REMUNERATION REPORT

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

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

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

SECTION 1: Committee chairman's report

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

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

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

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

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

The year in review

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

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

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

Hugh Herman
Chairman: Remuneration committee

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

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

Executive incentives

Short-term incentive – FY20 annual bonus

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

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

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

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

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

In line with the discretion provided within the scheme rules, the remuneration committee will allow approximately 30% of the allocation to vest in June 2020 (subject to service conditions being met). This is in recognition of the strong performance of the Group's South African division over the past three years (10% compound annual earnings growth), and acknowledgement that the Group HEPS target miss was largely due to factors outside of the control of the senior executive team in FY20. This includes hyperinflation in Zimbabwe, currency devaluation Zambia and a material increase in the Group's tax rate.

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

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

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

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

The remuneration committee is mindful that the historic performance targets set for the Group's outstanding FSP 5 and FSP 6 awards, due to vest in June 2021 and June 2022 respectively, are likely no longer attainable within the context of the COVID-19 landscape, and may no longer be relevant in terms of the Group's revised long-term plan. Please refer to page 13 for further information. The remuneration committee is cognisant that performance targets which are no longer relevant due to circumstances outside the control of the management team are discouraging to senior executives and create long-term retention risk.

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

"This report and the recommendations of the remuneration committee have been approved by the Board and will be submitted to shareholders for consideration at the AGM to be held on 4 August 2020."

Malus and claw-back

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

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

Share option scheme

The remuneration committee has tasked the Group's employee benefits team to re-evaluate the Group's share option scheme to establish whether there is a more modern and more effective way of incentivising and retaining middle and lower levels of management. In particular, one that is more cost effective for the Group, creates more certain value for employees in the context of poor performing equity markets, and removes the volatility risk from the tax rate. Please refer to page 13 and page 14 of Section 3 for further information.

Forfeitable share plan (FSP)

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

FY21 salary increases for executive directors and senior management

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

Stability of labour relations

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

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

Voluntary severance programme

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

Leadership update – Group CEO

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

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

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

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

Richard has once again stepped up as a strong leader with energy and determination. He has committed to stay with the Group until a strong and suitable successor has been appointed, and a reasonable and effective handover period has been completed, or until 31 March 2022, in line with the Group's retirement policy. In recognition for his unwavering commitment to the Group, the remuneration committee has awarded Richard with 1.2 million FSP shares under the Group's executive share incentive scheme. This award seeks not only to incentivise Richard adequately over the extension to his term, but also to recognise that, due to his planned retirement, Richard did not receive an annual share incentive award in 2019 (FSP 6) when one was allocated to his executive team. Please refer to page 13 for further information.

Looking ahead

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

Hugh Herman
Chairman: Remuneration committee

1 July 2020

An overview of the remuneration committee

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

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

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

Members and meeting attendance:

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

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

The remuneration committee meets at least twice a year, is chaired by an independent non-executive director and comprises only non-executive directors. The committee operates in terms of a Board-approved charter, which is reviewed annually by the Board. Independent expert advice is obtained as required, including in respect of the evaluation of our share incentive schemes. No external advisers attended the remuneration committee meetings during the year.

Training

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

More information about the directors on the remuneration committee can be found on page 85 of our Integrated Annual Report.

Reporting to our stakeholders

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

Our remuneration policies, including all reward principles, are consistent with last year – with the inclusion of a new malus and claw-back policy. Remuneration policies are outlined in Section 2 of this report. **Read more from page 6.**

The application of our remuneration policies in FY20 is detailed in Section 3 of this report. **Read more from page 12.**

