

Nominations and Corporate Governance Committee report



Gareth Ackerman

Chair, Nominations and Corporate Governance Committee

The Nominations and Corporate Governance Committee (“the Committee” or “NomGov”) 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 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.

FY24 Committee membership

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

FY25 Committee membership

Following deliberations around the effectiveness and independence of the Committee (please refer to the commentary provided overleaf), membership was amended in May 2024 to:

Members

Annamarie van der Merwe (Chair)
James Formby
Aboubakar Jakoet
Audrey Mothupi

Role and Responsibilities

The Committee is responsible for identifying and evaluating suitable candidates for potential appointment to the Board. The Committee is also responsible for 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. This includes adherence to the principles set out in King IV and other applicable governance frameworks.



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. The Committee reviews the composition and performance of Board committees on an annual basis and recommends changes to Board committees as relevant and appropriate.

Diversity and inclusion

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 Committee is committed to enhancing diversity and inclusivity within the Board, ensuring that our governance structures mirror the diverse society we serve.

Succession planning

Succession planning is a key focus area for the Committee. We ensure that there is a robust pipeline of talent ready to take on leadership roles within the Group, fostering a culture of continuous development and leadership growth. This includes regular reviews of the succession plans for key executive positions and the implementation of development programmes to prepare potential candidates.

Performance evaluation

The Committee conducts annual evaluations of the Board, its committees, and individual directors to ensure they operate effectively and in line with the Group's strategic objectives. These evaluations include assessing the skills, experience, and contributions of directors to identify any gaps and areas for improvement.

“ There is still a great deal of work ahead to deliver a successful Rights Offer and Boxer IPO, but I have every confidence in the ability of the team to get this done. I know too that they will provide incredible support to the Boxer team to ensure that Boxer is ready for their Initial Public Offering and the additional demands of the listed environment. ”

Key FY24 activities and achievements

Peer-to-peer review

The Committee undertook a formal Board peer-to-peer performance evaluation, assisted by an independent corporate governance expert. Board members were able to confidentially and objectively evaluate the performance of their peers and each individual member's contribution to the Board and its Committees. Overall, the Committee was satisfied with the outcome, with areas of development noted for future training and development programmes. The review enabled the development of an updated Board skills matrix, an important tool in Board and committee succession planning, which informed the decisions taken on committee composition set out below.

Change of CEO and new senior leadership team

The Committee engaged closely with the Board on the executive leadership change and supported the appointment of CEO Sean Summers in September 2023. The appointment will be put to shareholders for approval at the 2024 AGM. The Committee approved the streamlined management structure and related appointments proposed by the new CEO, which are intended to drive clarity and accountability. Executive succession remains a key priority for the Board and has been included as a key performance indicator in the CEO long-term incentive reward structure.

Board composition and rotation and retirement of directors

The Committee assessed the composition of the Board and concluded that the Board retained an appropriate balance of skills, knowledge, diversity, independence and experience. As described below, the Group will look to appoint new independent non-executive directors over the coming months.

The Committee reviewed the rotation of directors and recommended to the Board that Annamarie van der Merwe retire by rotation and be presented to shareholders at the 2024 Annual General Meeting for a three-year term of office. Annamarie confirmed her availability for a further term, and Committee discussion had focused on her individual contribution to the Board and her capacity to fulfil her duties adequately and effectively.

Furthermore, the Committee recommended to the Board that David Friedland and Audrey Mothupi be retired by rotation and presented to shareholders at the 2024 Annual General Meeting for a one-year term of office, as each had been on the Board for eleven years. Both directors had indicated their availability for re-appointment, and the Committee remained confident in their objectivity and in their individual contributions to the Board. The Board will initiate a formal process for long-serving independent non-executive directors to retire in the ordinary course of board rotations over the next 12 to 18 months.

The Committee accepted David Robins' decision to retire at the 2024 AGM. The Committee acknowledged David for his unwavering commitment to the Group for over thirty years and for his incredible 22-year contribution to the Board.

Appointment of new Company Secretary

The Board noted the significant demands of the planned two-step Recapitalisation Plan and appointed the existing Company Secretary, Penelope Gerber as Head of Group Corporate Affairs to provide the executive management team with additional support. The Board appointed Vaughan Pierce as the new Company Secretary, effective 14 March 2024. Vaughan Pierce BA (LLB) (LLM) had previously served as Senior Legal Advisor for the Group for 13 years. During his tenure, he had performed a number of other key roles, including as Vice Chairperson of the Pick n Pay Medical Aid Scheme and as Trustee on the Ackerman Pick n Pay Foundation and Feed the Nation Foundation. Vaughan assumed the role of Group Executive for ESG two years ago, and continues to oversee the integration of environmental, social and governance considerations across the Group. The Committee is satisfied that Vaughan has the necessary competence and expertise to fulfil the role of Company Secretary.

Independence of directors

The Committee reviewed the independence of all seven 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 20 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. As described above, the Board will retire its long serving independent directors in the ordinary course of Board rotations over the next 12 to 18 months.

Changes to committee names and committee composition

Audit, Risk and Compliance committee

The Committee reviewed the composition and performance of the Group Audit, Risk, and Compliance committee (GARCC). The Committee confirmed that the GARCC had effectively fulfilled its duties under challenging circumstances and that its members possessed the necessary skills and experience to discharge their responsibilities. The Committee endorsed ongoing stability in the GARCC and recommended that its current members be put forward for formal re-election at the 2024 AGM.

