Remuneration Committee report

Audrey Mothupi
Chair: Remuneration Committee

Our commitment to employees

We recognise that retail is a people business, and we invest in our people's growth and well-being.

We take deliberate action to achieve diversity and inclusivity at all levels of the Group.

Our people practices are fair and consistent.

We guarantee equal pay for equal work.

We live the Group's values and encourage our people to do so by leading by example.

Section 1: An overview of the Remuneration Committee

Mandate of the Remuneration Committee

In line with best practice, the Committee, which is appointed by the Board, has delegated authority in accordance with its terms of reference or charter, available on our website at www.picknpayinvestor.co.za.

The Committee is mandated by the Board to ensure that the Group's remuneration policies and decisions are:

- Aligned to good corporate governance as set out in King IV
- Aligned to reward best practices to attract, retain and motivate employees
- Fair, responsible and transparent, in rewarding individual, divisional and Group performance
- Aligned to the Group's business strategy and objectives
- Aligned with the interests of shareholders and value creation

The role and responsibility of the Remuneration Committee

The Remuneration Committee is responsible for ensuring that the Group remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term. The Committee also assists the Board by ensuring that the Group remuneration policies and practices are aligned to the Group's objectives for value creation and are benchmarked to ensure fairness and competitiveness in attracting and retaining key talent and critical skills to deliver on business results.

This is achieved by ensuring that an appropriate remuneration policy is in place, effectively implemented and aligned with the principles of good corporate governance and comply with legislative and regulatory requirements and the needs of the Group. The remuneration policy must cover remuneration at all levels, including that of executive directors and non-executive directors.

Members and attendance at meetings

The Committee meets at least four times a year, is chaired by an independent non-executive director and comprises only non-executive directors. In addition to the Committee members, the CEO, CFO and Chief People Officers of Pick n Pay and Boxer are permanent invitees to Committee meetings. All are recused from the meeting when their individual remuneration is being discussed. Independent external advisors and other human resource executives are invited to attend the meetings as and when required.

The Committee operates in terms of a Board-approved charter, which the Board reviews annually. Four Committee meetings were held over the course of and in respect of FY24.

	Remuneration Committee meeting attendance
Audrey Mothupi (Chair)	4/4
Gareth Ackerman	4/4
Haroon Bhorat	4/4
Aboubakar Jakoet	4/4
Jeff van Rooyen*	2/2
James Formby*	2/2

* *During the year under review, Jeff van Rooyen retired on 19 July 2023 and did not offer himself for re-election. James Formby was appointed on 19 July 2023 to replace Jeff van Rooyen.*

Shareholder engagement and voting outcomes

The Remuneration Committee maintains strong relationships with shareholders and strives to be transparent in our remuneration approach to ensure that the Group delivers a fair return to shareholders. The Committee ensures a high level of disclosure on our remuneration approach.

The non-binding advisory votes by shareholders for the past three years are summarised below:

% Vote in favour	2021	2022	2023
Remuneration policy	74.3%	75.6%	**79.6%**
Implementation report	63.2%	78.1%	**75.8%**
Director's fees	80.7%	82.0%	**83.9%**

> *"The Committee is satisfied that it met its responsibilities in terms of its charter, and that the remuneration policies it applied and the decisions it took fulfilled the objective of fair and responsible remuneration.*

Section 2: Report from the Remuneration Committee Chair

Guide for stakeholders

This section provides context to FY24, including:

- Key focus areas, decisions taken and priorities going forward
- Internal and external factors that influenced remuneration decisions and the discretion applied
- Remuneration policy changes

Statement from the Chair

On behalf of the Remuneration Committee, I am pleased to present the Group's FY24 remuneration report, in compliance with best practice reporting as recommended by the King IV Report on Corporate Governance for South Africa 2016.

The report will reflect on the past year, which was extraordinary in many aspects and can only be described as the most challenging year in the Group's history. We have navigated a challenging trading year; tough economic conditions continue to prevail and the leadership shifts within the Group are among some of the top challenges faced this year.

This report provides shareholders and other stakeholders with an:

- overview of the Group's remuneration policy
- alignment of our remuneration policy with the Group's business strategy and priorities
- implementation report for the period ended 25 February 2024 (FY24)

Our reward philosophy informs our reward strategy with the underlying principles of fair and equitable pay. The reward strategy is focused on rewarding employee performance, motivating excellence and retention of key and high calibre talent, thus enabling the execution of the overriding business strategy. The reward policies are continuously reviewed to ensure that it remains relevant and continue to achieve the desired objectives in a rapidly changing business environment.

For the period under review, the Group's Pick n Pay segment performance was severely constrained, while Boxer continued to outperform the market, and this guided the Committee's heightened focus on appropriate programmes to mitigate against low employee morale, increased risk of employee retention and rewarding individual or divisional performance, where appropriate. The Committee spent substantial time in reviewing the strategic people initiatives, which began with the restructure of the Pick n Pay leadership team.

The Group's executive leadership team have led the execution of the Group's strategy anchored on the strategic pillars of consumer sovereignty, maximising business efficiency and doing good is good business, while navigating a turbulent year in yet another pressurised consumer market which has once again been exacerbated by the ongoing energy crisis, high food inflation and low economic growth.

Despite the economic challenges faced, Boxer and the Pick n Pay Clothing businesses generated strong top line growth. Severe under-performance in the Group's core Pick n Pay Supermarket business resulted in a substantial trading loss at a Group level, as outlined in detail in the CFO's report.

The Group did not achieve the threshold result for PBTAE, which impacted the payment of short-term incentives, and the vesting of long-term incentives.

The Board has viewed the under-performance of the Pick n Pay business in a very serious light, which led to a change in executive and senior leadership teams.

As announced on 1 October 2023, the Board and Pieter Boone jointly agreed that he steps down as CEO. The terms of the separation were mutually agreed upon and disclosed on page 5. The incoming CEO, Sean Summers, commenced service on 30 September 2023. His remuneration details are disclosed on page 52.

Sean Summers' appointment comes with a clear mandate to fix the core Pick n Pay business. The main drivers of the strategic plan has a key focus on improving the performance and profitability of the company-owned Pick n Pay stores and the rest of the business. The strategic objectives to expand the Boxer and Pick n Pay Clothing businesses remains unchanged.

The Group's remuneration philosophy is to ensure that employees are rewarded appropriately for their contribution to value creation for shareholders. This is achieved through formal pay structures that support the principles of pay for performance. On this basis, the Pick n Pay leadership (CEO, CFO and the senior management team) have received no short-term incentive payments for FY24. These executives have also forfeited all their holdings of the long-term incentives which were due to vest in June 2024 (RSP 2).

Due to the FY24 result, the in-flight RSP 3s (due to vest in June 2025) three-year CAGR targets will not be met at a target and stretch level. In-flight RSP 3 awards have been forfeited accordingly, with the threshold allocation of 40% to be evaluated during FY25 based on individual performance KPIs, in line with scheme rules.

The newly appointed Pick n Pay leadership team's salary packages have been reviewed and benchmarked against their new roles and relevant market data to ensure appropriateness of pay. Where necessary, salary packages have been adjusted to align to the new roles and expectations of the role. The same benchmarking has been applied to the Boxer leadership team.

The Committee has a particular focus on fair and equitable pay at all levels of employment within the Group. Amid the rising cost of living, lower salary increases and the shortage of specialised skills in the labour market, particularly in the retail sector, retention of key and critical skills within the Group is of paramount importance to the Committee. Pick n Pay has for decades adopted the principle of remunerating our employees with terms and benefits over and above the legislated requirement, thus reflecting our commitment to provide employees with a market benchmarked pay and benefits to attain an acceptable standard of living.

The period in review

The period under review has been challenging and disappointing, leading to significant organisational changes. The poor financial result prompted the Board to take decisive action by embarking on a change in the strategic leadership.

The appointment of our new CEO Sean Summers, a veteran of Pick n Pay having occupied the position of CEO previously, was the most logical choice of succession to restore the business to its former position in the market.

As a result of this change, all allocations of the restricted shares (RSPs) under the Group's long-term incentives were paused until the incoming CEO had sufficient time to re-assess the organisational structures and effectiveness thereof. This was to ensure that we are rewarding and retaining the right talent and ensuring that we have the key people required to effectively turn around the business.

Retention of key talent is a key focus area of the Committee due to the competitive nature of the retail sector. To ensure that appropriate retention mechanisms are in place to achieve the desired objective of retention, a review of the short- and long-term incentive schemes are undertaken annually. This was a key focus area for the Committee during the year.

The Committee has an important role to play in ensuring that incentives paid to management are measured against the Group's performance measures. However, the Committee must also consider the macro-economic conditions and factors outside of management's control that have an impact on achieving the desired results.

The Group's strategy is focused on unlocking and growing shareholder value by returning the Pick n Pay segment to profitability and continuing to accelerate the key growth drivers of Boxer, Pick n Pay Clothing and Online. This will be supported by the Group's two-step Recapitalisation Plan, including the Boxer IPO, and thus unlocking value for shareholders.

