



# PEPKOR

*Holdings Limited*



## 2020 CORPORATE GOVERNANCE REPORT



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The image shows the PEPKOR logo in large, white, 3D block letters mounted on a blue perforated metal building facade. The logo is partially obscured by several overlapping geometric shapes: a green parallelogram, a purple parallelogram, and a yellow parallelogram, all pointing downwards and to the right. A thin yellow line also extends from the top left towards the bottom right, crossing the shapes. The background is a clear sky.

PEPKOR

Effective  
governance is a  
vital component of  
and contributor to the  
group's sustainability.



# ABOUT THIS REPORT

## Our reporting suite

The Pepkor corporate governance report forms part of the 2020 annual reporting suite that covers the activities of the Pepkor group for the financial year ended 30 September 2020. The reporting suite includes the following:



Integrated report

Annual financial statements

Remuneration report

Corporate social responsibility report

Notice of annual general meeting

In compiling this report, the board has taken into consideration the requirements and principles of the King IV Report on Corporate Governance™ for South Africa, 2016 (King IV™),\* as well as all legislative and regulatory requirements including, inter alia, the Companies Act, No. 71 of 2008, as amended (Companies Act), the JSE Listings Requirements and the International Financial Reporting Standards (IFRS).

The board is satisfied that, having applied its mind to the reporting suite, it has addressed all material issues appropriately.

The reporting suite is available at [pepkor.co.za](http://pepkor.co.za).

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# INTRODUCTION

**Pepkor Holdings has a track record spanning over a hundred years built on retail brands operating in the discount and value market segment.** For a company to succeed for over a century, resilience and a willingness to adapt must be deeply entrenched within the businesses. For Pepkor, these characteristics arise from its customer-centric approach and strong corporate culture within the businesses. Pepkor operates through four retail segments, with an enduring reputation for providing the right products at the right price at conveniently located retail outlets. From its origins in South Africa, the group has extended its footprint into southern Africa, as well as other targeted African markets.

In September 2017, the company listed on the JSE Limited (JSE) in the retail sector, following decades of operating during which Pepkor's values were forged by employees, suppliers, customers and other key stakeholders. Since listing, the board and executive management team have prioritised the adoption and implementation of the governance policies and practices necessary to meet the JSE Listings Requirements. Enhancing the culture of integrity and compliance with required levels of transparency and disclosure created an additional layer to an existing strong governance culture. Despite the company's decentralised management structure, the ethos of integrity, transparency, determination and authentic leadership exists at each of the businesses. The board of directors, in its oversight of good governance, acknowledges its responsibility to safeguard the ethical base that is central to the company's values.

the group's brands, operations and products, and provides all stakeholders with confidence in their different relationships with the company. This enhances long-term growth, which in turn is reflected in the company's share price and brings benefits to society at large through many corporate responsibility initiatives.

Decisions and actions of the board and executive management are underpinned by Pepkor's values and driven by the group's ultimate purpose: To make a positive difference in the lives of our customers.

The board's resolute commitment to effective governance and leadership is reflected in the attendance of board and board committee meetings in the 2020 financial year (FY20).

## OUR APPROACH TO GOVERNANCE



Effective governance is a vital component and contributor to the group's sustainability. The board and the chief executive officer, supported by his executive leadership team, are responsible for upholding good corporate governance. Decisions and actions of the board embody fairness, responsibility, accountability and transparency. By setting the tone at the top, the board ensures that a culture of robust governance filters down through the organisation. The board approves and monitors the effectiveness of the governance framework across the group to embed a culture of good governance. This includes the effective implementation of the King IV™ principles.

Pepkor considers good governance to be a vital enabler of value creation. Sound corporate governance creates a solid foundation upon which the sustainability of the businesses within the group is founded. It instils a culture that attracts and retains employees, provides consumer confidence in

## OUR RESPONSE TO THE COVID-19 PANDEMIC



During FY20, the board planned to build on the relative stability in the group, cemented in the previous financial year, by intensifying its focus on providing direction to the group and its decentralised businesses. However, these plans were significantly disrupted by the impact of the COVID-19 pandemic. The accompanying economic and social dislocation in Pepkor's market dramatically changed the operating environment. In March 2020, the South African government applied a risk-adjusted approach to managing the impact of the pandemic. This encompassed five lockdown levels, the first of which prohibited the sale of all products other than essential items, such as food and medicine. While restrictions were gradually rolled back and returned to normal, the lockdown gave rise to extraordinary challenges for Pepkor.

In response to unpredictable and evolving circumstances, Pepkor's board adopted a highly active oversight role to support management as they navigated the effects of the global pandemic. The board has addressed a range of complex issues focused primarily on the safety of our employees and ensuring the survival of the company's businesses. The absence of revenue for the initial lockdown period, with limited cessation of costs, placed particular pressure on the group, necessitating weekly extraordinary board meetings for the duration of lockdown level 5. It is pleasing that Pepkor was able to address all issues in a manner that enabled the group to endure successfully the challenges as outlined in the integrated report.

## GOVERNANCE FOCUS IN 2020



The disruptions arising from the COVID-19 pandemic and the resulting implications for the business dominated the board's agenda from March until year-end and beyond. The key consideration has been how the governing body ensures that the values upon which the group has been based are not compromised during the disruptions. The manner in which Pepkor's employees throughout the group responded to unusual and unprecedented challenges facing the businesses is a reflection of the value system entrenched in the organisation. The rigid compliance with new health and safety regimes, as well as the discipline demonstrated by employees working from home, ensured that there were minimal material disruptions in the running of the businesses. Despite the challenging circumstances, there was no material or significant deviation from the regular practices and review processes that are in place to ensure that the company's values remain intact and compliance with the company's code of ethics is maintained. The additional areas of focus were supplementary to the company's standard processes and procedures.

## LOOKING AHEAD



The board will continue to focus on ensuring that management continues to grow the businesses while addressing the impact of the COVID-19 pandemic on the company's employees, customers and suppliers. While there are undoubted challenges, disruption creates new opportunities.

## New chairman

This report covers the period during which I was chairman of the company. Upon the expiry of my term of office on 30 November 2020, the board was in the fortunate position to be able to appoint Wendy Luhabe as the new independent non-executive chairman of the company with effect from 1 December 2020.

### JAYENDRA NAIDOO

*Non-executive director, and chairman of the board from September 2017 to November 2020*

Jayendra notified the board of his resignation as non-executive director on 20 January 2021 which is effective on 1 February 2021.

# HOW WE ARE GOVERNED

## Our ethical culture



**King IV™ Principle 1: Ethical leadership** – The governing body should lead ethically and effectively.

**The Pepkor board remains committed to its high standards of governance, ethics, and integrity.** The board sets Pepkor's ethical tone by creating and sustaining an enabling culture. This is achieved through the adoption and effective implementation of policies and practices that ensure a culture of integrity and compliance, while meeting high levels of transparency and disclosure.



**King IV™ Principle 2: Organisational values, ethics and culture** – The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

The board is held accountable for ensuring ethical and effective leadership within the governance structures and policies adopted by the group. The board leads by example, collectively instilling and nurturing a group culture rooted in the Pepkor code of ethics. The code reflects the core principles of Pepkor's philosophy and embodies the belief that ethical behaviour is good business. The code is complemented by a number of corporate compliance policies, which provide more detailed guidelines on specific issues.

