

PEPKOR

Holdings Limited

(Previously Steinhoff Africa Retail Limited)

(Registration number: 2017/221869/06) | JSE share code: PPH | ISIN: ZAE000259479 |
("Pepkor" or "the Company")

Notice of annual general meeting

FOR THE YEAR ENDED 30 SEPTEMBER 2018



Notice of annual general meeting

for the year ended 30 September 2018

Notice is hereby given that the 2nd annual general meeting of shareholders of Pepkor will be held at 09:00 at the AfriGrande Boardroom, PEP Campus Entrance 4, Radnor Street, Parow Industria, on Monday, 11 March 2019, for the purpose of dealing with the below-mentioned business and, if deemed fit, passing of, with or without modification, the resolutions set out below ("the Notice of AGM").

Purpose and general information

The purpose of the annual general meeting is to transact the business set out in the agenda below and to discuss other matters raised by shareholders at the meeting, provided that, in the sole discretion of the chairman of the meeting, such matters directly concern the business of the Company and may lawfully be dealt with at an annual general meeting.

Voting

As a general rule, and to enhance governance, all voting at the annual general meeting will be by way of a poll and in this regard, each shareholder entitled to vote shall have one vote in respect of each ordinary share which that shareholder holds.

In order for the proposed ordinary resolutions to be adopted, more than 50% (fifty percent) of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof by shareholders present or represented and entitled to vote at the annual general meeting. For ordinary resolution number 14 to be adopted, at least 75% (seventy-five percent) of the voting rights exercised on such ordinary resolution must be exercised in favour thereof by shareholders present or represented and entitled to vote at the annual general meeting.

In order for the proposed special resolutions to be adopted, each special resolution must be supported by at least 75% (seventy-five percent) of the voting rights exercised on the resolution by shareholders present or represented and entitled to vote at the annual general meeting.

Agenda

1. Presentation of annual financial statements (non-voting agenda point)

Presentation of the consolidated audited annual financial statements of the Company and its subsidiaries ("the Group") for the year ended 30 September 2018, together with the reports of the directors and the independent auditors thereon, and the audit and risk committee report.

A summarised version of the annual financial statements is enclosed and forms an integral part of this Notice of AGM. A complete set of the audited financial statements is available on the Company's website at www.pepkor.co.za or may be obtained from the Company's registered office at 36 Stellenberg Road, Parow Industria during office hours.

2. Appointment of auditor Ordinary resolution number 1

The Companies Act, No. 71 of 2008 as amended ("the Companies Act"), the Listings Requirements of the JSE Limited ("JSE Listings Requirements") and the Company's memorandum of incorporation ("MOI") stipulate that the Company must each year at its annual general meeting appoint or reappoint an eligible auditor.

Upon recommendation by the Company's audit and risk committee, it is proposed that shareholders pass the following resolution:

"Resolved to and hereby appoint the firm PricewaterhouseCoopers, an eligible registered auditor ("the Firm"), as the independent auditor of the Company for the ensuing financial year, and Mr A Hugo, a registered auditor and member of the Firm, as the designated auditor."

3. Re-election of directors who retire by rotation

The Company's MOI and the JSE Listings Requirements stipulate that one third of the non-executive directors of the Company must retire by rotation at each annual general meeting. Eligible directors may offer themselves for re-election.

The following directors retire in accordance with the Company's MOI, and being eligible, offer themselves for re-election, each by way of a separate vote. Summaries of the curricula vitae of each of these directors are contained in Annexure A to this Notice of AGM.

3.1 Ordinary resolution number 2: Re-election of JB Cilliers

"Resolved that Mr JB Cilliers, who is required to retire as a director of the Company at this annual general meeting and who is eligible and available for re-election, is hereby reappointed as director with immediate effect."

3.2 Ordinary resolution number 3: Re-election of LJ du Preez

"Resolved that Mr LJ du Preez, who is required to retire as a director of the Company at this annual general meeting and who is eligible and available for re-election, is hereby reappointed as director with immediate effect."

3.3 Ordinary resolution number 4: Re-election of JD Wiese

"Resolved that Mr JD Wiese, who is required to retire as a director of the Company at this annual general meeting and who is eligible and available for re-election, is hereby reappointed as director with immediate effect."

4. Ratification of appointments made by the Company's board

The Company's MOI stipulate that the board has the power to fill any vacancy on the board on a temporary basis, as set out in section 68(3) of the Companies Act, or appoint additional directors even if there is no vacancy, provided that such appointment must be confirmed by the shareholders, in accordance with clause 26.1.2 of the MOI and section 68(3) of the Companies Act. Summaries of the curricula vitae of each of the directors mentioned in this section are contained in Annexure A to this Notice of AGM.

4.1 Ordinary resolution number 5: Appointment of F Petersen-Cook

"Resolved that the appointment of Ms F Petersen-Cook as director of the Company with effect from 16 April 2018, be and is hereby ratified."

4.2 Ordinary resolution number 6: Appointment of PJ Dieperink

"Resolved that the appointment of Mr PJ Dieperink as director of the Company with effect from 30 July 2018, be and is hereby ratified."

