> The Corporate Finance Committee is an ad hoc committee. The fees payable are determined in relation to the number of meetings held during the financial period but will not be more than the annual proposed fee. The Committee did not meet in FY23.

## Total remuneration of executive directors and prescribed officer

Executive director	Base salary R'000	Retirement and medical contributions R'000	Fringe and other benefits R'000	Total fixed remuneration R'000	Short-term performance bonus R'000	Retirement gratuity <sup>4</sup> R'000	Total remuneration R'000	Long-term share awards charges – current year <sup>5</sup> R'000
<b>FY23</b>								
Pieter Boone	10 707.0	968.5	3 200.0	14 875.5	9 814.8	–	24 690.3	5 817.8
Lerena Olivier	5 160.0	488.1	340.4	5 988.5	3 870.0	–	9 858.5	3 838.0
Jonathan Ackerman	1 217.1	271.2	324.5	1 812.8	378.0	1 512.0	3 702.8	1 098.7
Suzanne Ackerman <sup>1</sup>	252.0	23.5	28.2	303.7	–	–	303.7	61.4
<b>Total remuneration</b>	<b>17 336.1</b>	<b>1 751.3</b>	<b>3 893.1</b>	<b>22 980.5</b>	<b>14 062.8</b>	<b>1 512.0</b>	<b>38 555.3</b>	<b>10 815.9</b>
<b>FY22</b>								
Pieter Boone <sup>2</sup>	8 922.5	799.1	2 759.5	12 481.1	10 492.9	–	22 974.0	5 798.6
Lerena Olivier	5 070.0	478.5	336.4	5 884.9	3 612.0	–	9 496.9	5 577.7
Jonathan Ackerman	1 512.0	268.9	322.6	2 103.5	504.0	–	2 607.5	633.3
Suzanne Ackerman	3 024.0	281.6	291.5	3 597.1	1 008.0	3 024.0	7 629.1	2 153.4
Richard Brasher <sup>2</sup>	1 806.0	163.8	1 522.1	3 491.9	–	–	3 491.9	–
Richard van Rensburg <sup>3</sup>	420.0	36.4	28.6	485.0	–	–	485.0	–
<b>Total remuneration</b>	<b>20 754.5</b>	<b>2 028.3</b>	<b>5 260.7</b>	<b>28 043.5</b>	<b>15 616.9</b>	<b>3 024.0</b>	<b>46 684.4</b>	<b>14 163.0</b>
<b>Prescribed Officer</b>								
Pieter Boone <sup>2</sup>	1 784.5	154.5	506.5	2 445.5	–	–	2 445.5	–

<sup>1</sup> Suzanne Ackerman retired as an executive director on 31 March 2022 and was appointed as a non-executive director on that date.

<sup>2</sup> 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.

<sup>3</sup> Retired March 2021.

<sup>4</sup> Gratuities paid on retirement of executive director in recognition of exemplary service to the Group.

<sup>5</sup> 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 values 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 2020 awards, due to vest in June 2023, have not been fully met. As a result, and as directed by the Remuneration Committee, 50% of the 2020 awards have been forfeited, and the related expense recouped by the Group in the 2023 financial year. This is in line with the Remuneration Committee's decision in the prior year to forfeit 50% of the 2019 awards.

## Total remuneration of non-executive directors

Non-executive director	Directors' fees R'000	Lead independent director R'000	Audit, Risk and Compliance Committee R'000	Remuneration Committee R'000	Social, Ethics and Transformation Committee R'000	Nominations and Corporate Governance Committee R'000	Employee share trust R'000	Total remuneration R'000
<b>FY23</b>								
Gareth Ackerman	4 893.0	-	-	-	-	-	-	4 893.0
Suzanne Ackerman <sup>1</sup>	430.8	-	-	-	197.8	89.1	-	717.7
Haroon Bhorat	470.0	-	156.2	101.8	-	97.2	-	825.2
Mariam Cassim	470.0	-	156.3	-	-	-	-	626.3
James Formby <sup>2</sup>	235.0	-	78.1	-	-	-	-	313.1
David Friedland	470.0	-	156.2	-	-	97.2	-	723.4
Hugh Herman <sup>3</sup>	195.8	-	-	-	-	-	-	195.8
Aboubakar Jakoet <sup>4</sup>	470.0	-	236.3	101.8	-	-	45.5	853.6
Audrey Mothupi	470.0	-	156.2	215.8	-	97.2	45.5	984.7
David Robins	470.0	-	-	-	101.8	-	-	571.8
Annamarie van der Merwe	470.0	-	-	-	101.8	97.2	-	669.0
Jeff van Rooyen <sup>4</sup>	470.0	156.2	259.9	101.8	-	97.2	45.5	1 130.6
<b>Total remuneration</b>	<b>9 514.6</b>	<b>156.2</b>	<b>1 199.2</b>	<b>521.2</b>	<b>401.4</b>	<b>575.1</b>	<b>136.5</b>	<b>12 504.2</b>
<b>FY22</b>								
Gareth Ackerman	4 893.0	-	-	-	-	-	-	4 893.0
Haroon Bhorat	457.0	-	152.0	99.0	-	94.5	-	802.5
Mariam Cassim	457.0	-	152.0	-	-	-	-	609.0
David Friedland	457.0	-	152.0	-	-	94.5	-	703.5
Hugh Herman	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	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
<b>Total remuneration</b>	<b>9 006.0</b>	<b>152.0</b>	<b>1 002.0</b>	<b>507.0</b>	<b>297.0</b>	<b>472.5</b>	<b>132.0</b>	<b>11 568.5</b>

<sup>1</sup> Suzanne Ackerman retired as an executive director on 31 March 2022 and was appointed as a non-executive director on that date.

<sup>2</sup> James Formby was appointed as a non-executive director, effective 10 October 2022.

<sup>3</sup> Hugh Herman retired in July 2022.

<sup>4</sup> Aboubakar Jakoet replaced Jeff van Rooyen as Chair of the Audit, Risk and Compliance Committee in July 2022.



## Share awards held by executive directors

FY23	Calendar year granted	Award grant price R	Balance held at 27 February 2022	Forfeits <sup>3</sup>	Granted/ (exercised)	Exercise price R	Balance held at 26 February 2023	Available for take-up
<b>Pieter Boone</b>								
Restricted shares	2021	Nil	500 000	-	-	-	500 000	June 2024
	2022	Nil	-	-	178 500	-	178 500	June 2025
			500 000	-	178 500		678 500	
<b>Lerena Olivier</b>								
Share options	2019	58.05	80 000	-	-	-	80 000	Now
	2019	58.05	60 000	-	-	-	60 000	September 2024
	2019	58.05	60 000	-	-	-	60 000	September 2026
Forfeitable shares	2019	Nil	50 000	-	(50 000)	59.14	-	n/a
Restricted shares	2020	Nil	120 000	(60 000)	-	-	60 000	June 2023
	2021	Nil	87 000	-	-	-	87 000	June 2024
	2022	Nil	-	-	87 000	-	87 000	June 2025
			457 000	(60 000)	37 000		434 000	
<b>Jonathan Ackerman<sup>1</sup></b>								
Forfeitable shares	2019	Nil	4 000	-	(4 000)	59.14	-	n/a
Restricted shares	2020	Nil	30 000	(15 000)	-	-	15 000	June 2023
	2021	Nil	27 000	-	-	-	27 000	June 2024
			61 000	(15 000)	(4 000)		42 000	
<b>Suzanne Ackerman<sup>2</sup></b>								
Forfeitable shares	2019	Nil	7 500	-	(7 500)	-	-	n/a
Restricted shares	2020	Nil	60 000	(28 786)	(31 214)	59.14	-	n/a
	2021	Nil	55 000	(55 000)	-	59.14	-	n/a
			122 500	(83 786)	(38 714)		-	

<sup>1</sup> Jonathan Ackerman retired as an executive director on 31 March 2023, and was appointed as a non-executive director from that date.

<sup>2</sup> Suzanne Ackerman retired as an executive director on 31 March 2022, and was appointed as a non-executive director from that date.

