

**AGM round-up:
Pick n Pay Stores Limited
Mr Price Group Limited
The Foschini Group Limited**



Table of Contents

1. Introduction.....	3
2. Key takeaways	3
3. Commitments made.....	3
4. AGM governance and best practice	4
5. Q&A sessions	4
6. Just Share’s questions:.....	5
6.1. Remuneration disclosure of the lowest-paid workers	5
6.2. Gender pay gap disclosure.....	6
6.3. Employment equity (EE) and disclosure	6
6.4. Board diversity and transformation targets	7
6.5. Link between transformation targets and executive remuneration outcomes	7
6.6. Board independence	8
6.7. Sustainability competence at board level.....	8
6.8. Jane Canny	9
7. Questions asked by other shareholders	9
8. AGM results.....	11
9. Just Share resources	11
9.1. Inequality-related resources.....	11
9.2. Governance-related resources.....	11



1. Introduction

	Pick n Pay	Mr Price Group Limited	The Foschini Group Limited
Date of AGM:	27 August 2024	29 August 2024	5 September 2024
Chair of board:	Gareth Ackerman	Nigel Payne	Michael Lewis
Type of AGM:	Electronic-only AGM, conducted by Lumi ¹	Hybrid AGM, conducted by ComputerShare ²	Electronic-only AGM, conducted by ComputerShare ³
Useful links:	Notice of AGM Results of AGM 2023 AGM minutes AGM duration: 1h22	Notice of AGM Results of AGM Not publicly available AGM duration: 40mins	Notice of AGM Results of AGM 2023 AGM minutes AGM duration: 52mins

2. Key takeaways

- *The Foschini Group's AGM risks non-compliance with section 63(2) of the Companies Act.*
- *ComputerShare confirms that its platform has the functionality to allow verbal questions to be asked.*
- *None of the three companies discloses the remuneration of its lowest-paid worker, making it difficult to assess whether executive management's remuneration is fair and responsible in relation to overall employee pay, as mandated by the King Code.*
- *Mr Price discloses that its employment equity target for top management is set at 30% over a five-year plan. In contrast, Pick n Pay's remuneration committee chair would not commit to disclosing the company's employment equity targets or plan.*
- *TFG confirms that it has not established board transformation targets but provides no reasons for the failure.*
- *Just Share again raises concerns about misleading or missing disclosure on director sustainability and/or climate credentials to support competence claims.*
- *Mr Price chair stands by the decision to retain Jane Canny as independent non-executive director.*
- *Mr Price considering using external expertise to evaluate director independence in the future.*

3. Commitments made

- *Mr Price commits to disclosing its gender pay gap analysis next year.*
- *TFG commits to looking into enabling verbal engagement during the Q&A session at next year's AGM.*

¹ <https://www.lumiglobal.com/>

² <https://www.computershare.com/za>

³ <https://www.computershare.com/za>



4. AGM governance and best practice

Mr Price opted to conduct a hybrid AGM, while both Pick n Pay and The Foschini Group (TFG), persist in holding COVID-era electronic-only AGMs, as they have done since 2020. The electronic format has its advantages but there is huge value in in-person attendance, which enables far more constructive engagement between shareholders and the board and executive team.

The pace of these three AGMs was managed well, improving the AGM experience for shareholders attending electronically and providing a time buffer to identify and rectify any technical glitches that may occur. All three companies enabled a video feed for their AGMs, which means shareholders attending electronically could see the board.

Mr Price went a step further and conducted its AGM such that shareholders could also see who else was “in-the-room”, offering shareholder attendance transparency for those attending electronically.

Just Share commends Pick n Pay and TFG who enabled the option for “open guest access”, which means that interested non-shareholders were able to observe the AGM (but not to ask questions), demonstrating a commitment to transparency and accountability. Non-shareholders attending the Mr Price AGM were required to email the company secretary to express interest and request AGM access.