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

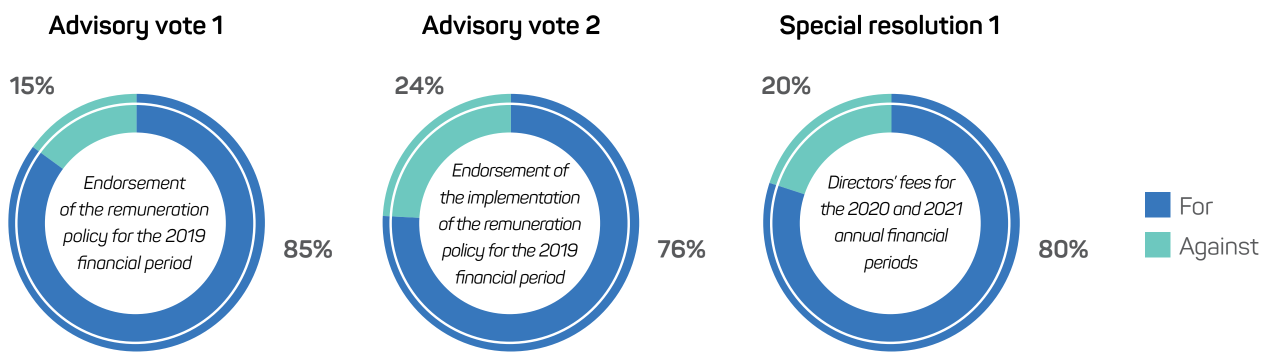
- Senior management and staff were remunerated fairly, commensurate with market best practice
- Current achievements were recognised in a tough economic climate
- Future performance was incentivised in line with the objectives of the Group's long-term strategy and shareholders' interests

In line with King IV, we will present Section 2 and 3 of this report separately to our shareholders for non-binding votes at the AGM on 4 August 2020. The proposed directors' fees for the 2021 and 2022 financial periods will be submitted to shareholders at the AGM. No fee increase will be taken in FY21, notwithstanding previous shareholder authority received. Please refer to page 14 for further information. In the event that either the remuneration policy or the implementation report receives 25% or more dissenting votes, management will engage directly with shareholders to:

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

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

The remuneration policy and directors' fees for the 2020 financial year were approved by shareholders at the AGM held on 30 July 2019 as follows:



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

SECTION 2: Overview of remuneration policy

Our remuneration philosophy

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

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

Our remuneration policies

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

- Remuneration at all levels is benchmarked against the remuneration policies and practices of comparable companies (locally and internationally) to ensure that it is fair and reasonable, and key or scarce skills are remunerated in the upper quartile of the market
- Independent experts assist with remuneration benchmarking to ensure that decisions are objective and fair
- Remuneration is balanced between fixed remuneration and variable short- and long-term incentives, applying a higher proportion of variable remuneration to senior management to drive performance, and placing a greater emphasis on fixed pay for middle and junior management
- Non-executive directors do not receive remuneration or incentive awards related to share price or corporate performance
- The executive team is not unduly rewarded where performance does not meet expectations. However, the committee strives to find a reasonable balance to retain key executives and attract quality executives from outside the business to ensure delivery against our strategic objectives. Executive remuneration is considered in the context of overall employee remuneration, given South Africa's socio-economic conditions

Fair and responsible remuneration

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

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

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

Parity of remuneration across gender and race groups

The Group's remuneration policies seek to build a strong and diverse team, rewarded and advanced on merit. As a responsible corporate citizen, proud of our history and commitment to all our employees and being an ambassador for employment equity, we devote the necessary focus to important issues of employment equity, gender equity and pay parity.

Fixed and variable benefits are benchmarked against industry norms. Comprehensive statistical analysis at all levels of remuneration is performed on an ongoing basis, with reference to the scale of each role and length of tenure, to identify and address any differential pay rates based on race or gender.

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

We have committed the following to our employees:

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

Aligning remuneration with long-term strategic plan

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

Stage 1: Stabilise the business

Strategic objectives (refer to pages 45 to 53 of our Integrated Annual Report)

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

Stage 2: Change the trajectory

ENGINES OF GROWTH

1	2	3	4	5	6
SA's most trusted retailer	Africa's favourite discounter	Bearing down on costs	Value-added customer services	Expansion in Africa	Force for good
Pick n Pay	Boxer	Efficiency	Innovation	Profitable footprint outside South Africa	Doing good is good business

GROUP PERFORMANCE

Short-term incentives

Primary performance target:

Growth in profit before tax and exceptional items (PBTAE)

100% weighting

Primary PBTAE threshold not met: No short-term incentives are paid to executive and senior management

Primary PBTAE threshold met: Bonus is payable at the discretion of the remuneration committee, subject to an assessment of changes in the economic environment and a review of the level of delivery of certain secondary performance targets, including individual key performance indicators (refer below). These performance indicators include financial as well as non-financial measurements, with an increasing focus on including environmental, social and governance-related measurements