<sup>3</sup> As a result of the trade disruption experienced over the three-year term of the scheme, the Group did not achieve the headline earnings per share performance target required for the delivery of the 2020 RSP award. The Remuneration Committee directed a 50% vesting (with a 50% forfeit), in recognition of the exceptional nature of the disruption. The awards will be delivered at the end of June 2023.

## Directors' interest in ordinary shares

2023	How held <sup>1</sup>	Balance held at 27 February 2022	Additions/ grants	Disposals	Forfeits <sup>6</sup>	Balance held at 26 February 2023 <sup>12</sup>	Beneficial/ non-beneficial interest <sup>2</sup>
Gareth Ackerman	direct	309	-	-	-	309	Beneficial
	indirect	1 713 106	17 920	-	-	1 731 026	Beneficial
	indirect	19 762	-	-	-	19 762	Non-beneficial
Ackerman Pick n Pay Foundation <sup>3</sup>	indirect	101 900	-	-	-	101 900	Non-beneficial
Ackerman Family Investment Holdings Proprietary Limited <sup>4</sup>	indirect	1	-	-	-	1	Non-beneficial
Ackerman Investment Holdings Proprietary Limited <sup>5</sup>	indirect	124 677 237	-	-	-	124 677 237	Non-beneficial
Mistral Trust <sup>7</sup>	indirect	2 812 000	38 000	-	-	2 850 000	Non-beneficial
Pieter Boone	direct – RSP	500 000	178 500	-	-	678 500	Beneficial
Lerena Olivier	direct	51 300	26 750	(14 000)	-	64 050	Beneficial
	direct – RSP/FSP	257 000	87 000	(50 000)	(60 000)	234 000	Beneficial
Suzanne Ackerman <sup>8</sup>	direct	120 528	-	-	-	120 528	Beneficial
	direct – RSP/FSP	122 500	-	(38 714)	(83 786)	-	Beneficial
	indirect	533 169	20 714	-	-	553 883	Beneficial
Jonathan Ackerman <sup>9</sup>	direct	122 888	-	-	-	122 888	Beneficial
	direct – RSP/FSP	61 000	-	(4 000)	(15 000)	42 000	Beneficial
	indirect	807 419	21 371	-	-	828 790	Beneficial
	indirect	2 161	-	-	-	2 161	Non-beneficial
Aboubakar Jakoet	direct	758 764	-	(750 000)	-	8 764	Beneficial
	indirect	-	750 000	-	-	750 000 <sup>11</sup>	Beneficial
	indirect	13 059	-	-	-	13 059	Non-beneficial
David Friedland	indirect	41 688	-	(7 500)	-	34 188	Beneficial
David Robins	direct	975	-	-	-	975	Beneficial
	indirect	90 436	-	-	-	90 436	Non-beneficial
James Formby <sup>10</sup>	direct	4 000	-	-	-	4 000	Beneficial
	indirect	13 625	13 100	-	-	26 725	Beneficial

<sup>1</sup> 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.

<sup>2</sup> Beneficial interest represents an interest in shares in which a person is entitled to receive income payable in respect to that shareholding and obtain any benefit as a result of holding those shares. Non-beneficial interest represents an interest in shares in which a person will not benefit directly as a result of holding those shares.

<sup>3</sup> The indirect non-beneficial interest in the Ackerman Pick n Pay Foundation represents the holdings of Gareth Ackerman and Suzanne Ackerman in their capacities as trustees.

<sup>4</sup> The indirect non-beneficial interest in Ackerman Family Investment Holdings Proprietary Limited represents a portion of the holdings of Gareth Ackerman, Suzanne Ackerman and Jonathan Ackerman.

<sup>5</sup> The indirect non-beneficial interest in Ackerman Investment Holdings Proprietary Limited represents a portion of the holdings of Gareth Ackerman, Suzanne Ackerman and Jonathan Ackerman.

<sup>6</sup> As a result of the disruptions experienced in the 2023 financial year, the Group did not fully achieve the three-year headline earnings per share performance target required for the successful delivery of the 2020 RSP award. As a result, and as directed by the Remuneration Committee, 50% of the RSP 2020 long-term share awards have been forfeited, and the related expense recouped by the Group in the 2023 financial year. The remaining shares will be delivered to participants at the end of June 2023.

<sup>7</sup> The indirect non-beneficial interest in Mistral Trust represents a portion of the holdings of Gareth Ackerman, Suzanne Ackerman and Jonathan Ackerman in their capacity as trustees and/or potential beneficiaries.

<sup>8</sup> Suzanne Ackerman retired as an executive director on 31 March 2022 and was appointed as a non-executive director on that date.

<sup>9</sup> Jonathan Ackerman retired as an executive director on 31 March 2023 and was appointed as a non-executive director from 1 April 2023.

<sup>10</sup> James Formby was appointed as a non-executive director on 10 October 2022. The balance as at 27 February 2022 and the additions during the current year reflect the interest and movement in shares prior to his non-executive appointment.

<sup>11</sup> Defined as an indirect beneficial shareholding in terms of JSE classifications. However, the director only has a 10% shareholding in the company which holds these shares, does not exercise any control over the shares, and receives no direct benefit therefrom.

<sup>12</sup> There have been no changes in the directors' interest in ordinary shares since 26 February 2023 up to the date of approval of the 2023 audited Group Annual Financial Statements.



## Directors' interest in B shares

2023	How held <sup>1</sup>	Balance held at 27 February 2022	Additions	Disposals	Balance held at 26 February 2023 <sup>7</sup>	Beneficial/ non-beneficial interest <sup>2</sup>
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 <sup>3</sup>	indirect	246 936 847	-	-	246 936 847	Non-beneficial
Mistral trust <sup>4</sup>	indirect	5 349 559	-	-	5 349 559	Non-beneficial
Suzanne Ackerman <sup>5</sup>	direct	233 767	-	-	233 767	Beneficial
	indirect	926 084	-	-	926 084	Beneficial
Jonathan Ackerman <sup>6</sup>	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

<sup>1</sup> 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.

<sup>2</sup> Beneficial interest represents an interest in shares in which a person is entitled to receive income payable in respect to that shareholding and obtain any benefit as a result of holding those shares. Non-beneficial interest represents an interest in shares in which a person will not benefit directly as a result of holding those shares.

<sup>3</sup> The indirect non-beneficial interest in Ackerman Investment Holdings Proprietary Limited represents a portion of the holdings of Gareth Ackerman, Suzanne Ackerman and Jonathan Ackerman.

<sup>4</sup> The indirect non-beneficial interest in Mistral Trust represents a portion of the holdings of Gareth Ackerman, Suzanne Ackerman and Jonathan Ackerman in their capacity as trustees and/or potential beneficiaries.

<sup>5</sup> Suzanne Ackerman retired as an executive director on 31 March 2022 and was appointed as a non-executive director on that date.

<sup>6</sup> Jonathan Ackerman retired as an executive director on 31 March 2023 and was appointed as a non-executive director from 1 April 2023.

<sup>7</sup> There have been no changes in the directors' interest in shares since 26 February 2023 up to the date of approval of the 2023 audited Group Annual Financial Statements.



# SOCIAL, ETHICS AND TRANSFOR- MATION COMMITTEE REPORT



Suzanne Ackerman  
Chair: Social, Ethics and  
Transformation Committee

Our mandate includes oversight and reporting on organisational ethics, responsible corporate citizenship, transformation, sustainable development and stakeholder relationships. At its core, our work is about relationships and touches on every aspect of the business.

## Mandate of the Social, Ethics and Transformation (SET) Committee

Our statutory duty in terms of the 2008 Companies Act and King IV is to assist the Board with oversight and reporting on organisational ethics, responsible corporate citizenship, transformation, sustainable development and stakeholder relationships.

We do this in terms of a formal charter, which is reviewed and approved annually by the Board. The scope of our oversight extends to include the Group's subsidiaries.

## The role and responsibility of the Committee

The Committee, supported by key management personnel, is tasked with ensuring that the Group's enduring values underpin the Group's long-term strategy and are applied daily in all areas of the business, and that our ESG strategy is closely aligned with the United Nations Sustainable Development Goals most relevant to our business.