### THE CODE OF ETHICS INCORPORATES THE FOLLOWING KEY PRINCIPLES:

- ▶ Conform to Pepkor's core values
- ▶ Commitment to comply with all relevant legislation, regulatory requirements, standard and codes of conduct
- ▶ Manage and mitigate all conflicts or perceived conflicts of interest
- ▶ Ensure that no discriminatory practices exist in the group
- ▶ Encourage the reporting of unlawful conduct or violations or suspected violations of the code
- ▶ Protect company assets and the need for confidentiality of proprietary information

The board has delegated the responsibility for ethics governance to the social and ethics committee. The day-to-day implementation of the code of ethics lies with executive management. Effective implementation of the code requires management to ensure that the code is implemented across all

functions and sections of the business. It is reviewed annually by the social and ethics committee, which recommends to the board changes and improvements to the code. The code of ethics is available to all stakeholders on the Pepkor website.

No material breaches of the code of ethics were noted during the review period.

The values of Pepkor are underpinned by the governance framework set out in the board charter, the terms of reference of the committees of the board, the code of conduct, as well as policies and procedures. The latter include disciplinary processes in terms of the Labour Relations Act; ethics hotlines that encourage anonymous reporting of inappropriate conduct, including fraud and corruption; and policies that ensure the effective reporting and action for incidents.

The audit and risk and social and ethics committees are assisted in this regard by internal audit.

The company will continue to ensure the maintenance of the highest ethical standards, including zero tolerance for corrupt practices.

## Responsible corporate citizen



**King IV™ Principle 3: Responsible corporate citizenship** – The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.

The board has responsibility for ensuring that the group is, and is seen to be, a responsible corporate citizen. With a substantial number of retail outlets in several countries, although primarily in southern Africa, the group acknowledges the need to add value to the societies in which it operates. This includes the need to be aware of cultural sensitivities within different areas of operation, and to ensure that Pepkor's practices support each environment. Details of the many

areas of involvement are reflected in the separate corporate social responsibility report.

As part of its commitment to being a responsible corporate citizen, Pepkor has zero tolerance for non-compliance with legislation. The board delegates to management the responsibility of ensuring compliance with its policies and procedures. Material breaches are reported to the board who, through the audit and risk committee, also approves the establishment and implementation of the company approval framework that gives structure to the delegation of authority.

## Implementation of strategy



**King IV™ Principle 4: Strategy implementation and performance** – The governing body should appreciate that the organisation's core purpose, its risk and opportunities, strategy, business model, performance and sustainable development are all inseparable elements in the value creation process.

The board approves Pepkor's strategy direction and purpose, and delegates to management responsibility for formulating strategy implementation in the short, medium and long term. Successful implementation of strategy through superior operational performance is in the best interest of all stakeholders and is therefore a key responsibility for the board and management. The board approves Pepkor's strategy and the performance measures and targets by which success is measured.

In approving the strategy, the board is required to take into account risks and opportunities relating to the strategy itself, and its implementation. The board also satisfies itself that the business model is appropriate to meet Pepkor's strategic objectives.

At each board meeting, management reports on progress with respect to implementation and the achievement of strategy benchmarks. The assessment is addressed at board and at audit and risk committee level. A third party assists in providing objective analyses and guidance in assessing risk.

## Disclosure



**King IV™ Principle 5: Reports and disclosure** – The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short-, medium- and long-term prospects.

The board sets the direction, approach and conduct for the reporting of group affairs and performance to stakeholders. The board also ensures that the reporting frameworks comply with all regulatory obligations, which include, inter alia, the Companies Act and the JSE Listings Requirements, which incorporate the obligation for adherence to the principles of King IV™.

The board approved the Pepkor integrated report and has satisfied itself with regard to the assurances provided by relevant third parties.

The board is satisfied that all reporting has taken place in compliance with the Companies Act and the JSE Listings Requirements, and that the group engages effectively with its stakeholders to ascertain where its reporting can be enhanced and improved.

## Effective leadership



**King IV™ Principle 6: The role of the governing body** – The governing body should serve as the focal point and custodian of the corporate governance in the organisation.

The board serves as the focal point and custodian of corporate governance at the company. The scope of its authority, responsibility, composition and functioning is contained in a formal charter that is reviewed annually. While the board is unwavering in its adherence to legislation and various codes and standards, its commitment to good governance goes beyond compliance.

The board is responsible for determining the group's strategic direction, and steering the group towards achieving its vision by approving and monitoring an informed short-, medium- and long-term strategy.

Governance processes and policies are regularly reviewed to ensure alignment with changes to legislation and regulations, to reflect best practice and to ensure that the policies and processes remain relevant and fit for purpose as changes occur to the business environment that require changes to the businesses' operations. The board is satisfied that it has performed its obligations in terms of relevant legislation, regulations, codes of practice and its charter during the review period.

## Delegation of authority



**King IV™ Principle 10: Delegation to management** – The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and effective exercise of authority and responsibilities.

The board approves and regularly reviews the Pepkor group approval framework, which provides clarity of levels of responsibility for decision-making within the group. The framework establishes an appropriate balance for the need to ensure that decisions are taken at appropriate levels, dependent upon the materiality and importance of such decisions, while also empowering management to take appropriate business decisions. The framework acknowledges the need for effective and efficient decision-making at appropriate levels within the group so as to enable



businesses to retain a competitive edge and achieve short- and medium-term business and strategic objectives.

**THE LEVELS OF AUTHORITY DOCUMENT COVERS THE FOLLOWING AREAS:**

- ▶ General corporate governance
- ▶ Strategy, business plans, budgets, operating parameters
- ▶ Investments, business initiatives
- ▶ Capital expenditure
- ▶ Leases and property-related capital expenditure
- ▶ Funding, borrowing, banking and treasury
- ▶ Human resources and related issues
- ▶ Contractual arrangements

The board is satisfied that the approval framework creates role clarity and provides the expected application of authority and responsibilities that enhances the efficient decision-making within the group.

Throughout the reporting period, the chief executive officer (CEO) has reported to the board on operational performance and the updates on the implementation of the strategy approved by the board. The chief financial officer (CFO) is required to attend meetings of the audit and risk committee in his executive management capacity. He is not a member of the committee. The CEO is not a member of this committee and attends by invitation. The CEO is a member of the social and ethics committee.

An approval framework is in place and is subject to annual review. The board is satisfied that it achieves the objectives of providing clarity on responsibilities and assisting in ensuring an effective delegation of authority and responsibilities. The human resource and remuneration committee has been delegated the authority to ensure that executive management is appropriately and competitively remunerated and incentivised. Board members are entitled to seek independent legal advice.

# OUR BOARD

## Board composition



**King IV™ Principle 7: Composition of the governing body** – The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

**The Pepkor board comprises 10 directors, eight of whom are non-executive directors. The executive directors are the CEO and the CFO.** Of the eight non-executive directors, four are considered independent. In terms of recommended practice 32 of Principle 7 of King IV™, a board should appoint an independent non-executive director as a lead independent director. A lead independent director has been appointed and will remain in place notwithstanding the change in chairman. The chairman is not a member of the audit and risk committee. The chairman of the nomination committee has not been independent, and this does not comply with the King IV™ recommendations. With the recent changes to the board, this will be addressed in the coming weeks.

The nomination committee is responsible for making recommendations to the board to ensure that the board is the appropriate size and holds the requisite skills, knowledge, diversity, experience and independence. The rotation of board members is outlined in the company's memorandum of incorporation (MOI). There is an induction process for new board members.

The board has adopted gender and race diversity policies that encourage diversity. At the end of the review period, there were two female non-executive directors and three black directors. The board supports and encourages diversity in respect of racial representation.

The board is of the opinion that, although its composition reflects an appropriate mix of knowledge, skills, experience, diversity and independence, there is room to enhance the skill set, particularly in the area of retail expertise, and to increase the representation of independent non-executive directors.

### Changes to board and chairman

During the year, Mark Harris resigned as an independent non-executive director.