This new Pick n Pay leadership team is tasked with leading the business through the turnaround phase and positioning it for future success.

In a rapidly changing environment, it is imperative to keep in touch with the workforce to ensure that people are engaged, energised and focused. Across the Group, various people initiatives have taken place in the year to measure employee engagement and ensure employee well-being.

Quarterly dipsticks were conducted in Pick n Pay to measure employee net promoter scores and the results have been favourable for most of these measurements. In areas where employees raised concerns or the scoring was low, a deep dive into those issues were conducted and unpacked to understand the issues and find solutions.

Employee well-being has become a key focus area and various initiatives focusing on mental, physical and financial well-being have been implemented and continue to be executed. Regular wellness initiatives have been held to provide employees with the resources and tools to enhance their well-being.

Measuring performance

In terms of the Group's short-term incentive (STI) scheme design, the Group must meet the threshold value of PBTAE for the STI to become payable. During the period under review, the Group did not deliver on the FY24 targets and have not met the threshold target for PBTAE. The Group's loss has been as a result of the trading loss in Pick n Pay Supermarkets business. The Committee therefore recognised the market-leading performance of the Boxer business, and achievement of their performance targets. A resolution and allocation of an STI at stretch for the Boxer recipients was passed. No STI was paid to the Pick n Pay recipients.

The key performance measures for the FY24 STI were sales growth and PBTAE.

Fair reward

The Committee seeks to strike the right balance of attracting, motivating and retaining key talent, while delivering a fair return to shareholders. Remuneration paid to executive directors and senior management must be appropriate, fair and responsible and our reward programmes are designed to attract, motivate and retain a diverse and high-performance team to ensure a consistently high-performance culture.

Pick n Pay has undergone tremendous change in the past few years and subsequently employees have faced uncertainty and have been under immense pressure to deliver results in a difficult environment. In such circumstances, it is often very difficult to motivate and retain key talent, especially when there is no additional reward for the added responsibility and pressure. In a constrained business such as Pick n Pay, with long-term incentives are unrealised and no short-term incentives are payable, it is a bleak outlook for many employees. The risk exists that our talented employees will be the first to leave the Pick n Pay business and hence it is imperative to have measures in place to ensure that deserving employees receive some recognition for their commitment and dedication.

In light of the above, the Committee has approved an ex gratia payment for divisions in Pick n Pay that have met their performance goals and deserving employees that have performed exceptionally well. This ex gratia payment was targeted at a pool of talented and critical employees at middle management levels.

In line with the Group's commitment to fair pay, we ensure that our pay policies demonstrate our commitment to ensuring equality and fairness. We continuously assess our pay gaps and address any income disparities to ensure that we are consistent with our reward philosophy.

Shareholder engagement

The Remuneration Committee is committed to shareholder engagement and will take the following steps if 25% or more of the total votes exercised by shareholders at the AGM are against the remuneration policy or implementation report:

- A SENS announcement will be issued requesting shareholders to engage on their specific concerns
- Dissenting shareholders will specifically be engaged by inviting them to one-on-one meetings to engage on their concerns
- The shareholder concerns and report on the outcomes of the engagement and measures taken will be reported on in the next remuneration report

Focus areas in FY24

During the year under review, the Remuneration Committee undertook the following initiatives:

- Reviewed Pick n Pay's remuneration structure by migrating to a cost-to-company salary approach.
  - In terms of our commitment to disclosure on our remuneration practices, Pick n Pay has adopted a total-cost-to-company approach for management employees. This allows the Pick n Pay business to ensure fair and transparent pay and also to mitigate against escalating salary costs.
  - This also allows employees the flexibility to structure their pay according to their needs within the necessary taxation parameters.
- Revised and implemented operational incentive schemes to drive profitability of stores in Pick n Pay.
  - Incentivising performance more tangibly through focused and simplified incentive schemes for store managers in the Pick n Pay Supermarket and Clothing divisions.
- Reviewed the RSP LTI scheme in terms of performance conditions not being met and considered additional appropriate retention mechanisms to secure key talent.
- Approved the salary increase mandate for management employees.
- Approved a new leadership structure for Pick n Pay.
- Oversight over the successful conclusion of the three-year wage negotiations in Boxer and Pick n Pay as per mandate for non-management bargaining unit employees.

Remuneration focus areas for FY25

The focus areas are designed to ensure that the Committee remains abreast of the latest remuneration trends and market best practice as well to deliver in terms of our responsibilities to employees and shareholders.

Key focus areas for FY25 will include the following:

- Review of the reward strategy and remuneration policy to ensure that it is relevant to the Group's current operating environment and to drive retention and a high-performance culture
- Benchmarking of total reward of the non-executive and executive directors and senior management against a relevant identified comparator group of JSE-listed companies
- Continued focus on the framework and model for gender and race pay equity in line with our commitment to fair and responsible pay
- Refinement and review of the short-term incentive scheme
- Design an appropriate job architecture model to support fair and responsible pay
- Future long-term incentive schemes
- Refinement of the performance management process
- Succession planning for key roles
- Embedding ESG performance measures at all levels of management
- Alignment of labour union contracts

Achievement of policy objectives

The Committee is satisfied that it has met its responsibilities in terms of its mandate and that the remuneration policy achieved its stated objectives.

Labour productivity and efficiency

Our people strategy is aligned to and aims to deliver on the Group's strategy. Remuneration is one pillar of our approach to providing a holistic employee value proposition. Other initiatives include offering relevant employee benefits, recognition, learning and development opportunities and career development opportunities.

Labour wage agreements

In May and June 2024, Boxer and Pick n Pay successfully concluded and signed three-year wage agreements for their non-management bargaining unit employees. Our supply chain wage negotiations were also successfully concluded with an agreement over a two-year period.

The agreements not only align with inflation rates, ensuring that our employees' wages keep pace with the cost of living, but more importantly, they provide our employees with fair and competitive remuneration. These agreements grant the Group a level of stability that is essential as we navigate the critical years ahead. By securing predictable labour costs and fostering employee satisfaction, we are better positioned to focus on our strategic initiatives and achieve our long-term business objectives.

The Group has continued with the implementation and effective delivery of certain efficiency-led people initiatives that began in FY23.

Workforce productivity – Key initiatives across workforce planning to optimise staff productivity and operating costs remain a critical priority for the Group.

Talent and pipeline – The growth forecast for the Boxer and Pick n Pay Clothing divisions presents a key need for sites and staffing at all levels. The sourcing and training of staff was a key focus area this year, with several initiatives undertaken internally and staff sourced externally. Transformed succession and capacity building will continue to be a key driver in FY25.

Training – Training in food retail plays a crucial role in enhancing overall customer experience, which is a central goal of the Group. Pick n Pay focused on frontline training, store management leadership and specialised training in fresh and service areas, while Boxer continued to strengthen store management skills and succession planning. As a Group we aim to equip all our employees with the skills and knowledge necessary to deliver better service and maintain high standards of product quality. Across all division we strengthened our partnership with the Wholesale and Retail SETA, to support our investment in training to improve operational efficiency and fosters a more knowledgeable and engaged workforce.

Application of Remuneration Committee discretion

A number of mechanisms are available to the Committee to ensure pay outcomes appropriately reflect individual and business performance, and the wider economic and societal climate. This includes the ability to apply malus, claw-back, the good and bad leaver contract provisions and responsible discretion to override formulaic outcomes under the short-term and long-term incentive schemes. Throughout the year, the Committee carefully considered pay arrangements and where it might, or indeed might not, be appropriate to apply discretion. After meaningful deliberation, the Committee concluded it was appropriate to apply discretion in the following areas:

Vesting of the RSP 2 awards

The Group did not achieve the targets for RSP 2 at a target and stretch level. Therefore, in line with the Group's remuneration policy, the RSP 2 awards vested at 40% for those participants that have met their personal KPIs. In certain limited exceptional outperformance instances, RSP 2 was vested at 100% for participants in the Group's successful growth businesses. In line with the scheme rules, RSP 2 was forfeited 100% for the CEO, CFO and the Pick n Pay senior management team.

Ex gratia payment to middle management

Pick n Pay has undergone tremendous change in the past few years and subsequently, employees have faced uncertainty and have been under immense pressure to deliver results in a difficult environment. In such circumstances, it is often very difficult to motivate and retain key talent, especially when there is no additional reward for the added responsibility and pressure. In a constrained business such as Pick n Pay, with long-term incentives unrealised and no short-term incentives payable, it is a bleak outlook for many employees. The risk exists that our talented employees will be the first to leave the Pick n Pay business and hence it is imperative to have measures in place to ensure that deserving employees receive some recognition for their commitment and dedication.

In light of the above, the Committee has approved an ex gratia payment for divisions, in Pick n Pay, that have met their performance goals and deserving employees that have performed exceptionally well. This ex gratia payment was targeted at a pool of talented and critical employees at middle management level.

The discretion utilised will be key to achieving retention in a highly competitive and volatile trading environment.

