



**2020  
CORPORATE  
SOCIAL  
RESPONSIBILITY  
REPORT**

**OUR PURPOSE  
IS TO MAKE  
A POSITIVE  
DIFFERENCE IN  
THE LIVES OF OUR  
CUSTOMERS**



OUR VISION IS TO  
BE A GLOBALLY  
RESPECTED DISCOUNT  
AND VALUE RETAILER –  
BY BEING THE BEST  
PLACE TO SHOP,  
WORK AND INVEST.

## CONTENT

Core strategic pillars



# ABOUT THIS REPORT

## Purpose of this report

**This report articulates Pepkor's approach to sustainability and highlights how our corporate social responsibility (CSR) strategy and initiatives are positioned to support the group's efforts to address material matters and stakeholder concerns. It offers an overview of our core strategic focus areas and explains how we have addressed these throughout the group.**

## Materiality

The Pepkor board and management consider materiality from both financial and non-financial perspectives, with the group's risk management approach determining the group's material matters. The group uses materiality to determine the content it reports and the extent to which it discloses any material matters relating to the group.

## Assurance

Pepkor's combined assurance model addresses all significant risks faced by the group. It comprises management, the internal audit function, external audit services and other specialists contributing to combined assurance.

External assurance applies to the audit opinion on the group's annual financial statements and the broad-based black economic empowerment (B-BBEE) contributor level status.

## Policies and supporting documentation

At group level, Pepkor's responsibility is to provide direction and guidance to the operating divisions (by providing specific policies) and to report to stakeholders on the group's impact.

The group's policies, procedures and processes provide consistency in our operations and support our strategies. Any amendments and/or new policies, procedures and processes to further support the group's strategies will be noted throughout the financial year.

Operational case studies illustrate how the operating divisions address material matters and deliver their and the group's strategy. Updated quantitative data is published annually as part of the group's integrated reporting cycle.

## Responsibility

The board acknowledges its responsibility for all matters relating to the group and is supported by the social and ethics committee, who ensure the integrity of this report. As part of good corporate governance, the board confirms that they have reviewed the content of the CSR report and believe it is a fair presentation of the group's CSR performance.

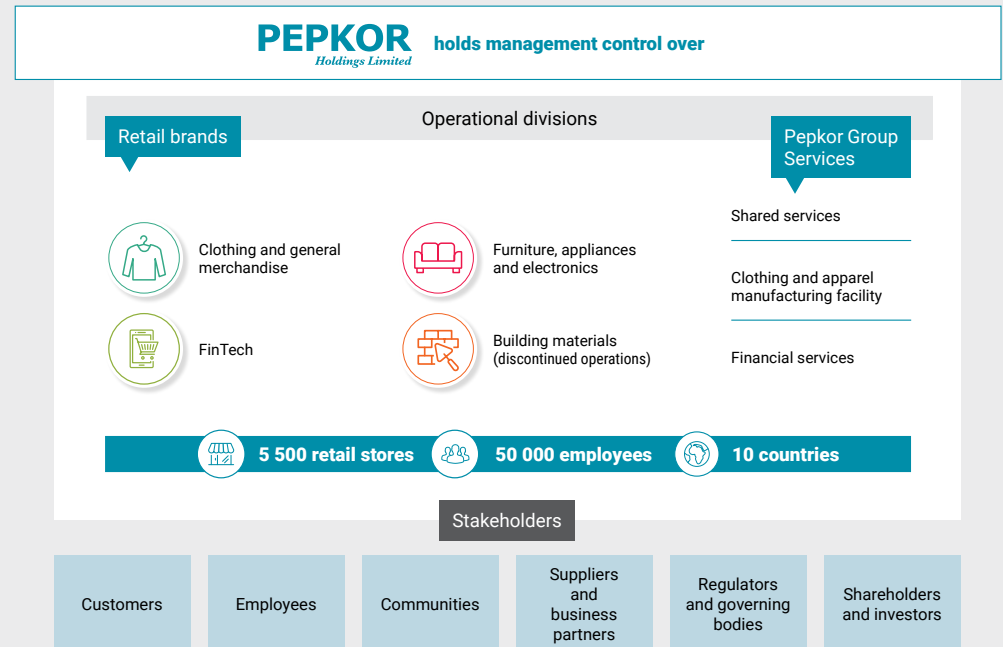
## Reporting boundaries

Pepkor's integrated reporting covers Pepkor Holdings Limited and its subsidiaries.

Pepkor's decentralised business structure requires a tailored approach to reporting. Operating divisions within the group have

different priorities, and their reporting is aligned accordingly. This approach impacts the depth of reporting on the environmental, social and governance (ESG) themes.

All references to Pepkor, the group or the company refer to the operations within the structure shown below:



## Reporting principles and frameworks

As a JSE-listed company, we are guided by the FTSE/JSE Responsible Index guidelines for the group's CSR reporting.

The following principles and frameworks were considered in the compilation of our reports:

- ▶ The King IV Report on Corporate Governance™ for South Africa, 2016 (King IV™)\*
- ▶ The International <IR> Framework as issued by the International Integrated Reporting Council (IIRC)
- ▶ FTSE/JSE Responsible Investment Index – a series of ethical investment stock market indices
- ▶ United Nations Global Compact (UNGC), Organisation for Economic Co-operation and Development (OECD) and International Labour Organisation (ILO) principles
- ▶ The Companies Act, No. 71 of 2008, as amended (Companies Act)
- ▶ The JSE Listings Requirements
- ▶ The International Financial Reporting Standards (IFRS)

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## ABOUT THIS REPORT CONTINUED

## We align our reporting of the capitals with that of the International <IR> Framework.

The group uses the principles set out in the International <IR> Framework to explain our business model and how we use our resources to create value for our stakeholders. Pepkor's ability to create value over time is reported in the context of how we manage our available capital, as explained in the business model.



### READ MORE

Integrated report, business model p 26

#### SOCIAL AND RELATIONSHIP CAPITAL:

Our relationships with our customers, communities and suppliers that have been established and nurtured over many years.

#### READ MORE: CASE STUDIES

Going where our customers need us  
Group response to the COVID-19 pandemic

**HUMAN CAPITAL:** Our culture and skills development that enable employees to deliver on Pepkor's strategy and to grow on a personal level.

#### READ MORE: CASE STUDIES

Three levels of leadership programmes  
Store manager promotions  
PepClo heroes: front-line staff

**INTELLECTUAL CAPITAL:** Our retail experience and disciplined way of doing business in a simplified and effective manner at the lowest possible cost, and consistent innovation to better serve the needs of customers.

#### READ MORE: CASE STUDIES

Flash/CoCare partnership provides  
COVID-19 support

**MANUFACTURED CAPITAL:** Our systems and processes, physical and virtual retail channels and supply chain capability give customers easy access to our products and services.

#### READ MORE: CASE STUDIES

Flip-flops expand into new factory  
E-commerce goes live  
PepClo diversifies during the COVID-19 pandemic

**FINANCIAL CAPITAL:** The funding to sustain and grow our operations, including shareholder equity, debt and other funding. We allocate capital optimally to maximise returns.

#### READ MORE: INTEGRATED REPORT

CEO's report – p 6  
CFO's report – p 38

**NATURAL CAPITAL:** The impact of our business and operations on our communities and the environment.

#### READ MORE: CASE STUDIES

Shopping bag alternatives



#### NEW FLIP-FLOP LINE FOR PEPCLO

PepClo's new flip-flop production facility will support local procurement and employment. The new flip-flop facility will employ an additional 40 permanent employees.



*For the first time in history, many countries were locked down for trade, travel and social interaction at the same time. Never before have we experienced a phenomenon that had such a direct impact on all of us and our livelihoods.*

## MESSAGE FROM OUR CEO

Pepkor is built on the commitment to make a difference in the lives of our employees and customers.

**This commitment was top of mind during a year which posed unprecedented challenges to our business.** Our purpose of making a positive difference in the lives of our customers remains at the heart of what we do and, even during this trying year, we did everything in our power not to lose sight of that purpose. It was also a year during which the well-being and livelihoods of our employees deserved more attention than ever before. We remain mindful that, without all our stakeholders, we would not be in business.

The COVID-19 pandemic is probably what 2020 will be remembered for in years to come. As it swept across the world, unprecedented measures were employed to contain and prevent the spread of the virus.

Pepkor's first priority was the well-being and livelihoods of our almost 50 000 employees. Firstly, we had to create a work environment that was safe for our people. Secondly, we had to find ways to keep remunerating our teams despite the lockdown. We are satisfied that we achieved both these goals.

Furthermore, the group stepped up to our responsibility, through many contributions,

to help fight and alleviate the impact of the COVID-19 pandemic on the people and communities of South Africa – making a positive difference in the lives of our customers. It also reminded us of the important role our business plays to serve our customers and communities and make their lives easier and better.

The group's environmental initiatives are largely managed through our focus on optimising our operational efficiencies. This year, more than ever before, we had to save and preserve our resources. This was not only to safeguard our business, but also to make it possible to pass on some of these savings to customers and make products more affordable for them. Our culture of doing the right thing has again proved to be a successful foundation for our business practices, as we reached out to the people around us and the environment in which we operate.

We seek to achieve our social objectives within the context of satisfying our customers' needs and helping to improve their lives. Guided by this focus, we use the FTSE/JSE Responsible Investment Index (FTSE/JSE Index) as a reporting framework. I am pleased that we continue to make progress in aligning our response to the FTSE/JSE Index with that of our operational management reporting. We review our progress and actions annually to ensure that we progress in this regard.

Including all our stakeholders, we also continued to support and strengthen our partnerships with our suppliers, and we increased our efforts to make our supply chain more efficient – saving costs and resources in the process.

I am extremely proud of the way in which everyone in our group, in their personal and professional capacities, took hands to work together to make a difference within the context of what has become a 'new normal' due to the COVID-19 pandemic. Pepkor managed to remain focused on our core strategic pillars, which drive our sustainability strategy, despite the severe disruptions in our environment. It is because of this focused approach and our ability to execute on our strategy through our business model that Pepkor managed to achieve an exceptional performance during these challenging times.

This report provides a view of the work we have done in this regard and our strategy to build a long-term sustainable future for all our stakeholders.

### LEON LOURENS

*Chief executive officer*



*As the conscience of the company, the social and ethics committee executes its statutory role, and provides oversight of social and ethical matters relating to the group on behalf of the board.*

# SOCIAL AND ETHICS COMMITTEE REPORT

Within the scope of our social responsibility and the purpose of the group, we are focused on making a positive difference in the lives of our customers.

**The social and ethics committee (SEC or the committee) is a statutory committee, established in terms of section 72 of the Companies Act, No. 71 of 2008, as amended.** The committee is defined by its terms of reference, which are shaped by the statutory duties of the committee, as specified in regulation 43 to the Companies Act, and the JSE Listings Requirements.

## Committee composition and meetings

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.

Director	Qualifications
<b>F Petersen-Cook</b> Chairman	BBusSc (Act.Sc.), FIFoA, FASSA, PGDip (MgtPrac), CD(SA), IoDSA (Cert.Dir)
<b>WYN Luhabe</b> Member	BCom
<b>LM Lourens</b> Member	HND (HR), BCom (Marketing)

The human resources (HR) executive, head of internal audit, the compliance manager, the investor relations executive and various other specialists attend the committee meetings by invitation. The company secretary of the group acts as the secretary of this committee.

The committee held three scheduled meetings during the period under review. All members were present at all three meetings.