Subsequent to year-end, Jayendra Naidoo, whose term of office as chairman ended on 30 November 2020, advised the board that he was unavailable to stand for re-election as chairman and that he will resign from the board effective 1 February 2021. On 20 November 2020, the board approved the appointment of Wendy Luhabe, an independent non-executive director, as chairman of the company for a three-year term with effect from 1 December 2020.



**King IV™ Principle 8: The governing body's delegated structures** – The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.

The Pepkor board has adopted its own charter and has delegated certain of its responsibilities to subcommittees of the board. The audit and risk committee and the social and ethics committee are statutory committees established in terms of the Companies Act. The board considers it appropriate for the audit committee also to hold responsibility for the assessment and monitoring of risk. The board has established a nomination committee and a human resources and remuneration committee. All these committees meet regularly throughout the year and operate under terms of reference approved by the board. An investment committee meets on an ad hoc basis, as and when the board considers it appropriate. In appointing board members to the committees, the board has considered the composition of the committees holistically, ensuring an appropriate balance of membership and that no one individual can dominate decision-making. Appropriate members of executive and senior management are invited to committee meetings. External advisers are invited to meetings when deemed necessary.

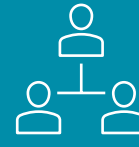
# GOVERNANCE STRUCTURE



**Active participation**

Scheduled board meetings **4**

Extraordinary board meetings **9**



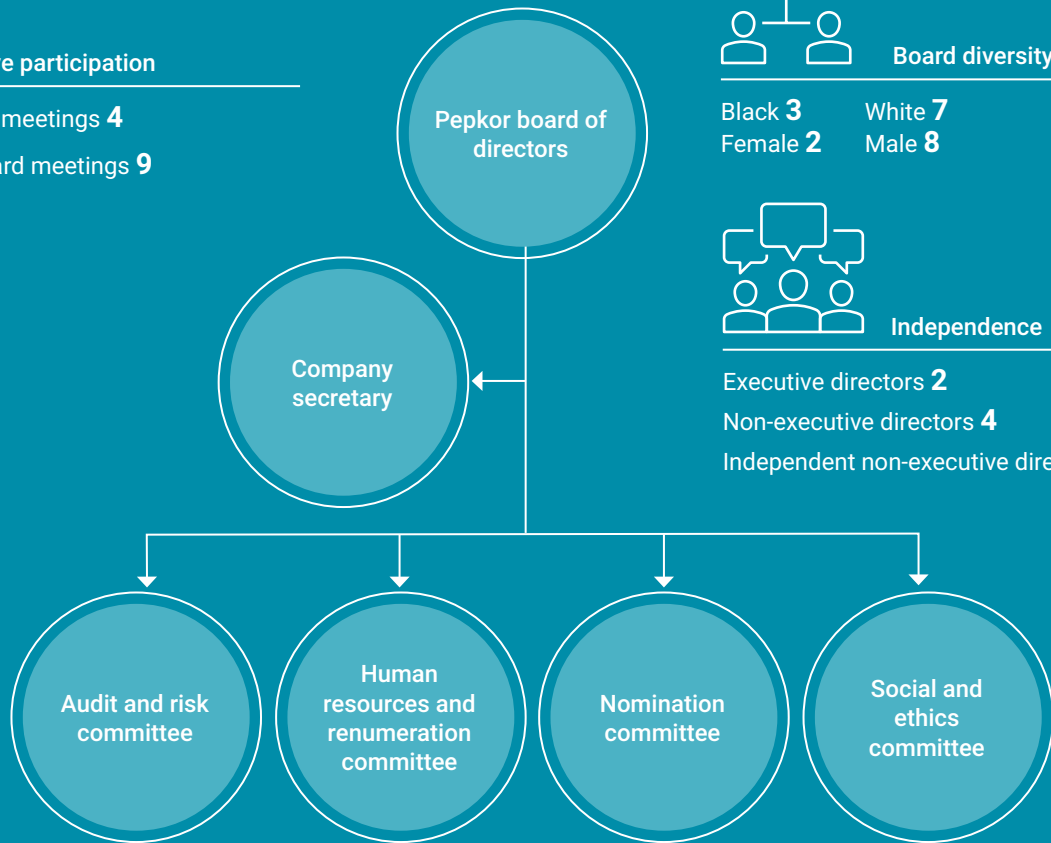
**Board diversity**

Black **3**      White **7**  
 Female **2**    Male **8**



**Independence**

Executive directors **2**  
 Non-executive directors **4**  
 Independent non-executive directors **4**



## Directorate



### WENDY LUHABE (63)

BCom

#### INDEPENDENT NON-EXECUTIVE CHAIRMAN

Wendy was appointed as an independent non-executive director on 1 January 2019, and as chairman of the company on 1 December 2020. Wendy started her career in marketing 38 years ago and worked in the cosmetics and automotive sectors, which included working in Germany and the United States of America. She graduated with a BCom in 1981 and currently has a portfolio of interests that includes investments in education and infrastructure development. Wendy has been a pioneer in social entrepreneurship over the past 26 years and has been involved in human capital development, the economic empowerment of women, and mentorship of younger generations. She pioneered the founding of WIPHOLD, WPEF and, more recently, WINDE. Wendy is passionate about education, leadership, economic justice and mentorship. She has served as a non-executive director/chairman of companies across diverse industries since 1992. She is a recipient of four honorary doctorates for her contribution to the empowerment of women in various sectors of the economy. Wendy was the founding Chancellor of the University of Johannesburg. Wendy serves as chairman of Libstar Holdings Limited and as non-executive director of Compagnie Financière Richemont SA.

- *Member of the social and ethics committee*
- *Member of the human resources and remuneration committee (appointed 20 November 2020)*

### JOHANN CILLIERS (61)

BAcc (Cum laude), BAcc Hons, CA(SA)

#### LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR

Johann was appointed lead independent non-executive director of Pepkor on 29 May 2018, following his initial appointment to the Pepkor board on 18 August 2017. Johann completed his articles at PwC in 1988, following which he was appointed as financial director of Hicor Limited. In 1990, he joined Langeberg Foods Limited as group financial manager, serving on the board from 1991 to 1998 as financial director. In 1998, Johann joined PEP SA as director of operations and as an executive director. In 2004, he was appointed as an executive director of Pepkor Retail Limited and, until 2011, served on the group executive committee in various capacities. In 2011, he relinquished his executive role within the Pepkor group and was appointed as a non-executive director of Pepkor Holdings Proprietary Limited, which non-executive position he held until 2015. Johann currently manages various private investments.

- *Chairman of the audit and risk committee*
- *Member of the nomination committee*



### LEON LOURENS (54)

HND (Human Resources), BCom (Marketing)

#### CHIEF EXECUTIVE OFFICER

Leon was appointed as group chief executive officer on 6 December 2017. He completed a Higher National Diploma in Human Resources in 1987, before attaining a BCom degree in Marketing (Unisa) in 1994. He joined PEP in 1990. In 2000, he joined the supermarket group Panda in the Middle East as head of operations before returning to PEP in 2002. He was appointed as operations director in 2004, and became managing director of PEP SA in 2011. In 2016, Leon was appointed as Group MD: Pepkor Africa and he became chief operating officer of Pepkor Holdings at its listing on 20 September 2017. He has more than 28 years' experience in retail, primarily from store operations in the discount sector of the market. Leon serves as a director on a number of subsidiary boards in the Pepkor group.

- *Member of the social and ethics committee*

**RIAAN HANEKOM (51)**

BAcc, BCom Hons (Acc), CA(SA)

**CHIEF FINANCIAL OFFICER**

Riaan was appointed as group chief financial officer on 18 August 2017. He completed his articles with Ernst & Young in 1995, whereafter he spent six years with Shoprite as a financial manager. He joined Woolworths in 2001, and was the Woolworths retail operations group head of finance and administration when he joined the Pepkor group in 2006, as commercial director of Shoe City. He became the commercial director of Ackermans in 2008, and financial director of Ackermans in 2009. He was appointed as the group financial director of the Pepkor group in February 2016. Riaan serves as a director on a number of subsidiary boards in the Pepkor group.