Considering our shareholders' views on remuneration

I encourage all our shareholders to continue to engage with myself and the Board on remuneration and other strategic matters, so that shareholder concerns continue to be reflected in the decisions taken.

The process we will follow for the 2024 AGM

The Remuneration Committee values open and constructive engagement with shareholders. We encourage shareholders to engage with the Committee on all material remuneration concerns to ensure that they are informed when voting on the Group's remuneration policy and the application thereof. Please direct all comments and queries to our Company Secretary via email at CompanySecretary@pnp.co.za

The role of independent external advisors

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

The Group utilised the services of REMchannel and 21st Century during the year for various aspects of remuneration benchmarking.

The Committee is satisfied that these remuneration specialists all provided objective and independent advice and services to the Group.

The Committee's role has been pivotal in striking the right balance between attracting, motivating and retaining employees in a challenging market and aligning remuneration outcomes with operational performance and shareholder interests. It is not an easy balance to get right, and I hope that shareholders are able to see how we have applied careful judgement in the application of our remuneration policies in order to achieve fair and reasonable outcomes.

I trust that our commitment to listen carefully to our shareholders, and amend our policies and actions where necessary, was evident in the constructive engagements we held with shareholders and with our improved disclosures this year. The Committee will continue to review and evolve the Group's remuneration policies in a measured and responsible manner that considers the needs of all stakeholders.

Audrey Mothupi
Chair: Remuneration Committee

26 June 2024

Section 3: Understanding the Group's remuneration policy

Guide for stakeholders

This section provides information on the Group's remuneration policies and practices, including:

- Key principles underlying the remuneration strategy
- Remuneration structures, including detail on guaranteed and variable remuneration
- Service contracts, termination benefits and minimum shareholding requirements
- Malus and claw-back

The Group's remuneration policy is forward-looking and will be voted on by shareholders at the AGM on 27 August 2024.

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

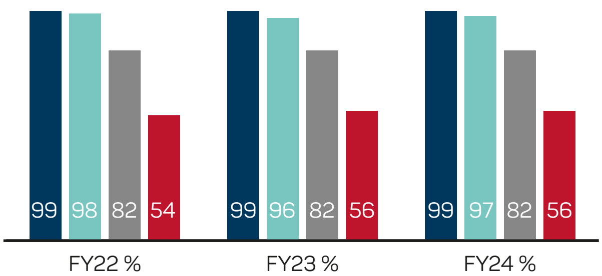
The Group's framework of remuneration policies is designed to provide employees with fair, responsible and balanced reward that recognises the attainment of short-term goals, while incentivising long-term, sustainable value creation.

Overview of remuneration policy

The interests of our team are aligned with those of our stakeholders through governance practices based on four key principles.

1 Promoting diversity and building talent

- The Group provides equal opportunities to people from all walks of life to ensure our team adequately reflects the communities we serve
- Remuneration packages are benchmarked at all levels and are designed to attract, develop, motivate and retain the retail industry's most talented employees
- Our employment equity representation at the various occupational levels have been consistent with the previous year



- Executive and top management
- Senior and middle management
- Professionally qualified junior management
- Skilled technical junior management

2 Efficient and productive workforce

- The Group is committed to building a high-performance culture that rewards performance. Greater focus is being placed on having a robust performance management process that is aligned to reward outcomes.
- The business strategy is focused on building a winning team, and unlocking productivity and efficiency gains across our supply chain, stores and support operations.
- Regular reviews of operational effectiveness ensure efficiency and cost discipline are achieved through ongoing improvements in employee structures.
- Group and individual performance targets increasingly focus on key measures of employee efficiency and productivity.

3 Fair and responsible remuneration

- The Group is committed to fair and responsible remuneration for all employees, in line with market benchmarks
- We provide adequate opportunities for development and career progression by providing training programmes and bursaries and study grants for further education
- There is equal opportunity for growth and development, and employees are recognised and advanced based on performance

4 Responsible executive remuneration

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

Fair and responsible remuneration

The Group is committed to a total reward offering built on a foundation of fair and responsible pay that is linked to our remuneration policy of pay for performance.

The current minimum wage in South Africa is R27.58 per hour in 2024. It became valid on 1 March 2024. The Group is committed to and complies with all legal and statutory requirements, including the application of the minimum wage across all employee categories.

Fair and responsible

The Group assesses remuneration as fair and responsible in the context of the following criteria:

- Fair and responsible for the role performed (internal equity)
- Fair and responsible in terms of compliance with relevant legislation
- Fair and responsible in terms of agreements with unions
- Fair and responsible in terms of market benchmarks (external equity)
- Fair and responsible in terms of long-term sustainability

Equal pay for equal work

The Group follows an equal pay for equal work policy and does not discriminate based on race, ethnicity or gender. Salaries are benchmarked annually against the REMchannel salary survey to ensure external equity. Benchmarking is conducted at a national and retail level to ensure that our salaries are competitive and relevant at both levels.

We ensure internal equity by constantly assessing pay gaps relative to similar jobs within the Group as well as against our pay scales.

We also follow a job grading methodology that is consistent and provides a fair and accurate job grade that allows for appropriate salary benchmarking.

Unjustifiable pay disparities are addressed during the annual salary review process, where we assess and adjust the salaries of unjustifiably underpaid employees in line with the prevailing income disparity pay mandate. The salary adjustment is capped at a pre-determined approved percentage to limit exorbitant increases. Specific focus is given to African, Coloured, Indian and Female employees. Employees in roles that are classified as scarce and critical skills are also considered during this process to ensure that the pay gap is gradually narrowed.

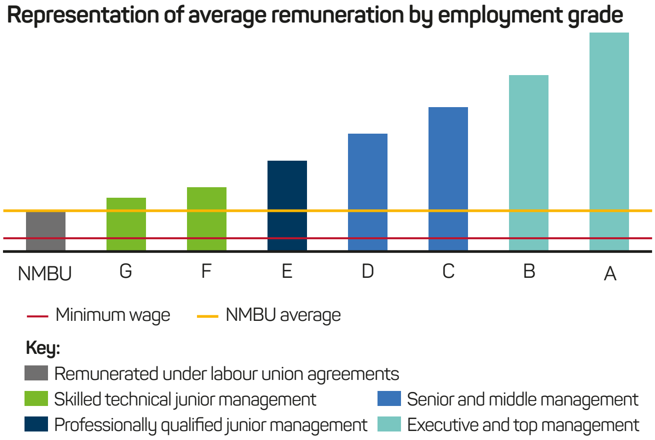
The income gap

The Group's statistical analysis of its income distribution across its full-time employees demonstrates large income disparity, driven by the high number of unskilled and semi-skilled workers employed across its retail store estate. This is reflective of norms in the retail industry, with higher levels of guaranteed and variable remuneration paid to skilled and senior management.

The analysis does not yet consider variable-time employees. The significant variation in hours worked across the variable-time labour force does not allow for reasonable comparability.

The below graph shows our average pay at the various grade levels within the Group and in line with our commitment to paying our employees terms and benefits over and above the legislated requirement, thus reflecting our commitment to provide employees with a market benchmarked pay and benefits to attain an acceptable standard of living.

Representation of average remuneration by employment grade



In the non-management bargaining unit population, the average salary is between 11% and 28% above the Sectoral Determination 9 average minimum prescribed salary.

In recent years, there has been an increased focus on pay gap reporting to bring into focus and promote a fairer and more equal society. In line with the Companies Act amendment bill and reporting requirements, the Group's pay gap methodology compares the average of the top 5% highest earners in the Group with the average of the lowest 5% full-time, permanent employees, giving us an income differential ratio of 18.37.

A statistical analysis of the pay gap within the Group is expressed in terms of the Gini coefficient, which is 0.59, translating into a significant pay gap between the top 5% and bottom 5% of earners. It is widely accepted that South Africa is one of the most unequal societies in the world. In this respect, the Gini coefficient for the country stands at about 0.66. In contrast, the Group Gini coefficient is at least significantly below the national Gini – estimated at 0.59. However, despite this lower level of internal wage inequality within the Group, the Group will continue to strive to reduce wage disparities with a view to maintaining the balance between equity and incentives as part of its annual salary review process.

Relative income equality#

The Group has refined the way it reports on relative income equality. In the prior year relative income equality was measured across all employees. This year, in line with proposed changes to the Companies Act, relative income equality is now measured across the top and bottom 5% of earners.

In addition, we also follow a systematic approach in our daily decision-making by ensuring that we have adequate remuneration processes in place to enable the business to make responsible pay decisions when promoting or appointing new employees. We ensure that our pay ranges are aligned to market benchmarks by matching jobs to similar jobs in the market and guidance is provided to the business in terms of the minimum salary to be offered.