Social and Ethics Committee report to shareholders

Regulation 43(5)(c) of the Companies Act requires the social and ethics committee:

...

(c) to report, through one of its members, to the shareholders at the company's annual general meeting on the matters within its mandate.

Of the three companies in this round-up, only Pick n Pay complied with this requirement. Non-compliance is far more common than compliance at the AGMs that Just Share has attended. This is concerning given the important role of the social and ethics committee in providing “oversight and reporting on organisational ethics, responsible corporate citizenship, sustainable development and stakeholder relationships”.⁴

5. Q&A sessions

Pick n Pay and Mr Price enabled both written and verbal questions during the Q&A session. TFG did not enable verbal questions, which meant that shareholders were limited to typed “engagement” only.

At the beginning of the TFG Q&A session, Just Share raised concerns about this, pointing out that all the main AGM service providers have the functionality for verbal questions to be asked. However, it is ultimately the company that decides whether this feature is enabled for the AGM. This was

⁴ <https://www.iodsa.co.za/page/king-iv>



confirmed by Wynand Louw, Meetings Service Delivery Manager at ComputerShare, when asked for clarification on the issue during TFG's AGM. Louw said that the ComputerShare platform "does allow for verbal questions, but it was not chosen to be allowed for verbal questions at this specific meeting".

TFG chair Lewis told shareholders that this was the first time this issue had been raised, that its intention was "not to limit questions and answers", and that the company will take this into account for next year's AGM.

Section 61(8) of the Companies Act provides that:

"A meeting convened in terms of subsection (7) must, at a minimum, provide for the following business to be transacted:

...

(d) any matters raised by shareholders, with or without advance notice to the company."

Questions from shareholders are therefore an integral component of the business of the AGM.

6. Just Share's questions:

6.1. Remuneration disclosure of the lowest-paid workers

Although the Companies Amendment Act has been signed into law, it has not yet commenced. One of its key requirements is for companies to disclose the remuneration of their lowest-paid workers. None of the three companies is currently doing so voluntarily, although others in their industry peer group are. Pick n Pay did for the first time disclose the remuneration gap between the top 5% highest paid employees and the bottom 5% lowest paid employees, aligning with certain provisions of the Companies Amendment Act.

When addressing the omission of the lowest-paid worker's remuneration, Pick n Pay's remuneration committee chair Audrey Mothupi, gave a long-winded response that largely repeated information already available in the annual report. She avoided directly answering the question and instead provided an overview of the company's employee remuneration structures, mentioning that non-management bargaining unit employees are paid above the minimum wage but failing to disclose the actual figure.

Mark Bowman, chair of Mr Price's remuneration and nominations committee, stated that the company does not have "an internal view" of its minimum wage. After pushback from Just Share, Dr. Liziwe Masoga, Chief People Officer, clarified that the company adjusts wages annually to align with the national minimum wage, while Board Chair Nigel Payne reassured shareholders that no employees are paid below the national minimum wage. Currently, the retail sector minimum wage is R27.58 per hour (or R64 537 per annum on the basis of 45 hours per week for 52 weeks), as per the sectoral determination.



TFG similarly deflected the question on disclosure of the internal minimum wage. CEO Anthony Thunström said that the company does not pay below the minimum wage, but avoided providing the actual figure.

6.2. Gender pay gap disclosure

Just Share noted that in Pick n Pay's 2024 annual report the company omitted its usual disclosure of gender and race income disparities. In response to Just Share's query about this omission, Audrey Mothupi simply stated that there are "no existing earnings disparities across race and gender" at Pick n Pay, despite a Gini index calculation suggesting a 12% disparity as disclosed in the company's 2023 reports.

Mr Price's 2024 Remuneration Report states that the company "plans to conduct a wage gap analysis and approve plans to address any identified gaps." Earlier this year, in correspondence with Just Share the company indicated that it is "continuing to understand any wage gap considerations across the business and will address these when necessary."