4.3 Ordinary resolution number 7: Appointment of MJ Harris

"Resolved that the appointment of Mr MJ Harris as director of the Company with effect from 30 July 2018, be and is hereby ratified."

4.4 Ordinary resolution number 8: Appointment of W Luhabe

"Resolved that the appointment of Ms W Luhabe as director of the Company with effect from 1 January 2019, be and is hereby ratified."

5. Reappointment of audit and risk committee members

The Company, being a public listed company, must appoint an audit committee, and the Companies Act requires that the members of such audit committee be appointed or reappointed, as the case may be, at each annual general meeting of the Company.

The board is satisfied that the below-mentioned proposed members are suitably skilled and experienced independent, non-executive directors and that they collectively meet the criteria required to fulfil their duties, and accordingly has recommended that shareholders pass the ordinary resolutions set out in this section. Summaries of the curricula vitae of each of these directors are contained in Annexure A to this Notice of AGM.

Notice of annual general meeting *continued* for the year ended 30 September 2018

5.1 Ordinary resolution number 9: Reappointment of JB Cilliers

"Resolved that Mr JB Cilliers, being eligible, be and is hereby reappointed as a member of the audit and risk committee of the Company, as recommended by the board of directors of the Company, until the next annual general meeting of the Company."

5.2 Ordinary resolution number 10: Appointment of F Petersen-Cook

"Resolved that Ms F Petersen-Cook, being eligible, be and is hereby appointed as a member of the audit and risk committee of the Company, as recommended by the board of directors of the Company, until the next annual general meeting of the Company."

5.3 Ordinary resolution number 11: Reappointment of SH Müller

"Resolved that Mr SH Müller, being eligible, be and is hereby reappointed as a member of the audit and risk committee of the Company, as recommended by the board of directors of the Company, until the next annual general meeting of the Company."

6. Non-binding endorsement of the Company's remuneration policy and implementation report (non-binding advisory vote)

The King IV Report on Corporate Governance for South Africa 2016 ("King IV") recommends that the Company's remuneration policy and implementation report should be tabled to shareholders for separate non-binding advisory votes at the annual general meeting. This vote enables shareholders to express their views on the remuneration policies adopted and on their implementation. Furthermore, King IV recommends that the remuneration policy should record the measures that the board commits to in the event that either the remuneration policy or the implementation report, or both, have been voted against by 25% (twenty-five percent) or more of the voting rights exercised by the shareholders. The Company's remuneration policy and implementation report are set out in Annexure B to this Notice of AGM.

Upon recommendation by the Company's human resources and remuneration committee, it is proposed that shareholders pass the following resolutions:

6.1 Ordinary resolution number 12: Remuneration policy

"Resolved that the Company's remuneration policy as set out in Annexure B to this Notice of AGM, be and is hereby endorsed by way of a non-binding advisory vote."

6.2 Ordinary resolution number 13: Implementation report

"Resolved that the Company's implementation report with regard to its remuneration policy, as set out in Annexure B to this Notice of AGM, be and is hereby endorsed by way of a non-binding advisory vote."

7. General authority to issue shares for cash Ordinary resolution number 14

In terms of section 38 of the Companies Act, the directors have the power to issue the authorised but unissued shares of the Company at any time. However, this power of the directors is restricted by the Company's MOI and the JSE Listings Requirements, which does not permit the directors to issue and allot any authorised but unissued ordinary shares for cash (as contemplated in the JSE Listings Requirements) unless the shareholders have approved by ordinary resolution, either by way of a general authority to issue shares in its discretion or a specific authority for such an issue. The directors are of the view that it is in the best interests of the Company to have flexibility to issue shares for cash (to the extent authorised) for purposes of, inter alia, capital-raising, maintaining a healthy capital adequacy ratio or for taking advantage of commercial opportunities as and when they arise. Consequently,

it is proposed that shareholders pass the following resolution as an ordinary resolution:

"Resolved that 172 500 000 (one hundred and seventy two million five hundred thousand) of the Company's authorised but unissued ordinary shares of no-par value be and are hereby placed under the control of the directors and that the directors herewith be given a general authority to allot and issue such shares for cash at their discretion, provided that:

- the board of directors of the Company pass a resolution to issue the shares;
- this authority shall be valid only until the Company's next annual general meeting or for 15 (fifteen) months from the date of the passing of this resolution, whichever period is shorter;
- the shares to be issued shall be of a class already in issue (or securities convertible to such a class);
- the shares may be issued to public shareholders only (as defined in the JSE Listings Requirements) and not to related parties;
- the number of shares that may be issued shall not exceed 172 500 000 (one hundred and seventy two million five hundred thousand) ordinary shares of no-par value (5% of the issued ordinary shares as at the date of this notice);
- the maximum discount at which such shares may be issued is 10% (ten percent) of the weighted average traded price of such shares measured over the 30 (thirty) business days prior to the date of pricing between the Company and the party subscribing for the shares;
- for this ordinary resolution to be adopted, at least 75% of the voting rights exercised on this resolution must be exercised in favour thereof by shareholders present or represented and entitled to vote at this annual general meeting; and
- all other relevant provisions regarding the issuing of shares as set out in the JSE Listings Requirements, the Companies Act and the Company's MOI are fulfilled."