Non-management bargaining unit (NMBU) employees

The Group undertakes collective bargaining for wages and benefits, with two different national negotiation committees, in Boxer and Pick n Pay. Boxer has 30% of union participation and Pick n Pay has 65% employees belonging to a union. Employees remunerated under contractual agreements with labour unions are paid in accordance with agreed hourly pay scales and additional benefits, without any differentiation based on race, gender or disability. Negotiations with our labour unions consider:

- Statutory minimum wage requirements in South Africa and the retail sector
- Individual job categories as defined in the SD9 regulation*, as well as the Basic Conditions of Employment Act
- The economic environment, including the inflation outlook
- Additional benefits provided for the well-being of our employees
- Affordability, with a particular focus on the projected percentage increase in like-for-like sales growth relative to the percentage wage increase and the increase in other costs, to determine whether the wage increase is affordable for the Group, or whether it is likely to reduce our overall competitiveness and our capacity to offer greater value to customers through lower prices

* *Sectoral Determination 9 – applying to the employment of employees in the Wholesale and Retail Sector in South Africa.*

Management employees

Guaranteed pay and variable incentives are benchmarked against the market to ensure employees are remunerated competitively. The Group is committed to improving the pay gap and will ensure that appropriate policies are in place to manage the income gap.

The Committee will continue to ensure that remuneration is benchmarked to the market at all levels, that we provide industry-leading benefits, and that the Group continues to award higher annual salary increases to lower levels of management. Refer to page 52 for historic increases.

Benchmarking remuneration to the market

Guaranteed pay and variable benefits at each employment grade are benchmarked annually against industry norms to ensure employees are remunerated competitively in relation to the broader employment market and the retail industry specifically. Remuneration is generally positioned at the market median. Key or scarce skills and high performers are remunerated at the upper quartile of the market. Independent experts assist with remuneration benchmarking for senior leadership level positions, to ensure that decisions are objective and fair.

Employees below senior executive level

The Group utilises REMchannel national surveys to benchmark remuneration annually against the national and retail markets.

Senior executive benchmarking

The Group annually benchmarks guaranteed and variable remuneration paid to senior leadership to a comparator group of large JSE-listed companies to ensure our executives are remunerated fairly and in line with the market. Comparator companies for benchmarking:

Clicks, TFG, Mr Price, Shoprite, Pepkor, Spar, Truworths, Woolworths.

Remuneration framework

The Group has an ambition to build the most skilled and talented retail business in South Africa. The Group's remuneration framework for management employees is designed to develop and retain a high-performance team. It provides for fair and balanced reward that recognises the attainment of short-term goals, while motivating sustainable value creation, strongly aligned with the Group's strategy and the long-term interests of stakeholders.

Guaranteed remuneration

Fixed salaries and benefits across the Group are set at levels that are competitive with the rest of the market. This enables the Group to attract, motivate and retain the right calibre of diverse people to achieve our strategic business objectives.

Base pay

- Tailored to reflect the skills, competencies and experience required for the role
- Remuneration is directly linked to formal annual performance assessments
- Annual increases are based on the performance of the individual and their pay positioning in line with the approved salary increase mandate

Benefits

- Healthcare benefits
- Retirement funding
- Leave
- Insured benefits
- Bursaries and study grants
- Long-service awards
- Other benefits at store level, including meal, transport and uniform subsidies in Pick n Pay

The Group benchmarks its guaranteed pay and benefits against several JSE-listed and unlisted comparator companies.

Variable incentives

Variable incentives are designed to retain, reward and incentivise performance over one- (STI) to three-year (LTI) periods. Variable benefits are closely linked to achieving Group, divisional operating units and individual performance objectives.

Short-term incentives (STI)

- Annual cash bonus rewards qualifying employees based on meeting key performance targets.
- Other, more frequent bonuses are paid to qualifying employees at store level.

Long-term incentives (LTI)

- Cash retention incentive scheme (CRI)
- Restricted share plan (RSP)
- Retention and reward aimed at executive and top management (RS).

RSP/RS CRI

The basis for calculating STIs and LTIs is formulaic in nature. Participation in variable incentive schemes is at the discretion of the Remuneration Committee and documented in the relevant scheme rules. The Committee may exercise discretion to award ex gratia payments where extraordinary value was created or elect to moderate or withhold incentives where individual performance does not warrant an award.

Category

Skilled technical junior management · *Professionally qualified junior management* · *Senior and middle management* · *Executive and top management*

Remuneration mix

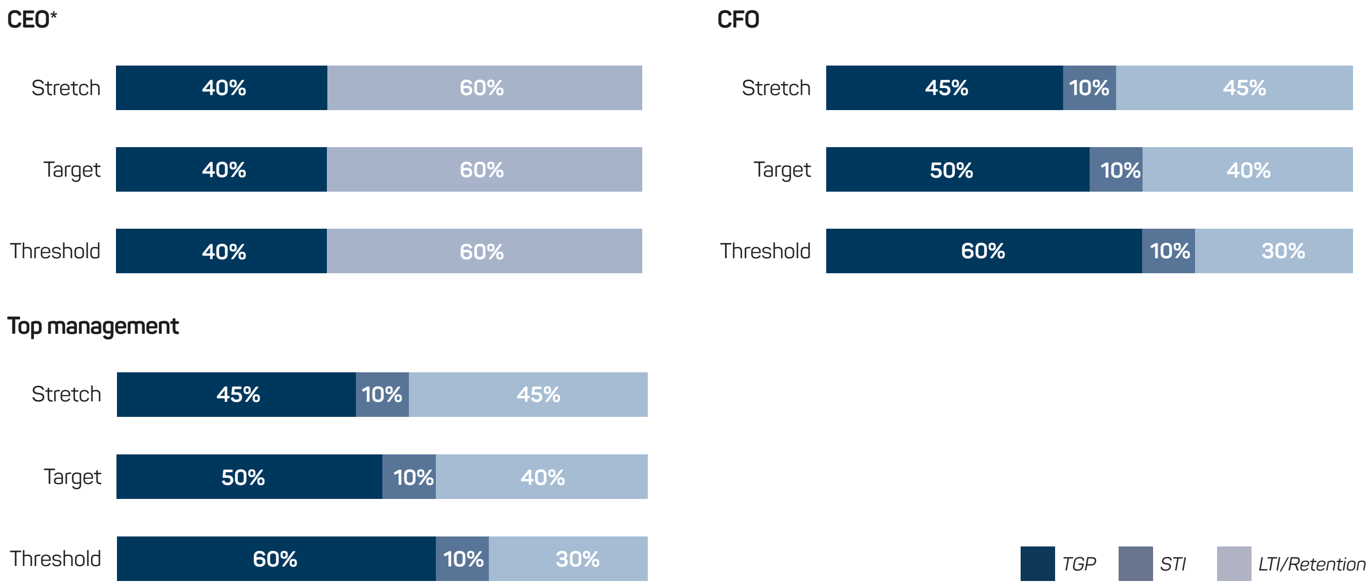
Remuneration is balanced between guaranteed remuneration and variable incentives to align employee and shareholder interests over the long term. To achieve a high-performance culture, a higher proportion of variable remuneration is applied to senior management employees to drive performance, with a greater emphasis on total guaranteed pay (TGP) for middle and junior management.

Variable remuneration consists of short-term incentives (STI) and long-term incentives (LTI) and is considered "at risk pay" as it is dependent on meeting performance targets that are closely aligned to the Group's long-term strategic plan. Performance targets are set within the Group's overall risk appetite, with the objective of being challenging but realistic, in order to achieve retention and drive performance in the broader context of the Group's economic and trading environments.

The value of the STI and LTI increases as targets are met and exceeded to encourage the attainment of stretch targets. The table below illustrates the mix of guaranteed and variable remuneration payable to the Group's senior management team.

	Remuneration outcome*		
	TGP	STI award	RSP vesting
Below threshold	100%	0%	0%
Threshold	100%	80%	40%
Target	100%	100%	70%
Stretch	100%	120%	100%

* *Excluding the CEO.*



* *The potential remuneration mix for the CEO does not include provision for a short-term incentive bonus (STI), which remains at the discretion of the Remuneration Committee.*

Aligning variable pay with delivering the Group strategy

The Group's variable remuneration policies are strongly aligned with the Group's long-term plan, designed to incentivise the delivery of the Group's financial and operational objectives over a one- and three-year period.

Primary KPIs

Primary KPIs align management interests with those of shareholders:

- Profit before tax and exceptional items (PBTAE)
- Sales growth
- Comparable HEPS, adjusted for exceptional items as appropriate
- ROIC and Recapitalisation Plan

Secondary KPIs

- Individual KPIs drive management performance against a balanced scorecard of financial, operational, transformation and good business targets, including ESG targets, refer overleaf.
- Individual KPIs have been introduced as a threshold target in the RSP.

Short-term incentive scheme – annual performance bonus *Long-term incentive scheme – restricted share plan*

The execution of the Group's strategy is measured against KPIs within its key strategic focus areas. The long-term strategic ambitions are aligned with the HEPS performance targets of the RSP. Future LTI schemes, including but not limited to the RSP, will be reviewed during FY25 to ensure retention and reward of key talent as the Group focuses on returning the Pick n Pay segment to profitability and the further expansion of its growth drivers Boxer, Pick n Pay Clothing and Online. KPIs are utilised to incentivise and measure the performance of senior management in the Group's annual performance bonus scheme (short-term incentive scheme).