INDIVIDUAL PERFORMANCE MEASURES INCLUDE

1	2	3	4	5	6
Sales, margin, return on investment targets	Sales, margin, return on investment targets	Supply chain optimisation – lower costs, lower waste	Expanded service offering, new partners	Sales, margin, return on investment targets	Social investment in the communities we serve
Range targets, reduced stock on hand, improved availability	More stores, serving more communities	Improved cost ratios; improved efficiency and productivity ratios	Expanded online and "Click and Collect" offer, and improvements in online system, availability and delivery	Optimised ranges	Reduction of food waste
More own brand products	Acceleration in store refurbishments	Improved working capital metrics		Lower costs	BBBEE performance
Improved customer service, lower complaints		Lower funding, lower funding costs		Mitigation of currency and liquidity risk	Resource efficiency/Reduce carbon footprint/ Reduce plastic footprint

Stage 3: Sustainable long-term growth

GROUP PERFORMANCE

Primary long-term performance targets:

- Sustainable HEPS growth over a rolling three-year period
- ROCE > WACC (excluding impact of IFRS 16)
- Share price appreciation
- PBT margin at or above 3.0% over the medium term

Remuneration structure

FIXED BASE SALARY AND BENEFITS

- **Base salary**
  - **Performance measurement:** Annual individual performance review
- **Fixed benefits**
  - Retirement funding
  - Medical aid
  - Motor vehicle benefit
  - Low-interest housing loans
  - Leave
  - (Retirement funding to Leave): **Monthly with annual 13th cheque**
  - Long service: **Anniversary month**

SHORT-TERM VARIABLE INCENTIVES

- **Incentive bonus**: **Monthly and/or annually**
  - **Performance measurement:** → Monthly – Key store performance targets → Annually – PBTAE growth, and specific individual key performance indicators, refer to page 7

LONG-TERM VARIABLE INCENTIVES

- **Share options**
  - **Performance condition:** Service
- **Forfeitable share plan**
  - **Performance measurement:** HEPS growth, ROCE
  - **Performance condition:** Service
- **Range of awards with three, five and seven-year vesting periods**

Fixed base salary and benefits

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

Base salary	Annual base salaries across the Group are set at levels that are competitive with the rest of the market. This enables us to attract, motivate and retain the right calibre of diverse people to achieve our strategic business objectives. The fixed base salary reflects the relative skills, experience, contribution and performance of the individual. Remuneration is directly linked to formal annual performance assessments. The scope of the employee's role, competence and performance, the projected consumer price index and comparable increases in the general and retail market determine annual increases.
Retirement funding	It is an employment condition that all employees (including variable-time employees[2]) join one of the retirement funds provided by the Group. The Group contributes up to 8.7% of the individual employee's salary towards retirement funding, depending on the fund and the terms and conditions of employment.
Medical aid	Medical aid provisions are in place for all full-time[1] and variable-time[2] employees. We provide a number of medical aid schemes. Membership is compulsory for all employees at junior grade and above, unless they are covered by a third-party medical aid. Membership of the medical aids provided is optional for NMBU[3] employees. We contribute 50% of medical aid contributions on behalf of employees.
13th cheque	A 13th cheque is paid to qualifying employees in November each year. Variable-time employees[2] participate based on the average number of hours worked in a month. Employees must have been in the employ of the Group for at least three months to be eligible to receive this benefit, which is paid on a pro rata basis where the employee has been with the Group for less than a year.
Motor vehicle benefit	Certain employees in middle management and above are entitled to a motor vehicle benefit. Depending on the requirements of their role, it may be in the form of a travel allowance or provision of a company car. This benefit may include payment of maintenance, fuel and insurance.
Leave	Annual leave accumulates from the date of starting employment and varies between three and five weeks per annum depending on the terms, conditions and length of employment. Variable-time[2] employees accumulate leave based on ordinary hours worked. The Group provides family responsibility and religious leave, where applicable.
Training, bursaries and study grants	We offer over 330 training programmes to employees, ranging from basic literacy and numeracy to computer-based training and management and leadership programmes. Our Chartered Accountant (SA) and graduate training programmes attract talented young people into the business and develop them to join our management team. Our corporate academy seeks to fast-track the development of a pool of managers for our stores. We also offer learnership programmes that focus on scarce skills, particularly in the bakery and butchery sectors. Our leadership development programmes, accredited by formal tertiary institutions in South Africa, have been very successful in providing the business with future leaders.
Long service	The Group rewards long service with a cash award in the month an employee attains a five-year service anniversary, and again for every five-year anniversary thereafter. Long service is recognised with an additional allocation of leave at five-year intervals, depending on the terms and conditions of employment.