8. Approval of fees payable to non-executive directors Special resolution number 1

Reason for and effect of special resolution 1

The reason for special resolution number 1 is that shareholders are required, in terms of section 66(9) of the Companies Act, to authorise, in advance, the basis of compensation and the remuneration to be paid to non-executive directors for their services as directors, by way of passing a special resolution.

The effect of this special resolution, once approved, will be that the Company will have been authorised, for the period until the next annual general meeting, to pay the below-mentioned remuneration to its non-executive directors for the services they render to the Company as directors, without requiring further shareholder approval. No fees are payable to the executive directors in respect of their services as directors.

Notice of annual general meeting *continued* for the year ended 30 September 2018

The Company's human resources and remuneration committee has recommended, and the board has endorsed, the below-mentioned remuneration for presentation to shareholders for their approval, by passing the following special resolution:

"Resolved that the remuneration, as set out in paragraphs 8.1 to 8.12 below, payable to non-executive directors in respect of their services as directors of the Company during the period commencing from the date of the approval of this special resolution until the date of the next annual general meeting, be and is hereby authorised each by way of a separate vote:

	2018	2019 ¹
Non-executive directors' fees		
Board of directors		
8.1 Chairman ²	1 750 000	1 840 000
8.2 Lead independent ³	–	800 000
8.3 Member	600 000	630 000
Audit and risk committee		
8.4 Chairman	450 000	473 000
8.5 Member	250 000	263 000
Human resources and remuneration committee		
8.6 Chairman	250 000	263 000
8.7 Member	125 000	131 500
Nomination committee		
8.8 Chairman	25 000	26 300
8.9 Member	15 000	15 800
Social and ethics committee⁴		
Representative	25 000	–
8.10 Chairman	–	216 000
8.11 Member	–	116 000
Special meetings⁵		
8.12 Rate per hour	4 000	4 200

1. Fee increases are based on inflation and are approximately 5% in most cases.

2. The fee pertaining to the chairman is an inclusive fee in respect of board membership and membership of standing committees but excludes membership of ad hoc board committees and special meetings.

3. A lead independent director was appointed during 2018 and a higher fee is justified for the additional responsibilities of such director in terms of King IV.

4. Pepkor's own social and ethics committee was formally constituted during 2018.

5. Fee for special board meetings, special standing committee meetings and all ad hoc committee meetings. Not applicable to travel and preparation time and not applicable to scheduled board and standing committee meetings.

Fees stated above exclude VAT.⁶

Notice of annual general meeting *continued* for the year ended 30 September 2018

9. General authority to provide financial assistance

Special resolution number 2

Reason for and effect of special resolution 2

In order to achieve its strategic goals, the Company has, at all relevant times in the past, provided direct or indirect financial assistance to its subsidiaries, which financial assistance includes, inter alia, the granting of loans, providing security and guaranteeing of debt.

The reason for this special resolution number 2 is that the Company needs to continue with the aforementioned business practice. To this end, authority will be sought from shareholders, authorising the directors to provide financial assistance (as contemplated in sections 44 and 45 of the Companies Act) to a general category of recipients, namely the Company's subsidiaries (as defined in the Companies Act), but explicitly excluding the directors and prescribed officers of the Group ("Group" is defined under paragraph 1 above as the "Company and its subsidiaries") from receiving financial assistance from the Company.

The effect of this special resolution, once adopted, is that the directors of the Company will be authorised to provide financial assistance to its subsidiaries for the purpose of, inter alia, subscribing for or acquiring any option, or any securities, or any convertible instruments as contemplated in section 44 of the Companies Act, and for granting loans, providing security, guaranteeing debt and subordinating its claims on shareholders' loan accounts as contemplated in section 45 of the Companies Act. Consequently, it is proposed that shareholders pass the following resolution as a special resolution:

"Resolved that the Company may provide direct or indirect financial assistance to and in favour of any subsidiary company within the Group (being a general category of recipients as contemplated in sections 45(3)(a)(ii) and 44(3)(a)(ii) of the Companies Act):

- *generally for the purpose of funding or assisting with any capital or operational expenditure of such subsidiary;*
- *in connection with funding and facility agreements and debt capital and domestic medium-term note programmes with financing, banking and investment institutions in respect of facilities and funding afforded to the Group;*
- *by way of subordinating its claims held on shareholders' and/or inter-company loan account; and/or*

- *in connection with the subscription of any option, or any securities or convertible instruments, issued or to be issued by the Company or by a related or inter-related company within the Group, or for the purchase of any securities or convertible instruments of the Company or of a related or inter-related company within the Group, provided that:*
 - *the directors of the Company shall in each instance adopt a relevant resolution approving the provision of financial assistance;*
 - *immediately after having provided any financial assistance, the Company shall satisfy the solvency and liquidity test as contemplated in the Companies Act and, where necessary, shall conduct such further tests as may be necessary;*
 - *the terms under which the financial assistance is to be given in respect of any subsidiary, related or inter-related company, shall be fair and reasonable to the Company;*
 - *the Company shall fulfil all conditions or restrictions in respect of the granting of financial assistance as set out in the Company's MOI; and*
 - *no financial assistance shall be provided to directors and prescribed officers of the Group."*

10. General

To transact such other business as may be transacted at an annual general meeting.

