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# CORPORATE GOVERNANCE REPORT 2021

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# 01 OUR GOVERNANCE

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# AN OVERVIEW BY OUR LEAD INDEPENDENT DIRECTOR



The Board ultimately endorses and accepts responsibility for achieving the values that underpin good governance, as advocated by King IV. These include integrity, competence, fairness, responsibility, transparency and accountability.

## Our approach to corporate governance

The Group's commitment to the highest standards of corporate governance has contributed to its sustainable value creation over 54 years. The Board of directors (Board) provides effective and ethical leadership and is committed to a governance framework that is built on the principles of honesty, integrity and accountability.

Our ethical value system has built strong relationships with stakeholders who recognise and support the Group as a responsible corporate citizen, with the confidence that we will do what is right. The Board endorses the corporate governance principles encapsulated in King IV, including the concept of integrated thinking, which underpins corporate citizenship, stakeholder inclusivity, sustainable development and integrated reporting. The Board commits to stakeholders that it will operate in accordance with our values of integrity, competence, fairness, responsibility, transparency and accountability, as captured by our enduring values set out on page 3 of the 2021 Integrated Annual Report (IAR).

The Board is elected by shareholders and accepts overall accountability for the Group's performance, and in ensuring that the business is adequately positioned to create sustainable value over the long term for all stakeholders, taking into account the material issues, risks and opportunities of the Group. Sustainable value creation is measured

across the triple context of the Group's economic, social and environmental performance against the objectives set out in our long-term strategy, and with reference to the effective management of our capitals and the balanced and appropriate management of stakeholder needs.

## Impact of Covid-19

In the 2021 financial period, efforts to curb the spread of the Covid-19 global pandemic led to significant impacts on people and economies. On 15 March 2020, a National State of Disaster was declared in South Africa, with a nationwide lockdown imposed from 27 March 2020. Countries in which the Group operates in the rest of Africa implemented similar measures. As an essential service provider, the Group remains proud to support consumers with vital access to essential consumer goods. The regulatory environment in which businesses operated evolved continually as governments grappled with the best means of enforcing social distancing and other measures to protect against the spread of the pandemic. The advantage of the Group's established corporate governance policies became increasingly clear in the context of the lockdown as the business implemented the various regulatory measures governing operations while ensuring that our customers had access to quality products at fair prices in a safe store environment.

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

### Ethical culture

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

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

- The Board conducted its annual review of the corporate governance charter, ensuring it was updated to align with best practice.
- The Board conducted its annual review of the Group's Code of Ethics, which outlines the key behaviours and actions expected by employees, suppliers and business partners. A Group-wide ethics communications campaign continues, with different illustrations of ethical behaviour being communicated to employees every month.
- The Board oversaw the Group's response to the State of Disaster declared as a result of the Covid-19 pandemic:
  - » The Group worked tirelessly with suppliers and staff to ensure that its stores remained open to provide essential products to consumers and a safe environment for staff and customers
  - » The Group established the Feed the Nation Foundation to assist in poverty alleviation
  - » The Group actively monitored the implementation of its policy of not seeking to profit from unjustifiable increases in prices of goods in demand
  - » The Group has offered to do whatever it can to assist in the efficient distribution of the Covid-19 vaccine when it becomes available

### Effective control

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

- Areas of governance are delegated to the Board's various committees. Read more from page 20.
- The Board's delegation of authority within its governance framework contributes to role clarity and the effective exercise of responsibilities across the Board's various committees and within the broader business. Read more from page 4.
- The Group's corporate governance structure is regularly reviewed to ensure that the Board exercises effective and ethical leadership, conducts its affairs as a good corporate citizen and takes appropriate decisions to ensure the sustainability of operations.

- The mandate of the Chief Executive Officer (CEO) was reviewed and found to be up-to-date and relevant, in light of the transition in leadership from Richard Brasher to Pieter Boone.
- 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 7.

### Legitimacy

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

- The Board ensures that the reports issued by the Group enable stakeholders to make informed assessments of its performance, and its longer-term prospects.
- As part of its succession planning strategy and to enable a seamless transition in key leadership roles, the Board, in collaboration with the nominations committee:
  - » Worked on the succession planning, oversaw the selection process and the transition to the recently appointed CEO of the Group, Pieter Boone, following the retirement of Richard Brasher after the close of the 2021 financial period
  - » Continued to review and work on the succession planning for the senior executive positions in the Group
  - » Ensured that the independent non-executive directors appointed in 2020, Haroon Borat, Mariam Cassim and Annamie van der Merwe were inducted and effectively incorporated into Board debates and contributed to the Group's value creation, with the Board welcoming their fresh perspectives and relevant strategic input
  - » Adjusted committee membership to ensure that all directors contributed in accordance with their strengths and diverse experience
- The Board respects the King IV principle of having an arm's length relationship with the Company Secretary and has created an environment in which the Company Secretary is able to ensure full adherence to Board procedures and relevant regulations. The Company Secretary is not involved in an executive capacity on the boards of the various companies in the Group.

### Good performance

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

“ The Board is satisfied that it has fulfilled its responsibilities in accordance with its corporate governance charter, King IV, the JSE Listings Requirements, the Companies Act and applicable statutory and regulatory requirements for the financial period ended 28 February 2021. ”

Jeff van Rooyen

# OUR GOVERNANCE STRUCTURE

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

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

The Group's governance framework is regularly reviewed to ensure that the Board exercises effective and ethical leadership, conducts its affairs as a good corporate citizen and takes appropriate decisions to ensure the long-term sustainability of the business. In the 2021 financial period, the Board approved the separation of the risk and the internal audit services, that previously had been provided by one department. With effect from the 2022 financial period, the Board decided to combine the nominations committee with the corporate governance committee, given the alignment between identifying appropriate directors 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.

## Board committees

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

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

### Pick n Pay Stores Limited Board

#### Attendance

- Five Board meetings were held during the 2021 financial period
- Directors' attendance was 100%.
- All directors attended the annual general meeting held on 4 August 2020

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

In addition to the scheduled four Board meetings, an additional Board meeting was called in April 2020 to discuss the Group's response to the Covid-19 pandemic.

*Read more from page 2.*

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

*Jeff van Rooyen, lead independent director*

### Audit, risk and compliance committee

#### Members and attendance

J van Rooyen (Chair) <sup>Δ</sup>	2/2
M Cassim <sup>Δ*</sup>	1/1
D Friedland <sup>Δ</sup>	2/2
H Herman <sup>Δ*</sup>	2/2
A Mothupi <sup>Δ</sup>	2/2

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

Mariam Cassim was appointed to the committee at the 2020 annual general meeting. Hugh Herman retired from the committee at the close of the 2021 financial period on 28 February 2021. Haroon Borhat was appointed to the committee with effect from 1 March 2021 and will be presented to shareholders for election at the 2021 annual general meeting.

*Read from page 20 for more detail of the role this committee plays in determining the financial reporting and material issues faced by the Group and in assessing the adequacy of the Group's risk management processes.*

### Corporate finance committee

#### Members and attendance

J van Rooyen (Chair) <sup>Δ</sup>	✓
H Borhat <sup>Δ</sup>	✓
M Cassim <sup>Δ</sup>	✓
D Friedland <sup>Δ</sup>	✓
H Herman <sup>Δ</sup>	✓
A Mothupi <sup>Δ</sup>	✓
A van der Merwe <sup>Δ</sup>	✓

The committee consists of all independent non-executive directors. It assists the Board in assessing material investment opportunities for the Group, as identified in Stage 2 of the Group's long-term strategy. No formal meetings were held in the 2021 financial period.

*Read from page 49 of the 2021 IAR for more detail on the Group's strategic focus.*

*Read more from page 28.*

### Remuneration committee

#### Members and attendance

A Mothupi (Chair) <sup>Δ</sup>	5/5
G Ackerman <sup>^</sup>	5/5
H Borhat <sup>Δ*</sup>	1/1
H Herman <sup>Δ*</sup>	5/5
A Jakoet <sup>^</sup>	5/5
J van Rooyen <sup>Δ</sup>	5/5

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.

Audrey Mothupi was appointed as Chair of the remuneration committee on 1 March 2021. Hugh Herman was Chair during the 2021 financial period and resigned from the committee on 28 February 2021. Haroon Borhat was appointed to the committee in August 2020.

*Read more in our remuneration report from page 30.*

### Social and ethics committee

#### Members and attendance

S Ackerman-Berman (Chair)	3/3
A Jakoet <sup>^</sup>	3/3
D Robins <sup>^</sup>	3/3
A van der Merwe <sup>Δ</sup>	3/3

The committee, supported by key management personnel, is tasked with ensuring that the Group's enduring values as set out on page 3 of the 2021 IAR underpin the Group's long-term strategy and are applied daily in all areas of the business, and that our sustainability strategy is closely aligned with the United Nations Sustainable Development Goals most relevant to our business (refer to page 3 and page 57 of the 2021 IAR for more information).

*Read more from page 50.*

### Nominations and corporate governance committee

#### Members and attendance

G Ackerman (Chair) <sup>^</sup>	1/1
S Ackerman-Berman	1/1
H Borhat <sup>Δ</sup>	1/1
D Friedland <sup>Δ</sup>	1/1
A Mothupi <sup>Δ</sup>	1/1
A van der Merwe <sup>Δ</sup>	1/1
J van Rooyen <sup>Δ</sup>	1/1

The nominations committee held frequent ad hoc meetings with all the non-executive directors during the financial period to discuss and guide the CEO succession plans, as well as committee membership.

In October 2020, the Board combined the nominations committee with the corporate governance committee, and the inaugural meeting of the combined committee was held in February 2021.

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

*Read more from page 26.*

### Executive committee

#### Members and attendance

R Brasher <sup>†</sup>
L Olivier
P Boone <sup>†</sup>
R van Rensburg <sup>†</sup>

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> *Richard van Rensburg (CISO) retired end March 2021. His position on the executive committee and the Board will not be filled.*

<sup>†</sup> *Richard Brasher (CEO) retired end April 2021. His successor, Pieter Boone, joined the executive committee in January 2021.*

### Employee share incentive trust

#### Members and attendance

G Ackerman (Chair) <sup>^</sup>	2/2
H Herman <sup>Δ*</sup>	2/2
A Jakoet <sup>^</sup>	2/2
A Mothupi <sup>Δ</sup>	2/2
J van Rooyen <sup>Δ</sup>	2/2

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

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

Hugh Herman retired from the trust at the close of the 2021 financial period on 28 February 2021.

✓ Available for all ad hoc meetings.

<sup>#</sup> Appointed to committee during the year.

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

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

<sup>\*</sup> Resigned from committee at end of financial period.

### Board composition

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

#### February 2021



#### May 2021



The non-executive directors are diverse in their academic qualifications, business experience, gender and race, resulting in a balanced Board. Read more from page 13.

Gareth Ackerman and David Robins are not considered independent owing to their relationship with the controlling shareholder. Aboubakar (Bakar) Jakoet is not considered independent as he was an executive director until his retirement as Chief Finance Officer (CFO) during the 2019 financial period. As our Chair is not considered independent, Jeff van Rooyen was appointed as lead independent director. Read more under 'Controlling shareholder representation on the Board' overleaf.

The executive committee (refer to page 5 for further information) performs the CODM role within the Group. With the retirement of Richard van Rensburg (CISO) on 31 March 2021, and Richard Brasher (CEO) on 21 April 2021, the CODM now comprises Pieter Boone (CEO) and Lerena Olivier (CFO). They are tasked with the day-to-day executive management of the Group including the CISO portfolio. Suzanne Ackerman-Berman and Jonathan Ackerman perform valuable ancillary executive roles alongside the executive committee, focused on corporate social investment, transformation and customer relations.

The Board is satisfied that during the 2021 financial period its balanced composition reflects an appropriate mix of knowledge, skills, experience, diversity and independence.

The Board announced that:

- Richard van Rensburg retired from the Board as an executive director end March 2021
- Richard Brasher retired from the Board as an executive director end April 2021
- Pieter Boone was appointed to the Board as an executive director in April 2021 and will be presented to shareholders for election at the 2021 annual general meeting

### Our directors' sector experience

#### A competitive advantage for the Board

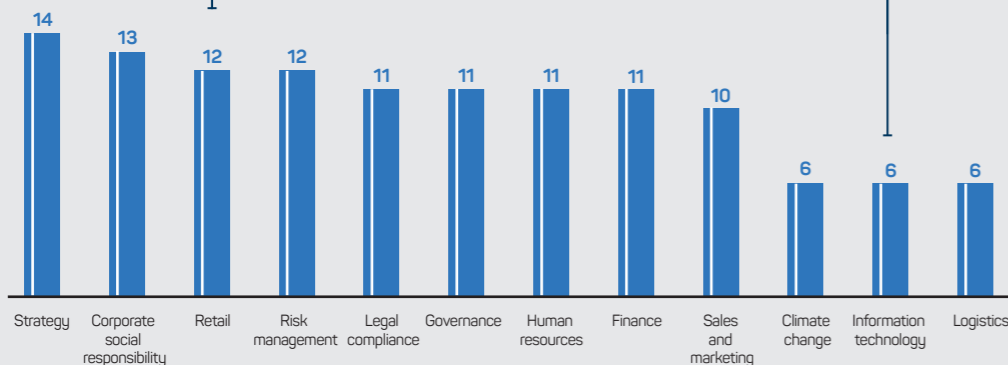
The Board has broad local and international retail experience. We see this as a strong competitive advantage and a unique strength.

#### Board development focus areas for the 2022 financial period

- Risk management in general, with a specific focus on cyber security
- The effectiveness of information technology particularly in effectively serving customers
- ESG reporting

These focus areas are multi-faceted aspects of our business that could have a broad impact on our operational performance and our ability to create sustainable value over the longer term.

The Board will continue to build its proficiency in these areas, supported by a skilled management team. The Board believes it has sufficient expertise in specialised information technology and will continue to closely monitor climate change and supply chain logistics.



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

### Controlling shareholder representation on the Board

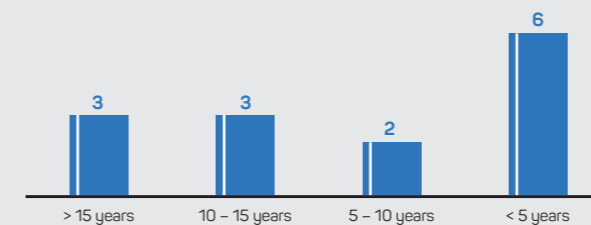
The non-executive Chair of the Group, Gareth Ackerman; non-executive director, David Robins; and two executive directors, Suzanne Ackerman-Berman and Jonathan Ackerman, were nominated as representatives of the controlling shareholder and were elected by shareholders to the Board. All are members of the Ackerman family, and are not considered independent by virtue of their indirect shareholdings in the Company. Between them they have over 92 years' experience in the Group. Their wealth of retail knowledge assists the Group in making decisions for the benefit of all stakeholders.

To guard against a perception that a conflict of interest could arise between the controlling shareholder and other shareholders, the Board annually elects an independent non-executive director to act as lead independent director (LID). The role of the LID is to provide leadership and advice to the Board when the Chair has a conflict of interest, without detracting from the authority of the Chair. The position also provides an important point of contact for the broader investment and stakeholder community should they have concerns with the management of the Group or potential conflicts of interest. Jeff van Rooyen was appointed as LID on 2 March 2020.

#### Non-executive director tenure

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

#### Board director tenure



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

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 resign at each annual general meeting, including long-serving directors who serve one-year terms.

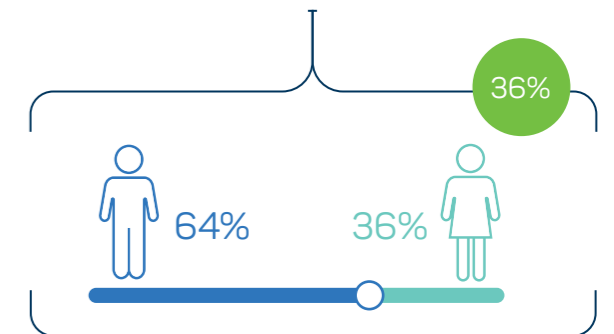
**This enables shareholders to hold directors to account and to appoint directors to the Board who shareholders believe will ensure long-term sustainable value creation for all stakeholders.**

Long-serving independent non-executive directors Hugh Herman and Jeff van Rooyen have indicated their intention to retire from the Board at the 2022 annual general meeting. While the Board will miss their wisdom and experience, succession planning has ensured that, following recent appointments to the Board, there will remain sufficient capacity to fulfil all Board functions, including that of the LID.

When filling vacancies, the Board seeks and appoints qualified individuals who reflect a diverse range of skills and professional backgrounds and who represent the gender, race and ethnic diversity of the communities we serve. This is guided by the Group's diversity policies, as well as ensuring that the Board enjoys representation across all elements of sector experience.

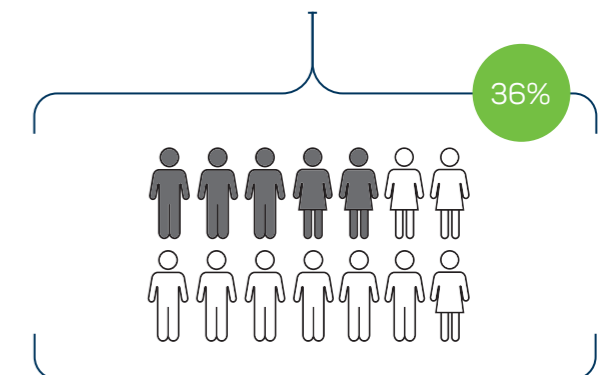
#### Gender diversity - %

At least 25% of our Board should comprise women.