We have several Group ESG targets that are linked to our strategy

↓ 50% in food waste by 2030 (against a 2019 baseline)[1]	Net Zero Carbon (scope 1 and 2) by 2050, -60% by 2040 (against a 2022 baseline)[2]	100% packaging to be recyclable/re-usable by 2025[1]
100% CO_2 refrigeration by 2040[2]	75% of general waste diverted from landfill by 2025[1]	↓ 20% reduction in water usage per store 2025 (against a 2018 baseline)[1]

1 *Pick n Pay company-owned stores and operations.*
2 *Pick n Pay and Boxer company-owned stores and operations.*

Please refer to the Sustainability Report for more detail.

Short-term incentives

Annual short-term bonus scheme

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

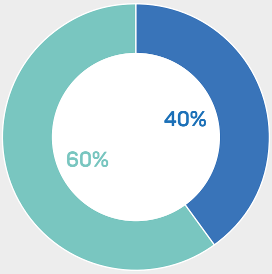
Criteria to participate in the short-term bonus scheme	Approximately 1 000 executive and management employees are eligible to participate. Employees must: • Be in the Group's employ for at least four months of the financial year, with the bonus applied pro rata • Achieve the prescribed minimum performance level on their annual performance appraisal Employees cannot have resigned prior to the bonus payment date or be completing a resignation notice period.
A formulaic approach to calculating the short-term bonus	• The Group must first attain the threshold target set by the Remuneration Committee for PBTAE before any bonus is payable to the management team. This gatekeeper PBTAE target is applied at Group or divisional level, as appropriate, and ensures the bonus is affordable for the Group. • The PBTAE target determines the maximum of the short-term bonus pool based on a formal and transparent pay-out multiple linked to participants' monthly cash salary. • The bonus pool increases in a linear manner, as performance hurdles are met with the target pay-out at 100%, with threshold at 80% and stretch at 120%. • The value of the short-term bonus paid to each participant is determined through a balanced scorecard of Group performance and individual KPIs. Performance targets are determined and communicated to participants annually in advance.

Short-term incentives balanced scorecard:

Group or divisional financial performance weighting 60%

60% of the pay-out multiple is subject to the attainment of PBTAE and sales targets as set by the Remuneration Committee on an annual basis.

Focus on earnings and top-line trade performance is important to ensure that the Group delivers growth in a sustainable manner.



40% Individual financial and non-financial performance weighting

40% of the pay-out multiple is subject to each participant achieving two key performance targets specific to their role within the Group. This is agreed on with their line manager on an annual basis and monitored through the formal performance appraisal process.

The executive team is subject to a third key performance target linked directly to the Group's ESG objectives, as appropriate.

Weighting

Group or divisional performance targets	
PBTAE	60%
Sales growth	40%

Weighting

Individual performance targets	
Individual KPI	40%
Individual KPI	40%
Relevant ESG KPIs	20%

Application of STI methodology for the Group's CEO and CFO

The CEO and CFO did not receive any performance bonuses for the year under review due to the poor financial results.

Other short-term bonuses

Other more frequent bonuses are paid to qualified employees at store level. These incentives are directly linked to short-term sales and profit targets. Previously these bonuses were linked to seven store-related KPIs, but it was simplified and refocused during the year, to ensure that the store management teams are focused on the key in-store metrics that drive overall profitability.

Long-term incentives

Long-term incentives are an integral part of the Group's remuneration philosophy to ensure the long-term retention of skilled and key talent at all levels of management and to align the interests of senior executives with those of shareholders.

The Group maintains a long-term cash retention scheme for middle management employees and a long-term share incentive scheme for our senior management team.

Cash retention incentive scheme

The objective of the CRI scheme is to recognise and retain key talent at middle management levels, while advancing the Group's employment equity and gender equity targets. The cash award is based on a fixed multiple of each participant's monthly cash salary, and vests after a period of three years.

Retention in a highly contested retail environment is the primary objective of the scheme and, as such, no performance conditions are attached. Vesting is only dependent on the employee remaining in the employ of the Group over the specified vesting period. If a participant leaves before the end of the vesting period all unvested cash awards will lapse, subject to good leaver provisions (such as retrenchment, ill health or disability).

Participants are identified through the Group's formal performance management process, and awards are made on an annual basis, allowing for participants to receive rolling annual awards as they progress through the Group.

Funding of share incentive schemes

Shareholders have authorised the Board to utilise up to 63.9 million Pick n Pay Stores Limited (PIK) shares to manage the Group's employee share option and restricted share schemes, representing 13% of issued share capital. 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 constrained by an aggregate limit of 5% of PIK's issued share capital.

Legacy share option scheme

The Group's legacy share option scheme (the 1997 employee share option scheme) was replaced by the CRI in FY22. All outstanding share options previously awarded under the scheme will vest in participants over the next four years under the original terms and conditions of the awards. No further share options are awarded under this scheme.

There is currently no fair value of the options because all of their grant prices were below the closing share price of R23.25 on 25 February 2024.

Financial period	Average grant price R	Number of options 000's
Outstanding share options may be taken up during the following financial periods:		
2025	64.08	**10.1**
2026	70.14	**1.1**
2027	65.32	**0.6**
2028	50.95	**0.1**
Total		**11.9**

Restricted share plan

The RSP recognises executive and top management employees who have a significant role to play in delivering the Group's strategy and its growth and sustainability.

The RSP has performance conditions attached to incentivise participating employees to deliver long-term earnings growth in line with the Group's strategic plan. An award of shares may also be used to attract talented prospective employees and progress the Group's transformation strategy.

All future LTIs, including the RSP, are currently under review and as such no RSP was issued during the year under review, with the exception of the new CEO award. The Remuneration Committee will consider all relevant options for future LTIs to ensure retention and reward during the critical years to follow in order to support the successful delivery of the Group's strategy and specifically the Pick n Pay turnaround strategy and the Group's Recapitalisation Plan.

Value	• The Remuneration Committee awards zero-strike RSP shares to participants. The values of in-flight awards were calculated as a percentage of each participant's basic annual cash salary: › CEO 150% › CFO 100% › Top management 50% – 100% • The value of shares awarded to participants is aligned to market benchmarks, each participant's individual contribution to long-term value creation, and other relevant retention and attraction considerations.
Vesting	• The shares are held by a Central Securities Depository Participant on behalf of participants over the time of the vesting period (normally three years). • Participants cannot dispose of the shares before the vesting date. • If a participant leaves the Group before the completion of the vesting period, all shares and accrued dividends are forfeited (subject to good leaver provisions).
Performance conditions/targets	• In order to drive the stated retention objectives of the RSP, threshold performance targets (40%) are linked to the attainment of individual KPIs as measured through the Group's formal performance management process. • On-target (70%) and stretch (100%) performance targets are linked to the Group's financial performance, with in-flight awards utilising compound annual growth in comparable HEPS linked to growth in CPI. • Performance conditions are applied on a linear, rising scale once the threshold target has been met. This allows for the vesting of an increasing number of shares as earnings thresholds are met and exceeded. • All growth thresholds are inclusive of the applicable IFRS 2 share-based payment expense, which is charged to the income statement over the vesting term of the forfeitable shares. The scheme is therefore self-funding. • The performance targets for the CEO are separately disclosed on page 47.
Ownership rights	• Participants have full voting rights over the period. • Dividend rights are at the discretion of the Remuneration Committee, are deferred until vesting date, and are paid in direct proportion to the number of shares which vest.

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 on a fixed-term contracts under specific circumstances. Senior management are required to give a reasonable notice period of their intention to terminate their services, which varies from three to 12 calendar months. The CEO has a three-year service contract from 30 September 2023 and has a notice period of three months. The CFO has a notice period of 12 months.

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

Remuneration policy on termination of employment

	Salary	Benefits	STI	LTI
Voluntary resignation	Paid over notice period	Paid over notice period	Lapses	Unvested awards forfeited
Dismissal / termination	Paid until termination	Paid until termination	Lapses	Unvested awards forfeited
Early retirement from 55 years of age	Paid over notice period	Paid over notice period	Paid on normal payment date Pro rata for time served	Accelerated early vesting Pro rata for time served and performance conditions achieved
Normal retirement	Paid until retirement	Paid until retirement	Paid on normal payment date Pro rata for time served	Accelerated early vesting Pro rata for time served and performance conditions achieved
Retrenchment (voluntary or involuntary)	Paid until exit	Paid until exit Severance payments apply	Paid on normal payment date Pro rata for time served	Accelerated early vesting Pro rata for time served and performance conditions achieved

Minimum shareholding requirement (MSR)

The CEO is required to retain 100% of the shares delivered under the Group's share incentive schemes (after the settlement of tax), while in the employ of the Group, with reductions of up to 50% allowed with Remuneration Committee approval.

The Committee will consider extending the MSR to the CFO and other members of the senior executive team over the coming year.