Authority

Any director or secretary of the Company, for the time being, be and is hereby authorised to take all such steps, sign all such documents and to do all acts, matters and things on behalf of the Company as may be necessary to give effect to the special and ordinary resolutions passed at this annual general meeting.

By order of the board



Pepkor Proprietary Limited

Company secretary

28 January 2019

Notice of annual general meeting *continued* for the year ended 30 September 2018

Record dates and other important notices

1. The date on which shareholders must be recorded as such in the share register maintained by the transfer secretaries of the Company ("the Share Register") for purposes of being entitled to receive this notice is Friday, 25 January 2019.
2. The date on which shareholders must be recorded in the Share Register for purposes of being entitled to attend and vote at this annual general meeting is Friday, 1 March 2019, with the last day to trade being Tuesday, 26 February 2019.
3. Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairman of the annual general meeting and must accordingly bring a copy of their driver's licence, identity document or passport to the annual general meeting. If in any doubt as to whether any document will be accepted as satisfactory proof of identity, participants should in advance contact the transfer secretaries for guidance.
4. A shareholder entitled to attend and vote at the annual general meeting, may appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a shareholder of the Company. A form of proxy, depicting the relevant instructions for its completion, is enclosed for use by a certificated or dematerialised shareholder with "own name registration" who wishes to be represented at the annual general meeting. Completion of a Form of Proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the annual general meeting.
5. Duly completed Forms of Proxy, together with the documents conferring the authority to the signatory and under which it is signed (if any), must be forwarded to the Company's transfer secretaries, Computershare Investor Services Proprietary Limited, to the address stated below so as to reach them by no later than Thursday, 7 March 2019, at 09:00, provided that any Form of Proxy not delivered to the Transfer Secretary by this time, may be handed to the chairman of the annual general meeting prior to the commencement of the annual general meeting, at any time before the appointed proxy exercises any shareholder rights at the annual general meeting.
6. A shareholder, who has dematerialised his/her shares (other than those with "own-name registration"), who wishes to attend the annual general meeting, should instruct his/her Central Securities Depository Participant ("CSDP") or broker to issue him/her with the necessary written authority to attend the annual general meeting in terms of the custody agreement entered into between the shareholder and his/her CSDP or broker.
7. A shareholder, who has dematerialised his/her shares (other than those with "own name registration") who is unable to attend the annual general meeting and wishes to be represented at the annual general meeting, must provide his/her CSDP or broker with his/her voting instructions in terms of the relevant custody agreement entered into between him/her and the CSDP or broker.
8. A shareholder present in person, by proxy or by authorised representation shall, on a show of hands, have one vote, and on a poll, shall have one vote in respect of each share held. However, it is the intent, from a corporate governance perspective, that all voting at the annual general meeting would take place by way of a poll.
9. Shareholders of the Company wishing to participate in the annual general meeting by means of electronic participation, must make application in writing to the company secretary, with a copy to the transfer secretaries (at the respective addresses stated below), at least 5 (five) business days prior to the date of the annual general meeting so that arrangements can be made for their participation in the meeting. Shareholders will have to provide details as to how they or their representatives may be contacted to participate electronically, and each shareholder (or its representative) must provide reasonably satisfactory identification for verification in terms of section 63(1) of the Companies Act. The costs of accessing any means of electronic participation will be borne by the shareholder so accessing the electronic participation, and such shareholder shall not be able to vote electronically. The Company reserves the right not to provide for electronic participation at the annual general meeting in the event that it may be impractical to do so.

Company secretary address

36 Stellenberg Road, Parow Industria 7493
(PO Box 6100, Parow East 7501)
Tel: +27 21 929 4800

Transfer secretaries address

Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank 2196 South Africa
(PO Box 61051, Marshalltown 2107, South Africa)
Telefax: 086 619 0976
Tel: +27 11 373 0033
Facsimile: +27 11 688 5248
Email: proxy@computershare.co.za

Annexure A

Curricula vitae

1. Refer to agenda point 3 – Ordinary resolutions numbered 2, 3 and 4

Directors who retire by rotation in terms of the MOI of the Company and who offer themselves for re-election:

Johann Bernard Cilliers (59)

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

Lead independent non-executive director

Chairman of the audit and risk committee

Member of the nomination committee

Johann was appointed as an independent non-executive director and as a member of the audit and risk committee on 18 August 2017. He was subsequently appointed to the nomination committee on 10 January 2018. Johann completed his articles at PwC in 1988, following which he was appointed as financial director of Hicor Limited. In 1990 he joined Langeberg Foods Limited as group financial manager, serving on the board of that company from 1991 to 1998 as financial director. In 1998, Johann joined the Pepkor group as operations director of PEP SA and as an executive director. In 2004 he was appointed as an executive director of Pepkor Retail Limited and, until 2011, served on the group executive committee of Pepkor Retail Limited in various capacities. In 2011 he relinquished his executive role within the Pepkor group and was appointed as a non-executive director of Pepkor Holdings Proprietary Limited, which non-executive position he held until the acquisition of the Pepkor group by Steinhoff in 2015. Johann currently manages various private investments.

