

NOMINATIONS AND CORPORATE GOVERNANCE COMMITTEE REPORT



*Gareth Ackerman
Chair: Nominations and
Corporate Governance
Committee*

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

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

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

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

The Committee operates in accordance with the requirements of the Companies Act, the JSE Listings Requirements, King IV and international best practice. It is governed by a Board-approved charter, which is reviewed and approved annually by the Board. The Committee meets at least twice a year, with additional ad hoc meetings as required.

Committee membership

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



Nominations role

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

During the period, the Committee:

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

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

Corporate governance role

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

* African, Coloured and Indian.





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

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

Gareth Ackerman

Chair: Nominations and Corporate Governance Committee

14 June 2023