**STEVE MÜLLER (59)**

BAcc, BAcc (Hons), CA(SA), Sanlam EDP, IoD

**INDEPENDENT NON-EXECUTIVE DIRECTOR**

Steve was appointed as an independent non-executive director on 18 August 2017. Steve worked at KPMG until 1992, after which he worked as a senior manager at Rand Merchant Bank Limited until 1994. In 1995, he joined Genbel Investments Limited, inter alia as an executive director of Gensec Bank Limited, heading the Investment Banking division from 1999 to 2004. From 2004 to 2008, he managed various structured equity funds for Sanlam Capital Markets. He has been appointed as a non-executive director on the boards of several companies. Steve was appointed as an independent non-executive director of KAP Industrial Holdings Limited in 2012. He has chaired or served on the audit and risk committees and the human resources and remuneration committees of several companies over the last 23 years.

- *Chairman of the human resources and remuneration committee*
- *Member of the audit and risk committee*

**FAGMEEDAH PETERSEN-COOK (45)**

BBusSc (Act.Sc.), FIFoA, FASSA, PGDip (MgtPrac), CD(SA), IoDSA (Cert.Dir.)

**INDEPENDENT NON-EXECUTIVE DIRECTOR**

Fagmeedah was appointed as an independent non-executive director on 16 April 2018. Fagmeedah is an actuary with 24 years' technical experience in the financial services sector. Until 2016, she was the chief investment officer at the Eskom Pension and Provident Fund (EPPF), where she was responsible for the investment of R120 billion. Fagmeedah was appointed to the board of the Government Employees Pension Fund (GEPF) to bring her expertise to the oversight of the investment activity of the PIC. In 2012, she was appointed as member of the board of Telkom, where she chaired the investment committee while she was the acting CIO of the Eskom Pension Fund. She is an independent director of Absa Financial Services, chairs the investment committee of the Absa Pension Fund, and also serves as chairman of the Bankmed audit committee. As an actuary, Fagmeedah brings enterprise risk management skills and multigenerational planning techniques to the boardroom. She strongly believes in sustainability and was instrumental in developing the framework for the implementation of the UN PRI at both the GEPF and the EPPF, and now champions ESG principles at the various companies where she is involved. Fagmeedah is the FSCA-designated insurance director for the group.

- *Chairman of the social and ethics committee*
- *Member of the audit and risk committee*



**THEODORE DE KLERK (50)**

BCom (Hons), CTA, HDip (Tax), CFM

**NON-EXECUTIVE DIRECTOR**

Theodore was appointed as a non-executive director on 28 May 2019. He completed his articles with Ernst & Young and worked as a corporate tax consultant for four years. He joined Murray & Roberts as financial director of its marine construction operation. He spent five years with Gensec Investment Bank as part of its corporate finance advisory unit, focusing on mergers and acquisitions, capital raisings and related structuring functions. In 2003, he joined Steinhoff, and in 2008 he was appointed chief executive officer of the group's southern African building materials division, a position he held until 2015. He was appointed financial director of Steinhoff International Holdings N.V. on 1 September 2019. Theodore holds various directorships within the Steinhoff group and is also a director of the IEP Group.

**LOUIS DU PREEZ (51)**

BCom, LLB

**NON-EXECUTIVE DIRECTOR**

Louis was appointed as a non-executive director on 24 January 2018. He qualified as an attorney of the High Court of South Africa in 1997. Louis joined Jan S de Villiers and was appointed a partner of the firm in 1998. With the merger of Werksmans Attorneys in 2009, he became a member of the national executive committee of the combined firm and served on that committee until early 2017. While practising as an attorney, he advised clients on a variety of corporate and commercial matters. Louis served on the board of KAP Industrial Holdings Limited from 1 October 2017 until 3 April 2019, as a non-executive director. He joined the Steinhoff group as general counsel in mid-2017, was appointed as the commercial director of Steinhoff International Holdings N.V. on 19 December 2017, and as chief executive officer of Steinhoff International Holdings N.V. with effect from 1 January 2019.

- Member of the human resources and remuneration committee
- Member of the nomination committee

**JAYENDRA NAIDOO (60)**

BProc

**NON-EXECUTIVE DIRECTOR**

Jayendra was appointed as chairman on 18 August 2017, and fulfilled this role until 30 November 2020. Jayendra is a non-executive director of the company. As a full-time trade unionist in his youth, he played a significant role in the negotiation of the National Peace Accord in 1991, as well as in the establishment of a network of peace committees throughout South Africa. In 1995, he was appointed the first executive director of NEDLAC, serving until 1998. In 2000, he co-founded the J&J Group and he is the founder of the Lancaster Group. Jayendra has served on several committees and boards, including the board of Pepkor Holdings Proprietary Limited as a non-executive director between 2003 and 2011. In 1997, Jayendra was nominated by the World Economic Forum as a Global Leader of Tomorrow. Jayendra notified the board of his resignation as non-executive director on 20 January 2021 which is effective on 1 February 2021.

- Chairman of the nomination committee
- Member of the human resources and remuneration committee

**JACOB WIESE (40)**

BA (US), MA International Economics &amp; Management (Università Commerciale Luigi Bocconi, Italy), LLB (UCT)

**NON-EXECUTIVE DIRECTOR**

Jacob was appointed as a non-executive director on 18 August 2017. After completing his LLB at UCT in 2008 and his pupillage at the Cape Bar, Jacob was admitted as an advocate of the High Court of South Africa in 2009. He joined the investment committee of the Titan Group in 2010. Jacob is an independent non-executive director of Fairvest Property Holdings Limited and serves on the boards as an alternate or non-executive director of various publicly listed companies, which include Shoprite Holdings, Invicta Holdings and Tradehold. Jacob is also extensively involved in the management of Lourensford Wine Estate. Jacob notified the board on 18 December 2020 that he will not make himself available for re-election and will therefore retire from the board on 10 March 2021.



## Governance processes

### The board charter

The board is guided by a formal charter that sets out duties and responsibilities. The detailed responsibilities of the board, as set out in the charter, are reviewed on a regular basis. The charter, which is aligned to the King IV Report on Corporate Governance™ for South Africa, 2016, the JSE Listings Requirements and the Companies Act, is available on the company's website, [www.pepkor.co.za](http://www.pepkor.co.za). It sets out the powers of the board and provides a clear separation of responsibilities and the accountability of board members and management.

The board is responsible for governance and its duties include the appointment and dismissal of the CEO. The board's primary responsibility is to provide effective strategic guidance and direction of the group's affairs for the benefit of our shareholders, creating sustainable stakeholder value by balancing the interests of all constituencies, including customers, employees, shareholders, suppliers and local communities.

Details of the board of directors, including a brief curriculum vitae for each director, are included in this report and in the integrated report.

The directors, individually and collectively, assist the group to realise its strategic objectives; manage the risks that could threaten the group's ability to provide sustainable long-term growth to stakeholders; maintain and enhance efficiencies within the group's businesses; and support the people who rely on its businesses. The board is satisfied that its composition reflects the appropriate mix of knowledge, skills, experience, diversity and independence. The non-executive directors further have the necessary skills and varied experience to bring independent and balanced judgement to the group's business.

There is a clear separation of responsibilities at board level to ensure an appropriate balance of power and authority and no individual director has unfettered powers of decision-making. While professional advisors, officers or members of staff whose input may be required from time to time to provide insight on key aspects may be invited to attend a specific board meeting or part thereof, there nevertheless remains a clear separation between the responsibilities of the board and of management and/or advisors.