Louis Jacobus du Preez (49)

BCom, LLB

Non-executive director

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

Jacob Daniel Wiese (38)

BA (Stellenbosch), MA, International Economics & Management (Universita Commerciale Luigi Bocconi, Italy), LLB (UCT)

Non-executive director

Jacob was appointed as a non-executive director on 18 August 2017. After completing his LLB at UCT in 2008 and his pupillage at the Cape Bar, Jacob was admitted as an advocate of the High Court of South Africa in 2009. He joined the investment committee of the Titan Group in 2010. Jacob is an independent non-executive director of Fairvest Property Holdings Limited and serves on the boards of various publicly listed companies and is also an alternate and/or non-executive director of Shoprite Holdings, Invicta Holdings and Tradehold. Jacob is also extensively involved in the management of Lourensford Wine Estate.

2. Refer to agenda point 4 – Ordinary resolutions numbered 5, 6, 7 and 8: Ratification of appointments made by the Company's board

Fagmeedah Petersen-Cook (43)

BBusSc (act.sc.), FIA, FASSA, PGDip (MgtPrac), IoDSA (Cert.Dir.), FPI

Independent non-executive director

Chairman of the social and ethics committee

Member of the audit and risk committee

Fagmeedah was appointed as an independent non-executive director on 16 April 2018. Fagmeedah is an actuary with 21 years of technical experience in the pensions and investments industry. Until 2015 she was the chief investment officer at the Eskom Pension and Provident Fund, where she was responsible for the investment of R120 billion. Fagmeedah was first appointed by former finance minister, Trevor Manuel, to the board of the Government Employees Pension Fund (GEPF), to bring her expertise to the oversight of the investment activity of the PIC. In 2012 she was appointed as member of the clean-up board of Telkom, where she chaired the investment committee while she was the acting CIO of Eskom Pension Fund. She is also an independent director of ABSA Financial Services and Medical Specialist Holdings, as well as chairman of the Bankmed audit committee, among others. As an actuary, she brings enterprise risk management skills and multi-generational planning techniques to the boardroom. Fagmeedah, an avid cricket enthusiast, is the lead independent director of the Western Province Cricket Association.

Philip Jean Dieperink (62)

BCom (Hons), CTA, CA(SA), HDip Tax

Non-executive director

Philip earned his honours degree in accountancy at the University of Pretoria. He joined Deloitte & Touche (Deloitte) in 1980, where he qualified as a chartered accountant in 1981. He transferred to the tax division, specialising in corporate and international tax planning, and became a tax partner in 1987. After leaving Deloitte, he joined Unitrans Limited (Unitrans) as chief financial officer and helped to develop the strategic direction and growth of the Unitrans group over 10 years, until 2007 when Unitrans was purchased by the Steinhoff group. In September 2007 he relocated to the United Kingdom to assume the position of chief financial officer of Steinhoff UK Holdings Limited. He holds several other appointments within the Steinhoff group of companies and currently serves on the board of directors of Steinhoff Asia Pacific Limited and Cofel. Philip was appointed as chief financial officer and member of the management board of Steinhoff International Holdings N.V. on 20 April 2018.

Mark Joseph Harris (59)

BSc

Independent non-executive director

Member of the human resources and remuneration committee

Mark was appointed as an independent non-executive director on 30 July 2018. Mark has led and transformed organisations of varying sizes through his leadership. The strategic competencies Mark offers are invaluable to any organisation aiming to achieve objectives of growth and innovation in an increasingly competitive environment. Mark brings a broad range of business competencies, including strategy, mergers and acquisitions, innovation, technology and digitisation, which is crucial in the modern digital revolution. His experience spans over 35 years and across a large number of industries and geographies, including Africa, North America, Europe and the Middle East as an IBM Vice President. Mark has served on a number of boards in South Africa and internationally and was the president of the American Chamber of Commerce and chairperson of a number of NGOs.

Wendy Luhabe (61)

BCom

Independent non-executive director

Member of the social and ethics committee

Wendy Luhabe started her career in marketing 37 years ago and worked in the cosmetics and automotive sectors, including in Germany and the US. She graduated with a Bachelor of Commerce in 1981 and currently has a portfolio of interests that includes investments in education and infrastructure development. Wendy has been a pioneer in social entrepreneurship over the past 25 years and has been involved in human capital development, the economic empowerment of women, and mentorship of younger generations. She pioneered the founding of WIPHOLD, WPEF and more recently, WINDE. Wendy is passionate about education, leadership, economic justice and mentorship. She has served as a non-executive director/chairperson of companies across diverse industries since 1992. She is a recipient of four Honorary Doctorates for her contribution to the empowerment of women in various sectors of the economy. Wendy was the founding Chancellor of the University of Johannesburg.