## Members and attendance at meetings

The Committee met three times in FY23 to review performance in the areas pertinent to its mandate. Delivering on this mandate requires cross-functional insights which are achieved through engagement with members of the Audit, Risk and Compliance Committee and other Board committees as relevant. Quarterly Board meetings also facilitate oversight.

The Company Secretary, executives responsible for strategy and human resources, senior managers and technical experts assist the Committee. All levels and areas of expertise across the Group are present at Committee meetings. Advisors attend meetings by invitation, depending on the agenda items.

Members	Meeting attendance
S Ackerman (Chair) <sup>^</sup>	3/3
A Jakoet <sup>^#</sup>	1/1
D Robins <sup>^</sup>	3/3
A van der Merwe <sup>Δ</sup>	3/3

<sup>^</sup> Non-executive director

<sup>Δ</sup> Independent non-executive director

<sup>#</sup> Aboubakar Jakoet retired from the Committee during FY23.

Jonathan Ackerman was appointed to the Committee on 31 March 2023.

*It is my pleasure to present this report and to confirm that the Committee has executed its mandate for FY23.*

## Strategic Sustainability Framework

Our mandate is covered in large part by the Group's strategic sustainability framework, which comprises four high-level pillars of Group focus. Together, these pillars frame the Group's overall response to the larger systems of society and nature. As progress is achieved, the Group enhances its relationships with stakeholders, addresses the United Nation's Sustainable Development Goals and increases its resilience.

**Group ESG targets, linked to the Ekuseni strategy, cover each of these focus areas, including:**

- Partnering to shift the food system
- Reducing environmental impact
- Supporting communities
- Investing in our people

Underpinning this strategic framework is our Code of Ethics. Together with our values, this sets out the behaviours we expect of our Board members and all employees.

### Partnering to shift the food system

Many sustainability issues are systemic, and progress will require collective action. The food system is highly interconnected and intrinsic to the well-being of all South Africans.

**The Committee focused its oversight on:**

- Affordability of basic goods by segmenting our customer-facing brands
  - › Pick n Pay's introduction of the QualiSave brand is a significant demonstration of our commitment to providing affordable, quality products while minimising the negative impacts of economic change on communities. Pick n Pay and Boxer are contributing to social sustainability by offering more affordable options, and helping to ensure that the transition towards a more sustainable economy is fair and equitable.
- Promoting healthy eating and lifestyles
  - › Pick n Pay's Live Well brand aims to meet the growing demand for healthier and more sustainable food and household products. We have rapidly diversified and grown our product range over the last two years.
- Increasing the sustainability attributes of products and product ranges
  - › 65% of Pick n Pay's direct clothing suppliers now use one or more sustainable practices.
- Supply chain efficiency and inclusion, with a focus on smaller, local suppliers
- Working with all suppliers to ensure responsible and ethical production practices
- Reducing food waste

## Reducing environmental impact

Environmental impacts occur at every stage of the value chain, and our teams are working to reduce this impact in every respect.

**The Committee focused its oversight on:**

- Decarbonising the value chain
  - › A specific consideration is the impact of load-shedding. In addition to the incremental financial expenses, the impact on the Group's carbon footprint is expected to be a fivefold increase in carbon emissions from generators in Scope 1 emissions.
- Energy and water efficiency and use reduction
- Removing harmful chemicals, particularly in refrigerants
  - › 9.5% of the Group's stores now use natural refrigerants with a clear plan to 100% natural refrigeration in 2040.
- Waste reduction, recycling and reuse, with a focus on packaging
  - › Pick n Pay reduced the volume of food waste in its operations by 28% in the past four years, working towards reducing food waste by 50% by 2030. In addition, more than 90% of all own brand packaging is reusable or recyclable.

## Supporting communities

Sustainable development recognises that no organisation can become resilient in isolation from its surrounding communities. Our social investments address areas of critical importance to our business.

**The Committee focused its oversight on:**

- Supporting educational initiatives
  - › The Pick n Pay School Club is an influential and dynamic public-private educational platform that reaches over two million learners and their families each year. This programme provides schools with workbooks, posters, recognition stickers, certificates and other learner, teacher and support materials for free.
- Promoting awareness of social and environmental issues
  - › Pick n Pay introduced the Pick n Pay People n Planet Clean-Up initiative to provide customers with the opportunity to take part in environmental clean-ups. In the past three years since the initiative started, 36 community clean-ups have been held on beaches and rivers around the country, collecting almost 8 000 tonnes of waste.
- Responding to household food insecurity, including crisis interventions

### Guide for further reading

- Integrated Annual Report | pages 62 to 66
- ESG Performance Summary and Databook



## Investing in our people and relationships

The Group's operations engage thousands of employees, thousands of suppliers and millions of customers. Together with our vast global network of investors and peers, we continue to advocate for collective action in support of pressing social and environmental goals.

### The Committee focused its oversight on:

- Good jobs and working conditions, effective training, employee wellness and opportunity to progress in the workplace
  - › More than 4 000 new jobs were created in the Boxer, Clothing and Omnichannel growth engines. In growing future-fit, high-performing teams, we know that talented young people are attracted to companies with a social purpose and ambition.
  - › Our people strategy embraces learning and development, effective hybrid working, and diversity. Our junior store management modernisation will deliver greater efficiency and clarity.
- Diversity, equity and inclusion, with a focus on alignment with BBBEE provisions
- Promoting supplier ESG compliance
- Stakeholder engagement and outreach, including advocacy initiatives together with retail peers

The Group commenced a multi-year campaign to deepen awareness of values and ethics through behaviour-based initiatives.

### Focus areas

The Committee continues to liaise well with the Group's sustainability governance structure. During FY23, we supported the review of the LTI and STI policy and the inclusion of two sustainability performance indicators for each executive.

Further focus areas included the ongoing improvement of the Group's ESG disclosure capability across a range of ratings agencies and guidance documents.

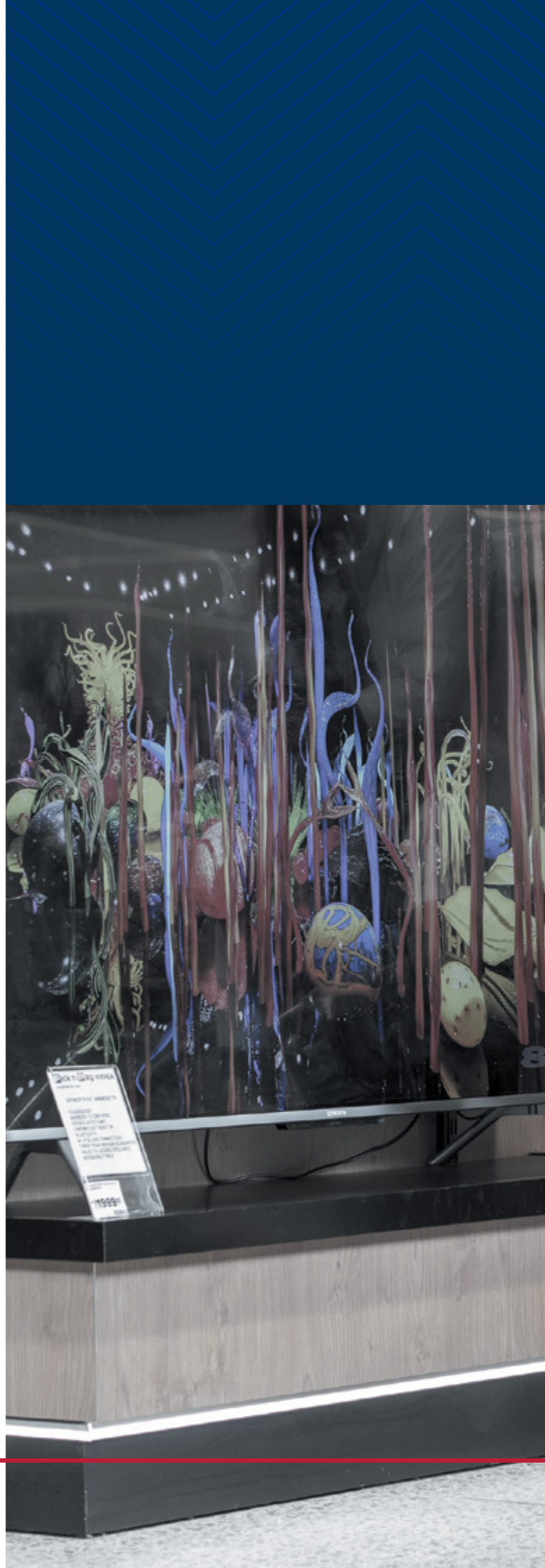
### Appreciation

On behalf of the Committee, I sincerely thank executives and management for their ongoing leadership. I thank my colleagues on the Board and the other committees that support us and contribute to taking forward our sustainability vision.