[1] *Full-time employees have a fixed contract with the Group and work 45 hours per week.*
[2] *Variable-time employees have a variable contract with the Group, which guarantees 105 hours per month.*
[3] *NMBU refers to our non-management bargaining unit.*

Short-term incentives

The annual short-term incentive bonus is discretionary. It is triggered by the attainment of a threshold target of growth in PBTAE, as set by the remuneration committee. The primary short-term performance target is supported by secondary short-term targets aligned to the Group's strategic plan. Refer to page 7.

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

Bonuses are capped at the following multiples:

Grades	Category	Bonus cap
A	CEO	36 x basic monthly salary
A	Group executive	12 x basic monthly salary
B	Senior management	6 x basic monthly salary
C and D	Middle management	4 x basic monthly salary
E and F	Junior management	1 x basic monthly salary

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

Long-term incentives

It is Group policy to maintain a broad-based share incentive scheme for employees. This is an integral part of our remuneration philosophy and ensures that the long-term interests of staff are aligned with those of shareholders. All levels of management can acquire Group shares. This is a key differentiator between the Group and other retail employers in South Africa, encouraging employee retention and creating opportunities for economic upliftment.

The Group operates two share incentive schemes:

Share option scheme

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

Forfeitable share plan (FSP)

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

Funding of share incentive schemes

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

The Group's share option scheme

Share options	Eligibility	Vesting
Status share options – service conditions attached	Status share options are granted to employees who attain grade F. Further options are granted at each promotion to higher levels of management.	This is a broad-based scheme, rewarding and empowering employees at all levels of management. As such, no further performance conditions are attached. Vesting is only dependent on the employee remaining in the employ of the Group over the specified vesting period. If the employee leaves before the end of a vesting period, unvested share options lapse.
Performance share options – service conditions attached	Middle-management employees on grades C and D may be eligible for performance "top-up" share options in recognition of their individual performance and contribution to the Group.	This is a reward scheme, aimed at high performers, in order to recognise and retain key management personnel over the longer term. To encourage employee retention, status and performance shares vest in three tranches (vesting periods) as follows: **40%** 3 years of service **30%** 5 years of service **30%** 7 years of service

The Group's forfeitable share plan (FSP)

The FSP recognises key members of senior management who have a significant role to play in delivering Group strategy and ensuring the growth and sustainability of the business in the future. A participant of the FSP becomes the beneficial owner of the forfeitable shares on the date of the award. Beneficial ownership affords the employee full shareholder voting rights and full rights to any dividends declared.

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

Service contracts and termination benefits

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

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

Remuneration structure: non-executive directors

The remuneration committee proposes fees to be paid for the membership of the Board and Board committees. Such fees are market-related, commensurate with the time required for directors to undertake their duties and must be approved by the Board and shareholders. Approved fees are set for the annual financial period. Fees are not subject to attendance of meetings as attendance of Board meetings is generally good. Refer to page 14 for more detail on the proposed fees for FY21.

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

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

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

SECTION 3: Implementation of remuneration policy

The committee chairman's report on pages 1 to 4 details the key focus areas of the remuneration committee this year, including the important decisions taken to balance short-term and long-term incentives in a tough economic climate, alongside the best interests of shareholders. Additional work performed and decisions taken by the remuneration committee during FY20 include:

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

CEO remuneration

In setting the CEO's FY20 base salary at R10.7 million, the remuneration committee considered Richard Brasher's extensive experience in the retail industry and the Group's strong and consistent profit growth delivered under Richard's stewardship. The remuneration committee is satisfied that Richard's benchmarked base salary is fair in relation to the market, his expertise and his contribution to date.

CFO remuneration

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

Other executive and senior management remuneration

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

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

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

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

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

Short-term incentives – determining an appropriate annual cash bonus, and the reasonable allocation thereof to executive directors and qualifying management employees

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

The remuneration committee's PBTAE targets for FY20, on a comparable 52-week financial calendar basis, were as follows:

8%	12%	15%
Threshold	Target	Stretch

As described in Section 2 of this report, secondary performance targets, which include turnover growth, improved operating costs and other efficiency ratios and key working capital metrics are set on an individual basis. However, the overarching PBTAE threshold target must first be met, before a short-term bonus is considered. Thereafter, the bonus is allocated based on the level of delivery against the secondary performance targets and individual performance, as evaluated through a formal performance appraisal process.