3. Refer to agenda point 5 – Ordinary resolutions numbered 9, 10 and 11: Reappointment of audit and risk committee members

Johann Bernard Cilliers (59)

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

Lead independent non-executive director

Chairman of the audit and risk committee

Member of the nomination committee

Johann was appointed as an independent non-executive director and as a member of the audit and risk committee on 18 August 2017. He was subsequently appointed to the nomination committee on 10 January 2018. Johann completed his articles at PwC in 1988, following which he was appointed as financial director of Hicor Limited. In 1990 he joined Langeberg Foods Limited as group financial manager, serving on the board of that company from 1991 to 1998 as financial director. In 1998, Johann joined the Pepkor group as operations director of PEP SA and as an executive director. In 2004 he was appointed as an executive director of Pepkor Retail Limited and, until 2011, served on the group executive committee of Pepkor Retail Limited in various capacities. In 2011 he relinquished his executive role within the Pepkor group and was appointed as a non-executive director of Pepkor Holdings Proprietary Limited, which non-executive position he held until the acquisition of the Pepkor group by Steinhoff in 2015. Johann currently manages various private investments.

Fagmeedah Petersen-Cook (43)

BBusSc (act.sc.), FIA, FASSA, PGDip (MgtPrac), IoDSA (Cert.Dir.), FPI

Independent non-executive director

Chairman of the social and ethics committee

Member of the audit and risk committee

Fagmeedah was appointed as an independent non-executive director on 16 April 2018. Fagmeedah is an actuary with 21 years of technical experience in the pensions and investments industry. Until 2015 she was the chief investment officer at the Eskom Pension and Provident Fund, where she was responsible for the investment of R120 billion. Fagmeedah was first appointed by former finance minister, Trevor Manuel, to the board of the Government Employees Pension Fund (GEPEF), to bring her expertise to the oversight of the investment activity of the PIC. In 2012 she was appointed as member of the clean-up board of Telkom, where she chaired the investment committee while she was the acting CIO of Eskom Pension Fund. She is also an independent director of ABSA Financial Services and Medical Specialist Holdings, as well as chairman of the Bankmed audit committee, among others. As an actuary, she brings enterprise risk management skills and multi-generational planning techniques to the boardroom. Fagmeedah, an avid cricket enthusiast, is the lead independent director of the Western Province Cricket Association.

Steve Hilgard Müller (57)

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

Independent non-executive director

Chairman of the human resources and remuneration committee

Member of the audit and risk committee

Steve was appointed as an independent non-executive director on 18 August 2017. Steve worked at KPMG until 1992, after which he worked as a senior manager at Rand Merchant Bank Limited until 1994. In 1995 he joined Genbel Investments Limited inter alia as an executive director of Gensec Bank Limited, heading the Investment Banking division from 1999 to 2004. From 2004 to 2008 he managed various structured equity funds for Sanlam Capital Markets. He has been appointed as a non-executive director on the boards of several companies. Steve was appointed as an independent non-executive director of KAP Industrial Holdings Limited in 2012. He has chaired or served on the audit and risk committees and the human resources and remuneration committees of several companies over the last 22 years.

Annexure B

Remuneration report

Pepkor's remuneration report is presented in three parts:

Part 1: Background

Part 2: Overview of remuneration policy

Part 3: Implementation of remuneration policy

PART 1:

Background

This report is presented in compliance with the Companies Act No 71 of 2008 (the Companies Act), the JSE Listings Requirements and the recommendations of the King IV Report on Corporate Governance for South Africa 2016 (King IV).

The mandate and focus of the committee

The mandate and the activities of the human resources and remuneration committee (the committee or Remcom) are reported on in this section of this report summarising corporate governance.

The committee is mandated by the board to oversee that the organisation remunerates employees fairly, responsibly and transparently, and in a manner that promotes the achievement of strategic objectives and positive outcomes in the short, medium and long-term.

The group remuneration philosophy is designed to do this, and its effectiveness is reviewed annually by the committee.

A key aspect of this corporate governance function is the practice that every business should have its own remuneration committee. The group CEO attends the meetings of these committees and reports back on relevant issues.

Important issues pertaining to the remuneration policy

1. Cash retention agreements

Following the decline in the Steinhoff International Holdings N.V. (Steinhoff) share price in December 2017, the value of the share rights held by employees in the Steinhoff long-term incentive scheme declined to an insignificant fraction of its former value. This presented a high risk in regard to retention among senior executive employees of the group. Accordingly, the board decided, effective from March 2018, to enter into a cash retention agreement with the affected employees and award cash retention payments payable over three years, conditional upon continued employment during this period. The retention arrangements expire with the last of the retention payments payable by 31 March 2020.

2. Discontinuation of deferred cash bonus plan

A review was completed of the long-term incentive plans for executive management. A deferred bonus scheme funded annually by excess profits, which has been treated as a long-term incentive in the past, will be discontinued for senior business executives and senior corporate/group executives with effect from the end of the 2018 financial year. Accumulated bonuses deferred in the hands of eligible senior executives (including the executive directors) thereunder will be paid out in the years from 2019 to 2021.

3. The form and scale of long-term incentives

For employees (other than executive directors) who qualify, the philosophy recorded under the form and scale of long-term incentives in this report will be put into effect. This means that employees will receive long-term incentives based on performance more closely related to the business where they make the biggest contribution. The changes in philosophy enable Pepkor to award long-term incentives at group and/or business level as well.