## Role of the committee

In accordance with regulation 43 of the Companies Act, in addition to the board's responsibilities to its shareholders, it is required to pay attention to the matters of the SEC. The SEC oversees the sustainability agenda of the group. It monitors and reports on the group's activities with regard to relevant legislation, legal requirements and prevailing codes of best practice within the sustainability context relating to:

- ▶ social and economic development;
- ▶ good corporate citizenship;
- ▶ the environment;
- ▶ health and public safety;
- ▶ consumer relationships; and
- ▶ labour and employment.

Principles and structures for facilitating good governance are in place throughout the group's operations. The board is committed

to ensuring that these are reviewed regularly to improve effectiveness. Principles and structures specifically related to sustainability include:

- ▶ oversight of ethical leadership;
- ▶ ensuring responsible corporate citizenship;
- ▶ adhering to organisational values, ethics and culture;
- ▶ guiding and supporting strategic implementation and performance measurement (ensuring that the group can continue to create sustainable value);
- ▶ reviewing and improving reporting and disclosure;
- ▶ developing an awareness of the environment and the risks of climate change; and
- ▶ deepening the transformation activities of the group in all areas of B-BBEE.

Within the context of Pepkor's decentralised structure, the group's operational management is responsible for ensuring compliance with laws and policies and communicating relevant requirements to their employees. Divisional business leaders serve on Pepkor's executive committee to assist the chief executive officer (CEO) in fulfilling his responsibilities. The CEO is responsible for all group operations and is accountable to the board of directors.

While the board has delegated certain powers and authority to executive management and



## SOCIAL AND ETHICS COMMITTEE REPORT CONTINUED

board committees, ultimate responsibility for full and effective control of the group rests with the board. The board is also responsible for setting an ethical tone and for creating a culture of integrity and compliance characterised by high levels of transparency and disclosure. The board's function is assisted and supplemented by the SEC.

Our code of ethics clearly states that it is the duty of all directors and all managers of the group to ensure that ethical standards and policies of the group are made known to all employees. Ultimately, however, it is up to each of us to adhere to Pepkor's values of dignity and respect, trust and credibility, to deliver value and affordability to our customers, and to perform our duties in accordance with all laws and regulations.

Critical sustainability issues are dealt with at the highest level of authority and may be escalated to the board. However, it remains the responsibility of each employee and extended stakeholder to observe the principles set out in the group's code of ethics, and to act in accordance with the laws and regulations relevant to the business and country of operation. The committee oversees the sustainability reporting of the group.

Pepkor's social sustainability centres on our ability to create socio-economic value for our customers, employees and communities. In this context, transformation and diversity are also key priorities, and the board supports the goals and objectives of the B-BBEE and the EE Acts. The group sees this legislative framework as an opportunity to further develop and establish itself as a business focused on social leadership and change. The committee monitors and reports on the B-BBEE compliance of the group.

The SEC oversees the corporate social responsibility reporting of the group. The chairman of the committee, together with the CEO, is responsible at

board level for all ESG matters reported on in the CSR, including climate change.

### Focus areas in FY20

The committee ensured that, for the second year, the group put in place a KPI for management related to B-BBEE. We have seen positive results emerge from ensuring this sustained focus, although many of the planned interventions were interrupted by the COVID-19 pandemic. Further reference to the B-BBEE incentive is made in the remuneration report.

The group has identified a significant need in the market for sources of funding for small black businesses. In 2019, the committee approved the establishment of S'Ya Phanda, an enterprise development funding vehicle aimed at the development of the black SME supplier network of the group. The current financial year started with the committee approving, and the group successfully concluding, a B-BBEE funding and acquisition transaction to support the enterprise development imperative of the B-BBEE Act.

The committee previously identified that there were a number of government schemes that could be better utilised to support particularly skills development initiatives for the employees of the group. During the course of FY20, programmes were initiated with discretionary funding from the Wholesale and Retail SETA, which is likely to total more than R22 million, for learnerships, internships and bursaries.

The group rolled out learnerships during FY20 with a specific focus on youth and disabled people. This not only helps the country deal with engendering the independence of disabled persons, but also with the scourge of youth unemployment, which exceeds 60% in South Africa. Despite the impact of the COVID-19 pandemic, more than 1 000 learnerships were concluded and an additional 329 disabled learnerships were implemented.



The group rolled out learnerships during FY20 with a specific focus on youth and disabled people. These programmes were initiated with discretionary funding from the Wholesale and Retail SETA, which is likely to total more than R22 million, for learnerships, internships and bursaries.

## SOCIAL AND ETHICS COMMITTEE REPORT CONTINUED

## Key issues monitored in FY20

The 2020 agenda of both the committee and the board was arrested by the advent of the COVID-19 pandemic, globally since January, and locally since March. The onset of the COVID-19 lockdown shifted the focus of the committee and management. The board remained closely involved during this time, with weekly and then fortnightly meetings at which intervention strategies were discussed and agreed, and key measurables were monitored.

The impact on suppliers, particularly from mainland China, was swift, as production facilities limited operations. Swift changes had to be made to supplier contracts to manage the inflow of orders. The local lockdown meant that Pepkor had to shut down all our retail operations. Incredible Connection was the first retail brand that could reopen, when sales of equipment for home offices and online learning purposes were allowed.

The majority of our employees are customer facing. The lockdown meant that these employees could not work. Management focused on the safety of employees, continuity of income through application for the government's TERS scheme, and the liquidity and solvency of the business. The group ensured that applicable medical, and life and disability benefits remained in place for the duration. During this period, group support services and the operations that were allowed to operate as essential services, and our retail operations that reopened for trade progressively, focused on the safety of our staff and our customers.

The board, executive directors and the executive team supported the call by

government and, for the months of April to June 2020, donated a portion of their salaries and fees to assist with the relief efforts. In aggregate, R3.1 million was donated to the Solidarity Fund and the CoCare Voucher Programme. Pepkor has made the 6th highest contribution (as at 15 December 2020) to the Solidarity Fund by corporates in South Africa.



### READ MORE: CASE STUDIES

Group response to the COVID-19 pandemic  
Flash/CoCare partnership provides COVID-19 support

While we mourn the loss of 17 employees due to COVID-19, we remain vigilant in protecting the safety of our 50 000 employees, who work hard to ensure that Pepkor makes a positive difference in the lives of our customers.

## Activities and outcomes in FY20

The committee established a work plan for FY20 but, as explained above, some of the interventions planned for the year under review were not fully implemented because of the interruption caused by the COVID-19 pandemic.

One of the key priorities of the work plan was to improve the group's B-BBEE score. The targeted improvement was not achieved because of lockdown restrictions. However, we remain committed to improving B-BBEE over the long term, improving the demographic of all management levels in the business, ensuring skills development and transfer, and supporting the development of black suppliers in South Africa.

The group is aware of the impact of climate change. The committee is overseeing the improvement of data collection within the group to ensure the reporting of more complete information regarding the

environmental impact of our operations. We are continually expanding the range of interventions to improve the sustainability of our operations by doing things more efficiently, improving the use of, and reducing the utilisation of resources, and improving our recycling efforts.



### READ MORE: CASE STUDY

Shopping bag alternatives

The committee noted that the audit and risk committee monitored general compliance with laws and regulations in the country.

The audit and risk committee also monitors the tax practices of the group and its subsidiaries, and that, as a good corporate citizen, the group conducts transparent and responsible tax practices.

The SEC monitored reporting on compliance with specifically health and safety legislation, as well as the regulations issued under the Disaster Management Act.

The committee monitored the compliance of the group with the ILO's policy on decent work and working conditions.

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

## Looking ahead

The committee will continue to:

- ▶ oversee the management of exposure to the COVID-19 pandemic and monitor that the group ensures the safety of staff and customers;
- ▶ ensure that the critical outcomes required to achieve B-BBEE compliance remain a focus area for management going forward;

- ▶ drive the importance of climate change and bring to the attention of the board the need to better understand the impact of our operations on the environment, and the risks that climate change might pose for the business. This will be a key focus area looking ahead, while being mindful that the key to the success of the group is the ability to keep the cost of doing business down; and
- ▶ give effect to the regulatory requirements of being the significant shareholder of an insurance group.

## Recognition

To conclude, I wish to express my gratitude to the other members of the SEC for their invaluable input, advice and support.

My thanks also to the HR executive, the compliance officer, the head of internal audit, head of investor relations, members of the Pepkor SEC working group, the executives of the operating divisions, who implement the many CSR initiatives, and all other contributors, for enabling the committee to execute our mandate.

### FAGMEEDAH PETERSEN-COOK

*Independent non-executive director and chairman of the SEC*



## CASE STUDY

## SOCIAL AND RELATIONSHIP CAPITAL

GROUP RESPONSE TO  
THE COVID-19 PANDEMIC

The COVID-19 pandemic is probably what 2020 will be remembered for years to come.

**In South Africa, national lockdown protocols to prevent the spread of the COVID-19 pandemic dealt a significant blow to the already fragile economy, and the retail sector in particular.** The trade restrictions imposed in terms of the national lockdown resulted in the group not being able to trade in its full merchandise range until June 2020.

This put pressure on our business, but it also had an impact on the livelihoods of our customers, as the need for food and basic products and services increased.

While the group prioritised the livelihoods of our almost 50 000 employees and put plans in place to ensure business continuity, in preparation for when trade would reopen, we also reached out to the people around us who really needed help.

At the outset of the COVID-19 pandemic, we made substantial donations that helped to kick-start the immense national relief efforts. We extended our partnerships with strategic organisations that had group-wide and national reach. Our employees, within their teams, initiated community-based projects.



'Because of our collective efforts, we believe that more people, especially children, had access to meals. That shows more heart than just managing our own environment and that is what we, as leaders of our businesses, are about.' Leon Lourens, CEO

Picture: Courtesy of the Do More Foundation

## GROUP RESPONSE TO THE COVID-19 PANDEMIC CONTINUED

## PEPKOR'S RESPONSE

The impact of the COVID-19 pandemic on our business was a R5 billion loss in revenue during FY20. Despite this massive, unforeseen event, the Pepkor group is in a privileged position that we could mitigate most of the impact.

As restrictions on business were directly linked to different levels of lockdown at different times across the world, we worked with all suppliers, employees and business partners on a collaborative basis to reduce any long-term business risk that could impact our ability to provide products and services to our customers.

- ▶ We managed merchandise inflows in anticipation of lower consumer demand. With the bulk of the group's product range defensively skewed towards basic, functional, everyday products that are sourced well in advance, it provided flexibility to delay and postpone orders where necessary.
- ▶ The bulk of winter merchandise was either in transit or had already been received. We could therefore supply basic and winter items, which were in high demand after the lockdown restrictions were lifted.
- ▶ We renegotiated terms of property leases.
- ▶ We fast-tracked and increased our e-commerce capabilities.
- ▶ We introduced a more conservative approach to credit granting in view of the general economic pressure consumers were facing.
- ▶ We diversified our manufacturing facilities to produce reusable fabric masks,

## R8 million

contributed towards COVID-19 relief

## 3 months'

salary and fee sacrifice by all Exco and board members

## 2 million

reusable fabric masks

## 500 000

approved disposable protective gowns

produced by PepClo front-line staff during lockdown level five

READ MORE: CASE STUDIES  
PepClo heroes: front-line staff  
PepClo diversifies during the COVID-19 pandemic



## 1 million liters

of sanitiser distributed to stores between opening for trade and end September

## R14 million

CoCare vouchers



READ MORE: CASE STUDY  
Flash/CoCare partnership provides COVID-19 support



## R600 000

contributed by customers at till points to the Do More Foundation feeding scheme



Across all pay points, customers are given the opportunity to donate money to the Do More Foundation feeding scheme. To date, the foundation as served more than **7.6 million meals**.

