Haroon Bhorat

Report of the Social, Ethics and Transformation Committee

The Social, Ethics and Transformation Committee ("the Committee") is pleased to present its report for the 2026 financial year. The report is prepared in accordance with the Companies Act, the JSE Listings Requirements and the King IV Report on Corporate Governance. It outlines the Committee's mandate and oversight activities, with a particular focus on ethical leadership, people and culture, stakeholder trust, transformation and responsible corporate citizenship.

Committee Chair statement

The year under review was one of significant change for Pick n Pay. As the Group took difficult steps to address ongoing trading losses and restore profitability, the Committee found itself grappling with some of the most challenging social and ethical questions arising from the turnaround. These actions had real consequences for employees, suppliers, customers and communities. A significant part of the Committee's role during the year was to ensure that these consequences were properly understood, debated and managed responsibly.

During the year, management implemented a range of initiatives to address the Group's trading losses and support the return to profitability. These included support office restructures, operational changes and the closure of under-performing stores. The Committee also considered the business challenges that ultimately resulted in the labour consultation process announced shortly after year-end. The Committee paid close attention to these matters, particularly their impact on employees, organisational culture and stakeholder trust.

Committee discussions repeatedly returned to the impact of these changes and our stakeholders. We reviewed employee survey results, labour relations developments, employment equity progress, leadership development initiatives and the support being provided to employees during a period of considerable uncertainty. The Committee recognised that the labour consultation process announced shortly after year-end arose from the difficult realities facing the business. We also recognised the significance of these discussions for affected employees and their families, many of whom rely on Pick n Pay as their primary source of income. The Committee therefore emphasised the importance of fairness, transparency and meaningful engagement throughout the process.

As outlined in the sustainability chapter, Pick n Pay's ESG focus in FY26 was intentionally weighted towards the Social and Governance pillars. These areas are fundamental to how the Group operates and to the trust that supports its recovery. The Committee therefore regarded them as integral to the Group's commercial priorities, rather than separate from them.

An important area of focus was responsible sourcing and supplier oversight. During the year, the Committee considered a labour and workplace compliance breach identified at an unauthorised subcontractor within Pick n Pay's clothing supply chain. A supplier had illegally outsourced production to a factory that had not been approved through Pick n Pay's normal due diligence processes.

Subsequent investigations identified unacceptable labour practices at the facility. Management acted swiftly to investigate the matter, terminate the supplier relationship and strengthen supplier monitoring and approval controls. The incident reinforced the importance of maintaining visibility and oversight throughout the value chain. Management reported regularly to the Committee on remediation actions and governance improvements arising from the matter, and the Committee will continue to monitor progress in this area during FY27.

On the environmental front, the Committee recognises that capital-intensive investments were not a priority during FY26 as the Group focused on its turnaround. While environmental ambitions remain unchanged, capital allocation has necessarily been directed towards recovery priorities. The Committee has overseen this reprioritisation to ensure existing commitments and practices are maintained. It was therefore pleased to note the finalisation of the Group's Science Based Targets initiative commitments in November 2025, providing a credible framework for future progress.

The Committee also oversaw the Group's employment equity and transformation commitments, ethical culture and sustainability priorities, including its preparedness for the enhanced remuneration and wage differential reporting requirements introduced through the Companies Amendment Act. During a period when management attention was necessarily focused on restoring profitability and improving operational performance, the Committee remained mindful of the need to maintain momentum across these important governance, transformation and sustainability priorities. Particular attention was given to ensuring that short-term operational priorities did not come at the expense of longer-term commitments to transformation, inclusion and responsible corporate citizenship. The Committee was pleased to see the continued impact of Feed the Nation, which provides meaningful support to vulnerable communities across South Africa.

The Committee received an update from the Chair of Boxer's Social, Ethics and Transformation Committee, on matters of shared governance relevance across the Group. This provided useful insight into developments within Boxer and supported alignment across the Group where appropriate, while recognising the distinct responsibilities of each Board.

Throughout the year, the Committee sought to balance two equally important responsibilities: supporting the actions necessary to restore Pick n Pay's competitiveness while ensuring that those actions were implemented responsibly and in a manner consistent with the Group's values.

We welcomed Pooven Viranna and Thabo Leeuw to the Committee following their appointment to the Board during the year. Their skills, perspectives and experience strengthen the Committee's oversight across a broad range of social, ethics, transformation and sustainability matters. On behalf of the Committee, I thank my fellow directors, management and employees across the Group for their resilience, professionalism and commitment during a year that demanded both difficult choices and thoughtful leadership.