### Suzanne Ackerman

Chair: Social, Ethics and Transformation Committee

14 June 2023



# SHAREHOLDERS' INFORMATION

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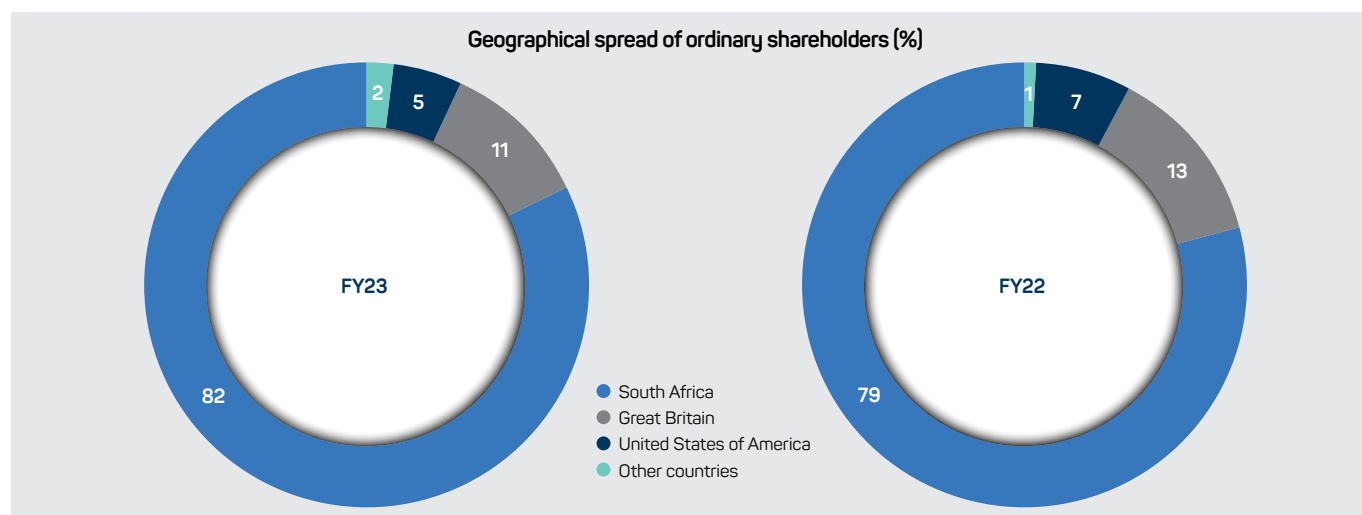
# ANALYSIS OF ORDINARY SHAREHOLDERS

as at 26 February 2023

SHAREHOLDER SPREAD	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	17 983	77.5	2 593 816	0.5
1 001 – 10 000 shares	4 006	17.2	12 903 485	2.6
10 001 – 100 000 shares	960	4.1	29 521 944	6.0
100 001 – 1 000 000 shares	235	1.0	63 663 715	12.9
1 000 001 shares and over	47	0.2	384 767 361	78.0
<b>Total</b>	<b>23 231</b>	<b>100.0</b>	<b>493 450 321</b>	<b>100.0</b>

PUBLIC/NON-PUBLIC SHAREHOLDERS	Number of shareholders	%	Number of shares	%
<b>Non-public shareholders</b>	<b>16</b>	<b>0.1</b>	<b>144 380 835</b>	<b>29.3</b>
Ackerman Investment Holdings Proprietary Limited	1	0.0	124 677 237	25.3
Pick n Pay Retailers Proprietary Limited	1	0.0	1 163 000	0.2
Shares held on behalf of FSP/RSP participants	1	0.0	7 012 500	1.4
Boxer Superstores Proprietary Limited	1	0.0	386 500	0.1
Pick n Pay Stores Employee Share Purchase Trust	1	0.0	3 818 153	0.8
Directors of Pick n Pay Stores Limited	8	0.0	4 371 544	0.9
The Mistral Trust	1	0.0	2 850 000	0.6
Ackerman Pick n Pay Foundation	1	0.0	101 900	0.0
Ackerman Family Investment Holdings Proprietary Limited	1	0.0	1	0.0
<b>Public shareholders</b>	<b>23 215</b>	<b>99.9</b>	<b>349 069 486</b>	<b>70.7</b>
<b>Total</b>	<b>23 231</b>	<b>100.0</b>	<b>493 450 321</b>	<b>100.0</b>

BENEFICIAL SHAREHOLDERS HOLDING 1% OR MORE	Number of shares	%
Ackerman Investment Holdings Proprietary Limited	124 677 237	25.3
Government Employees Pension Fund	99 783 465	20.2
Fidelity Series Emerging Markets Opportunities Fund	25 960 299	5.3
J.P. Morgan Equities South Africa (Pty) Ltd	16 430 669	3.3
Allan Gray Balanced Fund	15 228 723	3.1
Alexander Forbes Investments Limited	7 590 803	1.5
Shares held on behalf of FSP/RSP participants	7 012 500	1.4
FIAM Group Trust For Employee Benefit Plans	5 479 925	1.1
Vanguard Emerging Markets Stock Index Fund (US)	4 896 533	1.0
Allan Gray Stable Fund	4 832 365	1.0





# ANALYSIS OF B SHAREHOLDERS

as at 26 February 2023

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
<b>Total</b>	<b>25</b>	<b>100.0</b>	<b>259 682 869</b>	<b>100.0</b>

PUBLIC/NON-PUBLIC SHAREHOLDERS	Number of shareholders	%	Number of shares	%
<b>Non-public shareholders</b>	<b>12</b>	<b>48.0</b>	<b>258 277 425</b>	<b>99.4</b>
Ackerman Investment Holdings Proprietary Limited	1	4.0	246 936 847	95.1
Directors of Pick n Pay Stores Limited*	10	40.0	5 991 019	2.3
Mistral Trust	1	4.0	5 349 559	2.0
<b>Public shareholders</b>	<b>13</b>	<b>52.0</b>	<b>1 405 444</b>	<b>0.6</b>
<b>Total</b>	<b>25</b>	<b>100.0</b>	<b>259 682 869</b>	<b>100.0</b>

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

\* Includes direct and indirect holdings. Refer to note 4.3 of the audited Group Annual Financial Statements for further information.

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' CALENDAR

## JULY 2023



- Trading update
- Annual general meeting\*

## AUGUST 2023



- H1 FY24 financial period close

## OCTOBER 2023



- FY24 Interim financial result publication



- Shareholder result roadshow

## FEBRUARY 2024



- Trading update



- FY24 financial period close

## MAY 2024



- FY24 final financial result publication

## JUNE 2024



Publication of:

- FY24 Integrated Annual Report
- FY24 Audited Annual Financial Statements
- FY24 Corporate Governance Report
- FY24 ESG Databook

\* The 55th annual general meeting (AGM) of the shareholders of Pick n Pay Stores Limited 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 19 July 2023. Please register for the AGM via the Lumi electronic platform at [www.smartagm.co.za](http://www.smartagm.co.za)



# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given of the 55th annual general meeting (**AGM**) of the shareholders of Pick n Pay Stores Limited (the **Company**) for the 2023 annual financial period.

The AGM will be conducted entirely by electronic communication, with the meeting starting at **08h30 on Wednesday, 19 July 2023**. Please register for the AGM via the Lumi electronic platform at [www.smartagm.co.za](http://www.smartagm.co.za).