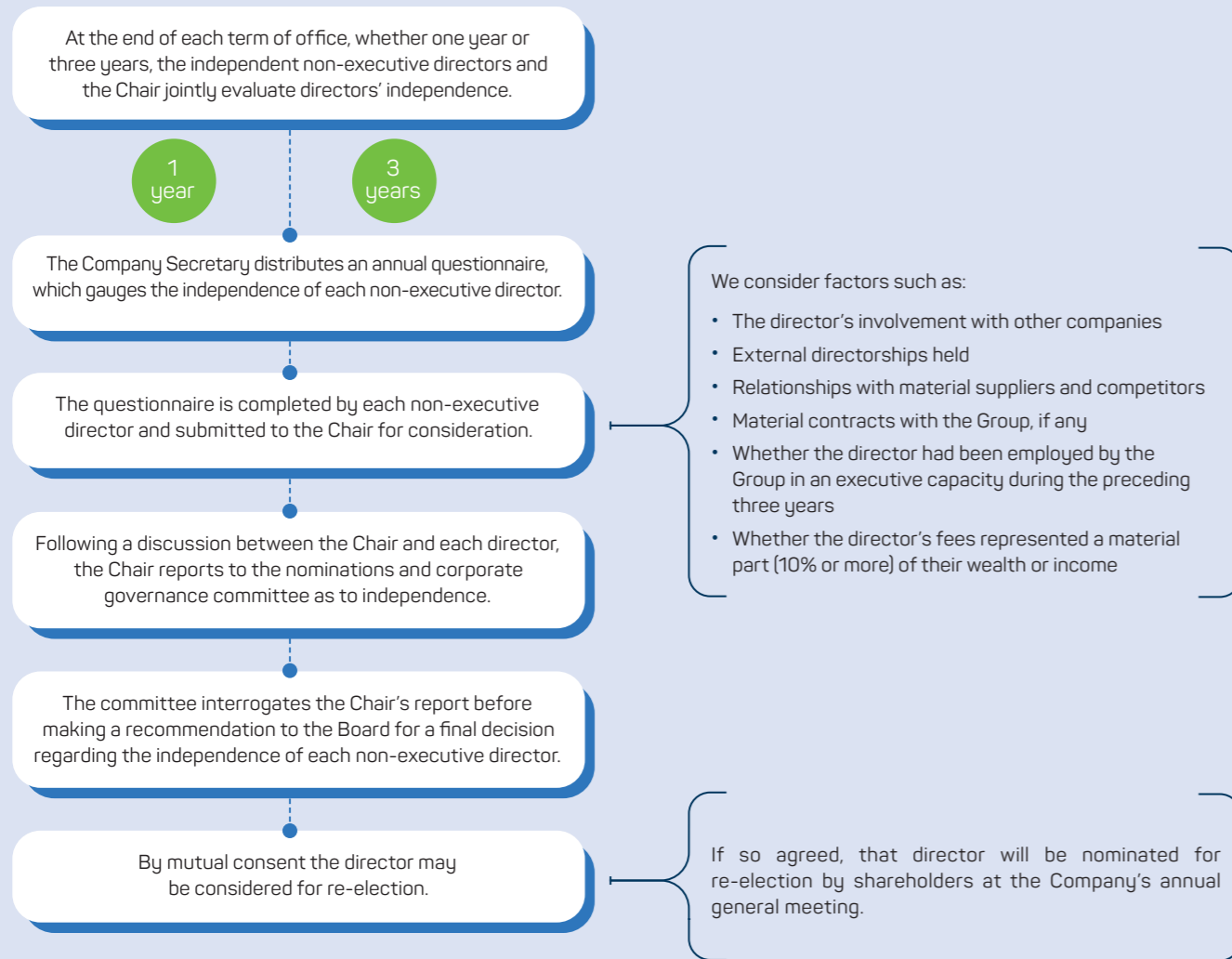
#### Racial diversity - %

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



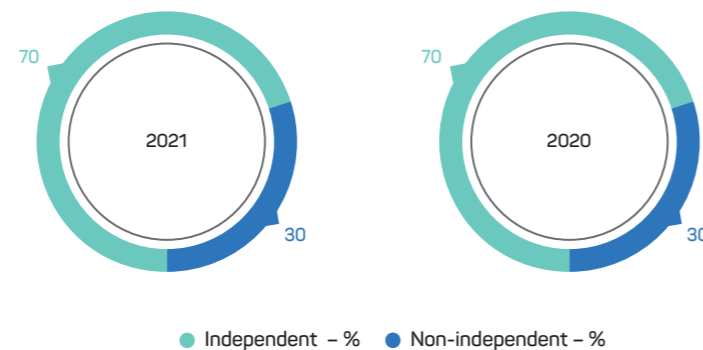
**The Board has achieved its gender and race diversity targets. Consideration will be given to raising the diversity percentages in the coming year.**

### Independence of non-executive directors



#### Non-executive directors

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



### What the Board focused on during the year

The directors ensure that the Group is managed in a transparent, equitable and responsible manner for the benefit of all its stakeholders. The Board appreciates that the strength of its strategy, the identification of material issues, the effectiveness of its risk management, its commitment to social and environmental sustainability and its financial performance are all inseparable elements of long-term value creation. Directors engage in rigorous and informed debate with the aim of promoting direction, governance and effective leadership of the Group. For detail on Board reaction to some shareholder concerns, please read from page 32. All Board members are conscious of their obligation to act with integrity and as representatives of all our stakeholders.

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

Key Board focus areas over the year included:

### Strategy and performance

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

#### Group strategy – delivering growth in a more difficult consumer environment

- The Board assessed the effectiveness of Group strategy in responding to changing customer needs, with a focus on maintaining trade and finding growth in a tough economic climate
- The Board monitored management's efforts to improve the cost effectiveness and efficiency of the business
- The Board continued to monitor the impact of the increasingly difficult economic conditions in the regions we trade and the impact on consumer confidence and consumer spend
- The Board is confident that the Group's strategy remains effective in delivering long-term sustainable growth. Read from page 49 in the Integrated Annual Report for further information on the Group's strategic focus as approved by the Board

#### Covid-19 impact

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

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

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

The Board considered management's proposal that it would be prudent to defer payment of the dividend in light of the economic uncertainty and the impact on market liquidity caused by the Covid-19 pandemic. The Group had no long-term debt and its prudent approach to financial gearing had served it well into the pandemic. However, given the unprecedented economic and social uncertainty, it was agreed that it was critical to maintain balance sheet strength. A decision was taken to defer the FY20 final dividend, subject to review.

The meeting held to discuss the FY21 interim dividend included a full review of the deferral of the FY20 final dividend. At that time, the Board agreed that the market liquidity environment had stabilised sufficiently, and that management had sufficiently mitigated the impact of the Covid-19 pandemic on trade. The Board approved the payment of both the deferred FY20 final dividend and the interim FY21 dividend, both calculated in accordance with standard dividend policy, returning the Group to an uninterrupted dividend cycle.

In FY20 the financial result was released as reviewed as a result of the impact of the Covid-19 pandemic on the financial year-end close process. In FY21 we reverted to our standard practice of releasing audited annual financial statements. On 20 April 2021 our audited annual financial statements for the FY21 financial period were approved by the Board for release.

The Board supported the Group's policy of ensuring that no profit would be sought from unjustifiable increases on prices of products in demand. During FY21 the Group received various complaints of excessive pricing from the Competition Commission. All proved unfounded.

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

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

#### Material performance drivers

- Greater differentiation of customer offer across Pick n Pay Value, Core and Select formats
- Accelerating growth in Boxer, underpinned by supply chain centralisation
- Investment in core food and grocery lines
- Supply chain response to minimise disruption and improve product availability
- Investment in lower prices and leveraging the Smart Shopper loyalty programme to deliver greater value
- The Group's execution of its Project Future modernisation programme (page 70 of the Integrated Annual Report) including:
  - » modernisation of the Group's workforce
  - » gross profit margin management, including control of shrink and waste
  - » control of cost escalations and resource efficiency
  - » working capital management
  - » modernisation of the Group's store estate, including conversions between brands and formats to drive returns
  - » funding and liquidity management in response to the Covid-19 pandemic

## Strategy and performance (continued)

## Performance of our Rest of Africa segment

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

The trading environment was increasingly constrained with continued currency devaluations, escalating dollar rentals, and extraordinary electricity price increases.

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

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

Developments in Zimbabwe were closely monitored in light of economic uncertainty and currency illiquidity in the region leading to inflationary pressure. TM Supermarkets again delivered a strong trade performance notwithstanding the difficult economic backdrop in Zimbabwe.

The Board is committed to a prudent approach to expansion in Nigeria, without putting the core South African operation at undue risk. The Group opened its first store in Nigeria in 2021.

## Covid-19 impact

As with South Africa, the lockdown had a serious and ongoing impact on other countries in Africa in which the Group operates. The situation is being closely monitored and every effort is being made to ensure that staff, customers and service providers remain safe, that expenses are well controlled and that availability is maintained at the best possible price.

## Governance and risk management

## Re-aligning committees and committee membership

Committee structure and membership was re-assessed. A decision was taken to split the internal audit and risk functions into different departments. A decision was taken to combine the nominations committee with the corporate governance committee. Recently appointed non-executive directors were allocated to the committees where they were best placed to make a contribution based on their sector experience.

## ESG performance and reporting

The Board continues to monitor the Group's progress against its sustainable living strategy, including its environmental impacts and contribution to social upliftment. Refer to pages 57 to 60 of the Group's Integrated Annual Report.

## Effectiveness of our information systems and technology

The Board is cognisant of the increased risk of cyberattacks and the vulnerability of office workers using technology to work from home. The Board has endorsed ongoing investment in the development and maintenance of our IT infrastructure and security systems to guard against attack, protect the confidentiality of information and ensure the responsiveness and adequacy of recovery procedures.

## Monitoring statutory development

We monitored statutory developments, including:

The provisions of the Protection of Personal Information Act, No 4 of 2013 (POPI Act) will be enforced with effect from 1 July 2021; the Group remains well on the way to achieve compliance with the deadline.

The proposed amendments to the Companies Act, No 71 of 2008, as amended (Companies Act) are being closely monitored.

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

## Covid-19 impact

Following the declaration of the State of Disaster on 15 March 2020 a plethora of regulations have been promulgated to govern every aspect of the lockdown in its varying levels. The Group continues to work tirelessly to ensure that it remains able to perform its function as an essential products provider to consumers.

In a remarkably short space of time, our information systems enabled office workers to work from home, ensuring that employees remained connected while systems remained secure.

## 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. Extensive analysis was undertaken to establish a workforce profile and relative pay, with the goal of ensuring that all employees receive fair pay for work done and that the Group remains anti-discriminatory in its recruitment and remuneration. Comprehensive statistical analysis remains ongoing. The results are encouraging, with evidence that pay rates are not skewed by gender or race. The Board will continue to focus on the adequacy of the measures in place to retain and upskill employment equity employees, particularly in senior executive roles, including the removal of any potential barriers to entry.

## Staff productivity and efficiency

In the 2020 financial period (FY20), the Board adopted measures across the Group, in light of the limited growth of the economy and the tough economic conditions, against the priority of keeping operating costs as low as possible in order to achieve the best value for customers. Plans put in place in FY20 to reduce operating costs stood the Group in good stead in light of the Covid-19 pandemic that created structural challenges in the 2021 financial period (FY21).

The Board's policy remains to reduce other costs before reducing the number of employees. A voluntary severance package (VSP) was launched, with all employees given a choice to leave the business on a voluntary basis, in a planned and structured manner, with a package in excess of statutory requirements. The Company reserved the right to accept or decline applications for the VSP in line with operational requirements and the need to retain vital skills. The VSP achieved significant savings and significantly reduced the scale of retrenchments (s189) required in support offices in order to achieve the necessary savings in operational costs. The Board's focus remains on streamlining the business to achieve a modernised structure in retail operations.

The Group's goal remains to build a better and more sustainable business, with more opportunities for all employees. The Board considered the VSP and s189 processes as a tough but necessary step to create better value for customers, all stakeholders and the prospects of everyone who works in Pick n Pay.

**Jeff van Rooyen**  
Lead Independent Director  
27 May 2021

## 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 2020 and confirmed that, where relevant, the Group had improved its annual financial statements disclosure.

## CEO/CFO sign-off on internal financial control

Paragraph 3.84(k) of the JSE Listings Requirements came into effect for issuers with a year-end after 31 December 2020. The amendment requires a higher level of accountability from executive management regarding conformity with the enhanced regulations. The Group's CEO and CFO have signed off on the internal financial control responsibility statement, confirming that, following due, careful and proper consideration, the annual financial statements have been prepared in accordance with the accounting framework and are suitable for reliable economic decision-making.

## IAS 29 Financial Reporting in Hyperinflationary Economies

During FY20, Zimbabwe was classified as a hyperinflationary economy. This continued into FY21. The equity accounted earnings of the Group's investment in its associate operating in Zimbabwe was therefore accounted for under IAS 29 *Financial Reporting in Hyperinflationary Economies*. The Group's share of associate's income, recognised within profit before tax and headline earnings, included a hyperinflationary accounting net monetary adjustment. The impact of hyperinflation accounting does not provide stakeholders with an accurate assessment of the Group's comparable year-on-year performance. As a result, the Group presented its earnings for FY21 on a comparable basis excluding the Group's share of associate's net monetary adjustments. Refer to the Appendices contained in the 2021 audited Group annual financial statements for further information.

# OUR BOARD OF DIRECTORS

## Non-Executive Chair



**Gareth Ackerman (63)**

**Chair**  
BSocSci, CMS and AMP (Oxon)

- Appointed 1990
- Years of service to the Group: 37
- Years of service on the Board: 31
- Chair of the nominations and corporate governance committee and the Employee Share Incentive Trust

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

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

C SM CC G H L IT R LC F RM S

## Executive directors



**Pieter Boone (53)**

**Chief Executive Officer (CEO)**  
BBA

- Appointed 2021

A Dutch national, Pieter became CEO of the Pick n Pay 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 Pick n Pay 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.

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**Lerena Olivier (45)**

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

- Appointed September 2019
- Years of service to the Group: 10

Lerena joined the Group ten years ago, taking responsibility for financial reporting and the finance team in the Pick n Pay Group finance division. During her 19 years of experience in JSE-listed companies in the retail sector, Lerena has gained expertise in finance, risk management, strategy, accounting and tax.

C R H F LC S RM IT G



**Suzanne Ackerman-Berman (58)**

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

- Appointed 2010
- Years of service to the Group: 26
- Years of service on the Board: 11
- Chair of the social and ethics committee

Following broad executive experience in the Group, Suzanne was appointed Director of Transformation in 2007. In addition to her executive contribution to the Group, she was appointed to the Board as a representative of the controlling shareholder in March 2010.

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

C SM CC R H S



**Jonathan Ackerman (54)**

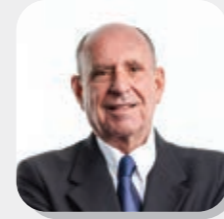
**Executive Director**  
BA Marketing

- Appointed 2010
- Years of service to the Group: 28
- Years of service on the Board: 11

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

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## Non-executive directors



**David Robins (67)**

**BBusSci**

- Appointed 2002
- Years of service to the Group: 27
- Years of service on the Board: 19

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.

C R RM F SM S G



**Aboubakar (Bakar) Jakoet (65)**

**CA(SA)**

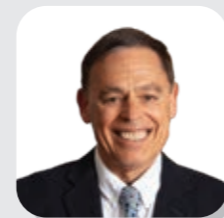
- Appointed 2019 as a non-executive director
- Years of service on the Board as non-executive director: 1
- Other listed company directorships: Oceana Group Limited

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

Bakar is deputy chair of the UCT finance committee.

C G H L IT R LC F RM S SM

## Independent non-executive directors



**David Friedland (67)**

**CA(SA)**

- Appointed 2013
- Years of service on the Board: 8
- Other listed company directorships: Investec Limited, Investec plc, The Foschini Group Limited

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

C G LC R RM F H S SM



**Hugh Herman (80)**

**BA LLB, LLD (hc)**

- Appointed 1976
- Years of service on the Board: 45

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

LC R RM F SM S G



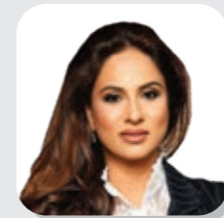
**Audrey Mothupi (51)**

**BA (Hons)**

- Appointed 2013
- Years of service on the Board: 8
- Other listed company directorships: Life Healthcare Group, Altona plc (listed on the Aquis Stock Exchange)

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

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**Mariam Cassim (39)**

**CA(SA), MBA**

- Appointed 2020
- Years of service on the Board: 1

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

Mariam's professional experience includes Corporate Finance and Deal Structuring, Mergers and Acquisitions, Debt Structuring and Commercial Evaluation. Her flair for innovation, disruption and new business development allows Mariam to generate creative business solutions, which have a strong purpose element and thereby benefit business as well as society. Mariam served on the board of Super Group Limited until December 2020.

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Independent non-executive directors (continued)



**Haroon Bhorat (52)**

PhD in Economics

- Appointed 2020
- Years of service on the Board: 1
- Other listed company directorships: Sygnia Asset Management (independent non-executive Chair)

Haroon is Professor of Economics and Director of the Development Policy Research Unit at the University of Cape Town. He is currently a member of the Presidential Economic Advisory Council (PEAC), established in 2019 by President Ramaphosa to generate new ideas for economic growth, job creation and addressing poverty in South Africa. Haroon is the Independent Non-Executive Chair of Sygnia and is also Chair of the Nimble Group. Haroon is a Non-Resident Senior Fellow at the Brookings Institution – the world's leading global think tank. He was recently invited to join the UCT College of Fellows. He was a member of the World Bank's Advisory Board of the Commission on Global Poverty and is a member of the Programme Committee of the 2021 International Economic Association World Congress. 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.



C F CC S LC H RM L G



**Jeff van Rooyen (71)**

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

- Appointed 2007
- Years of service on the Board: 14
- Lead independent director (LID)
- Chair of the audit, risk and compliance committee and corporate finance committee
- Other listed company directorships: Exxaro Resources Limited (independent non-executive Chair)

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 at the AGM held in May 2021.



C G H R LC RM F S



**Annamarie van der Merwe (57)**

B.Juris, LLB, LLM, EMP

- Appointed 2020

Annamarie is the Executive Chair of the FluidRock Governance Group, a business that she co-founded approximately 16 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 recently 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. 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).



C G H LC RM F S

Company Secretary



**Debra Muller (59)**

Company Secretary  
BA LLB

- Appointed 2010
- Years of service to the Group: 15

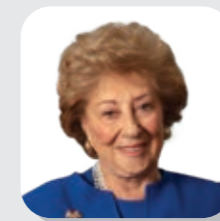
Debra was admitted as an attorney in 1988. From 1994 she assisted the Group as a legal consultant, taking a permanent position as in-house legal advisor in 2006, working with contracts, compliance and disputes. Appointed as Company Secretary to the Group in 2010, Debra continues to head up the legal department. In 2016 Debra was appointed to the board of directors of the Consumer Goods and Services Ombud (RF) NPC, where she also serves as a member of the CGSO audit and risk committee.

Honorary life presidents



**Raymond Ackerman**

Years of service: 54



**Wendy Ackerman**

Years of service: 54

Sector experience

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

Refer to page 6 for insight into the Board's overall sector experience.

Members of:

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

# BOARD REPORT

## Pick n Pay Stores Limited Group

### Board function

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

The Board appoints the executive committee, which in the 2021 financial period consisted of the CEO, CFO and CISO and now comprises the CEO and CFO, to run the Group on its behalf.

The CEO is responsible for:

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

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

### Evaluation of performance

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

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

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

**The Board is satisfied that the internal evaluation process improves its performance and effectiveness.**

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

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

### Company Secretary

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

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

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

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

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

### Risk governance

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

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

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

An enterprise-wide risk management approach ensures that all areas of the business are aligned with the Group's risk management philosophy and strategy. The overall risk profile of the Group has remained constant in the period under review.

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

For detail on the material risks and issues facing the Group, and how these inform the Group's strategy, please read from page 33 of the 2021 Integrated Annual Report.

### Information technology (IT) governance

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

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

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

### Operational governance

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

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

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

# DIRECTORS' REPORT

## Pick n Pay Stores Limited Group

### Nature of business

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

Significant subsidiaries held directly are presented in note 28 of the Group annual financial statements.

### Overview of financial results and activities

Refer to the review of operations in the audited Group annual financial statements for an overview of financial results and activities of the Group.

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

In order to provide useful and transparent comparative information, we have presented our results on a comparable basis by adjusting for the non-comparable effects of IAS 29 *Financial Reporting in Hyperinflationary Economies* and, in addition have provided further comparable analysis by removing the impact of once-off compensation costs relating to the Group's severance programmes. Refer to Appendix 2 for further information.