R1 million in baby care and hygiene product donations to Gift of the Givers and pre-natal care mothers and babies

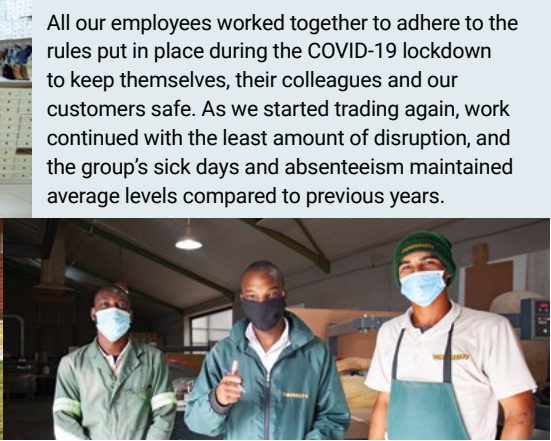
disposable protective gowns for donations and customers, and screens and sanitiser stands for all group facilities, including stores.

- ▶ Pepkor aimed to remunerate all employees in operations and support functions by using different measures and relief options.
- ▶ The outcries on social media from new mothers who were not able to clothe their babies due to stores being closed was heartbreaking, and the group did everything in its power to resume operations as fast as possible. Our efficient supply chain and logistics infrastructure successfully dealt with significant bottlenecks in the distribution of merchandise to stores. Record service levels were achieved, allowing the group to meet pent-up demand from consumers for much needed products, such as winter and newborn baby clothing.
- ▶ We joined forces with the rest of the country to address community needs. Across the group divisions, there were many initiatives. In many instances, they are unquantified, as employees reached out in their personal capacity.
- ▶ Challenges arising from the COVID-19 pandemic dominated the board's agenda from March until year-end, and will continue to be relevant in the future. The board adopted a highly active oversight role to support management, addressing a range of complex issues focused primarily on the safety of our employees and on ensuring the survival of the company's businesses. It held weekly and then fortnightly meetings at which intervention strategies were discussed and agreed on, and key measurables were monitored.





Across the group, employees reached out in their communities to help those most vulnerable and affected by the impact of the COVID-19 pandemic. They either incorporated the COVID-19 plight into their existing initiatives, started new ones or identified ad hoc areas of need.



All our employees worked together to adhere to the rules put in place during the COVID-19 lockdown to keep themselves, their colleagues and our customers safe. As we started trading again, work continued with the least amount of disruption, and the group's sick days and absenteeism maintained average levels compared to previous years.



# PERFORMANCE OVERVIEW

**3.6%**

growth in revenue from continuing operations to

**R63.7 billion**

**1 billion**

units sold annually



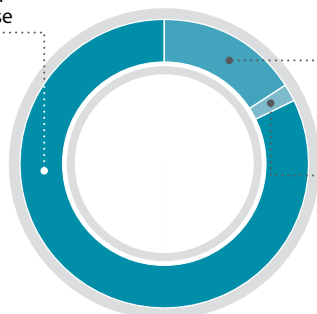
**5 500 stores**

**234 new stores**

## Total stores

Clothing and general merchandise

**82%**



**400 million**

transactions annually

**2.4 million**

m<sup>2</sup> total retail space



**50 000**

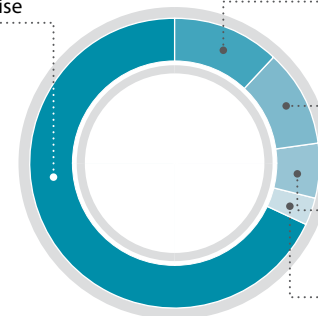
total employees



## Total employees

Clothing and general merchandise

**68%**



Furniture, appliances and electronics

**12%**

Building materials

**11%**

Group Services

**6%**

FinTech

**3%**

[READ MORE: CASE STUDY](#)  
Group response to the COVID-19 pandemic

**R8 million**

contributed towards COVID-19 relief

**R40.7 million**

CSI investment in communities

**22 million km**

travelled in the Pepkor Logistics distribution network

**2 600 tonnes**

of packaging material reused

[READ MORE: CASE STUDY](#)  
Shopping bag alternatives

**1 000 tonnes**

post-consumer plastic waste used for plastic bag production

# GROUP SUSTAINABILITY STRATEGY

By nurturing our relationships with customers and employees, we make an important contribution to the communities in which they live and work.

Our sustainability strategy is founded on the environmental, social and governance practices of the group. At the heart of the business, we take care of our customers, and to do this, we have to take care of our employees and communities as well. We therefore describe ourselves as a 'social retailer' with a primary focus on our social influence and impact. This does not exclude the importance of our responsibility towards our environment and the emphasis we place on good corporate governance. We fully acknowledge that the practices around ESG are supportive of one another.

Our sustainability strategy supports our purpose of making a positive difference in the lives of our customers and the communities in which we operate, by providing convenient access to everyday products and services at affordable prices. This is further supported by the way we do business, and gives us the ability to create socio-economic value for our stakeholders.



ALISCAI MKOSI, PEP customer

'I always buy here because I can afford it.  
It's cheap for me to buy here and get more.'

GROUP SUSTAINABILITY STRATEGY CONTINUED

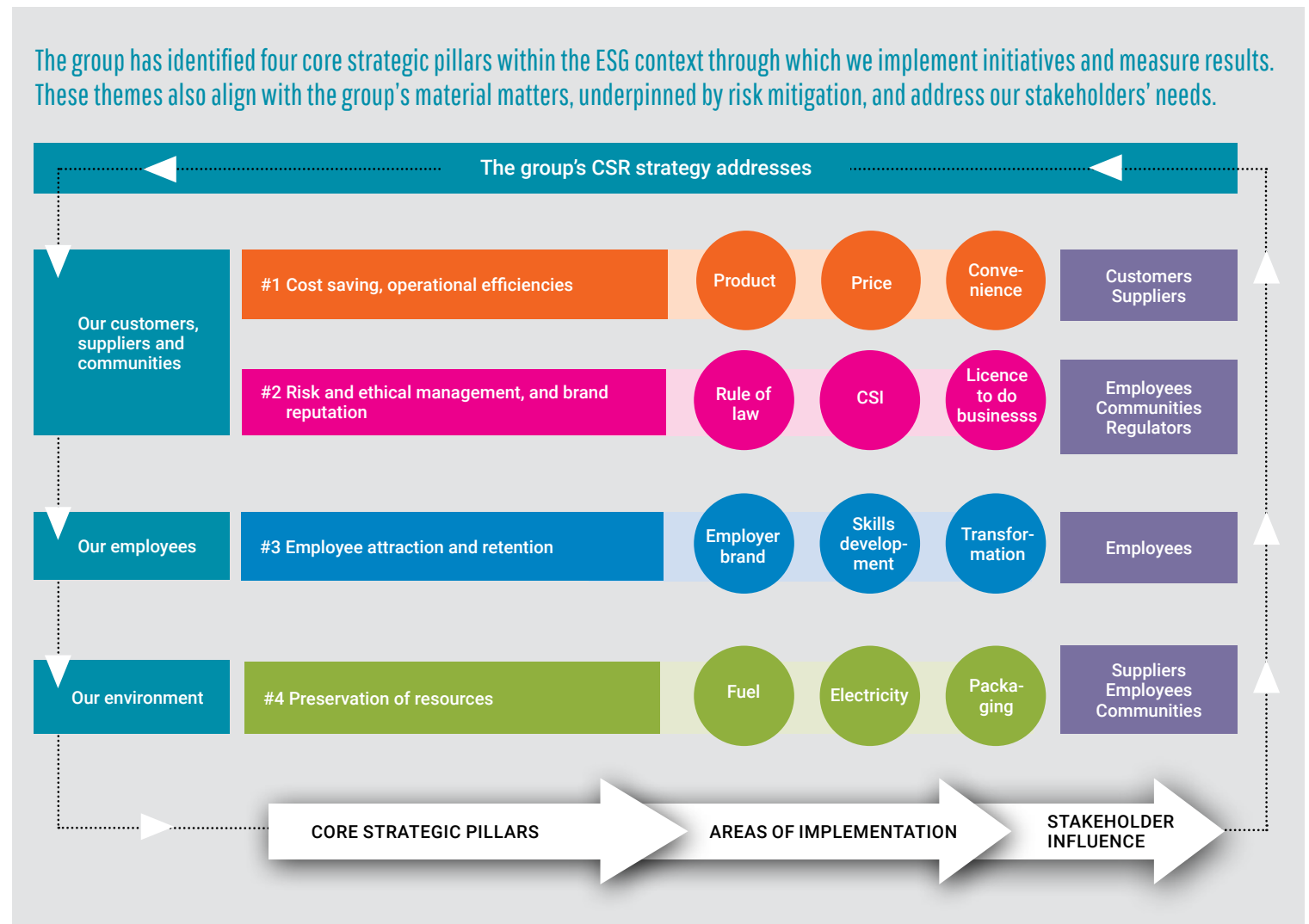
In doing so, we assist our customers to provide for their families in a way that gives them dignity and pride. To do this, we have to be cognisant of our long-term sustainability. We do this by managing our resources effectively through keeping costs as low as possible, while making sure we abide by good business practices, pay our taxes and protect our reputation as a group of trusted and recognised brands.

Our FinTech business, Flash, and our counter-to-counter parcel service, PAXI, specifically empower small entrepreneurs that create grassroots employment. They provide low-income customers with affordable products and services, which enable them to improve their lives.

By focusing on our employees, their well-being and development, we automatically focus on good corporate governance practices, human rights, regulatory compliance, reward, and their work environments. Our CSR strategy aligns with the group's strategy, and therefore addresses all stakeholders: our customers, employees, communities, suppliers, shareholders, investors and regulators.

As a JSE-listed company, we are guided by the FTSE/JSE Responsible Index guidelines for the group's CSR reporting, which covers ESG issues.

Pepkor and all our operating companies have focused tirelessly on serving our customers well, with a compelling value proposition of lowest prices and the lowest cost of doing business in the South African retail arena.





# CORE STRATEGIC PILLAR #1

## COST SAVING AND OPERATIONAL EFFICIENCIES



⇒ LINK TO  
 ⇐ Manufactured and Intellectual capitals  
 Stakeholders: Customers, suppliers and communities

# #1

We have a 'people first' approach and our promise is to provide our customers with the best products they need at prices they can afford.

**Pepkor's extensive footprint allows us to leverage our scale to reduce costs, while seeking new business and market opportunities.** Our intellectual property and extensive retail experience support our ability to manage effectively each step in the supply chain, from high-level oversight to introducing new technologies and systems, and from the time the product leaves the manufacturing facility until it is purchased by the customer.

## CORE STRATEGIC PILLAR #1 CONTINUED

We have built trusted relationships with our suppliers over many years by focusing on developing active partnerships that enhance product quality, manage costs, build efficiencies and introduce new solutions. The area that has the most impact on our supply chain, which we can influence and manage directly, is the logistics function. An indirect risk resides in the sourcing functions, where environmental issues could have an impact on production, for example, the lack of raw material.

As consumers adapt to an ever-changing, technology-driven world, the way they buy and interact with brands also changes. By investing in new technology, processes and infrastructure, we are able to keep providing our customers with innovative products and services. Everything we do is focused on adding value, from the way we select and source products, to how we enable customers to access our products and services.