### Chairman

Jayendra Naidoo was the non-executive chairman of the board. The roles of the chairman and the CEO have been formally defined and are separate. The chairman is responsible for leadership of the board, for ensuring that the board plays an effective role, and for facilitating communication with shareholders and constructive relations between the executive and non-executive directors. The chairman is appointed by the board. The chairman's appointment is reviewed every three years to ensure

continuity, subject to re-election at the annual general meeting (AGM) of shareholders, in accordance with the rotation requirements of the directors of the company.

Subsequent to year-end, Jayendra indicated that he was unavailable to stand for re-election as chairman when his term of office ended on 30 November 2020 and that he will resign from the board effective 1 February 2021. Wendy Luhabe, an independent non-executive director, was appointed as chairman for a three-year term with effect from 1 December 2020.

### Lead independent

Johann Cilliers, an independent non-executive director, was appointed by the board as the lead independent director (LID) in May 2018, and continues to serve in this role. The duties and responsibilities of the LID are set out in the board charter.

### Appointment requirements

Appointments to the board are based on levels of skill, acumen, experience and actual or potential contributions to the group, having due regard to race and gender diversity requirements. The board has adopted gender and race diversity policies to guide the identification of suitable candidates for appointment as directors.

In order to attain and maintain a level of gender and race diversity, the board will consider appropriate candidates, having due regard to merit considerations, including experience in the retail industries in which Pepkor operates and the requirements of the board. The board has adopted a nomination policy for the consideration of new directors, which is available on the company's website under documents and policies in the corporate governance section.

Non-executive directors are required to dedicate sufficient time to Pepkor board matters. They may serve on other boards, provided that such other appointments do not create a conflict of interest or interfere with their duties to the Pepkor board, but rather afford the ability to add value by bringing a broader perspective to board deliberations. A conflict of interest policy has been adopted for directors and employees, which is available on the company's website under documents and policies in the corporate governance section.



#### READ MORE

Board nomination policy  
Board conflict of interest policy

### Appointment process

Appointments to the board are formal and transparent. After review, proposals for election/re-election to the board are recommended by the nomination committee and are considered by the board as a whole, subject to the approval/ratification of shareholders. The company's MOI provides that, at every AGM of the company, one-third of the non-executive directors shall retire from the board by rotation. If eligible, such directors may offer themselves for re-election. If a director is appointed as an executive director or as an employee of the

company in any other capacity, he or she shall not, while he or she continues to hold that position or office, be subject to retirement by rotation. At the upcoming AGM of shareholders, the following non-executive directors will be retiring in accordance with the provisions of the company's MOI: Wendy Luhabe, Louis du Preez and Johann Cilliers.

The nomination committee has recommended that the retiring non-executive directors referred to above are eligible and they have confirmed that they are available for re-election.

### Director induction and development

Directors are provided with an induction manual and guidelines on their duties as a director in terms of the Companies Act, read with the recommendations of King IV™ and the JSE Listings Requirements. If required, meetings are arranged with the chairman, other directors and/or senior group executives to enable directors to familiarise themselves with the group's businesses. Ongoing development will include management forums, access to internally and externally run seminars, and the circulation of relevant industry, regulatory and economic news and analyses.

### Chief executive officer

As the CEO, Leon Lourens provides leadership to the executive team in managing the group's businesses. The CEO is appointed by the board. A succession planning process is in place for the group's executive roles.

### Chief financial officer

Riaan Hanekom is the CFO of the company. The audit and risk committee is satisfied that Riaan possesses the appropriate experience and qualifications for this position. A review of the function of the CFO and finance function was undertaken by the audit and risk committee, as detailed in the report of the audit and risk committee in the financial statements. The audit and risk committee was satisfied as to the competence, experience and strength of the finance function.

### Executive committee

An executive committee has been established with the primary responsibility of assisting and advising the CEO in implementing the strategies and policies determined by the board, managing the business and affairs of the company, prioritising the allocation of capital, technical and human resources, and ensuring best management practices. The CEO has the authority to vary the composition of the executive committee from time to time to ensure that he receives the appropriate assistance and advice. The committee comprises the following persons, appointed from time to time: the CFO and business heads, under the chairmanship of the CEO. The committee meets regularly, usually on a monthly basis.

### Board standing committees

In keeping with the recommendations of King IV™, the board has established four standing committees through which it executes some of its duties, namely:



Audit and risk committee



Human resources and remuneration committee



Nomination committee



Social and ethics committee

The board may establish ad hoc committees for specific projects/purposes should the need arise. Each committee acts in accordance with its own terms of reference, under which certain functions of the board are delegated for clearly defined purposes. However, the board recognises that delegating various functions and authorities to committees does not absolve it of its duties and responsibilities. The board evaluates the performance and effectiveness of each of the committees in accordance with the recommendations of King IV™. Details of the committees are presented in this report on pages 23 to 24.



# BOARD MEETINGS, ATTENDANCE AND PERFORMANCE

**The board is satisfied that it has fulfilled its responsibilities in accordance with its charter for the year under review.** Further, the board has provided guidance and direction in the exceptional operating circumstances resulting from the global COVID-19 pandemic, and the consequent national state of disaster, including an extended lockdown, declared by the South African government on 15 March 2020.

## Meetings and attendance

Board meeting attendance*	2019	2020					Total attendance
	20/11 #	20/02 #	25/05 #	19/06	21/09	22/09 #	
J Naidoo (Chairman)	●	●	●	●	●	●	6/6
JB Cilliers	●	●	●	●	●	●	6/6
TL de Klerk	●	●	●	●	●	●	6/6
LJ du Preez	●	●	●	●	●	●	6/6
RG Hanekom	●	●	●	●	●	●	6/6
MJ Harris (Resigned 19 February 2020)	●	●	●	●	●	●	1/1
LM Lourens	●	●	●	●	●	●	6/6
WYN Luhabe	●	●	●	●	●	●	6/6
SH Müller	●	●	●	●	●	●	6/6
F Petersen-Cook	●	●	●	●	●	●	6/6
JD Wiese	●	●	●	●	●	●	5/6

\* As a consequence of the global COVID-19 pandemic that resulted in a national state of disaster and consequent lockdown as of 27 March 2020, the board held eight extraordinary meetings to address COVID-19-related matters and the impact on the group. A further extraordinary meeting was held on 2 September 2020.

### Legend:

●	Attended	●	Apology	●	Post-resignation	#	Scheduled meeting
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### Board extraordinary meeting attendance

	2020									Total attendance
	17/03	25/03	01/04	08/04	15/04	22/04	29/04	13/05	02/09	
J Naidoo (Chairman)	●	●	●	●	●	●	●	●	●	9/9
JB Cilliers	●	●	●	●	●	●	●	●	●	9/9
TL de Klerk	●	●	●	●	●	●	●	●	●	9/9
LJ du Preez	●	●	●	●	●	●	●	●	●	9/9
RG Hanekom	●	●	●	●	●	●	●	●	●	9/9
LM Lourens	●	●	●	●	●	●	●	●	●	9/9
WYN Luhabe	●	●	●	●	●	●	●	●	●	9/9
SH Müller	●	●	●	●	●	●	●	●	●	9/9
F Petersen-Cook	●	●	●	●	●	●	●	●	●	9/9
JD Wiese	●	●	●	●	●	●	●	●	●	9/9

### Audit and risk committee

	2019	2020			Total attendance
	19/11 #	14/02 #	21/05 #	17/09 #	
JB Cilliers (Chairman)	●	●	●	●	4/4
SH Müller	●	●	●	●	4/4
F Petersen-Cook	●	●	●	●	4/4