### Going concern

The Pick n Pay Group is operating in the unprecedented circumstances created by the global coronavirus (Covid-19) pandemic, with South Africa operating under a National State of Disaster. During the period under review, South Africa was subjected to various stages of lockdown, with Government imposed restrictions on the sale of liquor, tobacco, clothing and general merchandise at different times of the year. Countries in the rest of Africa, in which the Group operates, has implemented similar measures in an attempt to slow down the spread of the virus. Refer to the result summary for information relating to the estimated financial impact of the lockdown on the Group.

The Board of directors (the Board) has performed a formal review of the Company and its subsidiaries' ability to continue trading as going concerns in the foreseeable future. As part of this review, the Board has given careful consideration to the current Covid-19 pandemic and its impact on the Group. In line with standard governance practice, the Board have made an assessment of the Group's solvency and liquidity and is satisfied of the Group's ability to continue as a going concern for the foreseeable future and that the presentation of the annual financial statements on a going concern basis is appropriate.

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

### Shareholder distribution

The directors have declared a final dividend (dividend 106) of 161.00 cents per share out of income reserves, maintaining the Group's dividend cover of 1.3 times Comparable Headline Earnings per share. Refer to Appendix 3 for further information on the Group's Comparable Headline Earnings per share. For further information on the dividend declaration, refer to page 16 of the summarised audited Group annual financial statements.

### Share capital

At period end, 6 264 000 shares (2020: 8 485 240 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, 9 004 500 shares (2020: 7 630 000 shares) of Pick n Pay Stores Limited were held within the Group in order to settle obligations under the Group's restricted share plan (RSP), previously named the forfeitable share plan (FSP). Dividends in respect of the 2020 RSP awards are deferred until the shares have vested and are paid according to the number of shares that vest on vesting date. Participants of awards prior to 2020 have non-forfeitable rights to the dividends on shares. Refer to note 5 of the Group annual financial statements.

### Borrowings

The Group's overall level of debt (including bank overdraft and overnight borrowings) increased by R2 297.6 million to R5 282.6 million. The Group has drawn approximately 50% of its available facilities to protect the Group against any short-term market liquidity risks as a result of the Covid-19 pandemic, with all surplus funds invested in high-yield money market accounts. Refer to the result summary for further information on the Group's net funding position.

### Legal proceedings

The Company and its subsidiaries are not involved, and have not in the 2021 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 4 August 2020, the Company's shareholders approved the following special resolutions as tabled in the notice to the annual general meeting:

#### Directors' fees for the 2021 and 2022 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.

#### Amendment of Restricted Share Plan (previously named Forfeitable Share Plan)

Shareholders approved the amendment of the Rules of the Forfeitable Share Plan to allow for the remuneration committee to vary the entitlement of participants to voting and dividend rights during the vesting period. The Forfeitable Share Plan was renamed to the Restricted Share Plan.

#### General approval to repurchase Company shares

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

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

### Directors, prescribed officers and Company Secretary

Refer to note 4 of the Group annual financial statements for a list of directors of the Company for the 2021 financial year.

The non-executive directors listed below retire by rotation and, being eligible, they offer themselves for re-election at the next annual general meeting (AGM) on 28 June 2021:

Hugh Herman  
Jeff van Rooyen  
Audrey Mothupi  
David Robins

The director listed below offers himself for election at the next AGM on 28 June 2021:

Pieter Boone (executive), effective 20 April 2021

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

The directors listed below resigned from the Board of directors:

Alex Mathole (effective 4 August 2020)  
Richard van Rensburg (effective 31 March 2021)

The Company Secretary is Debra Muller.

### Directors' interest in shares

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

### Audit, risk and compliance committee

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

**Gareth Ackerman**  
Chair

**Richard Brasher**  
Chief Executive Officer

20 April 2021

# AUDIT, RISK AND COMPLIANCE COMMITTEE

## Pick n Pay Stores Limited Group

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

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

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

The Board has delegated to the committee the statutory and regulatory duties arising from the Companies Act, No 71 of 2008 as amended (the Companies Act) and the JSE Listings Requirements, as well as risk governance and compliance. The committee takes responsibility for developing, communicating and monitoring financial and risk management policies and processes across all divisions in the Group and ensures that adequate systems are in place to identify, evaluate and manage key business risks. The committee ensures that it dedicates sufficient time to assurance functions, financial reporting and risk governance and compliance.

The Pick n Pay Group is operating in the unprecedented circumstances created by the global Covid-19 pandemic. South Africa has operated under a National State of Disaster and subject to an extended lockdown for over a year. Countries in the rest of Africa, in which the Group operates, implemented similar lockdown measures in an attempt to slow the spread of the pandemic. As an essential service provider, the Group has embraced its responsibility, with the active participation of the committee, to support consumers with vital access to essential consumer goods during the lockdown, notwithstanding the constrained operating circumstances.

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

The Covid-19 pandemic and extended lockdown continue to have a significant impact on the economies in which the Group operates. In response to this, and as informed by the committee, the Group has expanded its risk strategy and framework regarding crisis management to specifically address the Covid-19 pandemic. The guidance and amendments to regulations published by the JSE, IFRS and SAICA regarding the Group's reporting obligations were closely monitored. Internal controls impacted by the pandemic have been assessed, monitored and amended where relevant. In addition, business continuity and disaster recovery plans were assessed and, where necessary, amended.

## Composition and activities of the committee

A standing statutory committee, it is chaired by an independent non-executive director and comprises only independent non-executive directors. In accordance with the requirements of the Companies Act, members of the committee are appointed annually by the Board for the ensuing financial period and are elected by shareholders at the annual general meeting. Fees paid to committee members are disclosed in the annual Corporate Governance Report available on the Group's website at [www.picknpayinvestor.co.za](http://www.picknpayinvestor.co.za). Hugh Herman retired from the committee at the close of the 2021 financial period. The committee thanks him for his years of valued service. Independent non-executive director Haroon Borhat was appointed to the committee by the Board with effect from 1 March 2021 and will be presented to shareholders for election at the 2021 annual general meeting.

The committee meets formally twice a year with the Chair, the Chief Executive Officer, the Chief Finance Officer, the head of the internal audit function, the head of risk and the external auditors in attendance. The committee has the right to invite other Board members, executives and external advisors to attend any meeting. In addition, the committee chair meets with executives, the head of risk and the internal and external auditors whenever necessary. The head of risk and the internal and external auditors have unfettered access to the committee and its members throughout the year. Formal minutes of meetings are made available to members of the committee and are available on request to all members of the Board. The effectiveness of the committee is assessed as part of the annual Board and committee self-evaluation process.

## Committee members and attendance at meetings held during the 2021 financial period

Members	Qualifications and experience	Attendance
<b>Jeff van Rooyen (Chair)</b>	A chartered accountant with extensive experience in both the private and public sectors, Jeff is chair of the committee	2/2
<b>Hugh Herman</b>	An attorney and well-respected businessman, Hugh is honorary life president of the Investec Group	2/2
<b>David Friedland</b>	A chartered accountant with extensive expertise in auditing, risk and compliance, David had a long career as audit engagement partner and lead partner with major audit companies	2/2
<b>Audrey Mothupi</b>	An Honours graduate with extensive business experience in financial services as well as in data and digital innovation, Audrey is the CEO of the SystemicLogic Group	2/2
<b>Mariam Cassim</b>	A chartered accountant with extensive auditing and business experience, Mariam is CEO of Vodacom Financial and Digital Services and a member of Vodacom Group's executive committee. She was elected to the committee by shareholders on 4 August 2020.	1/1

## Responsibilities and activities performed

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

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

## Integrated and financial reporting and finance function

Responsibilities	Activities performed and areas of focus
<ul style="list-style-type: none"> <li>• Providing independent oversight and assessment of the effectiveness of the Group's assurance functions and services, with particular focus on combined assurance arrangements, including internal audit, external assurance service providers and the finance function</li> <li>• Providing independent oversight and assessment of the integrity of the annual financial statements and other external reports issued by the Group</li> <li>• Providing independent oversight and assessment of the management of financial and other risks that affect the integrity of external reports issued by the Group</li> <li>• Ensuring that the necessary internal controls and checks and balances are in place</li> <li>• Establishing that management are enforcing use of the controls</li> <li>• Overseeing any tender process adopted to establish whether new external auditors should be appointed</li> <li>• Acting as a liaison between the external auditors and the Board</li> </ul>	<ul style="list-style-type: none"> <li>• Reviewed and recommended to the Board for approval the annual financial statements, interim results, preliminary results announcement and the Integrated Annual Report</li> <li>• Ensured and recommended to the Board that financial and integrated reporting was reliable and was in conformity with International Financial Reporting Standards (IFRS), the Companies Act, the JSE Listings Requirements and the King IV Code of Conduct</li> <li>• Reviewed and approved the appropriateness of accounting policies, disclosure policies and the effectiveness of internal financial controls</li> <li>• Ensured that the Group has established appropriate financial reporting procedures and that those procedures are operating effectively across all companies in the Group, to allow for the effective preparation of the Group's annual financial statements</li> <li>• Continued focus on ensuring that the Group's financial systems, processes and controls are operating effectively and are responsive to changes in the environment and industry</li> <li>• Reviewed the sustainability disclosure in the Integrated Annual Report and ensured that it was consistent with financial information reported</li> <li>• Considered the expertise, experience and resources of the Chief Finance Officer and the Group's finance function</li> <li>• Reviewed the Group's integrated reporting function and progress, considering factors and risks that could impact on the integrity of the Integrated Annual Report</li> <li>• Reviewed and confirmed that the listed company has an independent sponsor at all times during the financial period</li> <li>• Ensured that the appointment of the external auditor is included as a resolution for shareholders to vote on in the Notice of the 2021 annual general meeting</li> <li>• Reviewed and considered representations by management on the going concern statement for the Group and recommended the adoption of the going concern concept to the Board</li> <li>• Reviewed and considered delays and mitigating measures regarding the external audit process, arising from the impact of the lockdown imposed to control the spread of the Covid-19 pandemic</li> <li>• Reviewed feedback from the JSE proactive monitoring panel and included additional disclosure where relevant</li> <li>• Reviewed the new JSE regulations relating to the financial sign-off by the CEO and CFO on the internal financial framework, and implemented as appropriate</li> <li>• Continued to monitor the political and economic situation in Zimbabwe and the accounting treatment of the Group's investment in its associate, TM Supermarkets (Pvt) Ltd in a hyperinflationary environment, including the application of IAS 29 <i>Financial Reporting in Hyperinflationary Economies</i></li> </ul>

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

Jeff van Rooyen  
Chair, Audit, risk and compliance committee

**Internal audit**

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

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

**External audit**

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

The committee annually considers whether a tender process should be adopted to establish whether new external auditors should be appointed. The Independent Regulatory Board for Auditors' (IRBA) rule on mandatory audit firm rotation was taken into consideration. In terms of the rule, the external auditor firm would be rotated in the financial period ended 2026. The committee concluded that a new tender process was not required in the 2022 financial period.

In terms of section 92 of the Companies Act, the designated auditor of a company is required to be rotated after serving as a company's auditor for five consecutive financial years. Tina Rookledge was appointed as the new designated audit partner for the 2021 financial period, following the prior five-year tenure of Malcolm Rapson as designated audit partner. Tina Rookledge has been assessed to have the necessary competence, ability and independence required for this position.

*"The committee confirmed its satisfaction with the performance and level of service rendered by EY during the 2021 financial period."*

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

**Risk management**

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

Responsibilities	Activities performed and areas of focus
<ul style="list-style-type: none"> <li>Ensuring that the Group has adequate processes in place to identify, monitor and manage all significant business and financial risk areas</li> <li>Assisting management to identify risk areas, and evaluating management in the handling of identified risks</li> <li>Ensuring that the Group's assets are secure</li> <li>Ensuring that the Group's information systems are adequate, secure and function effectively</li> <li>Ensuring that the accounting system and controls are adequate and function effectively</li> <li>Ensuring that the effectiveness of the internal control measures is continually evaluated</li> <li>Ensuring that systems exist that adequately provide for the Group's conformance with all laws, regulations and codes</li> </ul>	<ul style="list-style-type: none"> <li>Discharged all risk and compliance committee responsibilities of all the subsidiary companies in the Group</li> <li>Together with head of risk, internal auditors, external auditors and management, reviewed the findings of the financial review committees of the material operating divisions in the Group</li> <li>Ensured that management's processes and procedures were adequate to identify, assess, manage and monitor enterprise-wide risks</li> <li>Reviewed internal audit findings and comments from a risk perspective</li> <li>Reviewed risk report and findings</li> <li>Reviewed operational risks, in particular how they were managed</li> <li>Met with management to review their progress on identifying and addressing material risk areas within the business</li> <li>The Chair met regularly with key management to keep abreast of emerging issues which, during the 2021 financial period, included                         <ul style="list-style-type: none"> <li>The impact of the Covid-19 pandemic</li> <li>Continued monitoring of possible corporate governance failures and their implications on risk management and director responsibilities in oversight of management</li> <li>Reviewed the Group's progress against the implementation of measures to ensure compliance with the Protection of Personal Information Act</li> <li>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</li> </ul> </li> </ul>

**Policy on non-audit services**

All non-audit services provided by the Group's external auditors are required to be pre-approved by the committee. The nature and extent of non-audit services provided by the external auditors has been reviewed to ensure that the fees for such services do not become so significant as to call into question their independence. During the period under review, EY received R0.2 million (2020: R0.4 million) equating to 2.2% (2020: 3.6%) of the total audit remuneration relating to agreed-upon procedures. All non-audit services undertaken during the 2021 financial period were approved in accordance with this policy.

**Expertise and experience of Chief Finance Officer and finance function**

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

## Legal requirements

The committee has complied with all applicable legal, regulatory and other responsibilities for the 2021 financial period.

## Effectiveness of the design and implementation of internal financial controls

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

## The arrangements in place for combined assurance and the committee's view on its effectiveness

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

## Annual financial statements and going concern

Following review of the consolidated Group and separate Company annual financial statements for the financial period ended 28 February 2021, the committee is of the opinion that, in all material respects, the financial statements comply with International Financial Reporting Standards and the Companies Act and that they fairly present the financial position of the Group and Company for the 2021 financial period and the results of the operations and cash flows for the period then ended.

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

In compliance with the requirements of the King IV Report™, an Integrated Annual Report will be compiled for 2021 in addition to these annual financial statements.

## Approval of the audit, risk and compliance committee report

The committee confirms that it functioned in accordance with its charter for the 2021 financial period and that its report to shareholders was approved by the Board.

**Jeff van Rooyen**

Chair: audit, risk and compliance committee

20 April 2021



# NOMINATIONS AND CORPORATE GOVERNANCE COMMITTEE

## Pick n Pay Stores Limited Group

In October 2020 the Board combined the nominations and corporate governance committees. The inaugural meeting of the committee took place in February 2021. 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.

**Members:** Gareth Ackerman, Haroon Borhat, David Friedland, Alex Mathole\*, Audrey Mothupi, Annamarie van der Merwe and Jeff van Rooyen

\* Alex Mathole resigned from the nominations committee on 4 August 2020.

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

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

The committee meets twice a year. In addition, informal ad hoc meetings are held as required. 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. The committee had an exceptionally busy period:

- Following an extensive internal, national and international search for a successor to CEO, Richard Brasher, Pieter Boone was appointed as CEO-designate in January 2021. Pieter Boone stepped into the CEO role in April 2021, following the announcement of the financial results for the 2021 financial period. Richard Brasher retired from the Group on 30 April 2021.
- Mindful of the need to have a succession plan at all times, the committee continues to monitor the pipeline of talent to fill senior executive roles in the future.
- Reviewed the composition of the executive directors on the Board in light of the retirement of Richard van Rensburg end March 2021, and concluded that no executive would be appointed to replace his position on the Board. The CISO portfolio reports into the CFO.
- 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 2021 annual general meeting were Hugh Herman and Jeff van Rooyen, for a one-year term of office as each had been on the Board for longer than nine years, and David Robins and Audrey Mothupi, for a three-year term of office.
- Reviewed the succession planning for the Board as well as committee membership, agreeing to recommend to the Board that:
  - » Hugh Herman's retirement be accepted from all Board committees with effect from 28 February 2021, and from the Board at the 2022 annual general meeting, with succession plans in place regarding the Chair of the remuneration committee and membership of the audit, risk and compliance committee
  - » Jeff van Rooyen's retirement be accepted from the Board at the 2022 annual general meeting, with succession plans in place regarding the Chair of the audit, risk and compliance committee and the lead independent directorship

- » Mariam Cassim, Annemarie van der Merwe and Haroon Borhat were appointed as independent non-executive directors in 2020 and serve on Board committees where best placed to contribute to deliberations
- » Audrey Mothupi be appointed as Chair of the remuneration committee with effect from 1 March 2021
- » Haroon Borhat be appointed to the audit, risk and compliance committee with effect from 1 March 2021, subject to election by shareholders at the 2021 annual general meeting
- Reviewed the independence of non-executive directors in light of the King IV guidance note. Material shareholding, time elapsed since prior employment (if applicable) and incentive-based payment were all considered. It was concluded that no independence was compromised. Tenure of directors was considered in light of possible public perception. It was agreed that fellow Board members were best placed to assess the level of independence of their colleagues and it was definitively concluded that every non-executive director exercised independence, notwithstanding tenure. It was concluded that the Board continued to meet its requirement that a majority of the directors should be non-executive, and that a majority of the non-executive directors should be independent.
- Actively monitored diversity, Broad-Based Black Employment Equity And Employment Equity considerations and was satisfied that the legacy of the Group in promoting diversity was honoured by the progress made.
- Recommended that the main operating private companies in the Group appoint independent non-executive directors to facilitate the governance in these companies, and Jeff van Rooyen, Audrey Mothupi and Aboubakar Jakoet were duly appointed.
- Reviewed proposed amendments to, among other statutes, the Companies Act and the Competition Act. It was agreed that the impact of the amendments would continue to be closely monitored. Please refer to page 7 of the Integrated Annual Report for more detail.

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

- Ensured succession planning for the Board, the CEO and senior executive positions, so that the Group's long-term strategy can be well executed
- In light of the King IV criteria for independence, assessed the status of the non-executive directors who claimed to be independent, and concurred with the assessment of independence
- Assessed the independence of those non-executive directors who had served for more than nine years and recommended that they continue on the Board, for continuity and legacy experience, for a further term of one year
- Recommended to the Board adjustments to committee membership to ensure that directors were best placed to offer their skills and experience in the appropriate Board committees
- Reviewed the tenure of the Chair and succession plans
- Reviewed the key performance indicators and objectives of the CEO
- Reviewed the key performance indicators and objectives of the CFO
- Assessed and confirmed the competence and expertise of the Company Secretary
- Assessed the balance of the Board and concluded that the Board retained an appropriate balance of skills, knowledge, diversity, independence and experience
- Reviewed the Memorandum of Incorporation, particularly in light of the fact that dividend payments can no longer be made by cheque, and concluded that no amendments were required to be presented to shareholders for approval at this time
- Reviewed the Code of Ethics, the corporate governance charter including all committee charters, section 45 requirements of the Companies Act in light of the King IV code of corporate practices and conduct, as well as local and international standards of corporate governance, to ensure that the Group adopted best practice

### Gareth Ackerman

Chair: Nominations and corporate governance committee

27 May 2021

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

Gareth Ackerman  
Chair: Nominations and corporate governance committee

# CORPORATE FINANCE COMMITTEE

## Pick n Pay Stores Limited Group

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

\* Provided not conflicted.