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 82 under the heading "**Electronic Participation**" and again on page 87.

The Board of directors of the Company (the **Board**) has established that the record date for purposes of determining which shareholders of the Company are entitled to participate in and vote at the AGM is Friday, 14 July 2023. Accordingly, the last day to trade in the Company's shares to be recorded in the Company's securities register to be entitled to participate and vote at the AGM will be Tuesday, 11 July 2023.

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. The resolutions are proposed in terms of the Companies Act, No 71 of 2008, as amended (the **Companies Act**), the Memorandum of Incorporation of the Company (the **MOI**) and/or the JSE Listings Requirements.

## Relevant dates

Record date to receive this notice of AGM	Thursday, 15 June 2023
Last day to trade to be entitled to participate and vote	Tuesday, 11 July 2023
Record date to be entitled to participate and vote	Friday, 14 July 2023
Recommended latest date to lodge forms of proxy <b>by 08h30</b> on	Monday, 17 July 2023
Recommended latest date to register to attend AGM <b>by 08h30</b> on	Monday, 17 July 2023
Electronic AGM <b>at 08h30</b> on	Wednesday, 19 July 2023

## Voting thresholds

Ordinary resolutions require the approval of at least 50% of the voting rights plus 1 vote exercised on the resolutions, unless a 75% majority is required by the JSE Listings Requirements. Special resolutions require the approval of at least 75% of the voting rights exercised on the resolutions. Matters put before shareholders to consider by way of an advisory vote do not have a voting threshold, but will require shareholder engagement if a 75% majority is not achieved.

## PART I

### Presentation of the consolidated audited Annual Financial Statements, the directors' report, the remuneration report and the reports of the Audit, Risk and Compliance Committee and the Social, Ethics and Transformation Committee for the 2023 annual financial period

- The consolidated audited Annual Financial Statements and the 2023 Integrated Annual Report of the Company and its subsidiaries (the Group) are published on the Group's website, [www.picknpayinvestor.co.za](http://www.picknpayinvestor.co.za), or can be requested from the Company Secretary at [CompanySecretary@pnp.co.za](mailto:CompanySecretary@pnp.co.za)

- Extracts of the consolidated audited Annual Financial Statements of the Group are set out in the CFO Report and additional information sections of the Integrated Annual Report
- A summary of the consolidated audited Annual Financial Statements has been distributed together with this Notice
- The remuneration report has been distributed together with this Notice
- The directors' report on the Company and its subsidiaries is set out in the consolidated audited Annual Financial Statements
- The Audit, Risk and Compliance Committee's report and the Social, Ethics and Transformation Committee's report of the Group are set out in the Corporate Governance Report, published on the Group's website at [www.picknpayinvestor.co.za](http://www.picknpayinvestor.co.za)

## PART II

### Ordinary resolutions

#### 1. Ordinary resolution number 1

##### Re-appointment of external auditors and designated audit partner

Ernst & Young Inc. are the auditors of the Company, having been appointed as such on 27 July 2015. Tina Rookledge was designated as the audit partner on 5 August 2020 and will be entering her fourth 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 2023 financial year was satisfactory.

The Audit, Risk and Compliance Committee has recommended the re-appointment of Ernst & Young Inc. as the Company's external auditors, with Tina Rookledge as the designated audit partner.

#### Ordinary resolution number 1

"RESOLVED that Ernst & Young Inc. are hereby re-appointed as the external auditors of the Company (with Tina Rookledge as the designated audit partner)."

#### 2. Ordinary resolutions numbered 2.1 to 2.7

##### Appointment of directors

Curricula vitae of directors to be elected are presented from page 83.

Gareth Ackerman, Haroon Borhat, Mariam Cassim, David Friedland, Audrey Mothupi and Jeff van Rooyen retire in accordance with the Company's MOI. Being eligible, Gareth Ackerman, Haroon Borhat, Mariam Cassim, David Friedland and Audrey Mothupi offer themselves for re-election as non-executive directors of the Company. As confirmed in the 2022 Corporate Governance Report, Jeff van Rooyen, the lead independent non-executive director, will step down from the Board following 16 years of assiduous service to the Group.

On 10 October 2022, the Company published an announcement informing shareholders that James Formby had been appointed to the Board as an independent non-executive director. Being eligible, James offers himself for election as an independent non-executive director of the Company. If elected, James will take over the role of lead independent director on Jeff van Rooyen's retirement from the Board.

On 17 February 2023, the Company published an announcement informing shareholders that Jonathan Ackerman would be retiring as an executive director on 31 March 2023, from which date he would serve as a non-executive director of the Company. Being eligible, Jonathan offers himself for election as a non-executive director of the Company.

The results of a Board evaluation survey performed by the Nominations and Corporate Governance Committee indicate satisfaction that the Board and each Board committee function 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.

Non-executive directors are presented to shareholders for election for a three-year term of office. Independent non-executive directors who have served for more than nine years are presented to shareholders for election for 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 several relevant factors, the Committee concluded that the classification of Haroon Bhorat, Mariam Cassim, James Formby, David Friedland and Audrey Mothupi as independent remains appropriate. As representatives of the controlling shareholder, Gareth Ackerman and Jonathan Ackerman are 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 Audrey Mothupi for one-year terms of office, and Gareth Ackerman, Jonathan Ackerman, Haroon Bhorat, Mariam Cassim and James Formby for three-year terms of office as non-executive directors.

Shareholders are requested to consider and, if deemed fit, elect Gareth Ackerman, Jonathan Ackerman, Haroon Bhorat, Mariam Cassim, James Formby, David Friedland and Audrey Mothupi by way of passing the separate ordinary resolutions set out below:

#### **Ordinary resolution number 2.1**

##### **Re-election of Gareth Ackerman as a non-executive director**

"RESOLVED that Gareth Ackerman be and is hereby re-elected as a non-executive director of the Company for a three-year term."

#### **Ordinary resolution number 2.2**

##### **Election of Jonathan Ackerman as a non-executive director**

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

#### **Ordinary resolution number 2.3**

##### **Re-election of Haroon Bhorat as an independent non-executive director**

"RESOLVED that Haroon Bhorat be and is hereby re-elected as an independent non-executive director of the Company for a three-year term."

#### **Ordinary resolution number 2.4**

##### **Re-election of Mariam Cassim as an independent non-executive director**

"RESOLVED that Mariam Cassim be and is hereby re-elected as an independent non-executive director of the Company for a three-year term."

#### **Ordinary resolution number 2.5**

##### **Election of James Formby as an independent non-executive director**

"RESOLVED that James Formby be and is elected as an independent non-executive director of the Company for a three-year term."

#### **Ordinary resolution number 2.6**

##### **Re-election of David Friedland as an independent non-executive director**

"RESOLVED that David Friedland be and is hereby re-elected as an independent non-executive director of the Company for a one-year term."

#### **Ordinary resolution number 2.7**

##### **Re-election of Audrey Mothupi as an independent non-executive director**

"RESOLVED that Audrey Mothupi be and is hereby re-elected as an independent non-executive director of the Company for a one-year term."

### **3. Ordinary resolutions numbered 3.1 to 3.6**

#### **Appointment of Audit, Risk and Compliance Committee members for the 2024 annual financial period**

Curricula vitae of directors proposed to be elected to the Audit, Risk and Compliance Committee are presented from page 84.

Shareholders are requested to consider and, if deemed fit, elect Aboubakar Jakoet, Haroon Bhorat, Mariam Cassim, James Formby, David Friedland and Audrey Mothupi as members of the Audit, Risk and Compliance Committee by way of passing the separate ordinary resolutions set out below. If appointed, Aboubakar Jakoet will act as Chair of this committee.

#### **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 2024 annual financial period."

#### **Ordinary resolution number 3.2**

##### **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 2024 annual financial period, subject to his re-election as a director of the Company in terms of ordinary resolution 2.3."

#### **Ordinary resolution number 3.3**

##### **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 2024 annual financial period, subject to her re-election as a director of the Company in terms of ordinary resolution 2.4."