### Human resources and remuneration committee

	2019	2020			Total attendance
	18/11 #	19/02 #	25/05 #	18/09 #	
SH Müller (Chairman)	●	●	●	●	4/4
LJ du Preez	●	●	●	●	4/4
MJ Harris (Resigned 19 February 2020)	●	●	●	●	1/4
J Naidoo	●	●	●	●	4/4

### Nomination committee


	2019	2020			Total attendance
	18/11 #	19/02 #	25/05 #	18/09 #	
J Naidoo (Chairman)	●	●	●	●	4/4
JB Cilliers	●	●	●	●	4/4
LJ du Preez	●	●	●	●	4/4

Social and ethics committee	2019	2020		Total attendance
	10/12 #	25/05 #	18/09 #	
F Petersen-Cook (Chairman)	●	●	●	3/3
LM Lourens	●	●	●	3/3
WYN Luhabe	●	●	●	3/3

**Legend:**

●	Attended	●	Apology	●	Post-resignation	#	Scheduled meeting
---	----------	---	---------	---	------------------	---	-------------------

### Board performance



**King IV™ Principle 9: Performance evaluations** – The governing body should ensure that the evaluation of its own performance and that of its committees, its chairman and its individual members, supports continued improvement in its performance and effectiveness.

The board acknowledges the importance of having regular evaluations conducted of the board and its committees.

In this regard, self-assessment evaluations were conducted by the human resources and remuneration committee and by the audit and risk committee. These are conducted on a platform that is anonymous and the results are provided to the committee chairman who then assesses the results and provides recommendations to enhance and improve the performance of the committees. Both assessments indicated that the committees were performing in accordance with their terms of reference, but there are areas to enhance and improve their performance, and responsibilities were identified.

The board also conducted a self-assessment exercise. The evaluation was the board’s assessment of itself and its committees. It did not include a peer assessment of the performance of individual directors. The assessment was

driven by the company secretary and reported in the first instance to the chairman. The platform used ensured that the assessment was conducted on an anonymous basis. The assessment indicated that, in general, the board was performing well in terms of its charter. Some areas of improvement were identified and are being actioned.

The board approved an evaluation of the chairman, which was conducted through an external expert. Members of the board participated in the evaluation, as did identified key stakeholders. The evaluation indicated that the chairman, in his role as chairman, performed his responsibilities well, although reservations were expressed as to the chairman not being independent.

By conducting these regular evaluations, the board and its committees are able to express support for continued improvement in their performance and effectiveness.

### Company secretary assessment

The company secretary’s responsibilities are fulfilled by Pepkor Proprietary Limited. The board is satisfied that the company secretarial role is carried out by persons who have the necessary competence, qualifications and experience, and that there is an arm’s length relationship between the company secretarial function and the board members.

# GOVERNANCE FUNCTIONAL AREAS

**The board applies its collective mind to the areas of oversight, as set out in the board charter.** Oversight and decision-making activities of the board draw on the collective expertise and experience of the directors, critical discussion and an appropriate exchange of information.

## Risk management



**King IV™ Principle 11: Risk and opportunity governance –**  
The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.

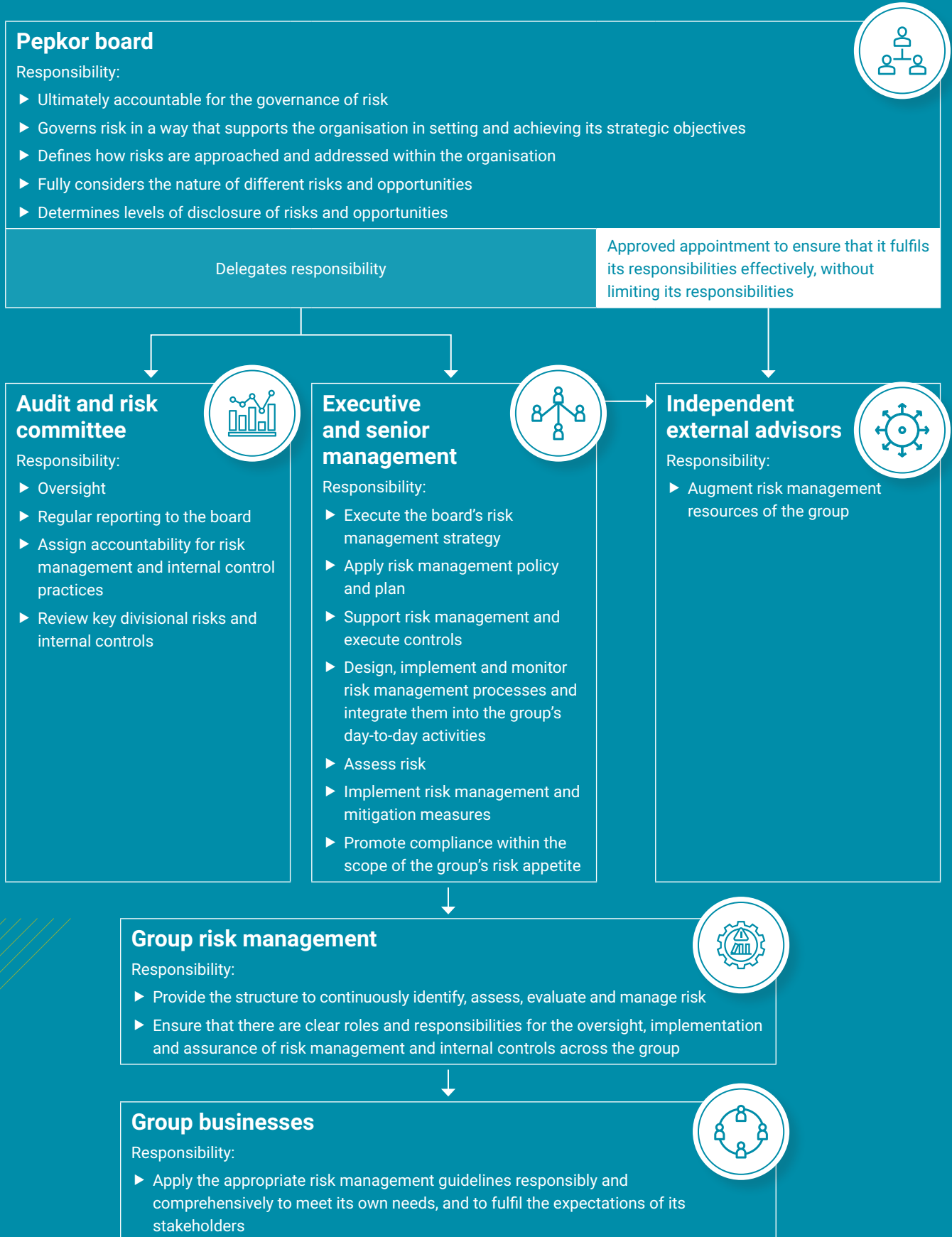
The board is committed to achieving the group's strategic objectives in accordance with the recommendations of King IV™. The group continuously embeds risk management throughout its business activities and decision-making processes at all levels. The group risk appetite and tolerance thresholds establish a common risk terminology for financial risks, compliance risks, sustainability risks, health and safety risks, and business continuity and disaster recovery risks. Executive management is accountable to the group executive

committee and the group audit and risk committee for designing, implementing and monitoring the systems and processes that underpin risk management.