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

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

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

The committee did not meet during the 2021 financial period.

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

### Committee membership

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

**Jeff van Rooyen**  
Chair: Corporate finance committee

27 May 2021



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

Jeff van Rooyen  
Chair: Corporate finance committee





“ It has been a year of unprecedented disruption, resilience and resolve. The role of the remuneration committee to balance the interests of the business, its staff and its shareholders has never been more important. ”

Audrey Mothupi  
Chair: Remuneration committee

The Group has an ambition to build the most skilled and talented retail business in southern Africa. In order to do so, we need to be the employer of choice for anyone looking to build a career in the retail industry.

In accordance with the requirements of King IV, the remuneration report is divided into the following three sections:

**Section 1: Committee Chair's report**

Chair's background statement in respect of the remuneration committee's focus areas, deliberations and decisions taken during the year

*Read more below*

**Section 2: Overview of remuneration policy**

The Group's remuneration philosophy, policy and framework

*Read more from page 35*

**Section 3: Implementation of remuneration policy**

Implementation of the Group's remuneration policies during the year, and remuneration paid to executive and non-executive directors

*Read more from page 41*

**SECTION 1**

**Committee Chair's report**

On behalf of the Board, I am pleased to present the FY21 remuneration report for the Group. I extend my sincere thanks to Hugh Herman, who retired as Chair of the remuneration committee this year and I am looking forward to serving the Group and its shareholders in the role of remuneration committee Chair.

The remuneration report provides stakeholders with an overview of our Group's remuneration philosophy, highlights our key underlying remuneration policies, and sets out how these policies have been implemented during the 2021 financial year (FY21), with a specific focus on payments made to executive and non-executive directors.

The report reflects the ongoing progress the Group is making in aligning its remuneration policies and disclosures with best practice in the market, and our commitment to ongoing constructive shareholder engagement, including the changes we have made to address shareholder concerns raised over the course of the year.

We attract staff by providing competitive pay and benefits, access to skills training and development, career advancement and recognition for a job well done.

**The year in review**

The Board is exceptionally proud of the dedication and hard work of our Pick n Pay and Boxer colleagues across the country, and in the rest of Africa, who have embraced their responsibility as frontline essential workers throughout the Covid-19 crisis. Our teams, under the stewardship of Richard Brasher and his senior executive team, have not only kept our stores open, safe, and fully stocked of essential food and groceries, but have remained keenly focused on delivering progress against the Group's long-term strategic objectives.

It has been a year of unprecedented disruption, resilience and resolve. The FY21 financial results reflect the significant impact of the Covid-19 pandemic on Group sales and earnings, mitigated by the actions of a strong and agile management team. The remuneration committee's role to balance the interests of the business, its staff and its shareholders has never been more important. The committee has exercised careful and considered judgment in its remuneration decisions throughout the year, ensuring that its policies have remained fair and relevant under exceptional circumstances.

The remuneration committee met more regularly during the year to understand the short and longer term impact of the Covid-19 pandemic on Group earnings, and to deliberate the significance of the earnings impact for the Group's remuneration policies. The following issues were addressed:

- ✓ **Appreciation bonuses:** frontline employees
- ✓ **Pay freezes:** non-executive and executive directors, and all senior and middle management employees
- ✓ **Salary increases:** recognising the more vulnerable employees at lower income levels
- ✓ **Reward:** setting short-term and long-term performance targets which appropriately reflect the earnings impact of Covid-19 trading restrictions and all related costs
- ✓ **Retention:** ensuring variable incentives are adequate to achieve the retention of key personnel under exceptional circumstances

**The role and responsibility of the remuneration committee**

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

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

The remuneration committee is mandated by the Board to ensure that the Group's remuneration policy achieves its key objective of sustainable value creation over the short-, medium- and long-term.

The Group's remuneration policy incentivises performance that delivers on the Group's strategic plan. Performance is measured against clear individual and Group performance targets. Remuneration paid to executive directors and senior management must be appropriate, fair and responsible, designed to attract, motivate and retain a diverse and high-performance team in a manner that is aligned with the interests of our shareholders.

The committee considers and recommends the remuneration policy for all levels of staff in the Group, with specific focus on executive directors, senior management and non-executive directors.

**Members and attendance at meetings**

The remuneration committee meets at least twice a year, is chaired by an independent non-executive director and comprises only non-executive directors. The committee operates in terms of a Board-approved charter, which is reviewed annually by the Board.

	Attendance
Audrey Mothupi (Chair)*	5/5
Hugh Herman (Retired Chair)*	5/5
Gareth Ackerman	5/5
Haroon Borhat**	1/1
Aboubakar Jakoet	5/5
Jeff van Rooyen	5/5

\* Audrey Mothupi was appointed as Chair of the remuneration committee on 1 March 2021, replacing Hugh Herman who resigned from the committee effective 28 February 2021.

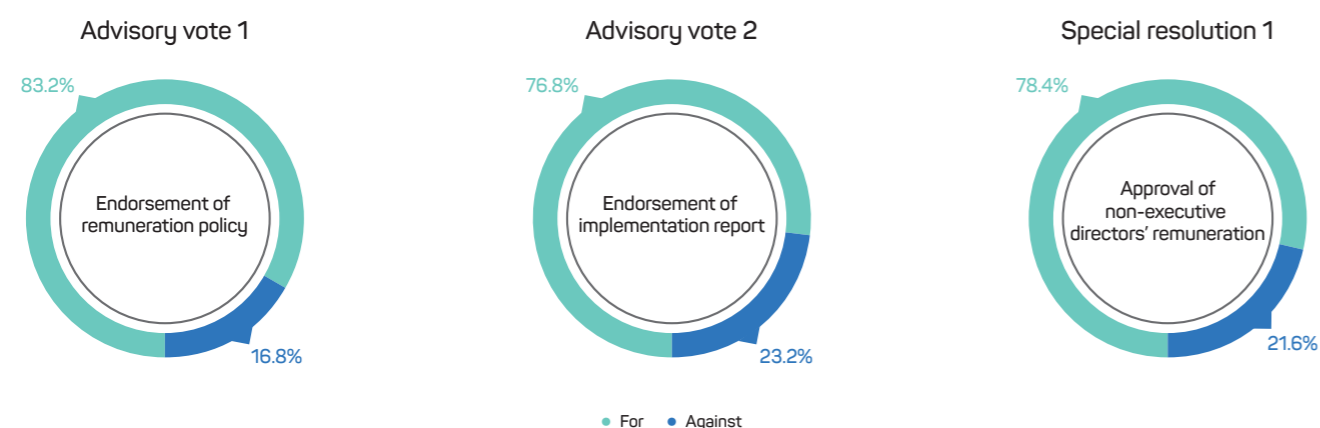
\*\* Haroon Borhat was appointed to the remuneration committee in August 2020.

**Independent external advisors**

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

### AGM and shareholder engagement

The Group's FY20 remuneration policy, remuneration implementation and directors' fees were approved by shareholders at the AGM held on 4 August 2020 as follows:



A small number of shareholders engaged with the remuneration committee before and after the AGM held on 4 August 2020 around the following issues:

Shareholder concerns raised	Committee response
<b>Chair's fee</b> The value of the non-executive Chair's fee relative to other listed companies in South Africa	The Chair's fee reflects the active role the Chair plays in formulating and steering the Group's overarching corporate governance framework, with a particular focus on environmental and social responsibility. Please refer to page 44 for further information.
<b>The tenure of long-serving directors</b> Concerns around the independence of the Group's longer serving directors	The Group has established a good balance between the wisdom and experience of long-standing directors, and the fresh insights from more recent appointees. However, the Board acknowledges that long tenures can create concerns around director independence. Hugh Herman retired as remuneration committee Chair at the end of the year, and relinquished all other committee memberships. Hugh remains as a highly skilled and valued member of the Board. Please refer to pages 7, 8 and 13 for further information.
<b>Disclosure of variable incentive scheme performance targets</b> Shareholders asked for the disclosure of FY21 short-term and long-term performance targets	The remuneration committee could not disclose FY21 short-term and long-term management performance targets in its report to shareholders last year, as the sales and earnings impact of the Covid-19 pandemic was not reasonably known at the time of the publication of the report. Performance targets have since been determined and are disclosed in full from page 41.
<b>Minimum shareholding requirement (MSR) for executive directors</b>	The Group's long-term share incentive schemes have been effective to date in aligning the interests of executive directors with those of shareholders. An MSR has been included in the CEO contract for Pieter Boone, requiring Pieter to retain 50% of the shares delivered to him under the Group's share incentive schemes, after the settlement of tax. The Group is currently considering an appropriate MSR policy for its broader executive team.
<b>Employee loans</b> Some shareholders voted against the provision of financial assistance to employees	The Group provides employees with access to low-interest loans from the Group, under specific responsible lending requirements, primarily to assist with the acquisition of residential property. The Group acknowledges the governance concerns around the provision of financial assistance to employees; however, this broad-based incentive reflects the Group's commitment to the economic upliftment of its employees.

In the below instances, engagement resulted in changes to the remuneration policy in 2021:

Shareholder concerns raised	Committee response and rationale for change
<b>Executive share option awards</b> Share option awards do not contain performance conditions and, as such, should not be awarded to executive directors	The remuneration committee replaced the share option scheme with a cash retention scheme (CRI) during the year. There will be no further share option awards. The CRI is targeted at the retention of key middle-management personnel with a specific focus on transformation, and no awards will be made to executive or senior management. Please refer to page 38 for further information.
<b>Dividend rights under the forfeitable share plan (FSP)</b> Shareholders indicated a preference for dividend rights to be deferred under long-term incentive schemes, ensuring executives do not receive dividends on shares that do not vest.	The Group received shareholder approval at the 2020 AGM to amend the rules of the Group's forfeitable share plan (now referred to as the restricted share plan), to allow for greater discretion around participant dividend rights. The remuneration committee used this discretion in its 2020 award of long-term incentives, deferring all dividend rights until the successful vesting of the scheme. Please refer to page 39 for further information.

### Key focus areas for the remuneration committee this year

The remuneration committee's deliberations this year were dominated by the financial and operational impacts of the Covid-19 pandemic, and the committee's clear objective of providing staff at all levels of the business with fair and responsible remuneration under difficult circumstances, with a keen focus on the retention of key talent over the longer term.

The following were the key focus areas of the remuneration committee during the year:

- The fair and considered application of voluntary and structured severance programmes, implemented to further the Group's productivity and efficiency objectives under the Group's modernisation programme, Project Future
- The review of the Group's performance against its employment equity and gender targets, including an analysis of underlying statistical data to ensure race and gender pay parity across all levels of the business
- Reviewed and approved FY21 salary freezes for executive and senior management, and fair and responsible increases for staff at lower income levels
- Reviewed and approved the FY21 short-term incentive targets
- Reviewed and approved the Group's 2020 cash retention scheme (CRI) award to key members of middle-management
- Revised the long-term incentive targets for the Group's outstanding forfeitable share plan awards, as a consequence of the financial impact of the Covid-19 pandemic
- Reviewed and approved the 2020 award of long-term share incentives to executive and senior management under the Group's restricted share plan, with deferred dividend rights, and appropriate long-term performance targets
- Formulated appropriate retirement packages for CEO Richard Brasher and CISO Richard van Rensburg, including the early delivery of long-term share incentives and the payment of retirement gratuities. The remuneration committee extends its sincere thanks to Richard Brasher and Richard van Rensburg for their valuable contributions, and particularly to CEO Richard Brasher for his incredible leadership over the Covid-19 crisis. The committee wishes them well in their retirement.

- Reviewed and approved the remuneration package for new CEO Pieter Boone, in line with industry benchmarks, and in consultation with independent and objective executive remuneration experts. Read more about the Group's use of remuneration experts on page 35

Please refer to the implementation report from page 41 for details on all the key decisions reached.

The remuneration committee is satisfied that it has met its responsibilities in terms of its Board charter, and that the remuneration policies it has applied have fulfilled the objective of fair and responsible remuneration in a difficult environment and under complex circumstances.

### Looking ahead

The remuneration committee remains confident that its remuneration policies are aligned with the Group's strategic objectives, and are effective in incentivising and retaining key senior talent over the longer term. The remuneration committee will continue to review and evolve the Group's remuneration policies in a measured and responsible manner that considers the needs of all stakeholders.

### Future focus areas

We will continue to **differentiate reward in terms of performance and address under-performance** – this includes undertaking a thorough review of our performance appraisal process

Our **focus on the development and retention of key successors** will continue, as emphasised by the CRI

**Diversity among senior leaderships** remains critical, with a **focus on gender and race**

We will continue to ensure **fair and equitable remuneration practices**

**Audrey Mothupi**  
Chair: Remuneration committee  
27 May 2021

As required by King IV and the JSE Listings Requirements, Section 2 and Section 3 will be presented separately to our shareholders for non-binding votes at the AGM on 28 June 2021. In the event that either the remuneration policy or the implementation report receives 25% or more dissenting votes, the Group will take the following steps:



The remuneration committee values open and constructive engagement with shareholders. We encourage shareholders to engage with management and the committee on all material remuneration concerns to ensure that shareholders are fully 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 [demuller@pnp.co.za](mailto:demuller@pnp.co.za).



## SECTION 2 Overview of remuneration policy

### Remuneration philosophy

The Group's remuneration philosophy is to build a diverse and high-performance team, that is fairly rewarded and incentivised to deliver on the Group's strategic objectives over the short, medium and long-term.

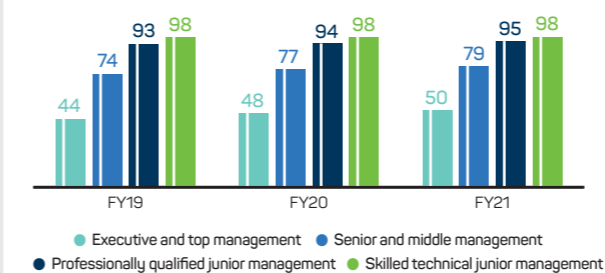
The Group's framework of remuneration policies is designed to provide our employees with fair and balanced reward that recognises the attainment of short-term goals, while incentivising long-term sustainable value creation.

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

#### Developing diversity and 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 at all levels are designed to attract, develop, motivate and retain the most talented staff in the retail industry.

#### Employment equity participation – %



#### Fair and equitable remuneration

- The Group provides a fair wage for all members of staff to help our people succeed both in and outside of work.
- Guaranteed pay and variable benefits are benchmarked against industry norms to ensure our staff are rewarded competitively in relation to the broader employment market, and the retail industry specifically.
- Independent experts assist with remuneration benchmarking to ensure that decisions are objective and fair. Advisors include PWC, REMchannel and DG Capital. Remuneration is generally positioned at the market median, with key or scarce skills remunerated in the upper quartile of the market.
- The Group is committed to furthering the economic empowerment and well-being of employees and as such the provision of retirement and health care benefits is a key part of our employee value proposition, alongside opportunities for ongoing skills development, bursaries and study grants.
- Comprehensive statistical analysis is performed on an ongoing basis at all levels of staff (with reference to the scale of each role and the experience and tenure of each staff member) to identify and correct any differential pay rates based on either race or gender, and to ensure employees are always rewarded fairly in relation to their peers, in adherence to the principle of equal pay for equal value.
- There is equal opportunity across the Group for growth and development and staff are recognised and advanced based on merit.

**As a responsible corporate citizen, proud of our history and commitment to all our employees and being an ambassador for employment equity, we devote the necessary focus to important issues of employment equity, gender equity and pay parity.**

#### Our commitment to employees:

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

#### Efficient and productive workforce

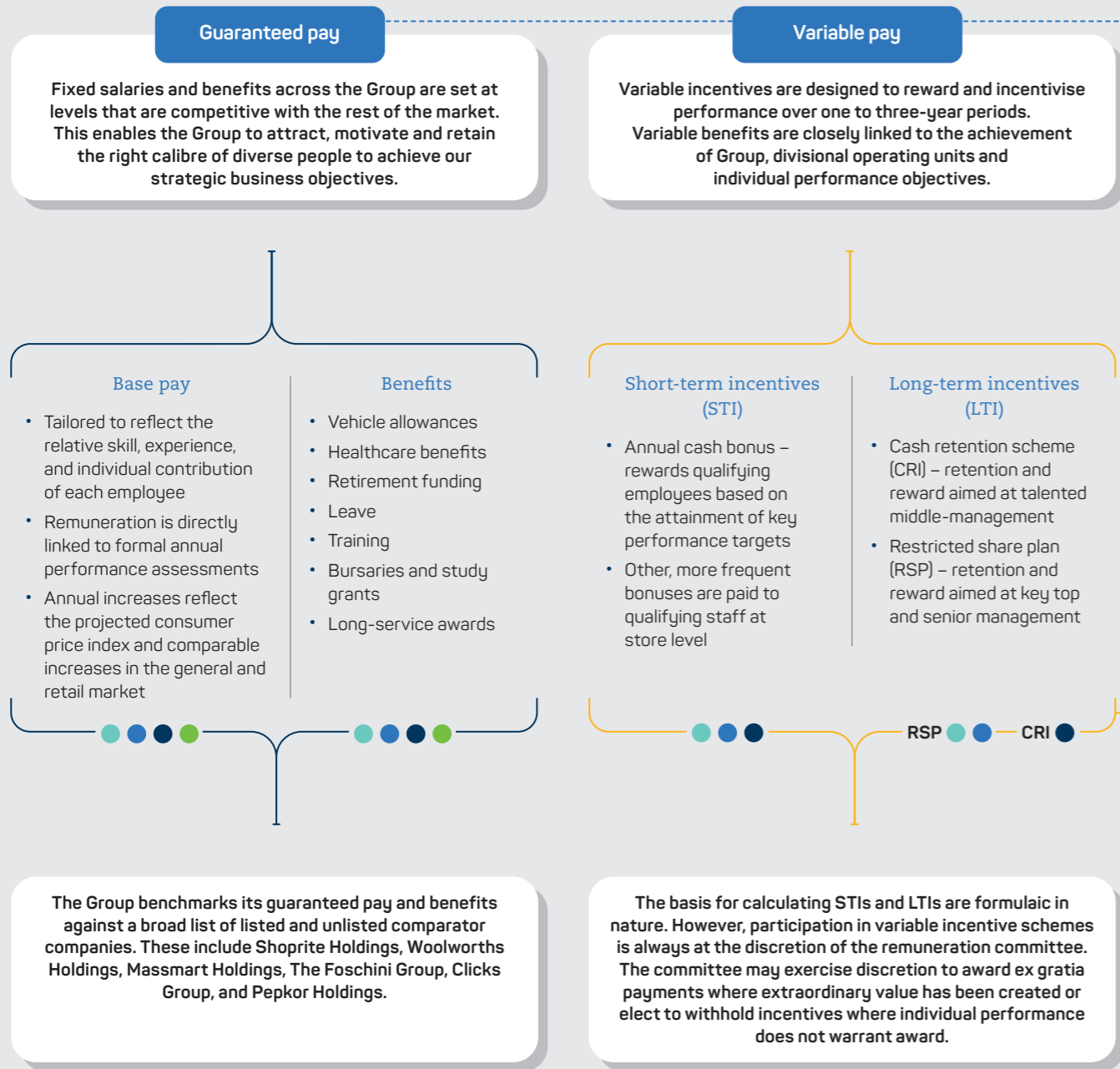
- The Group is committed to building a high-performance culture that rewards efficiency and productivity.
- Regular reviews are undertaken to ensure operational efficiency and cost discipline is achieved through ongoing improvements in employee structures, employee scheduling and the centralisation of support services.
- Group and individual performance targets increasingly focus on key measures of employee efficiency and productivity.