When asked if Mr Price would voluntarily disclose gender pay gap ratios Mark Bowman confirmed that the company will "report on the gender wage gap" in the next reporting period.

6.3. Employment equity (EE) and disclosure

In its 2024 Sustainability Report, Pick n Pay stated that it has a five-year employment equity plan that sets "progressive EE targets and commitments, supported by our diversity and inclusion strategy". However, neither the plan nor the targets are disclosed in this report. We therefore asked the company what its targets at top and senior management are, and whether it will commit to publicly disclosing its plan and targets.

In response, Lerena Olivier, chief financial officer reiterated the company's commitment to improving disclosures but did not provide specific targets or commit to publicly disclosing the company's EE progress report.

It is worth noting that the company does not comply with Section 22(1) of the Employment Equity Act No. 55 of 1998 (EEA), as amended. The EEA requires public companies to include a summary of their Employment Equity reports in their annual financial reports, using the format of the [EEA10 form](#).

Just Share sought clarification on Mr Price's EE targets. While the company's annual report details progress against EE targets, it does not specify the actual targets.

Lucia Swartz, chair of the social, ethics, transformation, and sustainability committee, provided a broad overview of the company's approach to transformation, emphasising a focus on "skills and capabilities" rather than specific race and gender targets. This assertion is misplaced, as the EEA emphasises that targets should be set to achieve equitable representation of "suitably qualified people from designated groups."



After further prompting Dr. Liziwe Masoga revealed that the target for top management was 25% in the previous financial year, with a current target of 30% based on a five-year plan. However, this response did not provide a breakdown of targets by race and gender, nor did it reflect any clear ambition to “achieve reasonable progress towards employment equity” as required by Section 20(1) of the EEA.

6.4. Board diversity and transformation targets

TFG does not disclose its board transformation targets in its reporting suite or in any of its policy documents. As a JSE-listed issuer TFG is required in terms of section 3.84(i)(j) of the JSE Listings Requirements to have a board race and gender transformation policy, and “if applicable” the company should report on its progress on “agreed voluntary targets”.⁵

The JSE Listings Requirements also mandate that issuers adhere to certain governance principles and practices outlined in the King IV. Principle 7 of King IV emphasises the need for “the governing body to comprise the appropriate balance of knowledge, skills, experience, diversity, and independence for it to discharge its governance role and responsibilities objectively and effectively”, and that “the governing body should set targets for race and gender representation in its membership”.

Just Share and other shareholders who attended the AGM online asked whether TFG has established board race and gender transformation targets and, if so, what those targets are and why they have not been disclosed.

In response company secretary Darwin van Rooyen stated that the board has not established formal diversity targets at the board level, although there is a policy supporting broader diversity. Van Rooyen did not provide any reason for the absence of these targets.

6.5. Link between transformation targets and executive remuneration outcomes

According to TFG’s 2024 Governance Report, it included “people and transformation” as part of its executive incentive plan for the 2025 financial year. However, the specific transformation and diversity targets linked to the incentive plan have not been disclosed. Just Share asked the company to explain what these are, and what the company is planning on achieving in terms of its “B-BBEE scorecard and creation of workplace opportunities”.

In response, Anthony Thunström expressed TFG's pride in achieving a Level 2 rating on the B-BBEE scorecard and stated the company's intention to maintain this level. However, he did not detail the specific targets for B-BBEE scorecard performance or the creation of new workplace opportunities, only indicating that these will exceed current numbers.

⁵ <https://www.jse.co.za/sites/default/files/media/documents/2019-04/JSE%20Listings%20Requirements.pdf>



6.6. Board independence

Pick n Pay's two longest-serving independent non-executive directors are David Friedland and Audrey Mothupi, both appointed in 2013. The longest-serving independent non-executive director at Mr Price is chairman Nigel Payne, appointed to the board in 2007, and the longest-serving independent non-executive at TFG is Michael Lewis, chairman, appointed to the board in 1998 – 36 years ago.