Malus and claw-back policy

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

Trigger events for the application of either malus or claw-back are set out in the policy and include:

- Fraud, dishonesty, or the misrepresentation of financial performance
- Errors or misstatements in financial results which result in greater remuneration outcomes
- Reputational damage

Non-executive director fees

Non-executive directors do not have service contracts but serve under a formal letter of appointment from the Board and are re-elected by shareholders on a rotational basis.

Fees are not linked to the performance of the Group or its share price and are paid six monthly in arrears. Non-executive directors do not receive performance-related bonuses and are not granted any share awards. Their services may be terminated without liability for compensation.

Benchmarking is conducted on an annual basis to benchmark fees against a select peer group of South African JSE-listed companies, based on market capitalisation, turnover and total assets. Fees are proposed based on the benchmarked outcomes as well as other survey information available in the market. The Chief People Officer proposes the fees to the Remuneration Committee, who thereafter recommends the fees to the Board for final approval from shareholders.

Non-executive director fees have been benchmarked against an appropriate peer group of JSE-listed companies, including:

Clicks	Pepkor
Dischem	Tiger Brands
Shoprite	Truworths
Spar	Woolworths
TFG	Mr Price

The table below sets out the remuneration principles applied for non-executive directors' fees. These principles form the underlying basis for the directors' fees tabled for shareholder approval – refer to page 54 for the detailed fees.

Chair	The Chair's fee reflects the active role he plays in the Group's corporate governance and in formulating overarching strategies. He does not play a day-to-day role in the executive management and administration of the business but makes himself available to the executive team in an advisory capacity.
Lead independent director and other directors	Directors' fees are market-related, based on relevant benchmarks, and commensurate with the time required for directors to fulfil their duties. Annual fees are not subject to attendance at meetings, as meetings are well attended.
Committee membership	The fees reflect the additional responsibilities taken through the chairpersonship and membership of Board committees.
Consultancy fees	The fees related to additional consultancy services to the Board and its committees are determined and approved by the Remuneration Committee on an ad hoc basis, considering the nature and scope of the services rendered.
Expenses	The Group settles all travel and accommodation expenses related to the work of the Board.

Section 4: The remuneration implementation report for FY24

Guide for stakeholders

This section details how the Remuneration Committee implemented the remuneration policy over FY24, based on Group and individual performance. It includes information on:

- Guaranteed pay, including for the CEO and CFO
- The awards aligned with the STI and LTIs
- Non-executive director fees

The report on the implementation of the remuneration policy will be voted on by shareholders at the AGM on 27 August 2024.

The implementation report details the key decisions taken by the Committee this year, including the steps taken to provide fair and balanced remuneration in a year that can only be described as the most challenging in the Group's history.

The Committee has complied with the Group's remuneration framework and policy, and all policies applied are consistent with the prior year. Pick n Pay moved to a cost-to-company remuneration model in March 2023. This provides employees with greater flexibility in tailoring their guaranteed package and provides greater clarity on pay parity across the organisation.

Tables are provided at the close of this section for a summary of the remuneration paid to executive and non-executive directors.

Executive directors and senior management

Executive directors' total guaranteed pay

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

	CEO		CEO	CFO		Executive director	
	Pieter Boone*		Sean Summers*	Lerena Olivier***		Jonathan Ackerman**	
	FY24 R'000	FY23 R'000	**FY24 R'000**	**FY24 R'000**	FY23 R'000	**FY24 R'000**	FY23 R'000
Base salary	**7 880.3**	10 707.0	**10 000**	**5 683.4**	5 160.0	**126.0**	1 217.1
Retirement and medical	**531.9**	968.5	**–**	**267.1**	488.1	**15.5**	271.2
Other benefits	**1 126.7**	3 200.0	**–**	**35.6**	340.4	**118.8**	324.5
Termination settlement	**15 776.0**	–	**–**	**–**	–	**–**	–
Total guaranteed pay	**25 314.9**	14 875.5	**10 000**	**5 986.1**	5 988.5	**260.3**	1 812.8

* *Sean Summers replaced Pieter Boone as CEO on 30 September 2023. Pieter Boone received a termination settlement in terms of his contract of employment.*
** *Jonathan Ackerman was employed for one month in the current financial period. He then retired but stayed on as non-executive director.*
*** *As part of Pick n Pay's transition to a cost-to-company model re-allocations were made between base salary, retirement and medical and other benefits, with no increase in the total guaranteed pay.*

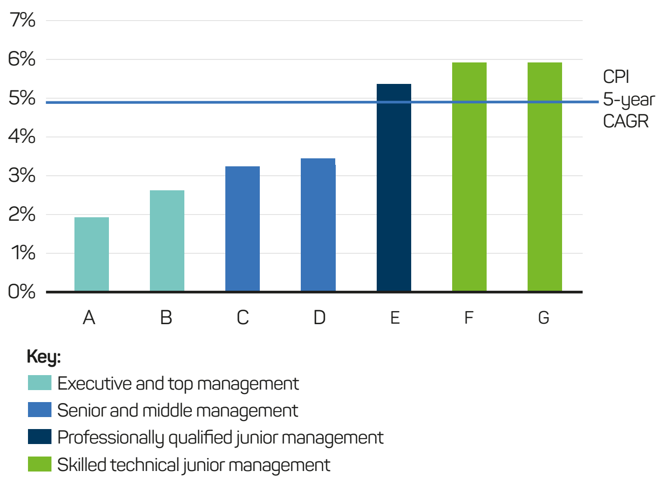
Annual salary increases

The following factors are considered in determining a fair, equitable and competitive salary increase:

- Group performance and affordability
- Macro-economic environment
- Market benchmarking

The Group distributes salary increases on a matrix based on individual performance and pay positioning to ensure that we maintain and drive our pay for performance philosophy. Additional allocations are made to specifically address income disparities and narrow the pay gap. Income disparity increases takes place bi-annually in line with our commitment to close the pay gap, where necessary.

Salary increases over five years – 5-year CAGR



The CEO and CFO, in support of the cost-saving initiatives, chose to forego any salary increase in FY23 and FY24.

Category	FY24 annual salary % increase	FY23 annual salary % increase
CEO	–	–
CFO	–	–
Top management	3.5%	2.3%
Senior and middle management	3.5%	4.5%
Junior management	4.5%	5.4%
Entry level and non-management	4.5%	5.4%

The average increase for NMBU employees in FY24, as governed by labour union agreements, was an average of 6.7% to 8.0% (FY23: 6.4% to 7.3%).

Short-term incentive

The Committee determines annual financial performance targets in advance of the Group's short-term incentive bonus scheme for the coming financial year.

FY24 performance against STI targets

	FY24 Target	FY24 Actual performance
Sales growth	8.1%	5.4%
Comparable profit/(loss) before tax (PBT)	R1 404 million	(R1 673 million)
PBTAE	R1 404 million	(R1 673 million)
PBTAE margin	1.2%	(1.5%)

The Group delivered a weak FY24 result, driven by a substantial trading loss in the Group's Pick n Pay business. Group turnover increased by 5.4% driven primarily by the strong growth from Boxer and the Pick n Pay Clothing stand-alone stores. Gross profit margin declined while gross profit in rand terms also declined 3.1% year-on-year.

Based on the above result, the primary PBTAE target had not been met and therefore under the rules of the STI scheme, no performance bonuses have been awarded and no payment made under this scheme.

Long-term incentive

No RSPs were awarded in FY24 due to the business transition and changes, except for those to the incoming CEO.

The Group's LTIs will be reviewed and the effectiveness re-assessed after the two-step Recapitalisation Plan to ensure that performance conditions are closely aligned to the strategic objectives of the business.

Proposed Restricted share plan awards: CEO

The Remuneration Committee has resolved to award Sean Summers 4 000 000 performance-based shares in terms of the Restricted Share Plan, with performance conditions linked to targets under the Group's long-term plan. As the Company is currently in a closed period due to it being under cautionary announcement in relation to the proposed two-step Recapitalisation Plan, the formal allocation of the shares and clearance to trade will be deferred until after the terms of the Rights Offer have been announced in the market, which is expected mid-July 2024, and the cautionary announcement has been withdrawn.

Cash retention incentive scheme

The cash retention scheme introduced in November 2020 is aimed at the retention of key members of middle management. The last award that the Committee approved under this scheme was the FY23 award. The next award will be issued during the second half of 2024 calendar year.

A summary of the current in-flight awards are reflected below for information purposes:

Category	2022 Award
Vesting date	June 2025
Retention period	36 months
Number of participants	260
ACI participation	64%
Female participation	45%

Restricted share plan awards

Delivery of executive share awards

	Number of shares millions	Number of participants	Base year	Three-year comparable HEPS growth target: Threshold	Target	Stretch	Vesting date
RSP 2021 (RSP 2)	3.2	122	FY21	Personal KPIs	CPI plus 1%	CPI plus 2%	June 2024

The original HEPS performance targets set for the scheme could not anticipate the level of trade disruption which would unfold over its three-year term, and on this basis the threshold target was amended during the previous financial year to allow for a 40% vesting based on the achievement of personal KPIs.