#### Responsible executive remuneration

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

Remuneration framework

The Group’s remuneration framework, for management employees, is designed to develop and retain a high-performance team – providing fair and balanced reward that recognises the attainment of short-term goals, while motivating sustainable value creation, strongly aligned with the Group’s strategy and the long-term interests of shareholders.



- Category**
- Executive
  - Top management
  - Senior and middle management
  - Junior management

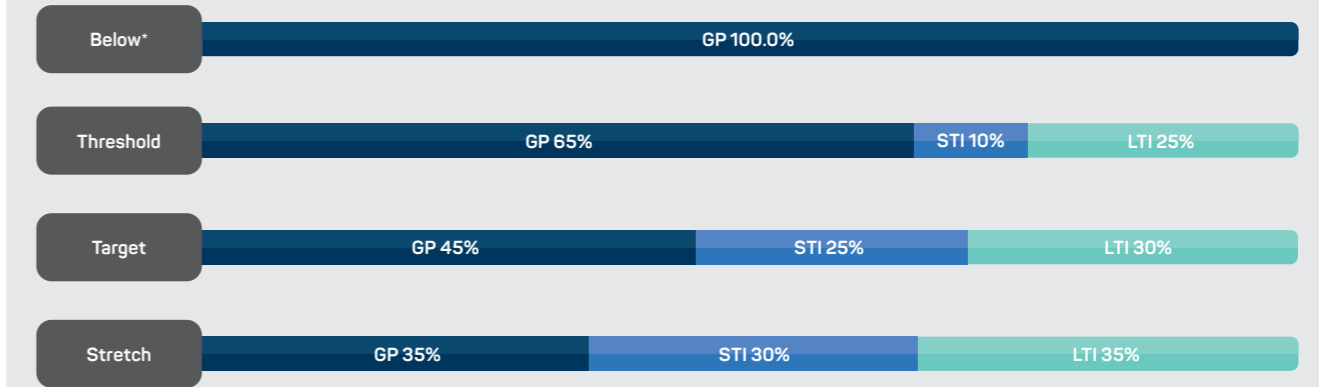
Remuneration mix

Remuneration is balanced between guaranteed remuneration and variable short- and long-term incentives in order to align employee and shareholder interests over the long term.

In order 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 guaranteed pay (GP) for middle and junior management.

Variable remuneration consists of short-term incentives (STI) and long-term incentives (LTI) and is considered “at risk pay” as it is dependent on the attainment of performance targets, closely aligned to the Group’s long-term strategic plan. Performance targets are set within the Group’s overall risk appetite, with the objective of being challenging but realistic within the broader context of the Group’s economic and trading environments. The value of STI and LTI remuneration increases as targets are met and exceeded, in order to encourage the attainment of stretch targets.

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



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

Variable pay – aligned with the delivery of Group strategy

The Group’s variable remuneration policies are strongly aligned with the Group’s long-term plan, designed to incentivise the delivery of the Group’s financial and operational objectives over a one- and three-year period. The Group’s progress against its long-term strategy has been clearly and consistently reported against six strategic pillars. Please refer to the Integrated Annual Report from page 50 for further information.

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

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

<b>SA’s most trusted retailer</b>	<b>Africa’s favourite discounter</b>	<b>Bearing down on costs</b>	<b>Value-added services</b>	<b>Profitable footprint in the rest of Africa</b>	<b>Doing good is good business</b>
<ul style="list-style-type: none"> <li>Sales growth</li> <li>Margin expansion</li> <li>Investment returns</li> <li>Working capital targets</li> <li>Customer service improvements</li> </ul>	<ul style="list-style-type: none"> <li>Sales growth</li> <li>Margin expansion</li> <li>Investment returns</li> <li>Working capital targets</li> <li>Customer service improvements</li> </ul>	<ul style="list-style-type: none"> <li>Lower costs</li> <li>Lower cost ratios</li> <li>Reduced waste</li> <li>Improved productivity</li> </ul>	<ul style="list-style-type: none"> <li>Growth in online sales, and improved availability</li> <li>Expanded loyalty programme</li> <li>Increase in other commissions and other income</li> </ul>	<ul style="list-style-type: none"> <li>Sales growth</li> <li>Low cost operating model</li> <li>Range and working capital targets</li> <li>Currency risk mitigation</li> </ul>	<ul style="list-style-type: none"> <li>Social investment</li> <li>Reduction in food and other waste</li> <li>B-BBEE performance</li> <li>Resource efficiency</li> </ul>

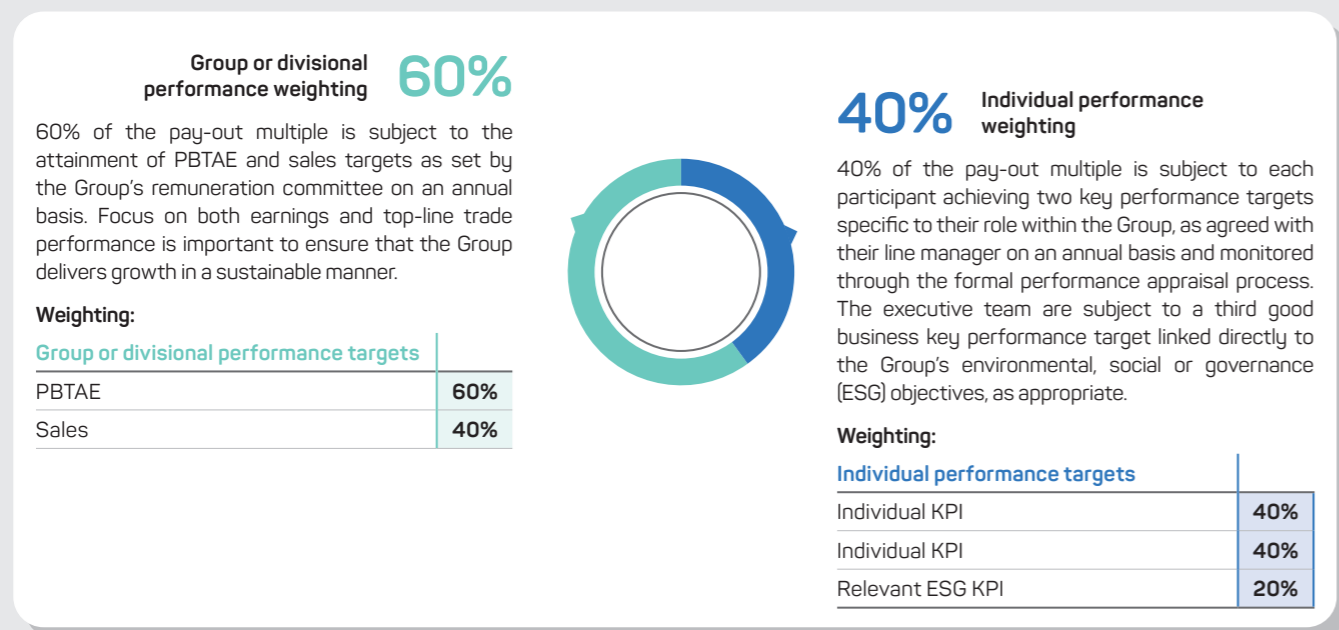
Short-term incentives (STI)

Annual short-term bonus scheme

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

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

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



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

- Approximately 1 000 management employees are eligible to participate in the short-term bonus scheme
- Employees must have been in the employ of the Group for at least 4 months of the financial year measured, with the bonus applied on a pro-rata basis
- Employees cannot have resigned prior to the bonus payment date (annually in May) or be completing a resignation notice period
- Employees must have achieved the prescribed minimum performance level on their annual performance appraisal

Other short-term bonuses

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

Long-term incentives (LTI)

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

Cash retention incentive scheme (CRI)

The Group introduced the CRI scheme during the year, which replaced the historic share option scheme. Please refer to page 43 for further information. The objective of the scheme is the recognition and retention of key talent at senior and middle-management levels, while advancing the Group's employment equity and gender equity targets. The cash award is based on a fixed multiple of each participant's monthly salary, and vests after a period of three years. Retention in a highly contested retail environment is the primary objective of the scheme and, as such, no performance conditions are attached. Vesting is only dependent on the employee remaining in the employ of the Group over the specified vesting period. If a participant leaves the employ of the Group before the end of the vesting period, all unvested cash awards will lapse (subject to good leaver provisions). Participants are identified through the Group's formal performance appraisal process, and awards are made on an annual basis – allowing for participants to receive rolling annual awards as they progress through the Group.

Restricted share plan (RSP)

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

The RSP is a modernisation of the Group's (previously named) forfeitable share plan, following shareholder approval received at the AGM in August 2020 for the remuneration committee to utilise greater discretion in respect of dividend rights granted to participants. Please refer to page 43 for further information.

<b>Eligibility</b>	<ul style="list-style-type: none"> <li>• The remuneration committee awards zero-strike RSP shares to participants. The value of the award is calculated as a multiple of each participant's basic salary.</li> <li>• The number 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 (CSDP) on behalf of participants over the time of the vesting period.</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 are forfeited (subject to good leaver provisions).</li> </ul>
<b>Performance conditions</b>	<ul style="list-style-type: none"> <li>• Performance conditions are linked to the Group's financial performance, with growth in comparable headline earnings per share, adjusted for exceptional items as appropriate, as the primary performance measure.</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. 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>
<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 are subject to an overriding gatekeeper condition:</li> <li>• ROCE must be greater than WACC (excluding any impact from IFRS 16 liabilities) over the vesting period before any RSP shares can vest. This ensures that the Group generates a real return for shareholders before rewarding its management team.</li> </ul>
<b>Ownership rights</b>	<ul style="list-style-type: none"> <li>• Participants have full voting rights over the vesting period.</li> <li>• Dividend rights are at the discretion of the remuneration committee, and are currently deferred until vesting date.</li> </ul>

Legacy share option scheme

The Group's legacy share option scheme (the 1997 employee share option scheme) was replaced by the cash retention incentive scheme (CRI) in the year under review. Please refer to page 43 for further information. The scheme remains in operation and all outstanding share options previously awarded under the scheme will vest in participants over the next 3, 5 and 7 years, under the original terms and conditions of the awards. No further share options will be awarded under this scheme.

Funding of share incentive schemes

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

Outstanding share incentives held by employees:

	Millions
<b>Share options</b>	<b>21.9</b>
<b>Restricted and forfeitable shares</b>	<b>9.0</b>
FSP 2018	2.2
FSP 2019	1.9
FSP 2020	1.2
RSP 2020	3.7

In respect of the number of new shares that can be issued to cover obligations under the employee share schemes, the two share schemes are further constrained by an aggregate limit of 5% of the issued share capital of PIK.

Limits applied to variable incentives

Variable incentives are capped at the following multiples, on the achievement of stretch targets:

Category	Annual incentive cap – multiple of basic monthly salary**			
	Short-term bonus	CRI scheme	RSP scheme	Total
CEO*	12 times	n/a	12 times	24 times
Executive	8 times	n/a	12 times	20 times
Top management	4 times	n/a	6 times	10 times
Senior management	2 times	2 times	n/a	4 times
Middle management	1.5 times	1.5 times	n/a	3 times

\* During the year, the CEO short-term bonus multiple (at stretch) was amended from 24 times to 12 times for FY22 onwards.

\*\* Individual super stretch targets may be set under extraordinary circumstances, to incentivise out-performance. Where these super stretch targets are achieved, an additional bonus multiple may be awarded at the discretion of the remuneration committee - limited to an additional 12 times monthly salary for the CEO and 2 times monthly salary for all other members of management.

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.

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

Malus and claw-back

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

Non-executive director remuneration

The table below sets out the remuneration policies applied by the Group for the FY21 financial year for non-executive directors. These policies are applicable for the FY22 financial year and form the underlying basis for the directors' fees tabled for shareholder approval at the AGM to be held on 28 June 2021. Please refer to page 44 of Section 3 for the proposed fees for FY22.

Non-executive director remuneration framework

Directors' fees

Chair

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

Lead independent director and other directors

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

Consultancy fees

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

Other

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

Committee membership

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

Approval

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

Service contracts

- Non-executive directors do not have service contracts
- Non-executive directors serve under a formal letter of appointment from the Board and are re-elected by shareholders on rotational basis. Please refer to page 7
- Non-executive director services may be terminated without liability for compensation

Other benefits

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

SECTION 3

Implementation of remuneration policy

The implementation report details the key focus areas of the remuneration committee this year, including the important decisions taken to provide fair and balanced remuneration to staff across the business in a year severely disrupted by the Covid-19 pandemic. The remuneration policies applied are consistent with the prior year, with the exception of changes made to the Group's long-term share incentive schemes as a result of engagement with shareholders. Please refer to page 32 for further information. No deviations were made in applying the remuneration policy during the year, with the exception of the accelerated vesting of certain share awards on the retirement of executive directors, as detailed on page 44. Tables are provided at the close of this section for a summary of the remuneration packages paid to executive and non-executive directors.

Executive directors and senior management

Benchmarking

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

CEO salary – Richard Brasher

The CEO base salary of R10.8 million is unchanged from last year, in line with the pay freeze taken by all members of executive and senior management in FY21. The remuneration committee is satisfied that Richard's benchmarked base salary is fair in relation to the market,

and fairly reflects his extensive retail expertise and his exceptional contribution to the Group to date. Richard Brasher retired from the Group at the end of April, after a thorough and structured 4-month handover period with new CEO Pieter Boone.

CEO salary – Pieter Boone

Following a comprehensive local and international search, Pieter Boone was appointed as CEO-designate in January 2021 and took over as CEO in May 2021. Pieter is the former Chief Operating Officer of international retail Group Metro AG. A Dutch national, Pieter has broad global experience in the retail, food service and wholesale sectors, and has a strong record of delivering retail growth in challenging and emerging market economies. The remuneration committee has set Pieter Boone's base salary at R10.8 million for the FY22 financial year and is confident that this is an appropriate market-related salary and a fair reflection of the extensive skill and experience that Pieter brings to the Board and to the Group. The remuneration committee has agreed to award Pieter Boone the following RSP shares as part of his sign-on remuneration package, and to further align his interests with shareholders:

Award date	Shares	Vesting date
June 2021	500 000	June 2024
June 2023	500 000	June 2026

The shares are in addition to the Group's annual programme of incentivisation. Performance conditions will apply linked to growth in comparable headline earnings per share – which will align with the conditions contained within the annual awards to top management.

Annual salary increases

In light of the economic disruption of Covid-19, the remuneration committee agreed a salary freeze for executive directors and all members of the Group's senior and middle management team in the FY21 financial year. The savings were directed towards increases for frontline staff and colleagues at more junior employment grades.

Looking forward to FY22, the Group will continue to provide junior, entry level and non-management staff with higher salary increases relative to more senior colleagues, in recognition of the impact the tough economic climate has on many of our employees.

Category	FY22 annual salary % increase	FY21 annual salary % increase	FY20 annual salary % increase
Executive	4.0%	-	5.0%
Top management	4.0%	-	5.0%
Senior and middle management	4.5%	-	6.0%
Junior management	5.5%	5.5%	7.0%
Entry level and non-management	5.5%	7.0%	7.0%

The average increase for NMBU employees in FY21, as governed by labour union agreements was between 4% and 8% (FY20: 7% – 10%).

Short-term incentive:

FY21 annual performance bonus

The remuneration committee determines annual financial performance targets in advance of the Group's short-term incentive bonus scheme for the coming financial year. As a result of the unprecedented disruption caused by the Covid-19 pandemic at the beginning of the FY21 financial year, the committee postponed its deliberations on short-term performance targets until the full impact of the pandemic on FY21 Group sales and earnings could reasonably be known.

The remuneration committee's assessment of appropriate short-term performance targets for the FY21 financial year took place over July to October 2020, and took the following material factors into account:

- The government's risk adjusted strategy to slow the spread of the Covid-19 virus, including the duration and extent of trading restrictions over the sale of non-essential goods and services
- The direct sales and margin impact of those trading restrictions, which impacted up to 20% of the Group's turnover during the more severe levels of lock-down
- The impact of additional measures taken by the Group to protect the safety of its staff and customers, including reduced trading hours, limits on the numbers of customers in-store, and temporary store closures

- Additional operational costs incurred to strengthen hygiene, safety and security protocols
- Once-off costs related to the Group's voluntary and structured severance programmes under Project Future
- Targets required for the Group to maintain its momentum in a difficult trading environment

In setting fair and appropriate targets for the FY21 financial year, the remuneration committee remained cognisant of the exceptional work and remarkable commitment from teams across the Group to keep our stores open, safe and fully stocked during the crisis.

**The remuneration committee set its primary performance target as growth in profit before tax and exceptional items, inclusive of the cost of the performance bonus**

As described in Section 2 of this report, the Group's formal methodology in determining the value of the short-term bonuses paid to participating executives, is based on a balanced score-card of Group and individual performance. The Group's primary PBTAE threshold target must be met for a short-term bonus to be considered. Thereafter, the short-term bonus (expressed as a multiple of the executive's monthly salary) is allocated on a formulaic basis, based on each executive's delivery of relevant secondary performance targets as evaluated through a formal performance appraisal process. Please refer to page 38 for further information.

The remuneration committee carefully deliberated appropriate short-term incentive targets for the Group's management team, within the context of the significant financial impact of Covid-19, and particularly the government-imposed trading restrictions which affected up to 20% of the Group's revenue in hard lock-down.

The Group delivered PBTAE of R1 583.4 million in FY21, a 16.5% decrease on the prior year, and ahead of the required stretch target of -45%. As a result, a short-term bonus was awarded to all qualifying management personnel, in recognition of the dedication shown in managing and mitigating the impact of the Covid-19 pandemic, and enabling the Group to deliver significant progress in a very difficult year.

**Short-term bonuses were allocated to executive directors as follows:**

Executive director	Designation	Bonus multiple	FY21 Rm	FY20 Rm <sup>1</sup>
Richard Brasher	CEO	24 times monthly salary	20.0	-
Lerena Olivier	CFO <sup>2</sup>	10 times monthly salary	4.0	-
Richard van Rensburg	CISO	8 times monthly salary	3.4	-
Suzanne Ackerman-Berman	Transformation director	8 times monthly salary	2.0	-
Jonathan Ackerman	Customer director	8 times monthly salary	1.0	-

<sup>1</sup> The Group did not meet its primary PBTAE performance target in FY20 and as such no short-term bonuses were paid.

<sup>2</sup> Lerena Olivier met her individual super stretch targets for the year, and was awarded an additional 2 times monthly salary in recognition of her performance in respect of funding and liquidity management.

**Short-term incentive:**

**FY22 annual performance bonus**

The remuneration committee will set new and appropriate short-term performance targets for the FY22, which will take into account all relevant macro-economic conditions, including ongoing uncertainty and volatility related to Covid-19.