The group therefore focuses on cost saving and operational efficiencies throughout the supply chain, from sourcing to product and service delivery. Although our supply chain functions are driven by cost control, the added value of cost saving translates into managing and using fewer resources, keeping any kind of waste to a minimum, and fostering a culture of saving and resourcefulness.

We also need the right talent at every functional level in the supply chain to ensure that we achieve the best results. By employing experts and focusing on specialised development, we are able to deliver on our purpose and at scale.

## Product

We understand our customers and the communities in which they live, and are able to address their needs, providing a variety of needed and wanted products and services. Our services extend from individual customers to empowering local businesses and entrepreneurs (SMEs) to tap into the group's offering.

Most of the group's products are in the clothing and general merchandise segment that includes PEP and Ackermans as discount and value retail brands.

**65% of group revenue** is derived from clothing and general merchandise of which 86% is generated by PEP and Ackermans.

## PEPKOR'S RESPONSE

- ▶ The clothing and general merchandise segment includes the PEP and Ackermans discount and value retail brands, which focus on baby and kids' apparel. A clear bias exists towards basic and replenishment products that customers need to purchase regularly. These retail brands comprise the largest portion of group revenue and earnings.
- ▶ During the COVID-19 pandemic, the group worked with the industry to reopen stores to provide consumers with needed products. This was enhanced by the public outcries on social media from new mothers who were not able to clothe their babies due to stores being closed.



## CORE STRATEGIC PILLAR #1 CONTINUED

## Price

We manage the cost of sourcing and doing business by working together. By using the group's supply chain, scale and footprint, we provide affordability to our customers across a spectrum of products, services and price points. Although most of our customers purchase value products, Pepkor's diverse product range also caters for customers with specialist requirements.

Further leveraging our retail skills, investing in technology and finding solutions together, we increase the power of synergies and scale to keep our prices as competitive as possible. Various initiatives throughout the supply chain assist to reduce the cost of doing business, from delivering products to stores and customers, to digital transactions and parcel deliveries.

**97% best price leadership** (BPL) in PEP

**10** distribution centers

**3** primary hubs

**15** secondary hubs

**440 000 annual**

deliveries to stores (Pepkor Logistics only)

## PEPKOR'S RESPONSE

- ▶ Cost savings gained through efficiencies from leveraging the group's scale are shared with customers by keeping prices as low as possible.
- ▶ The group's supply chain is instrumental to minimise and control costs. Our scale of operations, infrastructure, and collaborative approach across retail brands and with suppliers continue to prove its worth.
- ▶ PEP and PEP CELL were awarded gold in the *Daily Sun* 2020 Readers' Choice Awards for the categories of children's clothing and cellular.
- ▶ Ackermans was again crowned as winner of the Ask Afrika Icon Brands Survey as Best Retailer in Children's Wear for the eighth consecutive year.



## Convenience

Our customers come from all corners of southern Africa. Our wide store footprint (both in the formal and informal market), supply chain, technology capabilities and various buying and delivery channels provide them the opportunity to transact in ways that suit them, making their lives easier, saving them time and money.

Our expertise and infrastructure give us the opportunity to provide our customers with affordable and convenient services.

With southern Africa's average internet usage now at 56.3%\*, Pepkor's divisions are investing in digital technology focused on developing convenient, compelling digital shopping alternatives.

\* Source: Statista

**5 500** stores

**> 2 000**

PAXI distribution points

Flash records on average

**300** transactions per second

**±4.5 million** daily transactions

from **194 000** traders



## READ MORE: CASE STUDIES

Flash/CoCare partnership provides COVID-19 support

Going where our customers need us

## PEPKOR'S RESPONSE

- ▶ We are able to serve customers at their convenience through our expansive store footprint and variety of retail channels. Our numerous payment methods and innovative technology allow accessibility for customers, regardless of where they live. We believe in saving our customers money, not only with our low prices, but also in transport costs and time.
- ▶ Shops close to customers' homes, as well as alternative digital channels and technology solutions provide customers with options to purchase products and services.
- ▶ Flash technology and the empowerment of entrepreneurs provide thousands of customers access to virtual transactions in the communities where they live.
- ▶ PAXI provides SME customers with a bespoke online parcel booking system through a self-developed app.
- ▶ The furniture, appliances and electronics segment provides customers with omnichannel solutions, and Pepkor Speciality launched full e-commerce capabilities.

## Payment channels – group sales mix

Cash

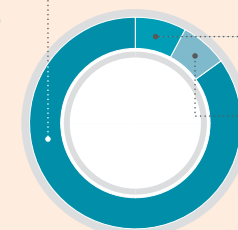
**85%**

Lay-bys

**8%**

Credit

**7%**





## CORE STRATEGIC PILLAR #2

### RISK, ETHICS AND BRAND REPUTATION



⇒ LINK TO  
 ⇐ Social capital  
 Stakeholders: Customers, suppliers and communities

# #2

Our customers are at the centre of our strategy, as we focus on understanding their environment and behavioural trends to best serve their needs and create value.

**The group has a long and distinguished history with embedded practices created by our employees, suppliers, customers and other stakeholders.** We are widely recognised in the market for our integrity, performance and leadership.

The group's retail brands measure and manage their customer interactions through a broad spectrum of channels. Continuous customer research provides information that guides teams when making decisions regarding product and service offerings. Through the group's data and analytics capabilities, collating various ways through which our brands talk to customers, we are able to measure a number of aspects that we use to improve our offering.

## CORE STRATEGIC PILLAR #2 CONTINUED

## Rule of law

Pepkor is serious about compliance with the laws and regulations of the countries in which we operate. The group reports to the board quarterly on significant areas of non-compliance and litigation. We promote and support active dialogue with authorities, if and when there are any areas of actual or perceived non-compliance. The group is currently involved in civil litigation matters as either the plaintiff/applicant or as defendant/respondent. For the most part, these matters have originated in the Tekkie Town brand, which is a division of Pepkor Speciality.

Where legislative or regulatory changes occur, the group assesses its complexity and degree of materiality and risk. While country-specific laws dictate how Pepkor operates in each geographical region, the group also applies internationally recognised principles within its employment policies.

## PEPKOR'S RESPONSE

- ▶ Good corporate governance and the rule of law are essential preconditions for the execution of the Pepkor strategy. The group scored 85% for corporate governance compliance against the FTSE/JSE Responsible Index.
- ▶ The group's central compliance office is integrated into the legal team to support the corporate office and operating businesses/divisions in discharging their responsibilities across jurisdictions. This office subscribes to regulatory platforms assisting in the dissemination of new and existing regulatory developments across all relevant legal/compliance topics.

## License to do business

International best practice, industry trends and customer behaviour inform our approach to how we do business. Our strategy supports our reputation as a social leader, and we aim to be our customers' first choice whenever they need to purchase products and services of good value, for themselves, their families or their homes.

To guide all employees to be accountable and to work as one, taking responsibility for our actions, we follow ethical codes, policies and principles.

Integrity, fairness, transparency, inclusiveness and accountability are all principles set out in the group's code of ethics. This code provides structure and guidance by outlining every employee's responsibility in terms of personal and professional behaviour while at work and when interacting with our customers, suppliers, communities and other stakeholders. The board sets the tone for compliance with the code and leads by example. Each business, in turn, must adhere to the group's code of ethics and other relevant policies.

Pepkor's policies and principles provide a road map for how our employees engage with each other and our stakeholders. It is expected that they should respect and abide by these principles. Processes are in place for employees who wish to report unethical behaviour that they believe contravenes any of the group's policies and principles.

The group, as prescribed by the Companies Act, is committed to upholding the principles set out in the UNGC, which specifically support and respect the protection of internationally proclaimed human rights.

**> 20 million**  
known customers

**6.2 million**  
monthly communications  
with customers

**1.4 million**  
active store card holders for the  
clothing and footwear brands

**0%** product recalls

**17.5 million**  
online engagements across  
the group

 **READ MORE:**  
**INTEGRATED REPORT**  
Capfin, Responsible credit approval  
process p 66

## PEPKOR'S RESPONSE

- ▶ There is a focus to gain customer insight and understanding of our social impact.
- ▶ Customer interaction is mostly around product and service-specific conversations. Regular customer feedback allows the businesses to improve their product and service delivery.
- ▶ Customer call centres are in place specifically to manage customer service and product quality.
- ▶ Decentralised whistle-blowing mechanisms are in place through which customers, suppliers and employees can log complaints. Since we operate in the retail space, instances of complaint handling are limited to customer satisfaction and not human rights abuses.
- ▶ The group manages credit risk with a conservative credit granting approach to safeguard customers and the divisions against non-payments/bad debt.
- ▶ Pepkor operates within the strict parameters of the Consumer Protection Act, and we are regulated by the Consumer Goods and Services Ombud and the National Credit Regulator. The Protection of Personal Information Act is being rolled out for compliance by July 2021, as required.





## CORE STRATEGIC PILLAR #2 CONTINUED

## CSI

Corporate social investment is an integral part of Pepkor's commitment to our CSR. It is an important mechanism for improving the group's reputation with our customers, suppliers and communities as a responsible corporate citizen and valued supplier of products and services. Our aim is for our CSI activities to add value to society. We support social investment programmes and initiatives in communities by contributing time, expertise and products, where we believe they will have a positive impact.

Each Pepkor division has its own CSI budget and focus, and we encourage employees to get involved and stay involved in local social development. The diverse nature of the group means that each business has the ability to define the extent of social initiatives, with programmes ranging from larger, long-term initiatives to employees offering 67 minutes to a worthy cause on Mandela Day. The group's CSI policy encourages divisions to allow employees one working day per year to volunteer for a worthy cause.

A large portion of the group's investment is in education and the economic development of the communities in which we operate. We believe that focusing on these two key areas will make a positive, long-term, sustainable difference to our business and our wider economy. By investing in early childhood development (ECD) and youth education, we increase employability, contributing to the development of socio-economic stability.

Our divisions support SMEs and local suppliers within the Pepkor supply chain. The business models of Flash and PAXI support economic growth by enabling entrepreneurs to develop and grow, while Flash also creates self-employment opportunities.

## R40.7 million

total contribution to CSI

## R14.2 million

in product donations were made by all retail brands to support local charities in their areas

## 32 778

CoCare vouchers to the value of R14 million were redeemed since the inception of the CoCare Voucher Programme during lockdown level five.



**READ MORE: CASE STUDY**  
Flash/CoCare partnership provides COVID-19 support

## PEPKOR'S RESPONSE

- ▶ **Ackermans Ububele Schools (since 2015)** Together, they help make schools and crèches fun, engaging and interactive by:
  - ▶ introducing new literacy programmes;
  - ▶ improving the physical environment;
  - ▶ developing teacher skills; and
  - ▶ equipping parents to support informal learning at home
- ▶ **PEP Academies (since 2008)** Due to the COVID-19 lockdown, and the closure of the PEP Academies, PEP launched a PEP@Home programme, which explored learning opportunities in low-technology

environments, while continuing to build a community of learning that includes learners, teachers and parents. More than 5 000 home learning packs were delivered to schools for Grade 4 and 5 learners. The packs included an activity book and storybook.

- ▶ The JD Group continues to support The Click Foundation, which has reached more than 650 000 learners since the programme started in 2013.
- ▶ Flash continued their support of Operation Smile and added more smile interventions during the year.



**READ MORE: CASE STUDIES (2018)**  
Education is key  
Operation smile



## CORE STRATEGIC PILLAR #3

### ATTRACTION AND RETENTION



⇒ LINK TO  
⇐ Human capital

# #3

Our employees are instrumental in creating value for our customers and our business.