#### Ordinary resolution number 3.4

##### Appointment of James Formby as a member of the Audit, Risk and Compliance Committee

"RESOLVED that James Formby be and is hereby elected as a member of the Audit, Risk and Compliance Committee of the Company for the 2024 annual financial period, subject to his election as a director of the Company in terms of ordinary resolution 2.5."

#### Ordinary resolution number 3.5

##### 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 2024 annual financial period, subject to his re-election as a director of the Company in terms of ordinary resolution 2.6."

#### Ordinary resolution number 3.6

##### 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 2024 annual financial period, subject to her re-election as a director of the Company in terms of ordinary resolution 2.7."

### 4. Ordinary resolution number 4

#### General but restricted authority to issue shares for cash

"RESOLVED that, subject to the provisions of the Companies Act, the MOI and the JSE Listings Requirements, the Board be and is authorised to issue ordinary shares for cash as and when suitable situations arise, subject to the following limitations:

- The authority contained in this ordinary resolution is valid until the Company's next annual general meeting or for a period of 15 (fifteen) months from the date of passing of this ordinary resolution, whichever period is shorter;
- The directors may only issue ordinary shares pursuant to this ordinary resolution to public shareholders, as defined in paragraphs 4.25 to 4.27 of the JSE Listings Requirements, and not to related parties, provided that related parties may participate in a bookbuild process as described below;
- The number of ordinary shares that are the subject of any general issue for cash cannot exceed, in the aggregate in any one financial year of the Company, 5% (five percent) of the ordinary issued share capital as at the date of this notice excluding treasury shares, being 481 070 168 ordinary shares. Based on this limitation, the directors cannot issue more than 24 053 508 ordinary shares pursuant to the authority granted in this ordinary resolution, provided that:
  - › the calculation of the listed equity securities is a factual assessment of the listed equity securities as at the date of this notice, excluding treasury shares;
  - › any equity securities issued under this authority during the period contemplated above must be deducted from the number of ordinary shares above; and
  - › in the event of a subdivision or consolidation of issued equity securities during the period contemplated above, the existing authority must be adjusted accordingly to represent the same allocation ratio;

- The maximum discount at which any ordinary shares may be issued pursuant to the authority in this ordinary resolution is 10% (ten percent) of the weighted average traded price of the ordinary shares measured over the 30 business days prior to the date that the price of the issue is agreed between the Company and the person subscribing for the ordinary shares; and
- Related parties may participate in a general issue of shares for cash through a bookbuild process provided:
  - › related parties may only participate with a maximum bid price at which they are prepared to take up shares or at book close price. In the event of a maximum bid price and the book closes at a higher price, the relevant related party will be "out of the book" and not be allocated shares; and
  - › equity securities must be allocated equitably "in the book" through the bookbuild process, and the measures to be applied must be disclosed in the SENS announcement launching the bookbuild.

#### Reason for and effect of ordinary resolution number 4

The reason for proposing this ordinary resolution is to enable the directors to undertake a general issue of shares for cash in accordance with, and subject to the requirements of, the JSE Listings Requirements when they consider such corporate activity advantageous in light of prevailing market conditions or to take advantage of business opportunities which may arise in future. At present, the directors have no specific intention of using this authority, and the authority will thus only be used if circumstances are appropriate."

#### Threshold for approval

In order for this ordinary resolution to be adopted, as a result of the application of the JSE Listings Requirements, the support of at least 75% of the votes cast by the shareholders present or represented by proxy at the meeting and entitled to vote on this ordinary resolution is required.

#### Announcement

The Company will publish an announcement if any issue of shares in terms of this ordinary resolution (alone or with any other issuances under the authority of this ordinary resolution) results in the issuance of 5% (five percent) or more of the then issued ordinary shares. Such announcement will give full details of the issue, including (i) the number of ordinary shares issued; (ii) the average discount to the weighted average traded price of the ordinary shares over the 30 business days prior to the date that the price of the issue is agreed between the Company and the person subscribing for the ordinary shares; and (iii) the intended use of the funds arising from the subscription.

## PART III

### Advisory votes

#### 5. Advisory votes 1 and 2

##### Remuneration policy and implementation for the 2023 annual financial period

The directors table the remuneration report for the 2023 annual financial period. The remuneration policy and implementation reports are set out in the remuneration report, which can be found on pages 40 to 67 and in the Integrated Annual Report on the website at [www.picknpayinvestor.co.za](http://www.picknpayinvestor.co.za).

##### 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, is endorsed."

This is a non-binding advisory vote to enable shareholders to express their views on the remuneration policy adopted by the Company. In terms of the JSE Listings Requirements and King IV™, if 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.

##### Advisory vote number 2

##### Endorsement of the implementation of the remuneration policy

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

This is a non-binding advisory vote to enable shareholders to express their views on the Company's remuneration implementation report. In terms of the JSE Listings Requirements and King IV™, if 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.

## PART IV

### Special resolutions

#### 6. Special resolution number 1

##### Directors' fees for the 2024 and 2025 annual financial periods

Notwithstanding a special resolution authorising directors' fees to be increased by CPI for the 2024 annual financial period, it should be noted that the non-executive directors have elected to receive a below-CPI (as forecast) increase of around 3.5% (three point five percent) for the 2024 annual financial period.

It is proposed that the fee paid to the lead independent director (LID) be an all-inclusive fee going forward, including all participation in Board and committee meetings. This is a policy change from previous years, where the LID received an LID fee in addition to the NED Board fee and committee fees received. This provides the Board and the Chair with flexibility in utilising the services of the LID.

It is proposed that the annual fee paid to a member of the Audit, Risk and Compliance Committee be increased to R200 000, an increase of 28%, to align with the market benchmarks.

The Chair has elected to waive an increase in FY24.

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

	FY24 proposed	FY23 previously
Chair (including participation in all committees)	R4 893 000	R4 893 000
Lead independent director (including participation in all committees from FY24)	R1 350 000	R156 250
Non-executive director (NED)	R486 000	R470 000
Chair of the Audit, Risk and Compliance Committee	R420 000	R405 000
Chair of the Remuneration Committee	R223 000	R215 800
Chair of the Social, Ethics and Transformation Committee	R223 000	R215 800
Chair of the Corporate Finance Committee <sup>1</sup>	R223 000	R215 800
Member of the Audit, Risk and Compliance Committee	R200 000	R156 250
Member of the Remuneration Committee	R105 300	R101 800
Member of the Nominations and Corporate Governance Committee	R100 000	R97 150
Member of the Social, Ethics and Transformation Committee	R105 300	R101 800
Member of the Corporate Finance Committee <sup>1</sup>	R151 000	R146 000

It is further resolved that the directors' fees be increased by CPI for the 2025 annual financial period. Where applicable, directors' fees are exclusive of VAT."

<sup>1</sup> 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 this 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 non-executive 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 parties

The Board shall not adopt any resolution to authorise financial assistance as contemplated in special resolution number 2 unless it:

- 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 MOI have been satisfied as contemplated in section 45(4) of the Companies Act.

"RESOLVED, as a special resolution, that the Board of directors be and is hereby authorised in terms of and subject to the provisions of section 45 of the Companies Act to cause the Company to provide any direct or indirect financial assistance to any person that is or that becomes related or inter-related to the Company (as the terms related or inter-related defined in the Companies Act) by way of loan, guarantee, the provision of security or otherwise for any purpose or in connection with any matter, such authority –

- to endure for a period of not more than two years or until superseded by another special resolution (whichever period is shorter);
- to be for such amounts and on such terms and conditions as the Board may determine; and
- not to include the provision of financial assistance to any prescribed officer or director or any trust established for their benefit."

### Reason for and effect of special resolution number 2

The reason for and effect of special resolution number 2 is to grant the directors of the Company the authority to cause the Company to provide financial assistance to persons that are or become related or inter-related to the Company other than employees. The financial assistance will be provided as part of the day-to-day operations of the Company in the normal course of its business and in accordance with its MOI and the provisions of the Companies Act.