The restricted shares held by most of the senior leadership team were forfeited 100% due to the poor business performance delivered in FY24.

Only 60% of the participants of the RSP 2 awards benefitted from the 40% vesting applied as the threshold achievement. In limited cases RSP 2 vested at 100% where exceptional outperformance was rewarded. As a result only 0.9 million of the original 3.2 million share allocated were delivered, the rest were forfeited.

Vesting of the in-flight RSP 3 has also been impacted by the poor FY24 performance and as a result approximately 60% of the awards has been forfeited prior to vesting in June 2025.

	RSP 2022 RSP 3
Vesting date	June 2025
Retention period	36 months
Number of awards issued	2.6 million
Number of awards unforfeited	1.3 million
Three-year comparable HEPS growth targets:	
Threshold – 40% vesting	Personal KPIs
Target – 70% vesting	CPI plus 1%
Stretch – 100% vesting	CPI plus 2%
Number of participants:	
ACI participation	46%
Female participation	28%
Held by executive directors:	
CFO – Lerena Olivier (40% of original allocation)	34 800

Malus and claw-back

No incidents were identified in FY24.

Additional non-executive director fees

Background

Due to the challenges faced by the Group in FY24, three Board members provided additional support and guidance in a number of critical areas, including liquidity management, the Group's debt restructure and the formulation of the two-step Recapitalisation. The support provided was in addition to their normal Board commitments and required attendance at a significant number of additional ad hoc informal meetings. In addition the Nominations and Corporate Governance Committee proposed an increase in the Remuneration Committee Chair fee to align to that of the Audit, Risk and Compliance Committee. The Remuneration Committee Chair declined the proposal.

Proposal

A once-off fee is proposed for the three directors mentioned above, in an amount equal to the annual fee of a member of the Audit, Risk and Compliance committee, in order to adequately recognise the additional work undertaken and the valuable support provided.

Non-executive director	Ad hoc fee
James Formby	R 210 000
David Friedland	R 210 000
Aboubakar Jakoet	R 210 000

Non-executive directors' fees

Guide for stakeholders

The Committee reviewed and recommended non-executive director remuneration (including the additional non-executive directors fees detailed overleaf) to the Board, for shareholder approval at the AGM on 27 August 2024.

Chair of the Board

The Chair has for the third consecutive year foregone an annual increase for FY25 and his fee will remain unchanged from the previous year. In setting the Chair's fees, the Remuneration Committee considered the active role the Chair plays in the Group's corporate governance and in formulating overarching strategy for the individual subsidiary companies. Gareth Ackerman is recused from all discussions in respect of his annual remuneration.

Non-executive directors (NED)

At the AGM held in July 2023, Shareholders approved that a CPI increase be applied to the FY25 fees. Based on this, a 5% increase is proposed for the FY25 fees. A 25% increase is proposed for the LID fees, in line with market benchmarks.

Non-executive director fees (excluding value-added tax) for the current periods

	FY25 proposed R	FY24 actual R
Chair (including participation in all committees)	**4 893 300**	4 893 300
Lead independent director (including participation in all committees)[1]	**1 687 500**	1 350 000
Non-executive director	**510 300**	486 000
Chair of the Audit, Risk and Compliance Committee	**441 000**	420 000
Chair of the Remuneration Committee	**234 150**	223 000
Chair of the Social, Ethics and Transformation Committee	**234 150**	223 000
Chair of the Nominations and Corporate Governance Committee[2]	**234 150**	n/a
Member of the Audit, Risk and Compliance Committee	**210 000**	200 000
Member of the Remuneration Committee	**110 600**	105 300
Member of the Social, Ethics and Transformation Committee	**110 600**	105 300
Member of the Nominations and Corporate Governance Committee	**105 000**	100 000
Member of the Finance and Investment Committee[3]	**150 000**	–
Member of the Independent Board Committee[4]	**158 550**	151 000

1 *The 25% increase reflects the significant role the LID plays on the Board and all committees, particularly his critical role on the Finance and Investment Committee.*

2 *Previously the Committee was chaired by Gareth Ackerman who did not receive an additional fee for this role. Going forward, the Committee will be chaired by independent non-executive director Annamarie van der Merwe who will receive a committee Chair fee aligned with the other board committees.*

3 *Previously named the Treasury Committee – an advisory sub-committee to the Audit, Risk and Compliance Committee – now constituted as a key standing committee and renamed as the Finance and Investment Committee. The Committee is chaired by the lead independent director who does not receive an additional fee for chairing this committee.*

4 *Previously named the Corporate Finance Committee – the Committee comprises only independent non-executive directors and is chaired by the lead independent director who does not receive an additional fee for chairing this Committee. This Committee is not a key standing committee and is convened only for major regulated transactions or investment decisions. In the event that this Committee is convened during the financial period.*

Total remuneration of executive directors

Executive director	Base salary R'000	Retirement and medical contri-butions R'000	Fringe and other benefits R'000	Total fixed remune-ration R'000	Short-term perfor-mance bonus R'000	Termination settlement[1] R'000	Gratuity[2] R'000	Total remune-ration R'000	Long-term share awards charges – current year[3] R'000
FY24									
Sean Summers[1]	**10 000.0**	–	–	**10 000.0**	–	–	–	**10 000.0**	–
Lerena Olivier	**5 683.4**	**267.1**	**35.6**	**5 986.1**	–	–	–	**5 986.1**	**(1 413.0)**
Jonathan Ackerman[2]	**126.0**	**15.5**	**118.8**	**260.3**	–	–	–	**260.3**	**141.0**
Pieter Boone[1]	**7 880.3**	**531.9**	**1 126.7**	**9 538.9**	–	**15 776.0**	–	**25 314.9**	**(11 616.4)**
Total remuneration	**23 689.7**	**814.5**	**1 281.1**	**39 340.1**	–	**15 776.0**	–	**55 116.1**	**(12 888.4)**
FY23									
Pieter Boone	10 707.0	968.5	3 200.0	14 875.5	9 814.8	–	–	24 690.3	5 817.8
Lerena Olivier	5 160.0	488.1	340.4	5 988.5	3 870.0	–	–	9 858.5	3 838.0
Jonathan Ackerman	1 217.1	271.2	324.5	1 812.8	378.0	–	1 512.0	3 702.8	1 098.7
Suzanne Ackerman	252.0	23.5	28.2	303.7	–	–	–	303.7	61.4
Total remuneration	17 336.1	1 751.3	3 893.1	22 980.5	14 062.8	–	1 512.0	38 555.3	10 815.9

1 *Sean Summers replaced Pieter Boone as CEO on 30 September 2023. Pieter Boone received a termination settlement in terms of his contract of employment.*

2 *Jonathan Ackerman retired as an executive director on 31 March 2023 and was appointed as a non-executive director on that date, and received a retirement gratuity of recognition of exemplary service to the Group. On retirement, a portion of outstanding RSP awards vested.*

3 *The long-term share awards expense or recoupment is determined in accordance with IFRS 2 Share-Based Payments and reflects the current period's charge recorded or recoupment in the Group's statement of comprehensive income and statement of changes in equity. The fair values of share awards are determined at grant date, and are recognised in the statement of comprehensive income and statement of changes in equity over the period during which the employee becomes unconditionally entitled to the award (the vesting period). Long-term share awards will vest in the future only if all the vesting criteria set out in the rules of the 1997 Employee Share Options Scheme and the Restricted Share Plan (RSP), previously named 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. Vesting criteria in respect of the RSP awards, vested in June 2024 and due to vest June 2025, have not been fully met. As a result, and as directed by the Remuneration Committee, all of RSP 2 and a portion of RSP 3 long-term share awards allocated to the executive directors have been forfeited and the related expense recouped by the Group in the 2024 financial period.*