**Our employees are at the heart of our business and they are the ambassadors of our culture.** Many started their careers within the group and are still with us. They know our brands well and love the business as a whole. It is the passion of the people who come to work every day to serve each other and their customers that makes us who we are. The group encourages all efforts from our operating companies to enable our employees to be the best they can be.



## CORE STRATEGIC PILLAR #3 CONTINUED

Pepkor is culturally diverse and operates in an environment that has many social challenges and opportunities. We adhere to local employment laws and have been proactively employing people from all backgrounds and ethnic groups for many years. Our employees add to the richness of our culture, and help us to understand better our equally diverse customer groups.

Pepkor's policies and principles provide a road map for how our employees engage with each other and our stakeholders. Our code of ethics is the driving force of employee and corporate behaviour. It is much more than a document. The principles set out in the code of ethics are a summary of the way we do things and have behaved for many years. It is inherent to our culture and our values, and all employees are expected to respect and abide by the principles set out in this document.

**55% of employees**  
are covered by company or industry-level collective agreements

**16%** employee turnover

**R6.5 billion** paid towards employee remuneration

**Culture surveys** form part of annual employee engagements

## Employer brand

Each of the operating divisions are employer brands in their own right, based on their brand equity, market recognition and the group's decentralised business approach.

As an employment brand, Pepkor focuses on recruiting and developing talent at an executive level across brands, within Group Services, and at the central office. By joining the Pepkor group, employees become part of a family of brands and businesses that are leaders in their industries and value employee contribution. Our philosophy of growth across all sectors allows employees to seize opportunities to build a career with purpose by making a difference in the lives of our customers.

Each operating division is responsible for its employees, from recruitment to development. Everyone is expected to act in good faith in the performance of their duties, in a manner that promotes Pepkor's aspiration to be a good corporate citizen. We strictly avoid anticompetitive conduct, and each employee must understand and comply with the anticompetition laws in their day-to-day responsibilities.

At a group level, Pepkor's organisational development and human resources (HR) department provides guidance and support in terms of HR strategies, policies, group-initiated management training programmes, employment equity (EE) and B-BBEE roll-out.

Through market-related remuneration, skills development, training programmes, and wellness and transformation initiatives, we are able to attract and retain employees who contribute positively to long-term value creation.

## PEPKOR'S RESPONSE

### Employment and remuneration

- ▶ We have consistently increased and developed our employee base and currently provide employment in 10 countries across urban and rural communities. Due to the socio-economic challenges facing many of the regions where we do business, many of our employees are often the only income earners supporting their families. Pepkor therefore focuses strongly on assisting employees to develop their skills and general employability profile.
- ▶ A policy of non-discrimination prohibits any form of discrimination and is guided by the principals of the Employment Equity Act.
- ▶ Fair and responsible remuneration is defined as salaries and wages that are competitive and market-related and remuneration policies that support a performance-focused culture. Business performance, individual performance and changes in responsibilities are taken into consideration when determining annual base salaries, while additional benefits provide further security for employees. Benefits and incentives are determined by the individual businesses, and are related to employees' level of responsibility.
- ▶ HR managers, as well as specialist employee relations practitioners, guide Pepkor's line management in interpreting and applying workplace

legislation. In countries outside South Africa, we collaborate with local specialists to ensure compliance with the applicable legislative requirements of each country.

- ▶ Positions are mainly graded according to the Paterson Grading System, which places employees into groups based on their grade level. This is used in the application of the remuneration policy.

### Wellness, health and safety, and employee assistance programmes

- ▶ The well-being, health and safety of our employees and customers are of the utmost importance. While we operate mainly in a retail environment with low physical risks, a small number of our employees work in higher-risk areas. These are limited to certain logistics activities, along with The Building Company's woodwork workshops and building yards.
- ▶ Most employees in our manufacturing and distribution operations have access to (mostly) on-site clinic facilities or healthcare workers that provide basic services. The PepClo clinic provides a comprehensive range of services to more than 1 700 manufacturing employees. It has been instrumental during the implementation of COVID-19 screening regulations.
- ▶ Pepkor's distribution centres (DCs) and distribution logistics hubs are tightly managed and comply with all health and safety laws and requirements. These locations and activities are audited internally and externally, and must pass periodic inspections to retain their certifications.

## CORE STRATEGIC PILLAR #3 CONTINUED

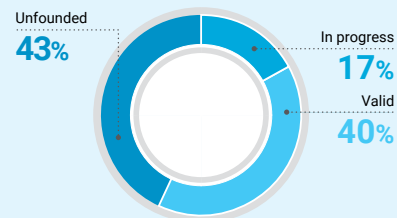
- ▶ Regulations of the Occupational Health and Safety Act are rigidly implemented and closely measured and managed.
- ▶ At operational business level, various programmes are in place to support employees. HIV/Aids programmes inform and educate employees, while additional assistance and wellness programmes provide further support to employees and, in special circumstances, their families. With the unfortunate scourge of armed robberies, employees are assisted with appropriate training and the necessary counselling and support if an armed robbery occurs.
- ▶ During the year, all the health and safety regulations to safeguard our employees and customers from COVID-19 were implemented at all Pepkor locations.

**Employee engagement**

- ▶ Key methods of engagement include induction, daily notices and support, health and safety training, physical and mental wellness initiatives, and company news. Acknowledging and celebrating our employees, the work they do, and the difference their contributions make to our customers, forms an integral part of most employee engagements. All our businesses have regular information sessions with all employees to keep them updated on the progress of each business and the group. This year, communication was more

regular and via digital platforms, due to the impact of the COVID-19 lockdown on usual operational practices.

- ▶ The group strives to maintain positive, well-established relationships with all recognised trade unions. Voluntary association with trade unions is allowed without distinction, and employees are free to join or form associations with trade unions of their choosing, to bargain collectively or to form worker representative groups in the context of the prescribed laws of their country of employment. In South Africa, 55% of employees are covered by company or industry-level collective agreements.
- ▶ Whistle-blowing processes provide anonymous, confidential and independently managed channels for employees to report unethical behaviour. Information regarding reported incidents is treated as confidential. Investigations are carried out objectively, and all incidents are dealt with in an appropriate manner relative to the misconduct, whether through disciplinary or legal action.

**Whistle-blowing hotline calls – investigations****Skills development**

Ongoing training and development equip employees with the competencies they need to fulfil their job requirements and to develop as individuals, while enhancing critical skills to support the business.

We believe that every employee has the right to realise his or her potential. Within this context, the board of directors is committed to investing in Pepkor's talent development strategy, which enables us to grow our employees and create a wider talent pool.

Pepkor's ethos is to promote from within, and to recruit externally when specialist skills are not available within the group. All employees, regardless of level, have the opportunity to grow into higher positions, and have access to an extensive range of ongoing in-house training programmes that play a crucial role in building the group's skills pipeline.

Development programmes are managed by the operational divisions and are rolled out at different employee levels, giving all Pepkor staff the opportunity to advance their career paths. Programmes offered to Pepkor externally are also utilised as appropriate to develop employees, grow skills and enable job readiness. Accredited training, as required by the B-BBEE certification process, has therefore not been the mechanism to improve skills. Pepkor's traditional means of development has enabled the effective growth of Pepkor and our people over many years. Despite this, the group acknowledges the requirement for accredited skills, and focus is being placed on ensuring that more accredited training is offered.

**PEPKOR'S RESPONSE**

- ▶ Leadership growth plays a critical part in Pepkor's employee development strategy. Accordingly, several programmes have been developed specifically to facilitate succession from line manager to executive level.
- ▶ During the course of FY20, programmes were initiated with discretionary funding from the Wholesale and Retail SETA, to be used for learnerships, internships and bursaries.
- ▶ Learnerships were focused specifically on youth and disabled people. Despite the impact of the COVID-19 pandemic, more than 1 000 learnerships were concluded, and an additional 329 disabled learnerships were implemented.

**30 666**

employees trained, including health and safety and HIV/Aids awareness

**R37.9 million**

spent on training and development

**327** bursaries awarded**READ MORE: CASE STUDIES**

Store manager promotions

Three levels of leadership programmes



## CORE STRATEGIC PILLAR #3 CONTINUED

## Transformation

Transformation, inclusivity and non-discrimination are synonymous with the group's business practices. Pepkor recognises the national and business imperative of EE. It is viewed by the group as an integral element of the overall transformation journey in South Africa.

We support the goals and objectives of EE and see it as an opportunity to help achieve our purpose to make a positive difference in people's lives. Although Pepkor's workforce is representative of the countries in which we operate, we still have to ensure that more previously disadvantaged employees fill positions at executive and management level.

## B-BBEE

Our actions are guided by the requirements of the B-BBEE Act, against which we need to report. Across the group, all operating divisions have certain B-BBEE compliance targets. The group's scores are verified and rated by an independent rating agency.

We are mindful that our B-BBEE contributor level requires significant improvement, and we are on a journey to achieve this.

Our operational businesses have their own scorecards, and many of them achieved improved results on their B-BBEE ratings. Our operating divisions are focusing on improving scores in skills development, enterprise and supplier development, and social economic development.

The group has achieved significant improvement on our B-BBEE rating since FY17 and achieved a 51.01 point score in FY20.

**94% black**  
employees

**3% black**  
top management

**25% black**  
senior management

**39% black**  
middle management

**93% black**  
store managers (South Africa only)

*Note: Black includes African, Coloured and Indian*

 [READ MORE](#)  
B-BBEE certificate, Pepkor website

**73% female**  
store managers

**71% female**  
employees

## PEPKOR'S RESPONSE

The group's EE policy determines that all operating divisions must:

- ▶ support Pepkor's vision of creating a work environment that is conducive to attract, train and retrain skilled people from all sectors of society;
- ▶ prepare a leadership talent pool to sustain the group's growth opportunities and long-term future;
- ▶ entrench an organisational culture that values diversity; and
- ▶ give effect to South Africa's EE legislation.

The group approved S'Ya Phanda, a supplier and enterprise development funding vehicle aimed at developing the black SME suppliers network of the group. The current financial year started with the committee approving and the group successfully concluding a B-BBEE funding and acquisition transaction to support the enterprise development imperative of the B-BBEE Act.



# CORE STRATEGIC PILLAR #4

## PRESERVATION OF RESOURCES



⇒ LINK TO  
⇐ Natural capital

### 7F FAST FACT: WATER

Water is not considered a material issue which can be managed directly by the group. Water usage is limited to general consumption in the work environment. Water usage and management are focused on cost efficiency. The water shortage constraints experienced in South Africa have meant that some operational sites installed water tanks to supplement water supply. Water is recycled at washing bays in the logistics operations.

# #4

We look after our environment through the efficient utilisation of our resources.

**The majority of our customers are under financial pressure and do not have the luxury of choice or access to products and services beyond their limited means.** We therefore strive to ensure that our customers can always find what they need at the lowest possible prices, and that their shopping experience is as effortless as possible. Every time we do this successfully, we save our customers money and increase their options and buying power, which in turn supports our customers and their families in living with dignity and pride.

## CORE STRATEGIC PILLAR #4 CONTINUED

The group's environmental initiatives are largely managed through our focus on optimising operational efficiencies in the areas over which we have direct control or management influence. Our success in this regard stems from a culture of cost saving and doing the right thing, which includes caring for the environment in which we operate.

By continuously enhancing efficiencies throughout the supply chain and leveraging the group's scale and capabilities, we are able to keep costs as low as possible. This approach also gives us the opportunity to explore group-wide initiatives, optimising resources in areas such as electricity and distribution. Pepkor's FTSE/JSE Responsible Index classification as a retail group places us in the low-exposure category for climate change. Yet, because of the global emphasis on climate change mitigation and regulation, we report on the group's carbon emissions. Direct fuel (scope 1) and electricity (scope 2) are measured and managed, as these are directly linked to our operations.