TFG reports that it has “heard the concerns” of some shareholders about the long tenures of some of its independent non-executive directors. In a bid to address these concerns, the board adopted a new “independence policy” in 2023. The policy sets out a three-year “glide-path” (effective 2023), after which “non-executive directors with a tenure of more than 12 years will no longer be classified as independent.”⁶ This would result in Michael Lewis (35-year tenure); Prof Fatima Abrahams, appointed in 2003 (21-year tenure); Edwin Oblowitz, appointed in 2010 (13-year tenure); Ronald Stein, appointed in 1997 (27-year tenure); and Nomahlubi Simamane, appointed in 2009 (15-year tenure) no longer being classified as independent.

At the start of the TFG AGM Lewis announced to shareholders that Prof Fatima Abrahams who was due to retire this year and had made herself available for (re)election was no longer making herself available for (re)election. Lewis also reminded shareholders of the company's SENS announcement in July⁷ that Nomahlubi Simamane would retire after the 2024 AGM.

Just Share's asked how many of the current directors who have served longer than 12 years the board intends to replace with independent directors over the three-year period.

In response to this question Graham Davin, lead independent non-executive director, told shareholders that the board “hasn't set numbers or targets for how many people it will replace”. Instead, he noted that “at the end of the glide-path period, there will be a number of people who will no longer be deemed to be independent”.

6.7. Sustainability competence at board level

In Pick n Pay's annual integrated report, it claims that **every** board member has “some skill and experience” in “environmental sustainability” (and that six of the 13 members have “high skill and experience”). This Pick n Pay defines as being “Knowledgeable in climate change and biodiversity issues”.

However, there is no evidence to support these claims in the directors' biographies. The company's disclosures also do not specify which of its directors has “high skill and experience”. Just Share asked whether Pick n Pay would commit to specifying on its website as soon as possible, the qualifications and experience that inform this claim for each board member.

⁶ TFG Governance Report 2024, p. 6.

⁷ https://senspdf.jse.co.za/documents/SENS_20240702_S491618.pdf



Vaughan Pierce, company secretary and Head of ESG said that Pick n Pay “commits to updating the website and doing our best to ensure that we comply”.

Just Share asked the TFG board whether it would use its new independent director “glide path” as an opportunity to ensure that more diverse skills and experience are introduced at board level, specifically in the area of sustainability expertise.

In response, Davin assured shareholders that “where it can find new board directors that it feels have the requisite skills that contribute to the board and that can chair the subcommittees appropriately, it will then make those changes.”

This is an ongoing area of scrutiny and engagement for Just Share.

6.8. Jane Canny

Just Share asked the Mr Price board about its response to one of its independent non-executive directors, Jane Canny, being one of two directors to resign from the SPAR board after being implicated in the board ignoring a whistleblower report about the new rollout of a SAP software system. Failing to act on the tip-off resulted in significant financial implications for SPAR.⁸

Payne told shareholders that the board had been aware of the issue and that Canny herself had brought it to his attention. He said that the board had assessed Canny’s behaviour and contribution to the board and that the overall conclusion was that “the way some of that stuff had been articulated in the media did not reflect the entire story, not even close”, and that “there were people who were strongly motivated to, in that context, make sure that there was disinformation out there”.

Payne added that Canny is an enormously valuable contributor on the Mr. Price board and that her contribution had in no way diminished, or her integrity been compromised. In conclusion, Payne stated that Mr Price is retaining Canny and that the board continues to benefit from her experience, insight and wisdom.

7. Questions asked by other shareholders

Pick n Pay AGM

Other shareholders asked questions relating to:

- How the company justifies a termination settlement of R15 million for the former CEO, Pieter Boone, in light of Pick n Pay’s financial difficulties.
- Pick n Pay’s new turnaround strategy, and how the board plans to ensure its effective implementation.
- The specific criteria used by Pick n Pay to close or convert 112 Pick n Pay stores to Boxer franchises, and what plans the company has in place to address affected workers.