Advisory services utilised

The committee utilised the services of PE Corporate Services for the executive remuneration benchmarking conducted during the year and the review of the remuneration policy undertaken at the end of the financial year. In addition, during the course of FY18, Pepkor also subscribed to REMchannel and REMeasure provided by PWC Research Services Proprietary Limited.

Shareholder engagement

The remuneration policy and implementation report were presented to shareholders for a non-binding vote at the annual general meeting held on 15 March 2018. Of the votes cast, 91.8% were in favour of the remuneration policy and 90.7% were in favour of the implementation report. In the group's engagement with shareholders on the topic of remuneration, the following matters were discussed:

- **Disclosure of performance targets and link between performance and remuneration**
Improvements have been made in the disclosure of performance targets where feasible, bearing in mind that these are commercially sensitive and confidential. Refer to the implementation report for further information.
- **Number of shares made available for the Pepkor long-term share incentive scheme**

The Pepkor long-term share incentive scheme rules, as approved by the JSE and shareholders, provide that a maximum of 500 million unissued ordinary shares of no-par value in the company may be used for the implementation of the scheme. The Remcom resolved that this be reduced to 172.5 million unissued ordinary shares of no-par value in the company, representing 5% of the company's current number of issued shares. This provides sufficient longevity to the scheme based on the level of allocations considered.

- **Clawback provisions**

A clawback provision was introduced in the long-term share incentive grant made in March 2018 and will also be included in future share grants.

In line with King IV, the remuneration policy and implementation report that follow in this report will be tabled for separate non-binding advisory votes by shareholders at the upcoming annual general meeting. In the event that either the remuneration policy or the implementation report, or both, are voted against by shareholders exercising 25% or more of the voting rights exercised, in order to address legitimate and reasonable concerns, the committee will issue an invitation to dissenting shareholders to engage with them and provide for the manner and timing of such an event.

The board will continue to encourage regular dialogue with shareholders to create and maintain a mutual understanding of what performance is expected.

Conclusion

The committee is satisfied that remuneration policies that are summarised in this report achieved their primary objectives in the financial year under review and are expected to do so again in the current financial year.



Steve Müller

Chairman of the human resources and remuneration committee

PART 2:

Overview of remuneration policy

This section describes how remuneration is governed and will be governed in FY19 within the group.

The development of the remuneration policy

The remuneration policies that collectively make up the remuneration policy of the group have been developed systematically over a number of years. In some cases, they have been developed by the businesses prior to incorporation in the group. In all cases, policies have been adapted to support the performance-focused culture of the group.

The policies in place apply to dynamic businesses, which each needs to employ and retain specialist skills. Each business also needs to develop a recruitment strategy, independently of the others, that is robust in relation to competitors in its sector, in some instances across several different countries. The group's competitive advantage in these areas flows from an intricate and in-depth knowledge of supply chains and the nurturing of key supplier relationships, as well as goal-orientated marketing strategies and customer communications – offering what the market wants, at the right time and at the right price. These relationships and capabilities are all people-driven at a high level and depend on good systems, practices and policies.

The following remuneration policies apply across the group:

To be successful, each business needs its own driving specialist management team, a support team to deliver on time, and systems that are robust and sustainable.

The framework of the remuneration system affecting all employees

While different policies may develop in different businesses, as has been explained, these policies are required to conform to and fit within a sound remuneration policy framework at all levels and across the whole organisation, differentiated by grade and level of responsibility.

Positions are graded according to the Paterson system, facilitating the business of the workforce into the following natural groups based on level of responsibility:

- Executive directors (shouldering the responsibility for group strategy, graded at F band)
- Executive management (the members of the group and business executive committees (Graded E and F (in some cases))
- Line managers (the heads of department graded D2 to D5)
- Administrative staff (graded D1 and below)
- Operational and logistics staff (graded D1 and below)

Responsibility level	Guaranteed pay	Short-term incentives	Longer term incentives
Operational and logistics staff	Salaries are reviewed annually based on an assessment of the competence of the employee or via a collective bargaining process.	A commission or gainsharing or outcome-based bonus may be awarded as an add-on to guaranteed pay. In some instances, a guaranteed thirteenth cheque also applies.	Skills development is encouraged and subsidised, facilitating career advancement. Employment benefits include retirement; medical, death and disability cover; and study funding. In addition, we provide bursaries to employees' children.
Administrative staff			
Line managers	Guaranteed packages are reviewed annually based on an assessment of the competence of the employee.	A performance bonus may be earned based on the performance of the department or business.	The incentives as outlined above apply in effect to this group of employees as well. In addition, some employees identified by the CEO and his executive team through succession planning processes as having high potential or key for retention, may be awarded long-term incentives as well.
Business senior executives		A performance bonus may be earned based on the performance of the business.	
Corporate/group senior executives		A performance bonus as above may be earned but is computed based on group profits.	

The rules of governance affecting executive management

Policies are in place to govern and control the remuneration of executive management.

Policy governing terms of employment

Employment contracts are terminable on one month's notice.

Remuneration packages, including the entitlement to long-term incentives, are renegotiated annually with effect from the beginning of each financial year – aligning commitment with accountability to shareholders.