The group's environmental policy addresses the broader themes of environmental sustainability and details the group's commitment to minimum standards.

At an operating level, divisions look after our environment by using resources as efficiently as possible. Each operating division addresses its impact on the environment and the resources it uses in ways relevant to that business. This approach follows the group's decentralised management structure.

## Fuel

Pepkor's logistics infrastructure is the lifeline of the business, and is a significant part of our ability to deliver to our customers. Due to our diversified product ranges across four business segments, different distribution methods are in place. They present different operational challenges with respect to product dispatch, transport and receipt.

While product distribution should account for most of our scope one emissions, most of the group's fuel-related activities are outsourced to specialist third-party logistics partners.\* Despite the outsourced model, our strong cost control focus incorporates the drive to improve efficiencies which, in turn, includes managing outsourced and outbound logistics as effectively as possible. Optimisation initiatives are in place where possible.

The highest volume of the group's logistics functions reside in the clothing and general merchandise segment. Pepkor Logistics (PKL) manages most of the logistics covering this segment. Our suppliers provide the trucks and drivers, while PKL manages efficiencies through load and route optimisation. Due to the centralisation of our logistics function, fuel is saved because one truck will deliver the stock of various brands in a single location. Real-time performance measures are in place, and efficiencies are managed on a trip, truck and driver level.

The JD Group owns a fleet of delivery vehicles and has similar efficiency measures in place. It is included in the group's total carbon emissions.

### 49 156 tonnes

CO<sub>2</sub>e scope 1 emissions

### 17.8 million liters

of fuel used in owned fleet and stationary equipment

### 22 million km

travelled within the PKL distribution network

### 24 million

cartons delivered (by PKL)

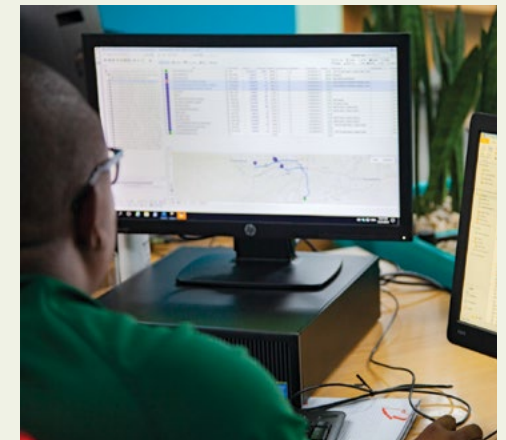
### 440 000 drops

of CFH products to stores per year (by PKL)

\* These emissions form part of Scope 3 (indirect) emissions and are out of scope for the group.

## PEPKOR'S RESPONSE

- ▶ Deliveries are optimised for distance and time, and the latest technology is used to pre-plan daily routes based on load distribution, traffic, roadworks, delivery times and product returns, to reduce the cost and use of fuel.
- ▶ Nine CFH brands are serviced out of 18 DCs and transport hubs.
- ▶ In some instances, more than one store is located in a shopping mall or town. As a result, they benefit from shared deliveries across brands.
- ▶ Packing of cartons onto trucks is done by hand to ensure that all possible space is used, optimising loads in excess of 80%.
- ▶ We support local furniture manufacturing where possible to reduce logistics and shipping requirements.
- ▶ Most DC equipment, including forklifts, are electric to save on fuel.





## CORE STRATEGIC PILLAR #4 CONTINUED

## Electricity

Electricity is a critical resource. Without power in our stores, the businesses cannot trade. Most of the properties under the group's management are leased stores. All properties, leased and owned, are reliant on municipal power supply and, in most instances, we are reliant on the property owners for the supply of electricity due to lease structures.

Most of the operating companies have implemented initiatives to reduce the usage and cost of electricity. We have already made significant changes in and adaptations to the infrastructure to minimise our electricity usage as much as possible. In a few of our stores and buildings, we have access to solar power.

Declining infrastructure and lack of development across Africa, as well as power supply challenges related to load-shedding in South Africa, continue to pose a risk to Pepkor's daily operations. Alternative power supply plans, mostly through stand-by generators and inverters, are in place in most of the group's locations. The fuel used for these generators is included in the group's fuel reporting. This is an additional expense that, at this stage, is difficult to manage or mitigate.

## 259 700 tonnes

CO<sub>2</sub>e scope 2 emissions

## 251 036 MWh

electricity used across the group

## PEPKOR'S RESPONSE

- ▶ Installing energy-efficient or alternative energy solutions continues during all store improvements and new store roll-outs.
- ▶ Stores are optimising air conditioner usage and transitioning to energy-efficient lighting.
- ▶ DCs use natural daylight and motion-sensored lighting.
- ▶ All lightbulbs in stores have been replaced or are being replaced during maintenance and store refurbishments, and all new store installations use energy-efficient alternatives.



## Paper and plastic (packaging)

The group's waste is limited to product packaging. We minimise our packaging usage and recycle whatever we can. Recycling is, however, a shared social responsibility. Even though we cannot accept responsibility for packaging waste after products have left our stores, we support a culture of recycling.

Brands that utilise large amounts of packaging are continuously investigating how to limit the amount of packaging used, as well as introducing packaging with a lower impact on the environment. This objective is balanced against the strategic driver of the lowest possible cost of doing business.

Due to practicalities around packaging material, the end-of-life of product packaging is mostly with stores (cartons used for distribution). Customers have the responsibility to dispose of product packaging in a responsible way.

The group makes every effort to recycle and reuse in our operations to minimise costs and waste to landfill.

## 2 600 tonnes

of pre-used cardboard boxes are used for product distribution

## 1 000 tonnes

of post-consumable plastic waste is used for PEP's shopping bags

## PEPKOR'S RESPONSE

- ▶ All inbound packaging is reused for outbound deliveries of products, supplemented by additional recycled cardboard boxes. Buying pre-used or recycled packaging is the most cost-effective way to distribute products from DCs to hubs and shops.
- ▶ All plastic shopping bags are procured through a central department that has a directive to buy only plastic bags with a minimum 60% recycled material component. All PEP's plastic bags are made from post-consumable plastic waste, saving 1 000 tonnes of plastic from landfills.
- ▶ All our clothing stores reuse hangers. Ackermans pre-packs its products with hangers in the DC. The stores then send the hangers back to the DC through a reverse logistics system, to be reused. PEP reuses all clothes hangers in stores.
- ▶ In the furniture division, most products are received, stored and distributed in their original packaging from the manufacturer. In most instances, packing material for furniture, mattresses and appliances is sent back to the DCs with the delivery vehicles once the merchandise has been unpacked and checked for quality.



READ MORE: CASE STUDY  
Shopping bag alternatives

# SUPPLY CHAIN: SUPPLIERS

The group's supply chain is instrumental to minimise and control costs.

The group's supply chain is integrated into the entire business and is what makes the group successful. It gives us our ability to deliver on the group's corporate and sustainability strategies – from procurement through logistics to our retail distribution channels and platforms.

⇒ LINK TO  
Natural and social capital  
Stakeholders: Customers, employees, suppliers, regulators

**88 000 cartons**  
of products delivered daily to  
CFH stores

**Stringent supplier  
screening in place**



## PEPKOR'S RESPONSE

- ▶ Sourcing and procurement play a pivotal role within our supply chain. Each business drives its strategy with regard to supplier compliance and management.
- ▶ We believe in dealing with suppliers and business partners who understand the importance of our strategy. We believe in building collaborative partnerships and offering our suppliers opportunities for growth by building long-term relationships.
- ▶ Most supplier development programmes in South Africa align with the B-BBEE enterprise development requirements and aim to enhance employment, manufacturing and logistics opportunities.
- ▶ Throughout the group, businesses use trusted suppliers and well-known international brands who comply with responsible business practices.
- ▶ Due to the group's diverse product and service categories, suppliers are evaluated against specific sets of criteria relevant to the product, service and value. Any issues of non-compliance that may arise are dealt with immediately through appropriate channels.

Managing the supply chain is integral to our four sustainability pillars:

- ▶ #1 Cost saving and operational efficiencies: **driving a low cost of doing business**
- ▶ #2 Risk, ethics and brand reputation: **providing customers with ethical products and services**
- ▶ #3 Attraction and retention: **employing the best people in each area to deliver on the group's purpose**
- ▶ #4 Preservation of resources: **by managing efficiencies, we aim to minimise the use of resources**





# GROUP OVERVIEW

OUR EXPERIENCE SPANS MORE THAN 100 YEARS OF BUILDING TRUSTED BRANDS.



**MAGDALENA DANIELS AND RUTH JOSEPHUS** received their certificate awards for 40 and 20 years (respectively) of dedicated service at PepCo.



GROUP OVERVIEW CONTINUED

# CORPORATE OVERVIEW

Pepkor has the largest retail store footprint in southern Africa, and we leverage our assets to add value to our customers' lives. The scale of our operations, combined with our retail experience and disciplined manner of execution, represents core assets in which we continuously invest to sustain and grow our business.

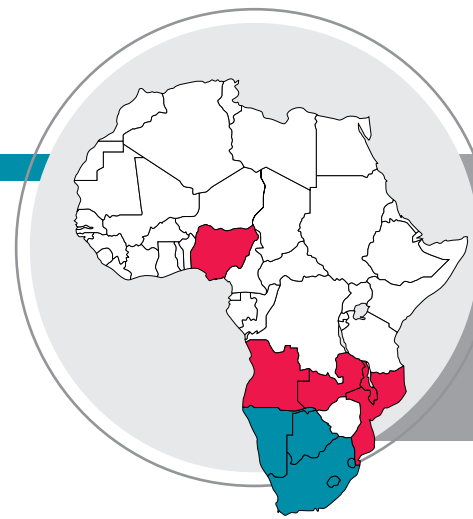


**OUR MISSION**  
is to make a positive difference in the lives of our customers and the communities in which we operate, by providing convenient access to everyday products and services at affordable prices.

**OUR VISION**  
is to be a globally respected discount and value retailer – by being the best place to shop, work and invest.



**OUR VALUES**  
are expressed through our culture. We believe in supporting, respecting and trusting each other while we enable each other to grow together.



## OUR FOOTPRINT

10 countries

- Angola
- Malawi
- Mozambique
- Nigeria
- Zambia
- Botswana
- eSwatini
- Lesotho
- Namibia
- South Africa

## OPERATING CONTEXT

Segmental revenue contribution



65%

Clothing and general merchandise

13%

Furniture, appliances and electronics



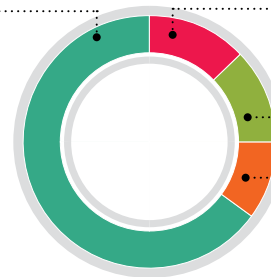
12%

FinTech



10%

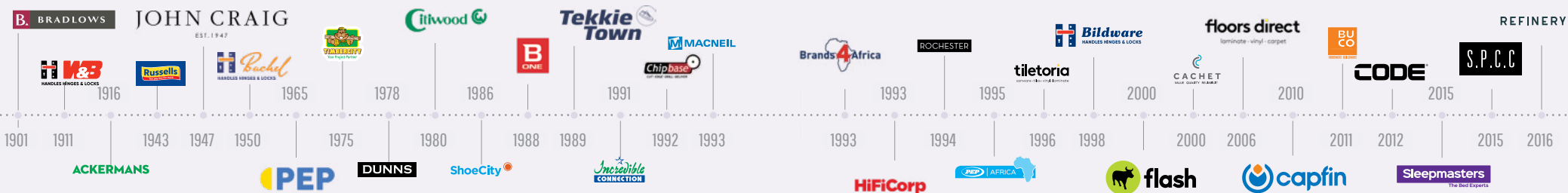
Building materials (discontinued operations)\*



READ MORE:  
**INTEGRATED REPORT**  
Segmental overview p 42  
Operational overview p44

\* On 4 August 2020, the group announced its disposal of The Building Company, comprising the entire building materials segment. The transaction remains subject to the fulfilment of certain conditions precedent and is classified as discontinued operations in the current year.