PEPKOR FOCUSES ON MANAGING OPPORTUNITIES AND MITIGATING RISKS THROUGH THE ADOPTION AND IMPLEMENTATION OF THE FOLLOWING KEY COMPONENTS:

- ▶ Group risk management framework
- ▶ Group risk appetite and tolerance thresholds
- ▶ Quarterly risk assessments by operating entities
- ▶ Common risk management methodology and nomenclature
- ▶ Consolidation of material group and divisional risks
- ▶ Control assurance

## Risk governance framework



### Risk management framework

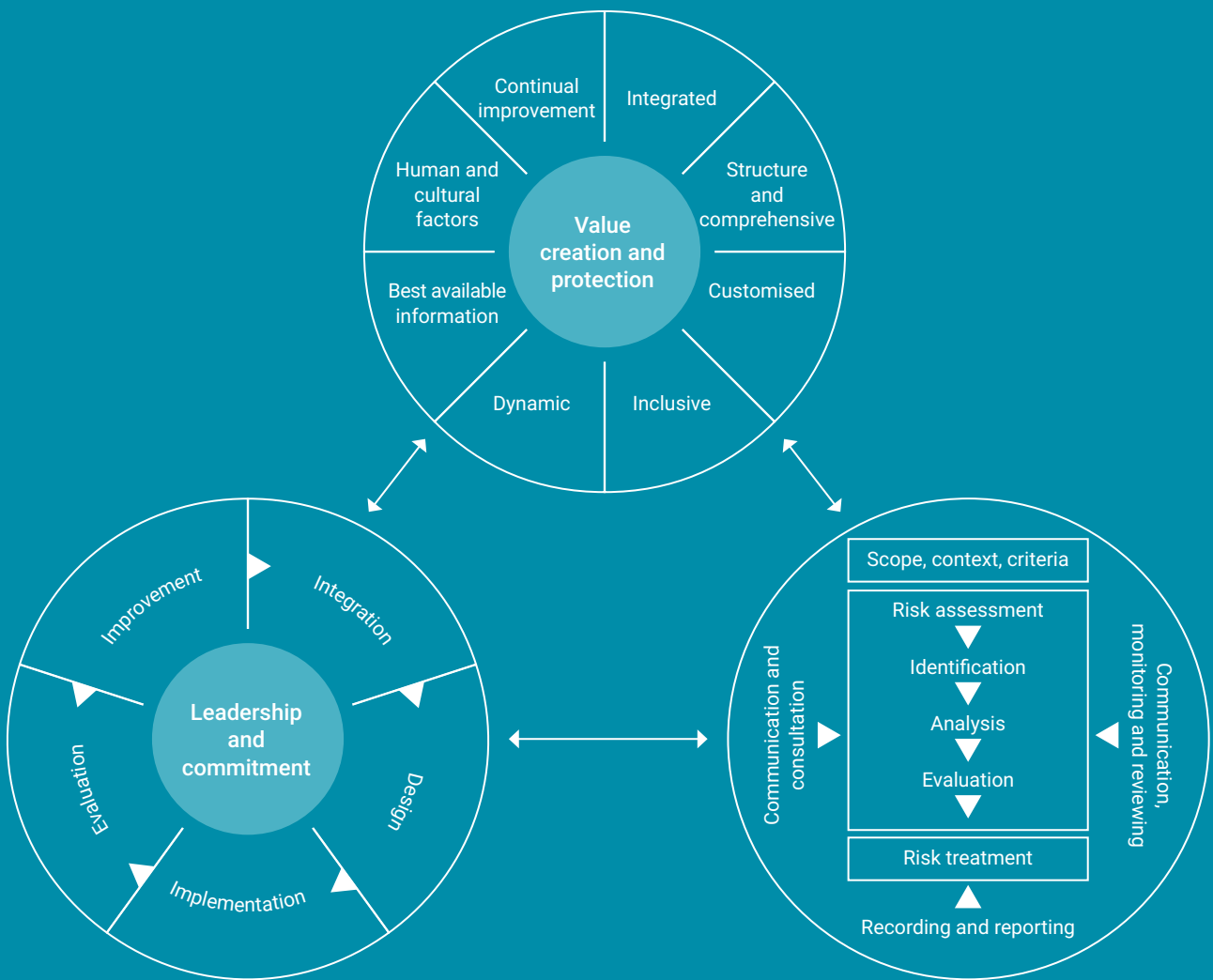
Pepkor’s risk management framework enables the group to effectively identify potential events that may affect its strategy, risk and opportunity, performance and sustainable development, and manage risks within acceptable levels, in line with its risk appetite. The aim is to provide reasonable assurance regarding controls that facilitate risk mitigation and the achievement of group objectives.

The Pepkor risk management framework is designed to ensure effective risk management oversight, implementation and assurance. The group’s risk management approach ensures that regular risk management assessments are completed by each business and reported to the group audit and risk committee for review.

Risks are identified from bottom-up and top-down perspectives, creating a cross-section of material risks per operating segment. The group prescribes strict minimum standards for the control environment and regularly deploys internal and independent audit teams to test control effectiveness across all operating entities. Failures to implement significant/key controls within set periods are escalated to divisional executive management and the group audit and risk committee.

### Risk management implementation

The group follows a combined assurance approach across the following three lines of defence:



## Technology and information



**King IV™ Principle 12: Technology and information governance** – The governing body should govern technology and information in a way that supports the organisation in setting and achieving its strategic objectives.

Technology and information are key enablers for the business. Pepkor's systems and infrastructure enhance value creation through delivering competitive advantage derived from customer intelligence, as well as enhancing efficiencies across the supply chain. The board is cognisant that the use of technology increases exposure to risks related to cybercrimes and business continuity. In addition, the directors, on behalf of the group, monitor the ethical and responsible usage of technology and information to ensure the safety of any personal or sensitive information obtained.

The board is responsible for ensuring appropriate governance of the group's IT systems to support the achievement of the group's strategic objectives. The audit and risk committee monitors the group's technology and information initiatives and programmes on behalf of the board. The committee submits reports to the board on a regular basis. Refer to the statement of fulfilment of responsibilities in the audit and risk committee report. The board delegates the responsibility of implementing and executing effective technology and information practices, and of keeping abreast of changes and advances in the field to the audit and risk committee. Management has established an IT steering committee.

## Compliance



**King IV™ Principle 13: Compliance governance** – The governing body should govern compliance with applicable laws and adopt policies, rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.

The board sets the standards that ensure compliance in all areas of the business with relevant laws, regulations, codes and policies. There is zero tolerance for breaches of legislation, and material breaches are reported to the board directly, or through committee structures. The board has delegated compliance responsibility to management.

Compliance is an ongoing requirement for everyone involved in the Pepkor business, from directors to employees, suppliers and other stakeholders. Assurance is sought through various channels, including external providers, such as auditors, with a focus on financial compliance. The group compliance officer also plays an important role in identifying the regulatory universe of the group and providing an advisory service to the business. The group internal audit function, as an independent assurance provider, supports the compliance process by monitoring and detecting where compliance risk is identified.

The group internal audit function was independently assessed in 2019 against the International Standards for the Professional Practice of Internal Auditing and Code of Ethics, which include independence requirements, and were assessed to conform to the Standards.

No material breaches were brought to the attention of the board or its committees during the period under review.

## Statement of compliance

Pepkor is committed to sound corporate governance and compliance with the JSE Listings Requirements and King IV™. The company has applied the King IV™ principles and has made available details of its application on the company's website. The company has complied with the provisions of the Companies Act, with the provisions of its MOI and with the equity and debt Listings Requirements of the JSE Limited.

## Assurance



**King IV™ Principle 15: Assurance** – The governing body should ensure that assurance services and functions enable an effective control environment and that these support the integrity of information for internal decision-making and the organisation's external reports.

The board acknowledges that it cannot operate effectively without confidence in the information placed before it. It has delegated responsibility for the oversight of direct assurance services and functions to the audit and risk committee, which ensures that an effective internal control environment exists to provide integrity of information used in decision-making. The committee also ensures that a combined assurance model is allied to cover significant risks and material matters through the use of internal and external assurance providers. The committee is satisfied with the status of the effectiveness of the models in respect of financial and non-financial risks and controls.