The Group delivered PBTAE of R1 870.7 million for FY20, a 6.5% increase on the comparable PBTAE for the 52-week prior period. The increase in PBTAE fell short of the threshold target set by the remuneration committee. As a result, no short-term incentive bonus has been awarded to executive directors, or to the senior management team of Pick n Pay. Please refer to the chairman's report on page 2 for further information.

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

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

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

The remuneration committee has utilised the discretion available to it within the rules of the FSP scheme, and will forfeit approximately 70% of the FSP shares, and allow approximately 30% to vest in June 2020 (subject to the service condition being met). This recognises the strong performance of the Group's South African division over the past three years (10% compound annual earnings growth). It further acknowledges that the Group HEPS under-performance was largely due to factors outside of the control of the senior executive team in FY20, including hyperinflation in Zimbabwe and a material increase in the Group's tax rate. Please refer to the chairman's report on page 2 for further information.

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

The remuneration committee agreed an annual award of forfeitable shares to senior management personnel in FY20, to ensure executives continue to have competitive and market-related long-term incentives in place to drive delivery of the long-term strategy. The FSP 6 award provided the Group with added security over the retention and tenure of key executives.

The remuneration committee set the financial performance conditions to be attached to the June 2019 award (FSP 6) and agreed on the individual participants and the level at which each would participate, with particular focus on allocations to executive directors. Please refer to the disclosure provided below for further information.

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

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

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

The remuneration committee will utilise the discretion provided in terms of Section 8 of the FSP scheme rules to revise the HEPS performance targets to reflect the changed circumstances of the COVID-19 pandemic and its likely longer-term impact. These targets must be stretching but attainable, aligned to the Group's long-term plan, and must deliver a performance that drives long-term value creation for shareholders. The remuneration committee will report to shareholders on the action taken in due course. Please refer to the chairman's report on page 2 for further information.

Long-term incentives – CEO

FSP Award

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

Restraint of trade

In recognition of Richard Brasher's key role in formulating and delivering Group strategy through the COVID-19 crisis and beyond, the remuneration committee has now included a restraint of trade provision in his CEO employment contract. The remuneration committee will have the discretion to pay Richard Brasher up to four times his annual salary on his retirement from the Group, to secure appropriate employment restrictions. This is in line with our remuneration policy in respect of executive service contracts, as detailed on page 11.

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

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

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

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

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

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

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

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

Malus and claw-back

No incidents identified in the FY20 financial year.

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

In setting the Chairman's proposed annual fee of R4.7 million in FY20, the remuneration committee (Gareth Ackerman recused himself from the discussion) considered the active role he plays in the corporate governance of the Group and in formulating overarching strategy for the individual companies within the Group. Gareth does not play a day-to-day role in the executive management and administration of the business but does make himself available to the executive team in an advisory capacity.

Reviewing and recommending non-executive directors' fees for FY21 for approval by shareholders at the AGM

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

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

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

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

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

3 *The corporate finance committee is an ad hoc committee. The fees payable are determined in relation to the number of meetings held during the financial period, but will not be more than the annual proposed fee. No formal meetings were held during FY20, and therefore no fees were paid.*

4 *The corporate finance committee is an ad hoc committee. The fees payable are determined in relation to the number of meetings held during the financial period, but will not be more than the annual proposed fee. No formal meetings were held during FY20, and therefore no fees were paid.*