## OUR EXPERIENCE SPANS MORE THAN 100 YEARS OF BUILDING TRUSTED BRANDS.



## GROUP OVERVIEW CONTINUED

# GROUP STRATEGY

Managing a large retail group at low cost of doing business in the discount and value retail market requires a disciplined approach that promotes simplicity to ensure that costs are contained.

**Our strategy focuses on three pillars** that ultimately provide customers with value for money and guide the strategy of each of our operating divisions.

The group operates on a decentralised basis with each retail brand having its own unique customer value proposition and approach. Divisional senior leadership teams are responsible for its implementation through a specific strategy. These teams are supported and enabled by central group services (Group Services) that include specialist skills and capabilities, leveraging the scale of the group and applying best practice.

Collectively, all operating divisions focus on efficiencies to provide the right products at the best price at our customers' convenience.



## GROUP OVERVIEW CONTINUED

# FOUR OPERATIONAL SEGMENTS SUPPORTED BY GROUP SERVICES

Our retail brands serve customers in the discount, value and specialist value retail market, which includes the vast majority of the southern African population.



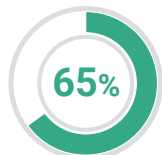
## CLOTHING AND GENERAL MERCHANDISE

This segment provides clothing, footwear and homeware (CFH) products, fast-moving consumer speciality goods (FMCG), cellular and financial services. Retail brands include PEP, PEP Africa and Ackermans, Shoe City, Dunns, Tekkie Town, John Craig, Refinery, S.P.C.C and CODE.

Tenacity Financial Services supports the Ackermans and Pepkor Speciality retail brands through revolving credit offered to customers.

Pepkor Group Services, which includes the corporate office, forms part of this reporting segment.

### Contribution to group results



65%

Revenue

### R5.2 billion

Operating  
profit



### 35 900 employees



### 4 486 stores



### 10 countries

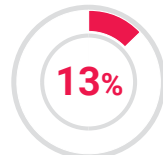


## FURNITURE, APPLIANCES AND ELECTRONICS

This segment comprises the JD Group and Abacus businesses. The JD Group includes six household furniture, appliances and electronics retail brands. Connect Financial Solutions provides credit through instalment sale receivables. Retail brands include Russells, Bradlows, Rochester, Sleepmasters, Incredible Connection and HiFi Corp.

Abacus provides insurance products via its subsidiaries to customers of the JD Group and other group businesses.

### Contribution to group results



13%

Revenue

### R301 million

Operating  
loss



### 5 700 employees



### 879 stores



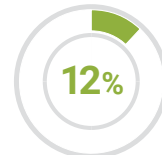
### 4 countries



## FINTECH

This segment includes businesses that provide virtual products and services to customers in the informal sector through digital technology to make their lives easier. In many instances, these businesses leverage other Pepkor retail channels, including the store footprint, but do not enable sales in any of the Pepkor retail brands. Flash and Capfin are included in this segment.

### Contribution to group results



12%

Revenue

### R455 million

Operating  
profit



### 1 500 employees



### 194 000 Flash traders



### 5 countries (Flash)



## BUILDING MATERIALS

Discontinued  
operations

The Building Company (TBCo) comprises this segment. The business operates across three divisions, which include more than 10 established and well-known brands that provide and distribute products for the building industry. Brands include BUCO, Timbercity, Chipbase, MacNeil, Cachet, Citiwood, Brands4Africa, Buchel, W&B Hardware, Bldware, B-One, Tiletoria and Floors Direct.

### Contribution to group results



10%

Revenue

### Break-even

Achieved



### 5 500 employees



### 115 stores



### 2 countries

## PEPKOR GROUP SERVICES

Group Services manages all the functions that support the brands and other operational businesses. Centralising many of these services and regulatory functions allows us to use our economies of scale to save costs and improve efficiencies, providing a holistic group approach to group compliance and applying best practice.





GROUP OVERVIEW CONTINUED

# MATERIAL MATTERS AND RISKS

Risks are identified and monitored based on the group’s risk management framework and process, and inform the group’s material matters.

The interaction between our material matters, business model and strategy determines our success in the short, medium and long term. Our material matters are identified through our materiality process, which is owned by senior management with input from the board. Identifying and managing these material matters is based on our risk management process and is further informed by strategic issues raised by senior management and our key stakeholders, as well as our evolving operating environment.

The materiality of any matter is based on its influence on the group’s ability to create value, regardless of whether it is positive or negative. Recognising these material matters and risks, and taking our strategy and operating environment into account, we aim to align our corporate social responsibility efforts with these, where possible.

Achieving growth in a low-growth environment



Sustainable growth remains challenging due to the current difficult operating environment. The operating environment places pressure on our customers’ disposable income, which inhibits growth in the retail market.

Maintaining an efficient and effective supply chain



Pepkor relies on an extensive supply chain that has been built over many years and is based on good supplier relationships, as well as effective systems and infrastructure.

Maintaining a low cost of doing business



Maintaining a low cost of doing business is part of our DNA through our disciplined approach to manage costs and to leverage our scale and investments in efficient systems and processes.

Attracting and retaining talent



This culture is maintained and nurtured by our talented employees and is an extremely important part of our success.

Allocating capital effectively and optimising gearing levels



The group has improved the flexibility of its capital structure by reducing debt through various interventions.

Key to material risks



[READ MORE](#)  
Our material matters, integrated report p 20  
Material risks, integrated report p 23



## GROUP OVERVIEW CONTINUED

# OUR STAKEHOLDERS

**Our values define how we engage with our stakeholders and foster mutually beneficial relationships. Pepkor's scale and synergies influence multiple stakeholder groups.**

We aim to ensure that engagement:

- ▶ is linked directly to delivering value to Pepkor and the groups or individuals we engage with;
- ▶ pays specific attention to addressing material matters;
- ▶ is always professional and ethical; and
- ▶ is managed according to the specific requirements of each stakeholder group.

The value we create as a group is linked to the value we create for all our stakeholders. This happens through our business activities and our interactions and relationships with stakeholders.

Our main output is the products and services we provide, which results in the key outcomes of customer satisfaction and revenue. Our business model in the integrated report describes these interactions in more detail. We discuss below how we promote positive stakeholder relationships.

We identify our stakeholders as groups or individuals that can significantly affect or be affected by our business activities and its outputs or outcomes, or whose actions can affect our ability to create value over time.



## CUSTOMERS

**Our goal is to treat customers with dignity and respect, while giving them access to the products and services they need and want.**

### How we engage

Our brands are in constant, direct communication with more than 20 million known customers through direct feedback we receive from them, whether it be digitally, in store, or through our contact centres.

Currently, customer interactions are centred around product and service-specific conversations.

Regular customer feedback allows the divisions to improve product and service delivery.

### Stakeholder expectations

- ▶ Affordability
- ▶ Quality
- ▶ Access
- ▶ Variety
- ▶ Customer service
- ▶ Trusted and responsible brands

### Our strategic response

By focusing on our customers and providing them with products and services that add value to their lives, we retain a loyal customer base and gain new customers, who are looking for affordable shopping alternatives.

17.5 million online engagements with the group's digital communities across all brands

More than 1 million daily transactions with customers



## EMPLOYEES (AND TRADE UNIONS)

**Our goal is to create a safe and productive work environment where employees can develop as people and professionals.**

### How we engage

The human resources (HR) function is decentralised, and the strategy is implemented within each operating division through appropriate HR structures. Each division engages directly with their employees and their representatives, e.g. trade unions.

Practices across the group are continuously improved, addressing staff engagement, culture, training, job security, remuneration and transformation.

We do this through induction and training programmes, forums and conferences, staff meetings, printed and digital communication, annual performance discussions and our whistleblowing hotline.

### Stakeholder expectations

- ▶ Competitive remuneration
- ▶ Engaging work
- ▶ Opportunities for advancement
- ▶ A safe work environment
- ▶ A culture that enables employees to grow and serve our customers

### Our strategic response

Through market-related remuneration, skills development programmes and wellness and transformation initiatives, we are able to attract and retain employees who contribute positively to our long-term value creation.

55% of employees are covered by collective industry salary negotiated agreements.

## GROUP OVERVIEW CONTINUED



## SUPPLIERS AND BUSINESS PARTNERS

**Our goal is to provide suppliers with the opportunity to deliver on agreed quality and cost standards, building and improving efficiencies along the way.**

## How we engage

Supplier relationships are closely managed by buying and merchandising teams, who have the support of buying agents, authorities, and a central sourcing division.

Pepkor is committed to growing local sourcing, investment and job creation with relevant support from the national government. Pepkor is a signatory of the Department of Trade, Industry and Competition's South African R-CTFL Master Plan to 2030.

## Stakeholder expectations

- ▶ Consistency and reliability in the way business is conducted

## Our strategic response

Years of building relationships with our suppliers and customers have helped us to understand our customers' needs. We negotiate with suppliers to deliver the best quality products and services at the most affordable prices to satisfy customers' needs.

We manage our supplier relationships beyond short-term contractual obligations and rather focus on long-term partnerships and collaboration.



## COMMUNITIES

**Our goal is to assist communities through various projects that help improve their standard of living.**

## How we engage

Daily interactions with our customers through our store employees create an awareness of the needs of their communities.

Each business chooses the best method of social interaction, and the nature of their connection to local communities.

## Stakeholder expectations

- ▶ Basic products and services
- ▶ Appropriate social investment

## Our strategic response

Pepkor businesses are close to their communities and invest in projects and initiatives that they believe will be most beneficial.

By keeping costs as low as possible, we enable the communities in which we operate to purchase products and use services they might otherwise not be able to access or afford.

R40.7 million invested in community support and upliftment



## SHAREHOLDERS AND INVESTORS

**Our goal is to deliver on shareholder and investor expectations.**

## How we engage

The group engages with the investor community annually, through the group's corporate reporting and JSE-required communication, and periodically, through direct engagement at the group's AGM and various events, including results and investor presentations. Management continuously engages with investors via meetings and by attending local and international investor conferences.

## Stakeholder expectations

- ▶ Return on investment
- ▶ Appropriate and accurate disclosure and communication on performance and strategy
- ▶ Ethical and responsible business practices for long-term sustainability

## Our strategic response

The group maintains an appropriate level of transparency and consistency in communication and engagement with the investor community.

R7 billion reduction in net debt

Launch of a R10 billion DMTN programme

172.5 million shares issued via an accelerated book-build



## REGULATORS, LEGISLATORS AND GOVERNING BODIES

**Our goal is to be ethical in our business practices and to comply with applicable industry, regulatory and legislative requirements.**

## How we engage

Regulators include, inter alia, the JSE Limited and the Prudential Authority. Where and when necessary, appropriate engagement with government, policymakers, legislators and industry regulators takes place.

## Stakeholder expectations

- ▶ Regulatory compliance
- ▶ Ethical business practices
- ▶ Participation in national priorities
- ▶ Continued investment in community upliftment

## Our strategic response

By ensuring compliance, all stakeholders have confidence in the conduct of the group's operations.