**Long-term incentives:**

**Share option scheme**

The remuneration committee agreed to discontinue the Group's long-standing employee share option scheme, following a detailed evaluation of the effectiveness of the scheme, which highlighted the following concerns:

- Alignment with shareholder interests – shareholders expressed concern at the inclusion of senior and executive management in the broad-based retention scheme, without performance conditions attached to the share options awarded
- Reduced value of the scheme – the sustained under-performance of the South African equity market over the past five years had led to 65% or 15 million of the outstanding share options held by employees having little or no value at the end of FY20, notwithstanding the solid earnings performance delivered by the Group over the same period. The lack of value within the scheme rendered it ineffective as a retention mechanism
- Simplicity – employees at lower levels of management have demonstrated a preference for cash incentives over more complex share-based incentives
- Cost of the scheme – the scheme was more costly for the Group than a cash-incentive scheme, without delivering the commensurate value to participants
- Volatility in the Group's tax rate – the significant reduction in the value of the Group's employee share option obligations over recent years had resulted in the reversal of related deferred tax assets, and a material increase in the Group's tax rate

The introduction of a more modern and cost-effective cash retention scheme, aimed at the retention of key members of middle management, addresses the issues highlighted above.

No further share options will be awarded. Outstanding share options previously awarded under the Group's employee share option scheme will vest in participants over the next 3, 5 and 7 years, under the original terms and conditions of the scheme.

**The future net realisable value of outstanding share options held by employees at 28 February 2021:**

Year	Average grant price R	Number of options 000s	Net realisable value <sup>1</sup> Rm
Outstanding share options may be taken up during the following financial years:			
2022	50.12	13 284.6	20.6
2023	63.66	2 426.4	-
2024	69.09	2 170.3	-
2025	64.59	1 675.9	-
2026 and thereafter	67.82	2 370.3	-
<b>Total</b>		<b>21 927.5</b>	<b>20.6</b>

<sup>1</sup> The net realisable value of outstanding share options was calculated using the prevailing market share price at year-end of R51.67, less the average grant price per award

**Long-term incentives:**

**Cash retention incentive scheme (CRI)**

As detailed above, the remuneration committee introduced a cash retention scheme this year, aimed at the retention of key members of middle-management. The remuneration committee approved the inaugural award under the scheme as follows:

Award date	26 November 2020
Vesting date	26 June 2023
Retention period	31 months
Number of participants	191
Employment equity participation	72%
Female participation	35%

**Long-term incentives:**

**Forfeitable share plan (FSP) awards – revision of performance hurdles**

The remuneration committee utilised the discretion provided in terms of Section 8 of the FSP scheme rules, as approved by shareholders, to revise the original three-year comparable headline earnings per share (HEPS) performance targets under each scheme, to reflect the Group's changed circumstances as a result of the Covid-19 pandemic, including the longer-term impact of the pandemic on Group sales and earnings. In light of the Group's FY21 earnings performance, with comparable HEPS growth down 16.8% year-on-year, the revised targets are considered stretching, but attainable and are aligned to the Group's long-term plan.

Scheme	Number of shares	Number of participants	Base year	Revised three-year comparable HEPS growth target			Vesting date
				Threshold	Target	Stretch	
FSP 2018	2.2m	107	FY18	(4%)	(3%)	(2%)	June 2021
FSP 2019 <sup>1</sup>	1.9m	115	FY19	(3%)	2%	4%	June 2022
FSP 2020 <sup>2</sup>	1.2m	1	FY19	(3%)	2%	4%	March 2022

<sup>1</sup> The 150 000 shares awarded to Richard van Rensburg under FSP 2019 will early vest on 25 June 2021, as part of his agreed retirement package. Further detail provided overleaf.

<sup>2</sup> The 1.2 million shares awarded to Richard Brasher under FSP 2020 will early vest on 25 June 2021 as part of his agreed retirement package. Further detail provided overleaf.

**The Group delivered comparable HEPS of 235.42 cents in FY21, and 265.58 cents excluding once-off staff compensation costs, exceeding the stretch target set for the 2018 FSP award. As such, 2.2 million shares will be delivered to participants at the end of June 2021.**

**Long-term incentives:**

**Executive award under the Group's restricted share plan (RSP)**

At the AGM in August 2020, shareholders approved an amendment to the rules of the Group's forfeitable share plan (FSP), allowing the remuneration committee discretion to defer the participants' rights to dividends under the scheme. The scheme is now referred to as the Group's restricted share plan (RSP). In issuing RSP 2020, the remuneration committee exercised its discretion and dividends will only be paid to participants on the successful vesting of the scheme, in direct proportion to the number of shares which vest. Going forward, the remuneration committee will annually consider if dividends will be withheld on shares which ultimately do not vest.

The remuneration committee awarded the following RSP shares to executive directors and senior management during the FY21 financial year. The shares are held by a CSDP on behalf of the participants, and delivery is dependent on the attainment of performance targets linked to the growth in headline earnings per share.

Scheme	Number of shares	Number of participants	Base year	Three-year comparable HEPS growth target			Vesting date
				Threshold	Target	Stretch	
RSP 2020	3.7m	142	FY20	2%	4%	6%	June 2023

**Executive retirement – CEO Richard Brasher**

**Acceleration of share incentives**

CEO Richard Brasher did not participate in the Group’s FSP 2019 award as a result of his planned retirement. Given Richard’s unwavering commitment to the Group in the postponement of his retirement, and his exceptional leadership throughout the Covid-19 crisis, the remuneration committee awarded him 1.2 million FSP shares in 2020. Following the appointment of his successor, allowing Richard to retire in April 2021, the remuneration committee accelerated the vesting of FSP 2020. The shares will vest in full in June 2021.

**Retirement gratuity**

The remuneration committee awarded Richard Brasher an award of R5.0 million on his retirement in April 2021. The award is in recognition of the key role Richard Brasher has played in formulating and delivering Group strategy over the past eight years, his guidance in developing and executing Project Future, and his effective operational response to the Covid-19 crisis.

**Executive retirement – CISO Richard van Rensburg**

**Acceleration of share incentives**

The remuneration committee accelerated the vesting of the 150 000 FSP shares awarded to CISO Richard van Rensburg in 2019. The shares will vest in full in June 2021. The 2019 award, and the early delivery thereof, recognises Richard’s significant contribution over the past 11 years in building the Group’s efficient, effective and modern systems infrastructure.

**Retirement gratuity**

The remuneration committee awarded Richard van Rensburg an award of R5.0 million on his retirement in March 2021. The award recognises Richard van Rensburg’s management of a number of the Group’s growth initiatives over recent years, including the expansion of the Group’s value-added services business, the development and roll-out of the Group’s market stores, and the expansion of the Group’s online offer.

**Malus and claw-back**

No incidents were identified in the FY21 financial year.

**Non-executive directors**

The remuneration committee reviewed and recommended non-executive director remuneration to the Board, for shareholder approval at the AGM on 28 June 2021.

In light of the impact that Government measures, implemented to contain the spread of the Covid-19 pandemic, had on the Group’s trading environment, coupled with the significant financial impact of the pandemic on customers and staff, the Chair of the Board and all non-executive directors waived their right to CPI-linked and shareholder-approved fee increases in the FY21 year. All FY21 non-executive director remuneration was left unchanged from that received in FY20.

**Chair of the Board**

In setting the Chair’s proposed annual fee of R4.9 million in respect of FY22, the remuneration committee considered the active role the Chair plays in the corporate governance of the Group and in formulating overarching strategy for the individual subsidiary companies within the Group. The Chair does not play a day-to-day role in the executive management and administration of the business, but does make himself available to the executive team in an advisory capacity. Gareth Ackerman is recused from all discussions in respect of his annual remuneration.

**Non-executive directors**

Shareholders approved the FY22 directors’ fees at the AGM held in August 2020, agreeing that the FY21 fees be increased by CPI for the 2022 annual financial period.

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

	Proposed 2022 R	Actual 2021 R	% change
Chair of the Board	4 893 000	4 660 000	5.0%
Lead independent non-executive director	152 000	145 000	4.8%
Non-executive director	457 000	435 000	5.1%
Chair of the audit, risk and compliance committee	394 000	375 000	5.1%
Member of the audit, risk and compliance committee	152 000	145 000	4.8%
Chair of the remuneration committee	210 000	200 000	5.0%
Member of the remuneration committee	99 000	94 500	4.8%
Member of the nominations and corporate governance committee <sup>1</sup>	94 500	90 000	5.0%
Member of the social and ethics committee <sup>2</sup>	99 000	94 500	4.8%
Chair of the corporate finance committee <sup>3</sup>	210 000	200 000	5.0%
Member of the corporate finance committee <sup>3</sup>	142 000	135 000	5.2%
Trustee of the employee share purchase trust	44 000	42 000	4.8%

<sup>1</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>2</sup> The Chair of the social and ethics committee is an executive director and does not receive an additional fee for chairing this committee.

<sup>3</sup> The corporate finance committee is an ad hoc committee. The fees payable are determined in relation to the number of meetings held during the financial period but will not be more than the annual proposed fee.

**Total remuneration of executive directors and prescribed officer**

Director	Designation	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 <sup>4</sup> R’000	Retirement gratuity <sup>5</sup> R’000	Total remuneration R’000	Long-term share awards – current year <sup>6</sup> R’000	Long-term share awards accelerated on retirement <sup>6</sup> R’000
<b>FY21</b>										
Richard Brasher <sup>1</sup>	CEO	10 836.0	981.6	310.9	12 128.5	20 000.0	5 000.0	37 128.5	74 611.1	41 251.4
Lerena Olivier	CFO	4 160.0	398.4	337.2	4 895.6	4 000.0	–	8 895.6	4 822.8	–
Richard van Rensburg <sup>5</sup>	CISO	5 040.0	436.5	327.6	5 804.1	3 360.0	5 000.0	14 164.1	5 310.9	5 324.5
Suzanne Ackerman-Berman	Transformation director	3 024.0	281.0	285.7	3 590.7	2 000.0	–	5 590.7	1 451.7	–
Jonathan Ackerman	Customer director	1 512.0	270.7	278.6	2 061.3	1 000.0	–	3 061.3	759.0	–
<b>Total remuneration</b>		<b>24 572.0</b>	<b>2 368.2</b>	<b>1 540.0</b>	<b>28 480.2</b>	<b>30 360.0</b>	<b>10 000.0</b>	<b>68 840.2</b>	<b>86 955.5</b>	<b>46 575.9</b>
<b>Prescribed officer Designation FY21</b>										
Pieter Boone <sup>1</sup>	CEO-designate	1 784.5	154.5	506.5	2 445.5	–	–	2 445.5	–	–
<b>Director Designation FY20</b>										
Richard Brasher	CEO	10 707.0	968.0	742.5	12 417.5	–	–	12 417.5	4 551.7	–
Aboubakar Jakoet <sup>2</sup>	CFO – retired	2 711.3	52.8	1 348.4	4 112.5	–	–	4 112.5	1 813.4	860.2
Lerena Olivier <sup>3</sup>	CFO	1 896.2	182.4	169.7	2 248.3	–	–	2 248.3	285.2	–
Richard van Rensburg	CISO	4 980.0	431.3	327.6	5 738.9	–	–	5 738.9	(637.8)	–
Suzanne Ackerman-Berman	Transformation director	2 922.3	276.8	289.6	3 488.7	–	–	3 488.7	(791.6)	–
Jonathan Ackerman	Customer director	1 494.0	271.6	298.1	2 063.7	–	–	2 063.7	(234.7)	–
<b>Total remuneration</b>		<b>24 710.8</b>	<b>2 182.9</b>	<b>3 175.9</b>	<b>30 069.6</b>	<b>–</b>	<b>–</b>	<b>30 069.6</b>	<b>4 986.2</b>	<b>860.2</b>

<sup>1</sup> Richard Brasher retired at the end of April 2021 and was succeeded by Pieter Boone who was appointed as CEO designate in January 2021.

<sup>2</sup> Aboubakar Jakoet retired as an executive director and was appointed as a non-executive director of Pick n Pay Stores Limited on 6 September 2019. On retirement, outstanding leave encashment and the settlement of outstanding employee loans resulted in additional fringe and other benefits received during the year.

<sup>3</sup> Lerena Olivier was appointed as an executive director of Pick n Pay Stores Limited on 6 September 2019.

<sup>4</sup> The Group achieved its performance target for the FY21 financial year, and a bonus was paid to all participating employees. Please refer to page 42. The short-term performance targets were not met in FY20 and no bonus was paid in the prior year.

<sup>5</sup> Richard Brasher and Richard van Rensburg have retired from the Group, effective end April 2021 and end March 2021 respectively. Retirement gratuities were paid in recognition of their exemplary service to the Group. Please refer to page 44.

<sup>6</sup> The long-term share awards expense or recoupment is determined in accordance with IFRS 2 Share-Based Payments, and reflects the current year’s charge recorded in the Group’s statement of comprehensive income and statement of changes in equity. The fair value of share awards are determined at grant date, and are recognised in the statement of comprehensive income and statement of changes in equity over the period during which the employee becomes unconditionally entitled to the award (the vesting period). Long-term share awards will vest in the future only if all the vesting criteria set out in the rules of the 1997 employee share options scheme and the restricted share plan (RSP) are met. Dependent on the nature of the vesting criteria, long-term share awards expense may be reversed and recouped by the Group if the vesting criteria are not met. During the prior year, certain vesting criteria relating to FSP awards with a vesting date of 25 June 2020 were not met. As a result, approximately 70% of the cumulative long-term share awards were forfeited and the expense relating to this FSP allocation was recouped by the Group.

Total remuneration of non-executive directors

Director	Directors' fees R'000	Lead independent director R'000	Audit committee R'000	Remuneration committee R'000	Nomination and corporate governance committees R'000	Social and ethics committee R'000	Employee share trust R'000	Total remuneration R'000
<b>FY21</b>								
Gareth Ackerman	4 660.0	-	-	-	-	-	-	4 660.0
Haroon Bhorat <sup>1</sup>	362.5	-	-	55.1	52.5	-	-	470.1
Mariam Cassim <sup>1</sup>	362.5	-	120.8	-	-	-	-	483.3
David Friedland	435.0	-	145.0	-	90.0	-	-	670.0
Hugh Herman <sup>2</sup>	435.0	-	145.0	200.0	-	-	42.0	822.0
Aboubakar Jakoet	435.0	-	-	94.5	-	94.5	42.0	666.0
Alex Mathole <sup>3</sup>	181.3	-	-	-	37.5	39.4	-	258.2
Audrey Mothupi <sup>4</sup>	435.0	-	145.0	94.5	90.0	-	42.0	806.5
David Robins	435.0	-	-	-	-	94.5	-	529.5
Annamarie van der Merwe <sup>5</sup>	253.8	-	-	-	52.5	55.1	-	361.4
Jeff van Rooyen	435.0	145.0	375.0	94.5	90.0	-	42.0	1 181.5
<b>Total remuneration</b>	<b>8 430.1</b>	<b>145.0</b>	<b>930.8</b>	<b>538.6</b>	<b>412.5</b>	<b>283.5</b>	<b>168.0</b>	<b>10 908.5</b>
<b>FY20</b>								
Gareth Ackerman	4 660.0	-	-	-	-	-	-	4 660.0
David Friedland	435.0	-	145.0	-	90.0	-	-	670.0
Hugh Herman	435.0	145.0	145.0	200.0	-	-	42.0	967.0
Alex Mathole	435.0	-	-	-	90.0	94.5	-	619.5
Audrey Mothupi	435.0	-	145.0	94.5	90.0	-	42.0	806.5
Aboubakar Jakoet <sup>6</sup>	217.5	-	-	47.3	-	47.2	21.0	333.0
David Robins	435.0	-	-	-	-	94.5	-	529.5
Jeff van Rooyen	435.0	-	375.0	94.5	90.0	-	42.0	1 036.5
<b>Total remuneration</b>	<b>7 487.5</b>	<b>145.0</b>	<b>810.0</b>	<b>436.3</b>	<b>360.0</b>	<b>236.2</b>	<b>147.0</b>	<b>9 622.0</b>

<sup>1</sup> Appointed May 2020

<sup>2</sup> Retired as Chair of the remuneration committee effective 28 February 2021

<sup>3</sup> Retired August 2020

<sup>4</sup> Appointed as Chair of the remuneration committee effective 1 March 2021

<sup>5</sup> Appointed August 2020

<sup>6</sup> Appointed September 2019

Share awards held by executive directors

	Calendar year granted	Award grant price R	Balance held at 1 March 2020	Forfeits <sup>1</sup>	Granted/ (exercised)	Exercise price R	Balance held at 28 February 2021	Shares and share options to be delivered post 28 February 2021 <sup>2</sup>	Available for take-up
<b>FY21</b>									
<b>Richard Brasher</b>									
Forfeitable share plan	2017	nil	400 000	(280 000)	(120 000)	51.81	-	-	n/a
	2018	nil	1 000 000	-	-	-	1 000 000	(1 000 000)	June 2021
	2020	nil	-	-	1 200 000	-	1 200 000	(1 200 000)	June 2021
			<b>1 400 000</b>	<b>(280 000)</b>	<b>1 080 000</b>		<b>2 200 000</b>	<b>(2 200 000)</b>	
<b>Lerena Olivier</b>									
Share options	2019	58.05	80 000	-	-	-	80 000	-	September 2022
	2019	58.05	60 000	-	-	-	60 000	-	September 2024
	2019	58.05	60 000	-	-	-	60 000	-	September 2026
Forfeitable share plan	2017	nil	60 000	-	(60 000)	51.81	-	-	
	2018	nil	20 000	-	-	-	20 000	(20 000)	June 2021
	2019	nil	100 000	-	-	-	100 000	-	June 2022
Restricted share plan	2020	nil	-	-	120 000	-	120 000	-	June 2023
			<b>380 000</b>	<b>-</b>	<b>60 000</b>		<b>440 000</b>	<b>(20 000)</b>	
<b>Richard van Rensburg</b>									
Share options	2016	31.14	487 464	-	-	-	487 464	(487 464)	n/a
Forfeitable share plan	2017	nil	140 000	(98 000)	(42 000)	51.81	-	-	n/a
	2018	nil	30 000	-	-	-	30 000	(30 000)	June 2021
	2019	nil	150 000	-	-	-	150 000	(150 000)	June 2021
			<b>807 464</b>	<b>(98 000)</b>	<b>(42 000)</b>		<b>667 464</b>	<b>(667 464)</b>	
<b>Suzanne Ackerman-Berman</b>									
Forfeitable share plan	2017	nil	80 000	(56 000)	(24 000)	51.81	-	-	n/a
	2018	nil	15 000	-	-	-	15 000	(15 000)	June 2021
	2019	nil	15 000	-	-	-	15 000	-	June 2022
Restricted share plan	2020	nil	-	-	60 000	-	60 000	-	June 2023
			<b>110 000</b>	<b>(56 000)</b>	<b>36 000</b>		<b>90 000</b>	<b>(15 000)</b>	
<b>Jonathan Ackerman</b>									
Forfeitable share plan	2017	nil	40 000	(28 000)	(12 000)	51.81	-	-	n/a
	2018	nil	8 000	-	-	-	8 000	(8 000)	June 2021
	2019	nil	8 000	-	-	-	8 000	-	June 2022
Restricted share plan	2020	nil	-	-	30 000	-	30 000	-	June 2023
			<b>56 000</b>	<b>(28 000)</b>	<b>18 000</b>		<b>46 000</b>	<b>(8 000)</b>	

<sup>1</sup> The Group did not meet its three-year comparable HEPS target required for the full vesting of the 2017 FSP award, and as such a portion of the outstanding shares were forfeited at the discretion of the remuneration committee.

