

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

“ 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



- » 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