The board has delegated the oversight of the internal audit function to the audit and risk committee. The internal audit function operates under a charter that is reviewed annually. The internal audit manager has a direct reporting line to the chairman of the audit and risk committee, in addition to his reporting responsibilities to the finance function.

## Assurance overview

### Assurance providers

#### Management assurance

Management assurance includes control self-assessments, monitoring and reviewing key performance indicators, evaluating the integrity of the internal control environment, and providing recommendations relating to identified weaknesses, improvement opportunities and key risks that are not adequately mitigated. Management reports its views to the audit and risk committee regarding the adequacy and

effectiveness of the internal control environment and takes appropriate remedial action if required.

#### *Internal assurance*

Internal assurance providers (compliance/legal/risk management) review and evaluate the scope and results of internal assurance activities, including risk assessments, compliance reviews and quality reviews. Internal assurance providers also consider the impact of risk mitigations on the overall internal control environment and exposure to key risks. The enterprise risk management maturity needs to be aligned with the remedial actions recommended by internal assurance providers.

#### *Group internal audit*

The group internal audit function provides independent and objective assurance, through the audit and risk committee, of the effectiveness of the entire risk management system and associated processes, and provides recommendations for improvement where necessary. Internal audit is independently responsible for reviewing the group's internal control environment and governance. Internal audit provides an independent and objective view of the effectiveness of the group's risk management and control activities and considers the outputs of risk assessments to compile audit plans on an annual basis.

#### *Incident management*

The frequency of losses due to armed robberies, burglaries and theft has risen substantially over the last 18 months, and Pepkor's incident management process continues to improve accordingly. Incidents are investigated by internal and/or independent teams, who identify and rectify any current and future exposure of the group. Control information is consolidated for reporting to the audit and risk committee on a quarterly basis.

In addition to the above, external audit provides independent assurance on the financial statements.

## Stakeholders



**King IV™ Principle 16: Stakeholders** – In the execution of its governance roles and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.

The board accepts its duty to present a balanced and understandable assessment of the group's position in reporting to stakeholders. The board delegates its responsibility for stakeholder management to management. Key stakeholder groups include employees, shareholders, suppliers, customers and government. Reporting addresses material matters of significant interest and concern to all stakeholders. It presents a comprehensive and objective assessment of the group so that shareholders and stakeholders with a legitimate interest in the group's activities can obtain a full, fair and honest account of its activities and performance. The board encourages proactive engagement with shareholders.

## Remuneration



**King IV™ Principle 14: Remuneration governance** – The governing body should ensure that the group remunerates fairly, responsibly and transparently, so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

The board, through the human resources and remuneration committee, sets the policy, direction and approach for remuneration. The remuneration policy and implementation report are outlined in the remuneration report, which is included as part of the Pepkor integrated reporting suite.



# COMMITTEE REPORTS

**The committees of the board have met regularly throughout the year in order to ensure that they address all issues in accordance with their respective terms of reference.**

After each committee meeting, a comprehensive report is provided to the board.



## Audit and risk committee

The audit and risk committee is an independent statutory committee established by the board to assist it in discharging its risk management responsibilities within the group.

The committee provides independent oversight of the risk management process and makes recommendations to the board for its consideration and authorisation. The committee does not assume management functions, which remain the responsibility of the executive directors and other senior members of management.

### MANDATE

The board has delegated the following key functions, among others:

- ▶ oversight of the integrity of the group's financial statements, reporting process and risks;
- ▶ managing the relationship with the group's external auditor; and
- ▶ oversight of the group's internal controls and assurance processes.

The full report of the audit and risk committee for the period under review is available in the company's audited annual financial statements, available on the company's website at [www.pepkor.co.za](http://www.pepkor.co.za). The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference.

The committee comprises lead independent director Johann Cilliers, who serves as chairman, and independent non-executive directors Steve Müller and Fagmeedah Petersen-Cook.

The re-election of these committee members, which has received the support of the nomination committee and the board, is subject to the approval of shareholders at the upcoming AGM. The chairman of the committee is appointed by the board.

The CFO, the CFOs of the major businesses, the relevant internal audit representatives, the tax manager and the external auditor regularly attend committee meetings by invitation. All invitees have unlimited access to the audit and risk committee chairman.

Details of meeting attendance are on page 16.

For a full list of committee member qualifications and experience, refer to the directorate on pages 10 to 12.



## Human resources and remuneration committee

The human resources and remuneration committee is responsible for determining and approving the group's general remuneration policy, which is presented at each AGM for a non-binding advisory vote by shareholders. Details of the group's remuneration policy are contained in the remuneration report, included as part of the integrated reporting suite.

The committee comprises independent non-executive director Steve Müller, who serves as chairman, non-executive directors Jayendra Naidoo and Louis du Preez. Subsequent to year-end, on 20 November 2020, Wendy Luhabe was appointed to the committee. Mark Harris resigned with effect 19 February 2020. Meetings of the committee are attended by the CEO, the CFO and the group HR executive as invitees. With recent changes to the board, it is likely that the committee, in future, will have a majority of independent non-executive directors. No director is involved in deciding on his or her own remuneration.

The committee operates under terms of reference that are aligned with the recommendations of King IV™ and are reviewed on a regular basis. The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Details of meeting attendance are on page 16.

For a full list of committee member qualifications and experience, refer to the directorate on pages 10 to 12.

#### MANDATE

The committee is responsible for making recommendations to the board on the company's framework of executive remuneration, including the remuneration packages of certain senior managers and the packages for each of the executive directors. It ensures that incentives are appropriately structured and awarded to drive the group's performance and assist the group in reaching its strategic goals in the short, medium and long term.



### Nomination committee

Members of the committee exercised independent judgement in the discharge of their duties, although the King IV™ recommendation of a majority of independent non-executive directors was not achieved. The composition will be reviewed to ensure ultimate compliance with the King IV™ recommendations.

The committee comprises non-executive director Jayendra Naidoo, who serves as chairman, lead independent director Johann Cilliers, and non-executive director Louis du Preez.

The committee's terms of reference have been aligned with the recommendations of King IV™. The committee is governed by a formal terms of reference, which are reviewed by the board. The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Details of meeting attendance are on page 16.

For a full list of committee member qualifications and experience, refer to the directorate on pages 10 to 12.



### Social and ethics committee

This committee executes the duties assigned to it by the Companies Act, as well as any additional duties assigned to it by the board of directors of Pepkor. Although management is tasked with the day-to-day operational sustainability of their respective areas of business, the board remains ultimately responsible for group sustainability and has delegated certain duties in this regard to the social and ethics committee.

The board recognises that addressing social and transformation issues is crucial for the sustainability of the group, and that continued investment in its employees and the communities within which it operates is key to the ongoing viability of the group's businesses. King IV™ recommends that the board governs the ethics of the company and the group in a way that supports the establishment of an ethical culture.

The committee is chaired by independent non-executive director Fagmeedah Petersen-Cook and further comprises independent non-executive director Wendy Luhabe and the CEO Leon Lourens. As per the recommendations of King IV™, the committee meets the requirement of executive and non-executive directors, with a majority being non-executive members.

The committee is governed by a formal terms of reference, which is reviewed by the board. The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

The committee has fulfilled its mandate as prescribed by the Companies Regulations to the Companies Act, and there were no instances of material non-compliance to disclose.

Details of meeting attendance are on page 17.

For a full list of committee member qualifications and experience, refer the directorate on pages 10 to 12.

# CORPORATE INFORMATION

**Registration number** 2017/221869/06

**Share code** PPH

**Debt code** PPHI

**ISIN** ZAE000259479

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**Debt sponsor**

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