<sup>2</sup> The Group delivered its three-year performance target for the successful delivery of the 2018 FSP award. All shares will be delivered to participants at the end of June 2021. Please refer to page 43 for further information. Furthermore, the 2019 and 2020 share awards held by Richard Brasher and Richard van Rensburg will be early delivered in June 2021 as part of their agreed retirement package. Please refer to page 44 for further information.



## Directors' interest in ordinary shares

Director	How held <sup>1</sup>	Balance held at 1 March 2020	Additions/ grants	Disposals	Forfeits <sup>5</sup>	Balance held at 28 February 2021 <sup>8</sup>	Beneficial/ non-beneficial interest <sup>2</sup>
FY21 Gareth Ackerman	direct	309	-	-	-	309	Beneficial
	indirect	1 704 200	8 906	-	-	1 713 106	Beneficial
	indirect	19 762	-	-	-	19 762	Non-beneficial
Ackerman Pick n Pay Foundation <sup>3</sup>	indirect	101 900	-	-	-	101 900	Non-beneficial
Ackerman Investment Holdings Proprietary Limited <sup>3</sup>	indirect	1	-	-	-	1	Non-beneficial
	indirect	124 677 237	-	-	-	124 677 237	Non-beneficial
Newshelf 1321 Proprietary Limited <sup>4</sup>	indirect	2 768 000	32 000	-	-	2 800 000	Non-beneficial
Mistral Trust <sup>6</sup>	indirect	2 768 000	32 000	-	-	2 800 000	Non-beneficial
Richard Brasher	direct	-	64 800	-	-	64 800	Beneficial
	direct - FSP	1 400 000	1 200 000	(120 000)	(280 000)	2 200 000	Beneficial
Lerena Olivier	direct	8 100	32 400	-	-	40 500	Beneficial
	direct - FSP/RSP	180 000	120 000	(60 000)	-	240 000	Beneficial
Richard van Rensburg	direct - FSP	320 000	-	(42 000)	(98 000)	180 000	Beneficial
Jonathan Ackerman	direct	122 888	-	-	-	122 888	Beneficial
	direct - FSP/RSP	56 000	30 000	(12 000)	(28 000)	46 000	Beneficial
	indirect	765 886	33 533	-	-	799 419	Beneficial
	indirect	14 495	-	(12 334) <sup>7</sup>	-	2 161	Non-beneficial
Suzanne Ackerman-Berman	direct	120 528	-	-	-	120 528	Beneficial
	direct - FSP/RSP	110 000	60 000	(24 000)	(56 000)	90 000	Beneficial
	indirect	612 109	12 960	-	-	625 069	Beneficial
Aboubakar Jakoet	direct	758 764	-	-	-	758 764	Beneficial
	indirect	13 059	-	-	-	13 059	Non-beneficial
David Friedland	indirect	41 688	10 000	-	-	51 688	Beneficial
David Robins	direct	975	-	-	-	975	Beneficial
	indirect	90 436	-	-	-	90 436	Non-beneficial
Hugh Herman	direct	30 000	-	-	-	30 000	Beneficial
	indirect	256	-	-	-	256	Beneficial

<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-Berman in their capacities as trustees.

<sup>4</sup> The indirect non-beneficial interest in Newshelf 1321 Proprietary Limited represents a portion of the holdings of Gareth Ackerman, Suzanne Ackerman-Berman and Jonathan Ackerman.

<sup>5</sup> The Group did not meet its three-year comparable HEPS target required for the full vesting of the 2017 FSP award, and as such a portion of the outstanding shares were forfeited at the discretion of the remuneration committee.

<sup>6</sup> The indirect non-beneficial interest in the Mistral Trust represents a portion of the holdings of Gareth Ackerman, Suzanne Ackerman-Berman and Jonathan Ackerman in their capacity as trustees and/or potential beneficiaries.

<sup>7</sup> This disposal of shares relates to minor children of the director achieving the age of majority. These shares are therefore no longer held indirectly by the director.

<sup>8</sup> There have been no changes in the directors' interests in ordinary shares since 28 February 2021 up to the date of the approval of this report.

## Directors' interest in B shares

Director	How held <sup>1</sup>	Balance held at 1 March 2020	Disposals	Balance held at 28 February 2021 <sup>6</sup>	Beneficial/ non-beneficial interest <sup>2</sup>
FY21 Gareth Ackerman	direct	522	-	522	Beneficial
	indirect	3 227 861	-	3 227 861	Beneficial
	indirect	39 140	-	39 140	Non-beneficial
Newshelf 1321 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
Jonathan Ackerman	direct	243 307	-	243 307	Beneficial
	indirect	1 135 009	-	1 135 009	Beneficial
	indirect	21 862	(17 582) <sup>5</sup>	4 280	Non-beneficial
Suzanne Ackerman-Berman	direct	233 767	-	233 767	Beneficial
	indirect	926 084	-	926 084	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 Newshelf 1321 Proprietary Limited represents a portion of the holdings of Gareth Ackerman, Suzanne Ackerman-Berman and Jonathan Ackerman.

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

<sup>5</sup> This disposal of shares relates to minor children of the director achieving the age of majority. These shares are therefore no longer held indirectly by the director.

<sup>6</sup> There have been no changes in the directors' interests in B shares since 28 February 2021 up to the date of the approval of this report.

# SOCIAL AND ETHICS COMMITTEE

## Pick n Pay Stores Limited Group

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

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

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

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

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

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

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

The committee monitored the Group's activities in relation to relevant policies, legislation and regulation and best practice in corporate governance. In particular, the committee advised on and monitored the Group's response to the social and economic impact of the lockdown occasioned by the global Covid-19 pandemic.

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

- Reviewing and monitoring the preventive and social distancing measures adopted in the Group to ensure the safety of staff and customers during the Covid-19 pandemic
- Reviewing, monitoring and managing the impact of the Covid-19 pandemic on the health and well-being of staff, ranging from store staff facing daily exposure to the virus, and the impact on office workers required to work from home
- Monitoring and ensuring that the facts were communicated regarding the public perception of food price increases during the Covid-19 pandemic
- Reviewing the social responsibility efforts of the Group during the Covid-19 pandemic, in particular the Feed the Nation Foundation set up in response to rising poverty, concentrating in particular on ensuring that child-headed households received food donations
- The programme to reduce the use of plastics by suppliers, aimed at ensuring that all Pick n Pay packaging is 100% re-usable or recyclable by 2025
- The engagement between retailers and suppliers aimed at achieving a 50% reduction in food waste by 2030
- Updates to the privacy programme to ensure alignment with the POPI Act
- Monitoring with concern the increase in social unrest and violent crime, and taking measures to limit as far as possible any impact on operations, staff and customers
- Amending policies as required to ensure that employee cultural norms were respected and accommodated within a commercial environment
- Addressing issues arising from the ethical practices of suppliers and ensuring responses were aligned to the Group's values
- Addressing diversity targets and barriers to achievement of Employment Equity and disability targets
- Monitoring cyber risks
- Monitoring proposed amendments to the Companies Act relating to the functioning of the social and ethics committee

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

### Focus areas for 2021

Focus areas for 2021 include:

- Ongoing review of the impact of the Covid-19 pandemic on all stakeholders of the Group, including employees, suppliers and customers
- A comprehensive review of the positive impact of charitable donations to communities hard hit by the Covid-19 pandemic
- Continued monitoring of the Group's talent succession and transformation plans and the impact of training programmes to assist in career development and a return on investment in learning and development
- Business continuity planning
- Plastics and related packaging reduction

### Committee membership

As at the end of the 2021 financial period, the committee members include an executive director and three non-executive directors, as well as the Company Secretary, executives responsible for strategy and human resources, senior managers and technical experts on areas of mandate. All levels and areas of expertise across the Group are represented on the committee. Additional advisers attend meetings by invitation, depending on agenda items to be discussed.

**Suzanne Ackerman-Berman**

Chair: Social and ethics committee

27 May 2021

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

Suzanne Ackerman-Berman  
Chair: Social and ethics committee

## Pick n Pay Stores Limited Group

### Compliance

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

In order to monitor compliance with statutes and regulations that have a bearing on the retail industry, questionnaires based on relevant statutes are distributed bi-annually to departments. 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 include the Competition Act and suggested amendments to the Companies Act, as well as the communication of the Company's Code of Ethics. Training sessions continue to be conducted with employees regarding intellectual property rights, as protected by the Trade Marks Act, No 194 of 1993 and the Copyright Act, No 98 of 1978. Training sessions have been virtual during the lockdown imposed as a result of the Covid-19 pandemic.

The Group's privacy and security committee has been pro-actively ensuring that the POPI Act's provisions are embedded in our practices, against the compliance enforcement date of 1 July 2021.

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

### Litigation matters

The Company and its subsidiaries are not involved and have not in the 2021 financial period been involved in any legal or arbitration proceedings which may have or have had a material effect on the financial position of the Group, nor is the Company aware of any such proceedings that are pending or threatened.

### Competition Commission

The Group entered into a voluntary agreement with the Competition Commission regarding the duration of long-term exclusive lease agreements. The agreement has been ratified by the Competition Tribunal. The agreement formalises Pick n Pay's current policy of not enforcing exclusivity rights in shopping malls against small and specialist stores. In addition, Pick n Pay has agreed that it will not enforce exclusivity rights against supermarkets that are owned and controlled by historically disadvantaged persons, as defined in the Competitions Act. With effect from 31 December 2026, Pick n Pay will not enforce exclusivity provisions in its corporate lease agreements against other supermarkets. The Group remains committed to ensuring that no anti-competitive behaviour exists in relation to those long-term exclusive lease agreements currently in place. The Group will continue with its active support of small businesses, for example, through purchasing and supply chain practices as well as through the Ackerman Pick n Pay Foundation.

### Covid-19 impact

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

Among other restrictions, the Government issued regulations prohibiting the charging of excessive or unfair prices and required retailers to ensure an equitable distribution of goods and services and to maintain adequate stock levels. The Government encouraged consumers to bring complaints of excessive pricing to the attention of the Competition Commission. Various allegations were received by the Group. The Group continues to follow its policy of ensuring that it would not seek to profit from unjustifiable increases on prices of goods in demand. The Group continues to work actively with the Competition Commission, responding in detail to complaints, all of which have proved to be unfounded.

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## ANALYSIS OF ORDINARY SHAREHOLDERS

as at 28 February 2021

## Pick n Pay Stores Limited

SHAREHOLDER SPREAD	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	11 857	68.6	2 589 635	0.5
1 001 – 10 000 shares	4 046	23.4	12 943 599	2.6
10 001 – 100 000 shares	1 030	6.0	33 956 180	6.9
100 001 – 1 000 000 shares	279	1.6	78 137 276	15.8
1 000 001 shares and over	62	0.4	365 823 631	74.2
<b>Total</b>	<b>17 274</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>19</b>	<b>0.1</b>	<b>147 301 550</b>	<b>29.9</b>
Newshelf 1321 Proprietary Limited	1	0.0	124 677 237	25.3
Ackerman Investment Holdings Proprietary Limited	1	0.0	1	0.0
Ackerman Pick n Pay Foundation	2	0.0	101 900	0.0
Mistral Trust	1	0.0	2 800 000	0.6
Directors of Pick n Pay Stores Limited	10	0.1	4 453 720	0.9
Shares held on behalf of FSP/RSP participants	1	0.0	9 004 500	1.8
Pick n Pay Retailers Proprietary Limited	1	0.0	29 669	0.0
Boxer Holdings Proprietary Limited	1	0.0	4 400	0.0
Pick n Pay Employee Share Purchase Trust	1	0.0	6 230 123	1.3
<b>Public shareholders</b>	<b>17 255</b>	<b>99.9</b>	<b>346 148 771</b>	<b>70.1</b>
<b>Total</b>	<b>17 274</b>	<b>100.0</b>	<b>493 450 321</b>	<b>100.0</b>

## BENEFICIAL SHAREHOLDERS HOLDING 1% OR MORE

	Number of shares	%
Newshelf 1321 Proprietary Limited	124 677 237	25.3
Government Employees Pension Fund	69 897 440	14.2
Fidelity Series Emerging Markets Opportunities Fund	30 960 844	6.3
Alexander Forbes Investments	14 369 648	2.9
Shares held on behalf of FSP/RSP participants	9 004 500	1.8
Pick n Pay Employee Share Purchase Trust	6 230 123	1.3
Old Mutual Life Assurance Company SA	6 197 659	1.3
FIAM Group Trust For Employee Benefit Plans	6 052 756	1.2
Prudential SA Equity Fund	5 289 563	1.1
Allan Gray Balanced Fund	5 025 846	1.0

## ANALYSIS OF B SHAREHOLDERS

as at 28 February 2021

## Pick n Pay Stores Limited

SHAREHOLDER SPREAD	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	1	3.9	1 100	0.0
1 001 – 10 000 shares	7	26.9	52 868	0.0
10 001 – 100 000 shares	8	30.8	223 670	0.1
100 001 – 1 000 000 shares	5	19.2	1 582 276	0.6
1 000 001 shares and over	5	19.2	257 822 955	99.3
<b>Total</b>	<b>26</b>	<b>100.0</b>	<b>259 682 869</b>	<b>100.0</b>

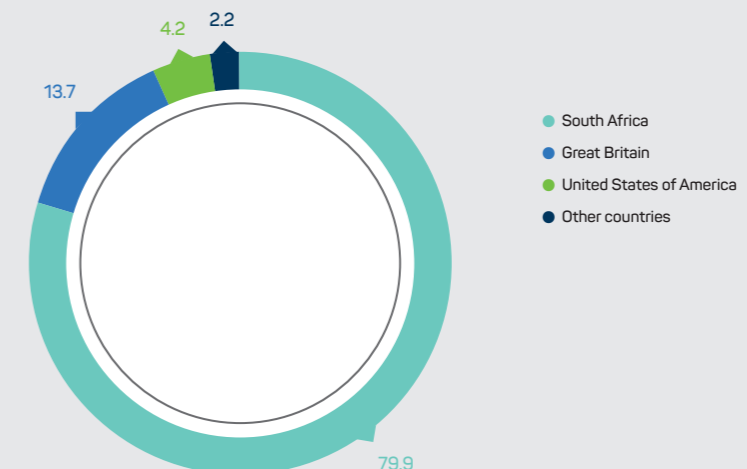
PUBLIC/NON-PUBLIC SHAREHOLDERS	Number of shareholders	%	Number of shares	%
<b>Non-public shareholders</b>	<b>6</b>	<b>23.1</b>	<b>258 277 425</b>	<b>99.5</b>
Newshelf 1321 Proprietary Limited	1	3.9	246 936 847	95.1
Directors of Pick n Pay Stores Limited	4	15.3	5 991 019	2.3
The Mistral trust	1	3.9	5 349 559	2.1
<b>Public shareholders</b>	<b>20</b>	<b>76.9</b>	<b>1 405 444</b>	<b>0.5</b>
<b>Total</b>	<b>26</b>	<b>100.0</b>	<b>259 682 869</b>	<b>100.0</b>

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

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

Geographical spread of ordinary shareholders – %



# SHAREHOLDERS' INFORMATION

## Annual general meeting – 28 June 2021

The 53rd annual general meeting of shareholders of Pick n Pay Stores Limited (AGM) will be conducted entirely by electronic communication as permitted by the Companies Act, No 71 of 2008, as amended and the Company's Memorandum of Incorporation. The live AGM webcast will be held at 08:30 on 28 June 2021, through the following link – [www.smartagm.co.za](http://www.smartagm.co.za)

The minutes of the previous year's AGM held on 4 August 2020 are available on our investor relations website at [www.picknpayinvestor.co.za](http://www.picknpayinvestor.co.za).

## FY22 results announcements

Interim to 29 August 2021	October 2021
Final to 27 February 2022	April/May 2022

## Publication of annual financial statements

2021	May 2021
2022	June 2022

## Publication of Integrated Annual Report and Corporate Governance Report

2021	May 2021
2022	June 2022

## Publication of Sustainable Living Report (every two years)

2021	June 2021
2023	June 2023

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 53rd annual general meeting (AGM) of shareholders of Pick n Pay Stores Limited (the Company, alternatively Stores) will be conducted entirely by electronic communication as permitted by the Companies Act, No 71 of 2008, as amended (the Companies Act) and by the Company's Memorandum of Incorporation (MOI).

The AGM for the 2021 annual financial period will be held at 08:30 on Monday, 28 June 2021.

## Impact of Covid-19 pandemic on the AGM

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

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

The Board of directors of the Company has established that the record date for the purpose of determining which shareholders of the Company are entitled to receive notice of the 53rd AGM is Friday, 28 May 2021 and the record date for purposes of determining which shareholders of the Company are entitled to participate in and vote at the AGM is Friday, 18 June 2021. Accordingly, only shareholders who are registered in the register of members of the Company on Friday, 18 June 2021 will be entitled to participate in and vote at the AGM.

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

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

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

### 1. To present the audited Annual Financial Statements, the directors' report and the audit, risk and compliance committee's report of the Company for the 2021 annual financial period

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

### 2. Ordinary resolution number 1

#### Appointment of external auditors

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

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

### 3. Ordinary resolution number 2

#### Appointment of directors

Curricula vitae of directors to be elected are presented from page 63.

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

Pieter Boone was appointed as the Chief Executive Officer and as a director on 21 April 2021. Being eligible, he offers himself for election as an executive director of the Company.

The Board recommends the re-election of Hugh Herman, Jeff van Rooyen, Audrey Mothupi and David Robins, and the election of Pieter Boone.

Shareholders are requested to consider and, if deemed fit, re-elect Hugh Herman, Jeff van Rooyen, Audrey Mothupi and David Robins, and elect Pieter Boone by way of passing the separate ordinary resolutions set out below:

#### Ordinary resolution 2.1

##### Appointment of Hugh Herman as director

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

#### Ordinary resolution 2.2

##### Appointment of Jeff van Rooyen as director

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

#### Ordinary resolution 2.3

##### Appointment of Audrey Mothupi as director

"RESOLVED that Audrey Mothupi be and is hereby elected as a director of the Company."

#### Ordinary resolution 2.4

##### Appointment of David Robins as director

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

#### Ordinary resolution 2.5

##### Appointment of Pieter Boone as director

"RESOLVED that Pieter Boone be and is hereby elected as a director of the Company."

#### 4. Ordinary resolution number 3

##### Appointment of audit, risk and compliance committee members for the 2022 annual financial period

Curricula vitae are presented from page 63.

##### Ordinary resolution number 3.1

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

"RESOLVED that Jeff van Rooyen be and is hereby elected as a member of the audit, risk and compliance committee of the Company for the 2022 annual financial period, subject to his re-election as a director of the Company in terms of ordinary resolution 2.2."

##### Ordinary resolution number 3.2

##### Appointment of 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 2022 annual financial period, subject to her re-election as a director of the Company in terms of ordinary resolution 2.3."

##### Ordinary resolution number 3.3

##### 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 2022 annual financial period."

##### Ordinary resolution number 3.4

##### 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 2022 annual financial period."

##### Ordinary resolution number 3.5

##### 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 2022 annual financial period."

#### 5. Advisory vote

##### Remuneration policy and report for the 2021 annual financial period

The directors table the remuneration report for the 2021 annual financial period. The remuneration policy and implementation report is set out in the remuneration report in the Integrated Annual Report, to be found on the website, [www.picknpayinvestor.co.za](http://www.picknpayinvestor.co.za). For your convenience, the remuneration report is repeated in this document from page 30.