## 8. Special resolution number 3

### General approval to repurchase Company shares

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

### Additional requirements imposed by the JSE Listings Requirements

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

- Any such acquisition of shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company or its subsidiaries and the counterparty or in any other manner approved by the JSE;
- The general approval shall only be valid until the Company's next AGM, or for 15 (fifteen) months from the date of passing of this special resolution, whichever period is shorter;
- An announcement will be made as soon as the Company and/or its subsidiaries has/have acquired shares in terms of this authority constituting, on a cumulative basis, 3% (three 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.



## Statement by the Board of directors of the Company

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

- the intention of the directors of the Company is to utilise the general approval to repurchase shares in the capital of the Company if at some future date the cash resources of the Company are in excess of its requirements or there are other good grounds for doing so. In this regard, the directors will take account of, inter alia, an appropriate capitalisation structure for the Company, the long-term cash needs of the Company and the interests of the Company;
- in determining the method by which the Company intends to repurchase its securities, the maximum number of securities to be repurchased and the date on which such repurchase will take place, the directors of the Company will only make repurchases if, at the time of the repurchase, they are of the opinion that:
  - › the Group will, after the repurchase, be able to pay its debts as they become due in the ordinary course of business for the 12 (twelve) month period following the date of the repurchase;
  - › the consolidated assets of the Group, 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 Group for the 12 (twelve) month period following the date of the repurchase;
  - › the issued share capital and reserves of the Group will, after the repurchase, be adequate for the ordinary business purposes of the Group for the 12 (twelve) month period following the date of the repurchase; and
  - › the working capital available to the Group will, after the repurchase, be adequate for the ordinary business purposes of the Group 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 Group 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 Group.

## Reason for and effect of special resolution number 3

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

The Board may exercise its powers under this resolution to buy back shares from employees who are exercising their share options or electing to sell their shares that have vested under the Group's restricted share plan (RSP), and to cover share scheme obligations, including the RSP.

Save as aforesaid, 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.

## 9. 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 18;
- The curricula vitae of directors standing for election from page 83;
- The curricula vitae of directors nominated for election as members of the Audit, Risk and Compliance Committee on page 84;
- The remuneration report from page 40; and
- The directors' interest in shares from page 66.

The Integrated Annual Report, and the consolidated audited Annual Financial Statements, are published on the Group's website, [www.picknpayinvestor.co.za](http://www.picknpayinvestor.co.za), or can be requested from the Company Secretary at [CompanySecretary@pnp.co.za](mailto:CompanySecretary@pnp.co.za).

#### B. Material changes

Other than the facts and developments reported in terms hereof and in the Integrated Annual Report, 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 2023 financial period end and 14 June 2023.

#### C. Directors' responsibilities statement

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 provided 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.



#### D. Major shareholders

Shareholders are referred to pages 72 to 73 for details of major shareholders.

#### E. Share capital

Shareholders are referred to page 26 for details of the Company's share capital.

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

All shareholders are encouraged to participate in and vote at the AGM.

The Company is pleased to offer shareholders or their duly appointed proxies an online voting facility during the AGM via the Lumi platform at [www.smartagm.co.za](http://www.smartagm.co.za).

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

- you may participate in and vote at the AGM; alternatively
- you may appoint an individual as a proxy (who need not be a shareholder of the Company) to participate in and vote in your place at the AGM by completing the attached form of proxy. It is recommended for administrative reasons 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 86, by no later than 08h30 on Monday, 17 July 2023. 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. Should the proxy form not be received by the time stipulated above, the form of proxy may still be delivered to the transfer secretaries, Computershare, via email at [proxy@computershare.co.za](mailto: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; and

- 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 at the time stipulated in your custody agreement. Alternatively, if you wish to participate in the AGM in person, you will need to request your CSDP or broker to provide you with the necessary authority in terms of your custody agreement.

CSDPs, brokers or their nominees recorded in the Company's sub-register as holders of dematerialised shares held on behalf of an investor/beneficial owner in terms of Strate should, when authorised in terms of their mandate or instructed to do so by the owner on behalf of whom they hold dematerialised shares, vote by either appointing a duly authorised representative to participate in and vote at the AGM or by completing the attached form of proxy in accordance with the instructions thereon. For administrative purposes, it is recommended that the proxy form be returned to the transfer secretaries, Computershare, the details of which are set out below under the heading "Electronic Participation" by no later than 08h30 on Monday, 17 July 2023.

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.

#### G. 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](mailto: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 driver's licences, green barcoded identity documents or barcoded identification smart cards issued by the South African Department of Home Affairs, and passports.



## H. 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 annual general meeting.

### a. Registration to attend the AGM

- (i) Register online by no later than 08h30 on Monday, 17 July 2023 using the online registration portal at [www.smartagm.co.za](http://www.smartagm.co.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 08h30 on Monday, 17 July 2023 by making a written application to participate via electronic communication, by email to [proxy@computershare.co.za](mailto: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:
  - First Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196; or
  - Posting it to Private Bag X9000, Saxonwold, 2132 (at the risk of the participant);
  - Or emailing it to: [proxy@computershare.co.za](mailto:proxy@computershare.co.za)so as to be received by Computershare by no later than 08h30 on Monday, 17 July 2023.

NOTE: Shareholders wishing to participate in and/or vote at the AGM and who register after 08h30 on Monday, 17 July 2023 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 meeting facilitators will, by email, inform participants who duly notified Computershare by no later than 17h00 on Tuesday, 18 July 2023 of the relevant details through which participants can participate electronically.
- d. 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.
- e. The participant acknowledges that the electronic communication services are provided by third parties and indemnifies the Company against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the electronic services, whether or not the problem is caused by any act or omission on the part of the participant or anyone else. In particular, but not exclusively, the participant acknowledges that he/she will have no claim against the Company, whether for consequential damages or otherwise, arising from the use of the electronic services or any defect in it or from total or partial failure of the electronic services and connections linking the participant via the electronic services to the AGM.
- f. The Company cannot guarantee there will not be a break in electronic communication that is beyond its control.

By order of the Board

**Penelope Gerber**  
*Company Secretary*

Pick n Pay Stores Limited

Cape Town

14 June 2023

# CURRICULA VITAE OF DIRECTORS TO BE ELECTED

## Pick n Pay Stores Limited

Curricula vitae of all directors can be found on pages 18 to 23, or in the Board of directors' section of the Integrated Annual Report, which is published on the Group's website, [www.picknpayinvestor.co.za](http://www.picknpayinvestor.co.za), or which can be requested from the Company Secretary at [CompanySecretary@pnp.co.za](mailto:CompanySecretary@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

### Election of directors

#### Gareth Ackerman

BSocSci, CMS and AMP (Oxon)

Board Chair

Chair of the Nominations and Corporate Governance Committee

Member of the Remuneration Committee

An executive at Pick n Pay for 15 years until 1999, Gareth headed up various divisions and served as Joint Group Managing Director and the Managing Director of Pick n Pay Group Enterprises. He was appointed to the Board in 1990 as an executive director, until becoming a non-executive director in 1999. From 2002 to 2010 Gareth was 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. Gareth sits on the Board of Business Unity South Africa and 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.

#### Jonathan Ackerman

BA Marketing

Non-executive director

Member of the Social, Ethics and Transformation Committee

Returning to South Africa after studying and working in the USA, Jonathan joined the Group in 1992. Over a distinguished career with the Group, Jonathan held key leadership roles, most notably in marketing and store operations. Jonathan was appointed to the Board as a representative of the controlling shareholder in March 2010, and as the Group's director of Values he ensured that the well-being of customers was the primary motivating factor for any strategic decision taken in the Group. Jonathan retired as an executive director on 31 March 2023 and has served as a non-executive director from that date.

#### Haroon Borhat

PhD in Economics

Non-executive director

Member of the Audit, Risk and Compliance Committee, the Nominations and Corporate Governance Committee, the Remuneration Committee, and the Corporate Finance Committee

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 Asset Management 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)

#### Mariam Cassim

CA(SA), MBA

Non-executive director

Member of the Audit, Risk and Compliance Committee and the Corporate Finance Committee

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 that 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.