Committee mandate

The Committee is a statutory committee of the Board of Pick n Pay Stores Limited, operating under a mandate aligned with the Companies Act, the JSE Listings Requirements, King IV and the Company's Memorandum of Incorporation. Its primary responsibility is to oversee the Group's ethical conduct, social impact and transformation commitments, ensuring that these remain integrated into the way the Group operates and creates long-term value. The Committee assists the Board in overseeing matters relating to:

- Ethics and organisational culture
- Employees, transformation and inclusion
- Responsible sourcing, sustainability and stakeholder trust
- Health, safety and consumer protection

Committee governance and attendance

The Committee operates in accordance with a Board-approved Terms of Reference and annual work plan, both of which are reviewed annually. The Committee is required to meet at least three times annually and met three times during FY26. The Committee received reports from management on matters within its mandate and engaged with other Board committees where responsibilities intersected, particularly in relation to governance, risk, people and sustainability matters. Meetings were attended by Committee members and, where appropriate, supported by executive and senior management and subject matter specialists. Key observations and recommendations were reported to the Board following each meeting.

FY26 membership	Attendance
Haroon Bhorat (Chair)	3/3
Suzanne Ackerman	3/3
Jonathan Ackerman	3/3
Thabo Leeuw[1]	1/1
Annamarie van der Merwe	3/3
Pooven Viranna[1]	1/1

[1] *Appointed 1 February 2026.*

The Committee's key focus areas during the year

Ethics and organisational culture

The Committee oversaw the Group's ethical governance framework and the measures in place to promote responsible conduct across the organisation. Particular attention was given to maintaining ethical standards, accountability and organisational culture during a period of significant change.

During FY26, the Committee:

- Monitored whistle-blowing activity, investigations and management responses
- Reviewed ethics-related incidents, trends and remediation actions
- Oversaw the review, communication and embedding of ethics-related policies and governance frameworks
- Monitored anti-bribery, corruption and conflict-of-interest controls

Employees, transformation and inclusion

The Committee devoted significant attention to the impact of organisational change on employees and oversaw employment equity, transformation and inclusion initiatives across the Group.

During FY26, the Committee:

- Reviewed progress against employment equity targets, workforce demographic trends and representation objectives, with representation exceeding key sector targets across several management categories, while continued focus is required to strengthen representation at top management level
- Oversaw employee-related matters arising from restructuring initiatives
- Reviewed employee well-being, engagement and organisational culture indicators
- Oversaw diversity, inclusion, skills development and leadership development initiatives

Responsible sourcing, sustainability and stakeholder trust

The Committee oversaw the Group's responsibilities towards customers, suppliers, communities and other stakeholders, while also monitoring the development of sustainability governance and reporting processes. The Committee recognised that financial constraints require careful prioritisation and therefore focused on ensuring that the Group remained committed to sustainability initiatives that are most relevant to the business, its stakeholders and the creation of long-term value.

During FY26, the Committee:

- Reviewed the findings and remediation actions arising from the third-party clothing supplier compliance breach
- Oversaw supplier governance, responsible sourcing and third-party compliance frameworks
- Considered stakeholder concerns, reputational risks and community investment initiatives
- Monitored the development of the Group's Science Based Targets initiative (SBTi) commitments and the governance processes supporting their implementation
- Reviewed sustainability reporting, disclosure practices and supporting data controls

Health, safety and consumer protection

The Committee oversaw matters relating to employee, customer and food safety, as well as responsible retail practices. Maintaining safe environments for employees and customers remains a fundamental responsibility of the Group.

During FY26, the Committee:

- Monitored occupational health and safety performance and compliance
- Reviewed food safety, product quality and related governance processes
- Oversaw customer safety and responsible retailing practices
- Considered significant regulatory and compliance developments relevant to the Group

Committee effectiveness and future focus areas

During FY26, the Committee completed its annual effectiveness assessment. The review confirmed that the Committee continues to operate effectively and fulfil its mandate, while identifying opportunities to strengthen oversight of employee engagement, sustainability reporting and third-party governance matters. These areas have been incorporated into the Committee's FY27 work plan. The Committee is satisfied that it has fulfilled its responsibilities during FY26 in accordance with its mandate and Terms of Reference. Strong ethical governance, responsible corporate citizenship and meaningful stakeholder engagement remain important contributors to the Group's long-term success.

Focus areas for FY27 include:

- Supporting the responsible implementation of labour-related engagements and organisational change initiatives
- Advancing employment equity, transformation and inclusion objectives across the Group
- Strengthening responsible sourcing, supplier governance and third-party oversight
- Strengthening sustainability reporting, disclosure practices and supporting data controls
- Promoting ethical leadership, accountability and stakeholder trust across the Group

Haroon Bhorat
Chair: Social, Ethics and Transformation Committee

30 June 2026