##### Advisory vote number 1

##### Endorsement of the remuneration policy

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

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

##### Advisory vote number 2

##### Endorsement of the remuneration implementation report

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

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

#### 6. Special resolution number 1

##### Directors' fees for the 2022 and 2023 annual financial periods

"RESOLVED, as a special resolution, that the non-executive directors' fees, to be paid to the directors in their capacity as directors only, for the 2022 annual financial period, and to be increased by CPI for the 2023 annual financial period, be as follows:

	FY22 proposed	FY21
Chair	R4 893 000	R4 660 000
Lead independent non-executive director	R152 000	R145 000
Non-executive director	R457 000	R435 000
Chair of the audit, risk and compliance committee	R394 000	R375 000
Chair of the remuneration committee	R210 000	R200 000
Chair of the corporate finance committee	R210 000*	R200 000*
Member of the audit, risk and compliance committee	R152 000	R145 000
Member of the remuneration committee	R99 000	R94 500
Member of the nominations and corporate governance committee	R94 500	R90 000
Member of the social and ethics committee	R99 000	R94 500
Member of the corporate finance committee	R142 000*	R135 000*

Where applicable, directors' fees are exclusive of VAT.

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

##### Reason for and effect of special resolution number 1

The reason for special resolution number 1 is to obtain shareholder approval for the remuneration of each of the 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 director of the Company in accordance with section 66(9) of the Companies Act.

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

#### 7. Special resolution number 2

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

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

- Is satisfied that immediately after providing such financial assistance, the Company will satisfy the solvency and liquidity test as referred to in section 45(3)(b)(i) of the Companies Act
- 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
- Has ensured that, to the extent which may be applicable, any conditions or restrictions in respect of the granting of financial assistance set out in the Company's MOI have been satisfied as contemplated in section 45(4) of the Companies Act

##### Special resolution number 2.1

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

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

##### Notes on the interpretation of special resolution number 2.1:

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

##### Reason for and effect of special resolution number 2.1

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

## Special resolution number 2.2

### Provision of financial assistance to persons

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

### Notes on the interpretation of special resolution number 2.2:

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

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

### Reason for and effect of special resolution number 2.2

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

## 8. Special resolution number 3

### General approval to repurchase Company shares

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

### Additional requirements imposed by the JSE Listings Requirements

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

- Any such acquisition of shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company or its subsidiaries and the counterparty or in any other manner approved by the JSE
- The general approval shall only be valid until the Company's next AGM, or for 15 (fifteen) months from the date of passing of this special resolution, whichever period is shorter
- An announcement will be made as soon as the Company and/or its subsidiaries has/have acquired shares in terms of this authority constituting, on a cumulative basis, 3% (three percent) of the number of shares of the class of shares acquired in issue at the time of granting of this general approval and for each 3% (three percent) in aggregate of the initial number of that class of shares acquired thereafter, which announcement shall contain full details of such acquisitions as required by paragraph 11.27 of the JSE Listings Requirements
- In determining the price at which shares are acquired by the Company or its subsidiaries in terms of this general approval, the maximum price at which such shares may be acquired may not be greater than 10% (ten percent) above the weighted average of the market value at which such shares are traded on the JSE, as determined over the 5 (five) business days immediately preceding the date of the acquisition of such shares by the Company or its subsidiaries
- A resolution by the Board of directors of the Company that they authorised the repurchase, that the Company passed the solvency and liquidity test and that since the test was done there have been no material changes to the financial position of the Group
- The Company and/or its subsidiaries may not repurchase any shares in terms of this authority during a prohibited period, as defined in the JSE Listings Requirements, unless there is in place a repurchase programme where dates and quantities of shares to be traded during the prohibited period are fixed and full details of the programme have been submitted to the JSE prior to the commencement of the prohibited period

### Statement by the Board of directors of the Company

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

- The intention of the directors of the Company is to utilise the general approval to repurchase shares in the capital of the Company if at some future date the cash resources of the Company are in excess of its requirements or there are other good grounds for doing so. In this regard, the directors will take account of, inter alia, an appropriate capitalisation structure for the Company, the long-term cash needs of the Company and the interests of the Company.
- In determining the method by which the Company intends to repurchase its securities, the maximum number of securities to be repurchased and the date on which such repurchase will take place, the directors of the Company will only make repurchases if, at the time of the repurchase, they are of the opinion that:

- The Company and its subsidiaries will, after the repurchase, be able to pay their debts as they become due in the ordinary course of business for the 12 (twelve) month period following the date of the repurchase.
- The consolidated assets of the Company and its subsidiaries, fairly valued and recognised and measured in accordance with the accounting policies used in the latest audited financial statements, will, after the repurchase, be in excess of the consolidated liabilities of the Company and its subsidiaries for the 12 (twelve) month period following the date of the repurchase.
- The issued share capital and reserves of the Company and its subsidiaries will, after the repurchase, be adequate for the ordinary business purposes of the Company and its subsidiaries for the 12 (twelve) month period following the date of the repurchase.
- The working capital available to the Company and its subsidiaries will, after the repurchase, be adequate for the ordinary business purposes of the Company and its subsidiaries for the 12 (twelve) month period following the date of the repurchase.
- The repurchase shall only be effected if the Board of directors has, at the time of the repurchase, passed a resolution authorising the repurchase in terms of sections 48 and 46 of the Companies Act and it reasonably appears that the Company and its subsidiaries have satisfied the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the Company and its subsidiaries.

### Directors' responsibility statement

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

### Material changes

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

### Major shareholders

Shareholders are referred to pages 54 and 55.

### Share capital

Shareholders are referred to page 54 and 55.

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

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

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

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

## 9. Ordinary resolution number 4

### Directors' authority to implement special and ordinary resolutions

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

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

### General instructions and information

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

- Details of the directors of the Company on page 12
- The curricula vitae of directors standing for election on page 63
- The curricula vitae of directors nominated for election as members of the audit, risk and compliance committee on page 64
- The remuneration report from page 30
- The directors' interest in shares from page 47

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

There are no material changes to the Group's financial or trading position, nor are there any material legal or arbitration proceedings (pending or threatened) that may affect the financial position of the Group between the 2021 financial period end and 28 May 2021.

The directors, whose names are given in the Board of directors' section in the Integrated Annual Report, collectively and individually accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no facts that have been omitted that would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the Integrated Annual Report and this document contain all information required by law and the JSE Listings Requirements.

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

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

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

- You may participate in and vote at the AGM; alternatively
- You may appoint an individual as a proxy (who need not be a shareholder of the Company) to participate in and vote in your place at the AGM by completing the attached form of proxy. For administrative purposes, it is recommended that the proxy form be returned to the transfer secretaries, Computershare Investor Services Proprietary Limited (Computershare), the details of which are set out on the inside back cover, by no later than 08:30 on Thursday, 24 June 2021. Please note that your proxy may delegate his/her authority to act on your behalf to another person, subject to the restrictions set out in the attached form of proxy. Please also note that the attached form of proxy must be delivered to the transfer secretaries, Computershare, via email at proxy@computershare.co.za before the proxy exercises any shareholder rights at the AGM.

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

Please note that:

- Any shareholder of the Company that is a company may authorise a person to act as proxy at the AGM. Please also note that section 63(1) of the Companies Act requires that persons wishing to participate in the AGM (including a company's representative) must provide reasonably satisfactory identification before they may participate.
- If you are the owner of dematerialised shares (i.e. have replaced the paper share certificates representing the shares with electronic records of ownership under the JSE's electronic settlement system, Strate) held through a CSDP or broker (or their nominee) and are not registered as an "own name dematerialised shareholder", then you are not a registered shareholder, but your CSDP or broker (or their nominee) would be. You must provide your CSDP or broker with your voting instructions in the manner and time stipulated in your custody agreement. Alternatively, if you wish to participate in the AGM in person you will need to request your CSDP or broker to provide you with the necessary authority in terms of your custody agreement.

CSDPs, brokers or their nominees recorded in the Company's sub-register as holders of dematerialised shares held on behalf of an investor/beneficial owner in terms of Strate should, when authorised in terms of their mandate or instructed to do so by the owner on behalf of whom they hold dematerialised shares, vote by either appointing a duly authorised representative to participate in and vote at the AGM or by completing the attached form of proxy in accordance with the instructions thereon. For administrative purposes, it is recommended that the proxy form be returned to the transfer secretaries, Computershare, the details of which are set out below under A(ii), Electronic participation, by no later than 08:30 on Thursday, 24 June 2021.

### Electronic participation

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

- Register online using the online registration portal at www.smartagm.co.za; or
- Apply to Computershare, by delivering the duly completed electronic 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
  - sending it by email to proxy@computershare.co.za;

so as to be received by Computershare by no later than 08:30 on Monday, 28 June 2021.

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

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

- The Company will inform Participants who notified Computershare in accordance with A above by no later than 08:30 on Monday, 28 June 2021 by email of the relevant details through which participants can participate electronically.
- The cost of electronic participation in the AGM is for the expense of the participant and will be billed separately by the participant's own service provider.
- The participant acknowledges that the electronic communication services are provided by third parties and indemnifies the Company against any loss, injury, damage, penalty or claim arising in any way from the use 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.
- The Company cannot guarantee there will not be a break in electronic communication that is beyond its control.

By order of the Board

**Debra Muller**  
Company Secretary  
Cape Town

27 May 2021

**Pick n Pay Stores Limited**

# CURRICULA VITAE OF DIRECTORS TO BE ELECTED

## Pick n Pay Stores Limited

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

*Curricula vitae* of directors to be elected to the Board of directors, and to the audit, risk and compliance committee, are set out below.

## Board of directors

### Appointment of directors

#### Hugh Herman

*Attorney, BA LLB, LLD (hc)*

Hugh was a partner at attorney's firm Sonnenberg Hoffmann & Galombik before joining Pick n Pay in 1976. He was Managing Director of Pick n Pay from 1986, before joining Investec Bank in 1993. Hugh was appointed Group Chair of Investec Bank Limited in 1994, a position from which he retired in 2011. Hugh remains Chair of Ninety One Africa (previously Investec Asset Management).

#### Jeff van Rooyen

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

#### Lead independent director

**Audit and risk committee and corporate finance committee Chair**  
A chartered accountant with extensive experience in both the private and public sectors, Jeff is the founder CEO of Uranus Investment Holdings (Pty) Ltd. His involvement in the accounting profession over the years is extensive. Former appointments include being a Trustee of the IFRS Foundation, Chair of the Public Accountants and Auditors Board (now IRBA) and founding President of the Association for the Advancement of Black Accountants. His public sector record is equally extensive. Former appointments include: Chair of the Financial Reporting Standards Council; Executive Officer of the Financial Services Board; member of the Advisory Committee, Faculty of Economics and Management Sciences of the University of Pretoria and director of MTN Group Limited. Jeff will be standing down as Chair of Exxaro Resources Limited at the AGM to be held in May 2021.

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

#### Audrey Mthupi

*BA (Hons)*

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

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

#### David Robins

*BBusSci*

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.

#### Pieter Boone

*BSC (Hons)*

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.

## Audit, risk and compliance committee

### Election of audit, risk and compliance committee members

#### Jeff van Rooyen

Please see *curriculum vitae* on previous page

#### Audrey Mothupi

Please see *curriculum vitae* on previous page

#### David Friedland

CA(SA)

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

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

#### Mariam Cassim

CA(SA), MBA

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

Mariam's professional experience includes Corporate Finance and Deal Structuring, Mergers and Acquisitions, Debt Structuring and Commercial Evaluation. Her flair for innovation, disruption and new business development allows Mariam to generate creative business solutions, which have a strong purpose element and thereby benefit business as well as society. Mariam served on the board of Super Group Limited until December 2020.

#### Haroon Borat

PhD in Economics

Haroon is Professor of Economics and Director of the Development Policy Research Unit at the University of Cape Town. He is currently a member of the Presidential Economic Advisory Council (PEAC), established in 2019 by President Ramaphosa to generate new ideas for economic growth, job creation and addressing poverty in South Africa. Haroon is the Independent Non-Executive Chair of Sygnia and is also Chair of the Nimble Group. Haroon is a Non-Resident Senior Fellow at the Brookings Institution – the world's leading global think tank. He was recently invited to join the UCT College of Fellows. He was a member of the World Bank's Advisory Board of the Commission on Global Poverty and is a member of the Programme Committee of the 2021 International Economic Association World Congress. His career appointments include serving as an economic advisor to former Minister of Finance Pravin Gordhan and to former presidents Thabo Mbeki and Kgalema Motlanthe, formally serving on the Presidential Economic Advisory Panel.

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

# FORM OF PROXY

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

For use at the annual general meeting (AGM) of shareholders of Pick n Pay Stores Limited (the Company, alternatively Stores) to be conducted entirely by electronic communication as permitted by the Companies Act, No 71 of 2008, as amended, and by the Company's Memorandum of Incorporation at 08:30 on Monday, 28 June 2021 and at any adjournment or postponement thereof.

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

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

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

I/We (block letters)

(the registered shareholder)

I/We (block letters)

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

of (address)

Telephone: Work ( )

Telephone: Mobile ( )

being the holder/s of (insert number of shares)

ordinary shares in the Company, hereby appoint (refer to note 3)

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

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

3. the Chair of the AGM,

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

Please indicate with an "X" the instructions to your proxy in the spaces provided below. In the absence of such indication the proxy will be entitled to exercise his/her discretion in voting. If you wish to cast your votes in respect of a lesser number of shares than you own in the Company, insert the number of shares held in respect of which you wish to vote (see note 4).

		Number of votes (one vote per ordinary share)		
		In favour of	Against	Abstained
<b>Ordinary resolution 1</b>	Appointment of the external auditors and designated audit partner			
<b>Ordinary resolution 2.1</b>	Election of Hugh Herman as director			
<b>Ordinary resolution 2.2</b>	Election of Jeff van Rooyen as director			
<b>Ordinary resolution 2.3</b>	Election of Audrey Mothupi as director			
<b>Ordinary resolution 2.4</b>	Election of David Robins as director			
<b>Ordinary resolution 2.5</b>	Election of Pieter Boone as director			
<b>Ordinary resolution 3.1</b>	Appointment of Jeff van Rooyen to the audit, risk and compliance committee			
<b>Ordinary resolution 3.2</b>	Appointment of Audrey Mothupi to the audit, risk and compliance committee			
<b>Ordinary resolution 3.3</b>	Appointment of David Friedland to the audit, risk and compliance committee			
<b>Ordinary resolution 3.4</b>	Appointment of Mariam Cassim to the audit, risk and compliance committee			
<b>Ordinary resolution 3.5</b>	Appointment of Haroon Borat to the audit, risk and compliance committee			
<b>Advisory vote 1</b>	Endorsement of remuneration policy			
<b>Advisory vote 2</b>	Endorsement of remuneration implementation report			
<b>Special resolution number 1</b>	Directors' fees			
<b>Special resolution number 2.1</b>	Financial assistance to related or inter-related companies			
<b>Special resolution number 2.2</b>	Financial assistance to persons			
<b>Special resolution number 3</b>	General approval to repurchase Company shares			
<b>Ordinary resolution 4</b>	Directors' authority to implement special and ordinary resolutions			

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

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

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2021

Signature \_\_\_\_\_

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

Assisted by me (where applicable – see note 9)

Telephone: ( )

Please also read the notes overleaf.

## Summary of shareholder’s rights in respect of proxy appointments

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

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

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

## Notes

1. The person whose name stands first on the proxy form and who is present at the AGM will be entitled to act as a proxy to the exclusion of those whose names follow thereafter.
2. If no proxy is inserted in the spaces provided, then the Chair shall be deemed to be appointed as the proxy to vote or abstain as the Chair deems fit.
3. A shareholder’s instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate box provided. If there is no clear indication as to the voting instructions to the proxy, the proxy form will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/she deems fit in respect of all of the shareholder’s votes exercisable at the AGM.
4. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy. A proxy shall be entitled to demand that voting take place on a poll.
5. Proxy forms must be lodged at the registered office of the Company, Pick n Pay Office Park, 101 Rosmead Avenue, Kenilworth, Cape Town 7708, or posted to the Company Secretary at PO Box 23087, Claremont 7735, or lodged with or posted to the transfer secretaries, Computershare Investor Services Proprietary Limited, First Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196, Private Bag X9000, Saxonwold 2132.
6. For administrative purposes, it is recommended that proxy forms be received or lodged by no later than 08:30 on Thursday, 24 June 2021, being 2 (two) business days before the AGM to be held at 08:30 on Monday, 28 June 2021. 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 sub-register voting on instructions from beneficial owners of shares registered in the Company’s sub-register, are requested that they identify the beneficial owner in the sub-register on whose behalf they are voting and return a copy of the instruction from such owner to the Company Secretary or to the transfer secretaries, Computershare Investor Services Proprietary Limited, First Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196, Private Bag X9000, Saxonwold 2132, together with this form of proxy.
8. Any alteration or correction made to this proxy form must be initialled by the signatory/ies but will only be validly made if such alteration or correction is accepted by the Chair of the AGM.
9. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Company Secretary.

## Participation in the AGM via electronic communication

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

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

so as to be received by Computershare by no later than 08:30 on Monday, 28 June 2021.

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

### Important notice

The Company shall, by no later than 08:30 on Monday, 28 June 2021, notify participants that have delivered valid notices as per this form by email of the relevant details through which the participants can participate electronically.

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

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

1. The cost of electronic participation in the AGM is for the expense of the participant and will be billed separately by the participant’s own service provider.
2. The participant acknowledges that the electronic communication services are provided by third parties and indemnifies the Company against any loss, injury, damage, penalty or claim arising in any way from the use 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.
3. The application to participate in the AGM electronically will only be deemed successful if this application form has been completed fully and signed by the participant.
4. Pick n Pay Stores Limited cannot guarantee there will not be a break in electronic communication that is beyond the control of the Company.

Participant’s name: \_\_\_\_\_

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

# CORPORATE INFORMATION

## Pick n Pay Stores Limited

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

## Board of directors

### Executive directors

Pieter Boone (CEO)  
Lerena Olivier (CFO)  
Suzanne Ackerman-Berman  
Jonathan Ackerman

### Non-executive

Gareth Ackerman (Chair)  
Aboubakar Jakoet  
David Robins

### Independent non-executive

Haroon Bhorat  
Mariam Cassim  
David Friedland  
Hugh Herman  
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 21 797 0314

### Postal address

PO Box 23087  
Claremont  
Cape Town 7735

## Registrar

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

### Postal address

Private Bag X9000  
Saxonwold 2132

## JSE Limited sponsor

Investec Bank Limited  
100 Grayston Drive  
Sandton 2196

## Auditors

Ernst & Young Inc.

## Attorneys

Edward Nathan Sonnenbergs

## Principal transactional bankers

Absa Limited  
First National Bank

## Company Secretary

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

## Promotion of Access to Information Act

informationofficer@pnp.co.za

## Investor relations

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

## Website

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

## Customer careline

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

### Boxer

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

## Online shopping

Tel +27 860 30 30 30  
[www.picknpay.com](http://www.picknpay.com)

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