## James Formby

CA(SA), Masters in Philosophy in Management Studies

**Non-executive director**

**Member of the Audit, Risk and Compliance Committee and Corporate Finance Committee**

James was appointed to the Board in October 2022, following his retirement as CEO of the RMB group. James had a successful 25-year career with RMB, holding a number of senior leadership roles over his tenure including in corporate finance and investment banking. James' transactional skills and his ability to structure large deals made him a core member in many BBBEE transactions, IPOs, de-listings, mergers, acquisitions, and disposals over his tenure with RMB. As CEO, James played a significant role in developing RMB's strategy.

James will take over from Jeff van Rooyen as the Board's lead independent director on Jeff's retirement at the AGM.

## David Friedland

CA(SA)

**Non-executive director**

**Member of the Audit, Risk and Compliance Committee, Nominations and Corporate Governance Committee and Corporate Finance Committee**

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. David served on the Boards of Investec Limited and Investec plc until August 2022.

**Other listed company directorships:** The Foschini Group Limited

## Audrey Mothupi

BA (Hons)

**Chair of the Remuneration Committee and member of the Audit, Risk and Compliance Committee, Nominations and Corporate Governance Committee and Corporate Finance Committee**

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.

Audrey has served as the Chair of Roedean School (SA) as well as the Chair of Orange Babies of South Africa. Audrey has previously served 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.

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

## AUDIT, RISK AND COMPLIANCE COMMITTEE

### Election of Audit, Risk and Compliance Committee members

#### Aboubakar Jakoet

CA(SA)

**Chair of the Audit, Risk and Compliance Committee and member of the Remuneration Committee and Corporate Finance Committee**

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.

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

#### Haroon Borhat

Please see curriculum vitae on page 83.

#### Mariam Cassim

Please see curriculum vitae on page 83.

#### James Formby

Please see curriculum vitae presented alongside.

#### David Friedland

Please see curriculum vitae presented alongside.

#### Audrey Mothupi

Please see curriculum vitae presented alongside.



# FORM OF PROXY

## FOR COMPLETION BY SHAREHOLDERS WHO HAVE NOT YET DEMATERIALISED THEIR SHARES OR WHO HAVE DEMATERIALISED THEIR SHARES WITH "OWN NAME" REGISTRATION ONLY

For use at the annual general meeting (AGM) of shareholders of Pick n Pay Stores Limited (the Company, alternatively Stores) to be conducted entirely by electronic communication as permitted by the Companies Act, No 71 of 2008, as amended, and by the Company's Memorandum of Incorporation at 08h30 on Wednesday, 19 July 2023 and at any adjournment or postponement thereof.

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

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

Note that voting will be performed by way of a poll so each validated participant will be entitled to vote.

I/We (block letters) \_\_\_\_\_

(the registered shareholder)

I/We (block letters) \_\_\_\_\_

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

of (address) \_\_\_\_\_

Telephone: Work ( ) Telephone: Mobile ( )

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

1. \_\_\_\_\_ or failing him/her,

2. \_\_\_\_\_ or failing him/her,

3. the 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 the instructions to your proxy with an "X" 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).

Resolution	Description	Number of votes (one vote per ordinary share)		
		In favour of	Against	Abstained
Ordinary resolution number 1	Re-appointment of external auditors and designated audit partner			
Ordinary resolution number 2.1	Re-election of Gareth Ackerman as a non-executive director			
Ordinary resolution number 2.2	Election of Jonathan Ackerman as a non-executive director			
Ordinary resolution number 2.3	Re-election of Haroon Bhorat as an independent non-executive director			
Ordinary resolution number 2.4	Re-election of Mariam Cassim as an independent non-executive director			
Ordinary resolution number 2.5	Election of James Formby as an independent non-executive director			
Ordinary resolution number 2.6	Re-election of David Friedland as an independent non-executive director			
Ordinary resolution number 2.7	Re-election of Audrey Mothupi as an independent non-executive director			
Ordinary resolution number 3.1	Appointment of Aboubakar Jakoet to the Audit, Risk and Compliance Committee			
Ordinary resolution number 3.2	Appointment of Haroon Bhorat to the Audit, Risk and Compliance Committee			
Ordinary resolution number 3.3	Appointment of Mariam Cassim to the Audit, Risk and Compliance Committee			
Ordinary resolution number 3.4	Appointment of James Formby to the Audit, Risk and Compliance Committee			
Ordinary resolution number 3.5	Appointment of David Friedland to the Audit, Risk and Compliance Committee			
Ordinary resolution number 3.6	Appointment of Audrey Mothupi to the Audit, Risk and Compliance Committee			
Ordinary resolution number 4	General but restricted authority to issue shares for cash			
Advisory vote number 1	Endorsement of the remuneration policy			
Advisory vote number 2	Endorsement of the implementation of the remuneration policy			
Special resolution number 1	Directors' fees for the 2024 and 2025 annual financial periods			
Special resolution number 2	Provision of financial assistance to related or inter-related parties			
Special resolution number 3	General approval to repurchase Company shares			

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 \_\_\_\_\_ 2023

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 that 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, or Private Bag X9000, Saxonwold 2132 or email: proxy@computershare.co.za.
6. For administrative purposes, it is recommended that proxy forms be received or lodged by no later than 08h30 on Monday, 17 July 2023, being 2 (two) business days before the AGM to be held at 08h30 on Wednesday, 19 July 2023. 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, or 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 08h30 on Monday, 17 July 2023 using the online registration portal at [www.smartagm.co.za](http://www.smartagm.co.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 08h30 on Monday, 17 July 2023 by making a written application to participate via electronic communication, by email to [proxy@computershare.co.za](mailto: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);
    - c. or email to: [proxy@computershare.co.za](mailto:proxy@computershare.co.za)
- so as to be received by Computershare by no later than 08h30 on Monday, 17 July 2023.

**NOTE:** Shareholders wishing to participate in and/or vote at the AGM and who register after 08h30 on Monday, 17 July 2023 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 in the Notice of AGM under section G 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.

### Important notice

The service provider shall, by no later than 17h00 on Tuesday, 18 July 2023, notify participants who 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 certificates (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 or possession of the electronic services, whether or not the problem is caused by any act or omission on the part of the participant or anyone else. In particular, but not exclusively, the participant acknowledges that he/she will have no claim against the Company, whether for consequential damages or otherwise, arising from the use of the electronic services or any defect in it or from total or partial failure of the electronic services and connections linking the participant via the electronic services to the AGM.

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 and A2X share code: PIK  
ISIN: ZAE000005443

## Board of directors

### Executive

Pieter Boone (CEO)  
Lerena Olivier (CFO)

### Non-executive

Gareth Ackerman (Chair)  
Suzanne Ackerman<sup>1</sup>  
Jonathan Ackerman<sup>2</sup>  
David Robins

### Independent non-executive

Haroon Bhorat  
Mariam Cassim  
James Formby<sup>3</sup>  
David Friedland  
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.

## Principal transactional bankers

Absa Limited  
First National Bank

## Company Secretary

Penelope Gerber<sup>4</sup>  
Email address: CompanySecretary@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.pnp.co.za](http://www.pnp.co.za)  
Pick n Pay Clothing: [www.picknpayclothing.co.za](http://www.picknpayclothing.co.za)  
Investor relations: [www.picknpayinvestor.co.za](http://www.picknpayinvestor.co.za)

## Customer careline

*Pick n Pay*  
Tel: +27 860 30 30 30  
Email address: [customercare@pnp.co.za](mailto:customercare@pnp.co.za)

### *Boxer*

Tel: +27 860 02 69 37  
Email address: [customercare@boxer.co.za](mailto:customercare@boxer.co.za)

## Online shopping

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

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<sup>1</sup> Suzanne Ackerman retired as an executive director on 31 March 2022 and was appointed as a non-executive director on that date.

<sup>2</sup> Jonathan Ackerman retired as an executive director on 31 March 2023 and was appointed as a non-executive director from that date.

<sup>3</sup> James Formby was appointed as an independent non-executive director on 10 October 2022.

<sup>4</sup> Penelope Gerber was appointed as Company Secretary on 31 July 2022.

### Think before you print

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