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

Payments, accruals and awards to directors

Total remuneration of executive directors

	Base salary R'000	Retirement and medical contri-butions R'000	Fringe and other benefits R'000	Total fixed remune-ration R'000	Bonus and gratuity*** R'000	Total remune-ration R'000	Long-term share award charges# R'000
2020							
Richard Brasher	10 707.0	968.0	742.5	12 417.5	–	12 417.5	4 551.7
Aboubakar Jakoet*	2 711.3	52.8	1 348.4	4 112.5	–	4 112.5	2 673.6
Lerena Olivier**	1 896.2	182.4	169.7	2 248.3	–	2 248.3	285.2
Richard van Rensburg	4 980.0	431.3	327.6	5 738.9	–	5 738.9	(637.8)
Suzanne Ackerman-Berman	2 922.3	276.8	289.6	3 488.7	–	3 488.7	(791.6)
Jonathan Ackerman	1 494.0	271.6	298.1	2 063.7	–	2 063.7	(234.7)
Total remuneration	24 710.8	2 182.9	3 175.9	30 069.6	–	30 069.6	5 846.4
2019							
Richard Brasher	10 140.0	916.4	293.7	11 350.1	20 640.0	31 990.1	32 477.3
Aboubakar Jakoet	5 088.6	33.8	152.6	5 275.0	15 216.0@	20 491.0	4 628.4
Richard van Rensburg	4 720.5	408.8	323.6	5 452.9	4 800.0	10 252.9	4 628.4
Suzanne Ackerman-Berman	2 832.0	262.2	286.6	3 380.8	720.0	4 100.8	2 603.2
Jonathan Ackerman	1 393.7	257.0	297.5	1 948.2	360.0	2 308.2	1 733.8
Total remuneration	24 174.8	1 878.2	1 354.0	27 407.0	41 736.0	69 143.0	46 071.1

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

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

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

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

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

Total remuneration of non-executive directors

	Directors' fees R' 000	Lead independent director R' 000	Audit committee R'000	Remuneration committee R'000	Nominations committee R'000	Corporate governance committee R'000	Social and ethics committee R'000	Employee share trust R'000	Total remune-ration R'000
2020									
Gareth Ackerman	4 660.0	–	–	–	–	–	–	–	4 660.0
David Friedland	435.0	–	145.0	–	–	90.0	–	–	670.0
Hugh Herman	435.0	145.0	145.0	200.0	–	–	–	42.0	967.0
Alex Mathole	435.0	–	–	–	90.0	–	94.5	–	619.5
Audrey Mothupi	435.0	–	145.0	94.5	90.0	–	–	42.0	806.5
Aboubakar Jakoet*	217.5	–	–	47.25	–	–	47.25	21.0	333.0
David Robins	435.0	–	–	–	–	–	94.5	–	529.5
Jeff van Rooyen	435.0	–	375.0	94.5	–	90.0	–	42.0	1 036.5
Total remuneration	7 487.5	145.0	810.0	436.25	180.0	180.0	236.25	147.0	9 622.0
2019									
Gareth Ackerman	4 438.0	–	–	–	–	–	–	–	4 438.0
David Friedland	413.0	–	138.0	–	85.0	–	–	–	636.0
Hugh Herman	413.0	138.0	138.0	181.0	–	–	–	40.0	910.0
Alex Mathole	413.0	–	–	–	–	–	90.0	–	503.0
Audrey Mothupi	413.0	–	138.0	90.0	–	–	–	40.0	681.0
Lorato Phalatse^	206.5	–	–	–	42.5	61.5	45.0	–	355.5
David Robins	413.0	–	–	–	–	–	–	–	413.0
Jeff van Rooyen	413.0	–	340.0	90.0	–	–	–	40.0	883.0
Total remuneration	7 122.5	138.0	754.0	361.0	127.5	61.5	135.0	120.0	8 819.5