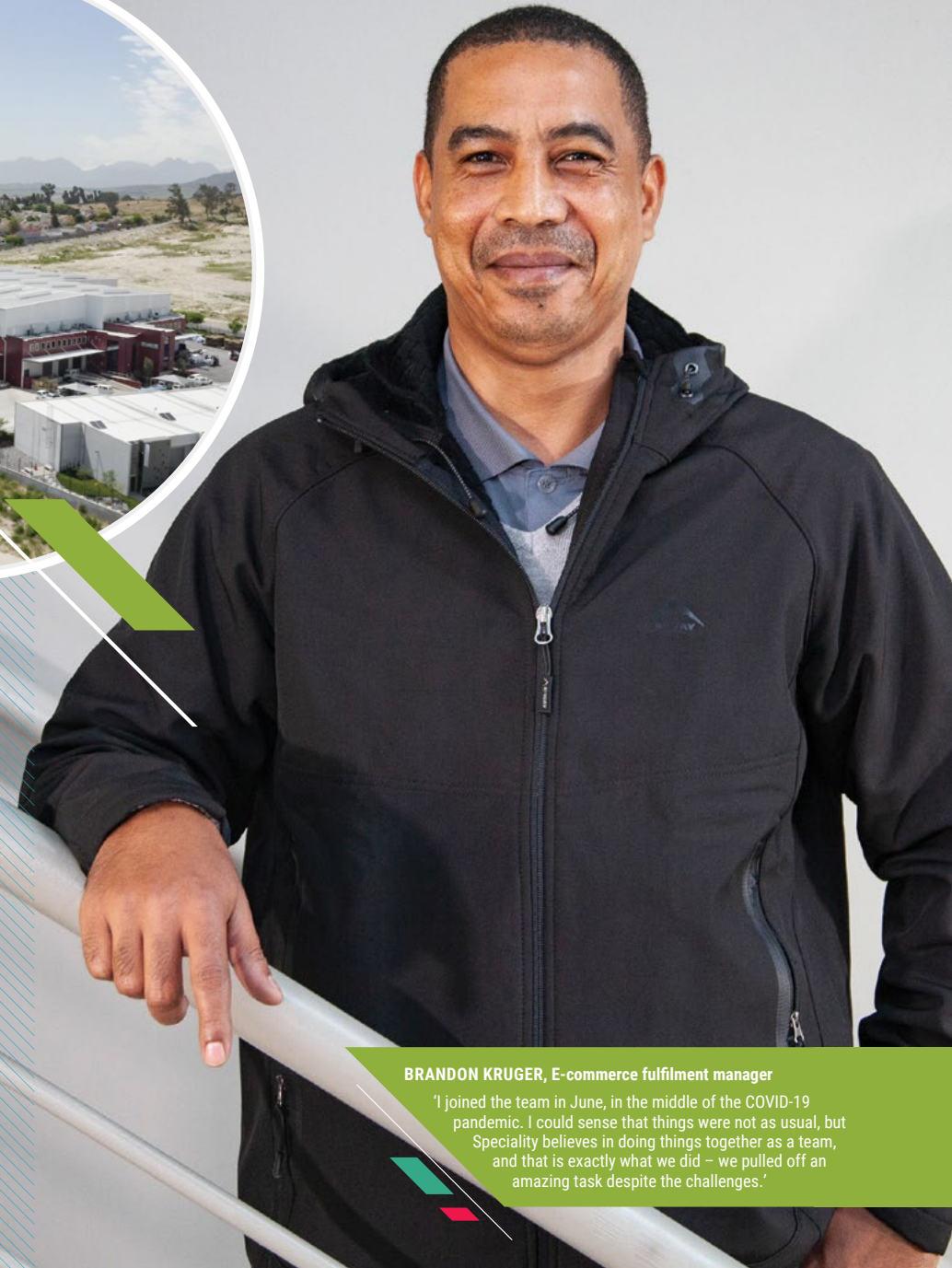
Due to the impact of the COVID-19 pandemic, interaction with legislators has been of paramount importance to ensure business continuity.

More than 6 000 screens and sanitiser stands were put in place in all offices and retail stores to comply with the COVID-19 regulations.



# ANNEXURES

Our experience spans more than 100 years of building trusted brands.



**BRANDON KRUGER, E-commerce fulfilment manager**

'I joined the team in June, in the middle of the COVID-19 pandemic. I could sense that things were not as usual, but Speciality believes in doing things together as a team, and that is exactly what we did – we pulled off an amazing task despite the challenges.'

# CARBON FOOTPRINT

We look after our environment through the efficient utilisation of our resources.

## INPUTS

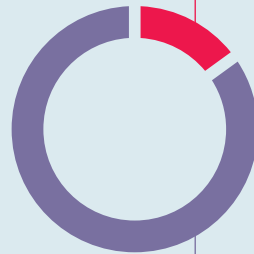
- ▶ 5 500 stores
- ▶ 50 000 employees

## OUTPUTS

- ▶ Scope 2 (electricity) is the highest contributor to total emissions. Scope 2 increased by 26% in FY19 compared to the previous year.
- ▶ Total kWh consumption increased by 14%, due to an increase in retail stores and floor space.
- ▶ Emission increases were largely impacted by an increase in Eskom's emission factor of 9% from 0.97 to 1.06.
- ▶ Total MWh equivalent is calculated at:  
Diesel: 27 042  
Petrol: 138 098  
Electricity: 251 036

FY20	tonnes CO <sub>2</sub> e
Total carbon footprint	<b>308 856</b>
Total Scope 1 (fuel)	<b>49 156</b>
Total Scope 2 (electricity)	<b>259 700</b>

**Scope 1**  
fuel 15%



**Scope 2**  
electricity 85%

Scope 1 and 2 greenhouse gas emissions were measured in accordance with the GHG Protocol

**0.125 tonnes CO<sub>2</sub>e** per m<sup>2</sup> (FY20)

Scope 1 (fuel) emissions account for 15% of the group's total carbon footprint and are split between 34% diesel and 6% petrol consumption.

The majority of the group's inbound and outbound distribution is outsourced to third party service providers.



The group's large retail footprint accounts for its scope 2 (electricity) emissions, contributing 85% to the group's total carbon footprint.



### READ MORE

Carbon footprint scope, methodology and four-year comparison  
[www.pepkor.co.za](http://www.pepkor.co.za)

# CASE STUDIES

Pepkor's decentralised business structure requires a tailored approach to reporting. Operating divisions within the group have different priorities, and their reporting is aligned accordingly. This approach impacts the depth of reporting on the ESG themes.

 [READ MORE  
www.pepkor.co.za](http://www.pepkor.co.za)

## SOCIAL AND RELATIONSHIP CAPITAL



GROUP RESPONSE TO THE COVID-19 PANDEMIC



GOING WHERE OUR CUSTOMERS NEED US

## HUMAN CAPITAL



PEPCLO HEROES: FRONT-LINE STAFF



STORE MANAGER PROMOTIONS



THREE LEVELS OF LEADERSHIP PROGRAMMES

## INTELLECTUAL CAPITAL



FLASH/COCARE PARTNERSHIP PROVIDES COVID-19 SUPPORT

## MANUFACTURED CAPITAL



FLIP-FLOPS EXPAND INTO NEW FACTORY



E-COMMERCE GOES LIVE



PEPCLO DIVERSIFIES DURING THE COVID-19 PANDEMIC

## NATURAL CAPITAL



SHOPPING BAG ALTERNATIVES



## POLICIES AND SUPPORTING DOCUMENTATION

The company will implement and monitor education and training programmes for employees where necessary, respond to inquiries from any employee regarding appropriate business practices, and investigate any allegation of possible impropriety.

It is the duty of all directors and all managers in the group to ensure that the group ethical standards and policies are made known to all employees for whom they are responsible. Ultimately, however, it is up to each of us to adhere to Pepkor's principles of responsibility, accountability, honesty, integrity and fairness, and to perform our duties in accordance with all laws and regulations.

- ▶ B-BBEE annual compliance report
- ▶ PAIA manual
- ▶ Code of ethics
- ▶ Board charter
- ▶ Board gender diversity policy
- ▶ Board race diversity policy
- ▶ EE policy
- ▶ Environmental policy
- ▶ Corporate social investment policy
- ▶ Insider trading policy



# ACRONYMS AND TERMINOLOGY

<b>B-BBEE</b>	Broad-based black economic empowerment
<b>BPL</b>	Best price leadership
<b>CFH</b>	Clothing, footwear and homeware
<b>CoCare</b>	CoCare is a digital voucher programme that works with local and regional non-governmental organisations (NGOs) to determine which communities are most at risk regarding food and economic security
<b>COVID-19</b>	Novel coronavirus (SARS-CoV-2)
<b>DMTN</b>	Domestic Medium-Term Note
<b>ESG</b>	Environmental, social and governance
<b>FMCG</b>	Fast-moving consumer goods
<b>IFRS</b>	International Financial Reporting Standards
<b>IIRC</b>	International Integrated Reporting Council
<b>ILO</b>	International Labour Organisation
<b>JSE</b>	Johannesburg Stock Exchange
<b>KING IV™</b>	King IV Code on Corporate Governance™ for South Africa, 2016, published as part of the King IV™ Report
<b>KPI</b>	Key performance indicator
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>PAXI</b>	Parcel delivery service brand of PEP
<b>PKL</b>	Pepkor Logistics
<b>R-CTFL</b>	Retail – Clothing, Textile, Footwear and Leather
<b>SME</b>	Small and medium enterprise
<b>tCO<sub>2</sub>e</b>	Tonnes of carbon dioxide equivalent
<b>TERS</b>	Temporary Employer/Employee Relief Scheme
<b>UNGC</b>	United Nations Global Compact

# CORPORATE INFORMATION

**Registration number** 2017/221869/06

**Share code** PPH

**Debt code** PPHI

**ISIN** ZAE000259479

**Registered address**

36 Stellenberg Road

Parow Industria 7493

PO Box 6100

Parow East 7500

Telephone 021 929 4800

E-mail [info@pepkor.co.za](mailto:info@pepkor.co.za)

**Contact**

[info@pepkor.co.za](mailto:info@pepkor.co.za)

**Investor relations**

[investors@pepkor.co.za](mailto:investors@pepkor.co.za)

**Press enquiries**

[press@pepkor.co.za](mailto:press@pepkor.co.za)

**Company secretary**

Pepkor Proprietary Limited

(Registration number 1965/007765/07)

36 Stellenberg Road, Parow Industria 7493

PO Box 6100, Parow East 7501

**Auditor**

PricewaterhouseCoopers Inc.

5 Silo Square, V&A Waterfront

Cape Town 8012

PO Box 2799, Cape Town 8000

**Equity sponsor**

PSG Capital Proprietary Limited

(Registration number 2006/015817/07)

**Stellenbosch office**

1st Floor, Ou Kollege Building, 35 Kerk Street

Stellenbosch 7600

PO Box 7403, Stellenbosch 7599

**Sandton office**

2nd Floor, Building 3, 11 Alice Lane

Sandhurst, Sandton 2196

PO Box 650957, Benmore 2010

**Debt sponsor**

Rand Merchant Bank (A division of FirstRand Bank Limited)

(Registration number 1929/001225/06)

1 Merchant Place, Corner Fredman Drive and Rivonia Road

Sandton 2196

PO Box 786273, Sandton 2146



# PEPKOR

*Holdings Limited*

[WWW.PEPKOR.CO.ZA](http://WWW.PEPKOR.CO.ZA)