Total remuneration of non-executive directors

Non-executive director	Directors' fees R'000	Lead independent director R'000	Audit, Risk and Compliance Committee R'000	Remuneration Committee R'000	Social, Ethics and Transformation Committee R'000	Nominations and Corporate Governance Committee R'000	Employee share trust R'000	Total remuneration R'000
FY24								
Gareth Ackerman	**4 893.0**	**–**	**–**	**–**	**–**	**–**	**–**	**4 893.0**
Suzanne Ackerman	**486.0**	**–**	**–**	**–**	**223.0**	**100.0**	**–**	**809.0**
Haroon Bhorat	**486.0**	**–**	**200.0**	**105.3**	**–**	**100.0**	**–**	**891.3**
Jonathan Ackerman[1]	**445.5**	**–**	**–**	**–**	**105.3**	**–**	**–**	**550.8**
Mariam Cassim	**486.0**	**–**	**200.0**	**–**	**–**	**–**	**–**	**686.0**
James Formby	**202.5**	**787.5**	**83.3**	**–**	**–**	**–**	**–**	**1 073.3**
David Friedland	**486.0**	**–**	**200.0**	**–**	**–**	**100.0**	**–**	**786.0**
Aboubakar Jakoet	**486.0**	**–**	**420.0**	**105.3**	**–**	**–**	**–**	**1 011.3**
Audrey Mothupi	**486.0**	**–**	**200.0**	**223.0**	**–**	**100.0**	**–**	**1 009.0**
David Robins	**486.0**	**–**	**–**	**–**	**105.3**	**–**	**–**	**591.3**
Annamarie van der Merwe	**486.0**	**–**	**–**	**–**	**105.3**	**100.0**	**–**	**691.3**
Jeff van Rooyen[2]	**–**	**562.5**	**–**	**–**	**–**	**–**	**–**	**562.5**
Total remuneration	**9 429.0**	**1 350.0**	**1 303.3**	**433.6**	**538.9**	**500.0**	**–**	**13 554.8**
FY23								
Gareth Ackerman	4 893.0	–	–	–	–	–	–	4 893.0
Suzanne Ackerman	430.8	–	–	–	197.8	89.1	–	717.7
Haroon Bhorat	470.0	–	156.2	101.8	–	97.2	–	825.2
Mariam Cassim	470.0	–	156.3	–	–	–	–	626.3
James Formby	235.0	–	78.1	–	–	–	–	313.1
David Friedland	470.0	–	156.2	–	–	97.2	–	723.4
Hugh Herman	195.8	–	–	–	–	–	–	195.8
Aboubakar Jakoet	470.0	–	236.3	101.8	–	–	45.5	853.6
Audrey Mothupi	470.0	–	156.2	215.8	–	97.2	45.5	984.7
David Robins	470.0	–	–	–	101.8	–	–	571.8
Annamarie van der Merwe	470.0	–	–	–	101.8	97.2	–	669.0
Jeff van Rooyen	470.0	156.2	259.9	101.8	–	97.2	45.5	1 130.6
Total remuneration	9 514.6	156.2	1 199.2	521.2	401.4	575.1	136.5	12 504.2

[1] *Jonathan Ackerman retired as an executive director on 31 March 2023 and was appointed as a non-executive director on that date.*
[2] *Jeff van Rooyen retired on 19 July 2023.*

Share awards held by executive directors

FY24	Calendar year granted	Award grant price R	Balance held at 26 February 2023	Forfeits[3]	Exercised	Exercise price R	Balance held at 25 February 2024	Available for take-up
Pieter Boone[1]								
Restricted shares	2021	Nil	500 000	(500 000)	–	–	–	n/a
	2022	Nil	178 500	(178 500)	–	–	–	n/a
			678 500	(678 500)	–		–	
Lerena Olivier								
Share options	2019	58.05	80 000	–	–	–	80 000	Now
	2019	58.05	60 000	–	–	–	60 000	September 2024
	2019	58.05	60 000	–	–	–	60 000	September 2026
Restricted shares	2020	Nil	60 000	–	(60 000)	37.75	–	n/a
	2021	Nil	87 000	(87 000)	–	–	–	n/a
	2022	Nil	87 000	(52 200)	–	–	34 800	June 2025
			434 000	(139 200)	(60 000)		234 800	
Jonathan Ackerman[2]								
Restricted shares	2020	Nil	15 000	–	(15 000)	37.75	–	n/a
	2021	Nil	27 000	(11 135)	(15 865)	37.75	–	n/a
			42 000	(11 135)	(30 865)		–	

1 *Sean Summers replaced Pieter Boone as CEO, effective 30 September 2023. For share awards granted to Sean Summers subsequent to 25 February 2024, refer to page 53.*
2 *Jonathan Ackerman retired as an executive director on 31 March 2023 and was appointed as a non-executive director on that date. On retirement, a portion of outstanding RSP rewards vested.*
3 *Vesting criteria in respect of the RSP awards, vested in June 2024 and due to vest in June 2025, have not been fully met. As a result, and as directed by the Remuneration Committee, all of RSP 2 and a portion of RSP 3 long-term share awards allocated to executive directors have been forfeited, and the related expense recouped by the Group in the 2024 financial period. The remaining shares will be delivered to participants at the end of June 2025.*

Directors' interest in ordinary shares

FY24	How held[1]	Balance held at 26 February 2023	Additions	Disposals	Forfeits[6]	Balance held at 25 February 2024[10]	Beneficial/ non-beneficial interest[2]
Gareth Ackerman	direct	309	–	–	–	309	Beneficial
	indirect	1 731 026	17 750	–	–	1 748 776	Beneficial
	indirect	19 762	–	–	–	19 762	Non-beneficial
Ackerman Pick n Pay Foundation[3]	indirect	101 900	–	–	–	101 900	Non-beneficial
Ackerman Family Investment Holdings Proprietary Limited[4]	indirect	1	–	–	–	1	Non-beneficial
Ackerman Investment Holdings Proprietary Limited[5]	indirect	124 677 237	–	–	–	124 677 237	Non-beneficial
Mistral Trust[7]	indirect	2 850 000	150 000	–	–	3 000 000	Non-beneficial
Pieter Boone[8]	direct – RSP	678 500	–	–	(678 500)	–	Beneficial
Lerena Olivier	direct	64 050	32 100	–	–	96 150	Beneficial
	direct – RSP	234 000	–	(60 000)	(139 200)	34 800	Beneficial
Suzanne Ackerman	direct	120 528	–	–	–	120 528	Beneficial
	indirect	553 883	–	–	–	553 883	Beneficial
Jonathan Ackerman[9]	direct	122 888	–	–	–	122 888	Beneficial
	direct – RSP	42 000	–	(30 865)	(11 135)	–	Beneficial
	indirect	828 790	36 265	–	–	865 055	Beneficial
	indirect	2 161	–	–	–	2 161	Non-beneficial
Aboubakar Jakoet	direct	8 764	–	–	–	8 764	Beneficial
	indirect*	750 000	–	–	–	750 000	Beneficial
	indirect	13 059	–	–	–	13 059	Non-beneficial
David Friedland	indirect	34 188	–	–	–	34 188	Beneficial
David Robins	direct	975	–	–	–	975	Beneficial
	indirect	90 436	–	–	–	90 436	Non-beneficial
James Formby	direct	4 000	–	–	–	4 000	Beneficial
	indirect	26 725	–	–	–	26 725	Beneficial

1 *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.*

2 *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.*

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

4 *The indirect non-beneficial interest in Ackerman Family Investment Holdings Proprietary Limited represents a portion of the holdings of Gareth Ackerman, Suzanne Ackerman and Jonathan Ackerman.*

5 *The indirect non-beneficial interest in Ackerman Investment Holdings Proprietary Limited represents a portion of the holdings of Gareth Ackerman, Suzanne Ackerman and Jonathan Ackerman.*

6 *Vesting criteria in respect of the RSP awards, vested in June 2024 and due to vest in June 2025, have not been fully met. As a result, and as directed by the Remuneration Committee, all of RSP 2 and a portion of RSP 3 long-term share awards allocated to executive directors have been forfeited, and the related expense recouped by the Group in the 2024 financial period. The remaining shares will be delivered at the end of June 2025, subject to the attainment of performance conditions.*

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

8 *Sean Summers replaced Pieter Boone as CEO, effective 30 September 2023.*

9 *Jonathan Ackerman retired as an executive director on 31 March 2023, and was appointed as a non-executive director on that date.*

10 *There have been no changes in the directors' interest in ordinary shares since 25 February 2024 up to the date of approval of this report, other than the RSP shares issued to the CEO Sean Summers as detailed on page 53.*

* *Defined as an indirect beneficial shareholding in terms of JSE classifications. However, the director only has a 10% shareholding in the Company which holds these shares, does not exercise any control over the shares, and receives no direct benefit therefrom.*

Directors' interest in B shares

FY24	How held[1]	Balance held at 26 February 2023	Additions	Disposals	Balance held at 25 February 2024[6]	Beneficial/ non-beneficial interest[2]
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[3]	indirect	246 936 847	–	–	246 936 847	Non-beneficial
Mistral trust[4]	indirect	5 349 559	–	–	5 349 559	Non-beneficial
Suzanne Ackerman	direct	233 767	–	–	233 767	Beneficial
	indirect	926 084	–	–	926 084	Beneficial
Jonathan Ackerman[5]	direct	243 307	–	–	243 307	Beneficial
	indirect	1 135 009	–	–	1 135 009	Beneficial
	indirect	4 280	–	–	4 280	Non-beneficial
David Robins	direct	1 931	–	–	1 931	Beneficial
	indirect	179 118	–	–	179 118	Non-beneficial

[1] *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.*

[2] *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.*

[3] *The indirect non-beneficial interest in Ackerman Investment Holdings Proprietary Limited represents a portion of the holdings of Gareth Ackerman, Suzanne Ackerman and Jonathan Ackerman.*

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

[5] *Jonathan Ackerman retired as an executive director on 31 March 2023, and was appointed as a non-executive director on that date.*

[6] *There have been no changes in the directors' interest in shares since 25 February 2024 up to the date of this report.*