Finance and Investment committee

The Committee noted the additional work undertaken by the Group's Treasury committee during the year under review. The Treasury committee was a sub-committee of the GARCC and had met regularly to steer the Group through a period of liquidity constraint and had provided invaluable guidance in the formulation of the Group's two-step Recapitalisation Plan, the implementation of the debt restructure agreement and our engagements with key stakeholders. The Committee agreed that it was appropriate to rename the Treasury committee as the Finance and Investment Committee and to constitute it as a full Board standing committee from FY25, operating under a formal Board members and Terms of Reference.

The Board agreed with the Committee recommendation and agreed with the membership put forward, being lead independent non-executive director James Formby (Chair) and independent non-executive directors Haroon Bhorat, Mariam Cassim, David Friedland and Aboubakar Jakoet.

The Independent Board committee

In light of the constitution of the Finance and Investment Committee, the existing Corporate Finance Committee was renamed as the Independent Board Committee (IBC). The IBC comprises only independent non-executive directors, chaired by the lead independent director James Formby. This committee is not a key standing committee and is convened only for major regulated transactions or investment decisions.

Remuneration committee

The Committee reviewed the composition and performance of the Remuneration Committee (RemCom). James Formby was appointed to the RemCom on the retirement of Jeff van Rooyen in July 2023, maintaining ongoing membership of the lead independent director. The Committee confirmed that RemCom had effectively fulfilled its duties, and had found an appropriate but difficult balance between reward and retention in the context of the Group's weak FY24 financial performance. The Committee endorsed ongoing stability in the RemCom and recommended that its current membership be retained for FY25. The Committee continues to closely monitor the proposed amendments in the companies act regulations and the implications for the RemCom and the Group's remuneration policy and remuneration disclosures going forward.

Social, Ethics and Transformation committee

The Committee reviewed the composition and performance of the Social, Ethics and Transformation Committee (SETC) and agreed that while the SETC had fulfilled its mandate effectively over the year, the independence of the committee was a concern. As such, and noting David Robins' retirement from the Board, the Committee recommended the appointment of Haroon Bhorat in his stead. The change increased independent non-executive director participation on the SETC from 25% to 50%.

Nominations and Corporate Governance committee (NomGov)

The Committee was satisfied that it had delivered on its Board mandate, but agreed that a change in its composition to include all the other Board committee chairs would improve both its effectiveness and the third-party perception of its independence. As such, membership would be amended to include only Aboubakar Jakoet (GARCC chair); Audrey Mothupi (RemCom Chair) and James Formby (Lead Independent Director and Finance and Investment committee chair). NomGov will be chaired going forward by corporate governance expert Annamarie van der Merwe. The Committee will not include non-independent SETC chair Suzanne Ackerman. SETC will be represented on NomGov by Annamarie van der Merwe.

The Board agreed with the recommendations made by the Nominations and Corporate Governance Committee and all were formally approved by the Board on 24 May 2024.

A refreshed Board

These Board and Board committee changes come at a critical time for the Group and are intended to support the important renewal that is underway within the Group. We need fresh thinking and new voices on the Board. In this spirit of a revitalised Group, I have informed the Committee and the Board of my decision to step down as Board Chair after the publication of the Group's FY25 results and remain on the Board as a non-executive director. The Board, supported by recommendations from NomGov, will announce my successor in due course.

The Committee plans to recruit up to two additional independent non-executive directors to the Board in the coming months, followed by further appointments to meet the succession plans for our long-serving independent non-executive directors. We initiated this process at the beginning of the year but paused it due to the operational and financial challenges that arose. Maintaining Board stability was crucial during this period of upheaval, and it was not fair to approach new candidates under such difficult circumstances. However, we are now ready to resume the recruitment process and will collaborate with recruitment specialists to identify suitable candidates. This will ensure long-term succession is managed thoughtfully and consistently. The search will prioritise diversity and transformation, in line with our corporate governance charter and the Group's broader employment equity policy.

Boxer IPO

The Committee is focused on preparing the Boxer business for its planned listing on the JSE later in the year, including the development of a strong corporate governance framework and the identification of strong candidates for the Boxer board.

Corporate governance role

The Committee performed its annual review of the Board's Corporate Governance Charter (charter) and each individual Board committee's Terms of Reference (TOR) to ensure alignment with local and international standards of corporate governance, including King IV, the Companies Act and the JSE Listings Requirements. The review, aligned with the underlying changes in the Board and its committees, resulted in meaningful modernisation improvements across the corporate governance framework, with the new charter and suite of TOR expected to be approved and published by the end of the first half of the year. Importantly, the changes made to the charter will reflect the commitment made by Ackerman Investment Holdings, the Group's controlling shareholder, to relinquish its right nominate the Chairman, CEO, CFO of the Board, an important step forward in the corporate governance evolution of the Group.

In addition, the Committee was supported by the SETC in a full revision of the Group's Code of Ethics and full suite of ethics policies, including the Anti-bribery and Corruption; Whistleblowing; Gifts; Entertainment and Hospitality; Conflicts of Interest and Sponsorships and Donations policies. These up to date policies set out the ethical behaviour we expect from our Board, employees and stakeholders as relevant.

Looking forward

The Committee will continue to focus on enhancing the Group's governance structures, promoting diversity and inclusion, and ensuring that the Board and its committees operate effectively. We are committed to maintaining the highest standards of corporate governance to support the Group's long-term success.

Gareth Ackerman

Chair, Nominations and Corporate Governance Committee

26 June 2024