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

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

Share awards granted to directors

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

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

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

Directors' interest in ordinary shares

2020	How held*	Balance held at 3 March 2019	Additions/ grants	Disposals	Forfeits@	Balance held at 1 March 2020	Forfeits sub-sequent to 1 March 2020#	Additions/ grants sub-sequent to 1 March 2020	Beneficial/ non-beneficial interest^
Gareth Ackerman	direct	309	–	–	–	309	–	–	Beneficial
	indirect	1 687 200	17 000	–	–	1 704 200	–	5 806	Beneficial
	indirect	19 762	–	–	–	19 762	–	–	Non-beneficial
Ackerman Pick n Pay Foundation**	indirect	101 900	–	–	–	101 900	–	–	Non-beneficial
Ackerman Investment Holdings Proprietary Limited***	indirect	124 677 238	–	(124 677 237)	–	1	–	–	Non-beneficial
Newshelf 1321 Proprietary Limited***	indirect	–	124 677 237	–	–	124 677 237	–	–	Non-beneficial
Mistral Trust****	indirect	2 735 008	32 992	–	–	2 768 000	–	–	Non-beneficial
Richard Brasher	direct	463 578	230 000	(693 578)	–	–	–	–	Beneficial
	direct – FSP	1 630 000	–	(230 000)	–	1 400 000	(280 000)	1 200 000	Beneficial
Lerena Olivier*****	direct	8 100	–	–	–	8 100	–	–	Beneficial
	direct – FSP	80 000	100 000	–	–	180 000	–	–	Beneficial
Richard van Rensburg	direct	291 439	45 000	(336 439)	–	–	–	–	Beneficial
	direct – FSP	215 000	150 000	(45 000)	–	320 000	(98 000)	–	Beneficial
Suzanne Ackerman-Berman	direct	120 528	25 000	(25 000)	–	120 528	–	–	Beneficial
	direct – FSP	120 000	15 000	(25 000)	–	110 000	(56 000)	–	Beneficial
	indirect	598 609	13 500	–	–	612 109	–	–	Beneficial
Jonathan Ackerman	direct	122 888	25 000	(25 000)	–	122 888	–	–	Beneficial
	direct – FSP	73 000	8 000	(25 000)	–	56 000	(28 000)	–	Beneficial
	indirect	726 686	39 200	–	–	765 886	–	21 533	Beneficial
	indirect	11 039	3 456	–	–	14 495	–	–	Non-beneficial
Aboubakar Jakoet@	direct	758 764	185 000	(185 000)	(30 000)	758 764	–	–	Beneficial
	direct – FSP	215 000	–	(185 000)	–	–	–	–	Beneficial
	indirect	13 059	–	–	–	13 059	–	–	Non-beneficial
David Friedland	indirect	36 688	5 000	–	–	41 688	–	2 500	Beneficial
David Robins	direct	975	–	–	–	975	–	–	Beneficial
	indirect	90 436	–	–	–	90 436	–	–	Non-beneficial
Hugh Herman	direct	30 000	–	–	–	30 000	–	–	Beneficial
	indirect	256	–	–	–	256	–	–	Beneficial
Alex Mathole	direct	86	1 700	(1 786)	–	–	–	–	Beneficial

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

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

*** *In order to ring fence its Pick n Pay shareholding, Ackerman Investment Holdings Proprietary Limited (AIH) transferred its shareholding to a wholly-owned subsidiary of AIH, namely Newshelf 1321 Proprietary Limited. The indirect non-beneficial interest in Newshelf 1321 Proprietary Limited represents a portion of the holdings of Gareth Ackerman, Suzanne Ackerman-Berman and Jonathan Ackerman.*

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

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

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

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

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

Directors' interest in B shares

2020	How held*	Balance held at 3 March 2019	Additions	Disposals	Balance held at 1 March 2020@	Beneficial/ non-beneficial interest^
Gareth Ackerman	direct	522	–	–	522	Beneficial
	indirect	3 227 861	–	–	3 227 861	Beneficial
	indirect	39 140	–	–	39 140	Non-beneficial
Ackerman Investment Holdings Proprietary Limited**	indirect	246 936 847	–	(246 936 847)	–	Non-beneficial
Newshelf 1321 Proprietary Limited**	indirect	–	246 936 847	–	246 936 847	Non-beneficial
Mistral Trust***	indirect	5 349 559	–	–	5 349 559	Non-beneficial
Suzanne Ackerman-Berman	direct	233 767	–	–	233 767	Beneficial
	indirect	926 084	–	–	926 084	Beneficial
Jonathan Ackerman	direct	243 307	–	–	243 307	Beneficial
	indirect	1 135 009	–	–	1 135 009	Beneficial
	indirect	21 862	–	–	21 862	Non-beneficial
David Robins	direct	1 931	–	–	1 931	Beneficial
	indirect	179 118	–	–	179 118	Non-beneficial

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

** *In order to ring fence its Pick n Pay shareholding, Ackerman Investment Holdings Proprietary Limited (AIH) transferred its shareholding to a wholly-owned subsidiary of AIH, namely Newshelf 1321 Proprietary Limited. The indirect non-beneficial interest in Newshelf 1321 Proprietary Limited represents a portion of the holdings of Gareth Ackerman, Suzanne Ackerman-Berman and Jonathan Ackerman.*

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

@ *There have been no changes in the directors' interest in shares since 1 March 2020 up to the date of approval of the 2020 audited Group annual financialstatements.*

^ *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.*