⁸ <https://www.itweb.co.za/article/spar-loses-r16bn-due-to-failed-sap-project/Pero3qZ35JyvQb6m>



- The strategies the company has in place to ensure affordability for customers; particularly in the lower to middle market segment served by Boxer.
- How the company plans to address its scope 1 and scope 2 emissions while it continues to expand its operations.
- The measures Pick n Pay has in place to ensure that there is no financial instability as a result of the R4 billion rights offer.

Mr Price AGM

A shareholder from Aeon Investment Management asked questions relating to:

- Director independence evaluations and whether the board had used the services of an external evaluator in this latest round of evaluations or would consider this approach in the future.
- A follow-up question about Jane Canny and whether the board had involved an external evaluator.

The Foschini Group

TFG faced several questions from other shareholders. The questions asked related to:

- Board independence and tenure: how the board plans to address independence concerns and ensure that new, genuinely independent perspectives are brought into decision-making, especially with regard to audit and risk oversight.
- Board diversity and what specific steps is the board taking to improve representation and inclusivity at the senior leadership level and board level.
- Remuneration policy dissent and what measures the board will be implementing to address shareholder concerns regarding the CEO's high base salary and insufficient disclosure around personal performance modifiers.
- What specific investments and initiatives are being implemented to address the company's commitment to achieving 100% renewable energy by 2030 and the ongoing environmental challenges such as water shortages and waste management, an issue exacerbated by significant infrastructure challenges.
- Supply chain ethics and social responsibility, particularly what TFG is doing to improve supplier oversight and ensure that all suppliers, particularly black-owned businesses, are treated fairly and in alignment with TFG's social responsibility commitments.
- Increased competition in the global online retailer space and how TFG plans to sustain the growth of its Bash online platform to remain competitive.
- The lack of board diversity targets and board independence and skills diversity.



8. AGM results

Pick n Pay AGM

The non-binding advisory votes 1 and 2 on the remuneration policy and remuneration implementation report did not receive the requisite majority of 75%. Consequently, the company must engage with its dissenting shareholders in line with section 3.84(k) of the JSE Listings Requirements and the King IV. All the other resolutions passed with the requisite majority.

Mr Price AGM

The non-binding advisory vote 8 in relation to the remuneration implementation report did not receive the requisite majority of 75%. As a result, Mr Price must engage with its dissenting shareholders. All the other resolutions passed with the requisite majority.

The Foschini Group

All resolutions tabled at the AGM passed with the required support from shareholders. However, it is clear shareholder concerns remain in terms of the Group's remuneration policy and remuneration implementation report. These currently non-binding advisory votes received 22.78% and 22.98% votes against, respectively. The threshold before management needs to engage with dissenting shareholders is 25%.

Shareholder concerns around tenure and independence were evident in the low support received for Ms B Makgabo-Fiskerstrand (appointed to the board in 2012), receiving 23.94% votes against and Mr E Oblowitz (appointed to the board in 2010), receiving 23.94% votes against.

9. Just Share resources

9.1. Inequality-related resources

- **Briefing:** Pay gaps & leadership diversity in the JSE-listed wholesale and retail sector (September 2024)
- **Briefing:** Women in leadership: Assessing gender equality in the JSE Top 40 (Sep 2023)
- **Briefing:** Vertical pay gaps at JSE-listed companies (June 2023)

9.2. Governance-related resources

- **Op-Ed:** AGMs should also be free and fair (June 2024)
- **CIPC legal opinion on virtual AGMs:** Non-binding legal opinion in terms of section 188 (2)(b)(i) of the Companies Act 71 of 2008 (as amended) (April 2023)
- **Guide:** Best practices for South African virtual annual general meetings (May 2020).

END