No fixed-term employment contracts have been entered into with any senior executive and no special severance arrangements currently apply to any senior executive.

The remuneration package

Remuneration is defined as a package containing three elements:

- The total guaranteed package (GP), which includes the costs of employment benefits such as travel allowances and retirement and medical fund contributions. GP is reviewed annually.
- A short-term incentive scheme is agreed in the form of an annual bonus or a profit pool-funded bonus.
- A long-term share-based incentive or achievement bonus is awarded.

The market positioning of guaranteed pay

The remuneration packages of executive management are benchmarked annually by the committee on the basis of a reputable salary survey.

The following approach is observed in this annual review exercise:

- The total guaranteed pay of each member of the executive management team is indexed relative to the median of the survey. The group CEO will make recommendations to the committee in relation to the pay level of each employee based on the index reading, taking into account the competence of the individual, and on the criticality of his or her contribution to the group. The level of the index applying to the remuneration of the group CEO will be reviewed by the committee.
- An annual increase will be determined by the committee based on expected inflation and gross domestic product forecasts, also taking into account what increase is to be applied to other employees.
- The succession risks in relation to top management positions are also considered by the committee.

Package structures

Guaranteed pay will continue to be negotiated on the basis that senior executives will be required to put more of their remuneration worth at risk than support staff. They will be compensated for this by an entitlement to a short-term incentive on a greater scale, which will top-up their remuneration to the market-related level at target. To illustrate this, the following package structuring policy has accordingly been developed and will typically apply in FY19 to executive directors, business senior executives and line managers.

Element of package (Percentages are of total cost of employment (TCE) at target)	Executive directors	Business senior executives	Line managers
Guaranteed pay	68%	77%	81%
Short-term incentive at target	32%	23%	19%
Total cost of employment (TCE)	100%	100%	100%
Maximum bonus (% of GP)	90%	80%	45%

The form and scale of the short-term performance bonuses

Each senior executive serving on an executive committee will be entitled to a short-term incentive bonus at the end of each financial year based on targeted pay at risk as reflected on the table above. Bonuses will be measured and determined accordingly as follows:

- The executive concerned will have a performance scorecard reflecting both financial and non-financial performance criteria. The criteria will be weighted between 70% to 90% based on financial criteria and between 10% to 30% based on non-financial criteria.
- The financial criteria for senior business managers will be tied to the financial performance of the business, where the target is equal to the approved budget for the business or a percentage of operating profit growth for the business. The non-financial criteria will be job-related according to the function and role of the manager concerned, where the criteria will be reset by the business managing director annually and will include project completion and organisational development objectives. Non-financial performance criteria achievement will be rated by the managing director of each business at the end of each year, while his or her own non-financially defined criteria will be evaluated and scored by the group CEO.
- In the case of the group CEO, the financial target will be based on the growth in earnings for the year coupled with strategic and other non-financial targets agreed annually in advance with the board.
- In the case of the CFO and other corporate head office functional heads, the financial target will be the same as for the CEO. The non-financial criteria will relate to the functional objectives defined in board meetings and will be evaluated by the CEO.
- The bonus will be provided and accounted for in the year to which it relates and paid out in the following year after it has been approved.

The form and scale of long-term incentives

Long-term incentives may take the form either of rights to full value shares subject to performance vesting conditions, or of rights to achievement bonuses for negotiated target achievement. The rights are granted annually with effect from the beginning of the year following the publication of the results of the previous year after the closed period for trading in shares has expired.

Senior executives and other key employees will be awarded long-term incentives consisting of organisational only or organisational and business share or bonus rights in terms of the company's long-term incentive plans on the basis of the following guidelines:

- Each employee will receive an allocated amount that is based on a targeted percentage range of market medium of GP for that job level. Such amount will be used to determine the value of incentive rights that are awarded to an employee.
- More rights can be awarded to an employee if this is approved by the committee upon the recommendation of the CEO, on the grounds of the criticality of his or her skills, knowledge, or in relation to the operations or needs of the group.

- In the case of the awarding of Pepkor share rights, the performance vesting conditions are set with a degree of difficulty, which, together with the requirement of continuous employment, evaluates them as being worth approximately 50% of their face value on the date of the grant in the judgement of the Remcom. In the case of business share rights or achievement bonus contracts, the probability factor is variable and will depend on the target or project concerned.

The level of senior executive remuneration in relation to that of other employees

The committee considers that the remuneration system in place, being based on a grading system that recognises the responsibility level of every position and on regular and systematic benchmarking, will ensure that remuneration is continuously market-related.

As far as the overall scale of the income gap between high and low income-earners is concerned, the committee proposes to annually review the ratio across the group as between the median of the remuneration of executive management (employees graded E and F) and other employees (employees graded A to D) in future.

PART 3:**Implementation of remuneration policy**

This section discloses the details of the remuneration of the executive directors of the company and rights awarded to and received by them in terms of the policies set out in the remuneration policy section of this report that are required to be disclosed in terms of the Companies Act, the JSE Listings Requirements and King IV.

Note: The details of the remuneration of other senior executives are not disclosed since, while a number of them are engaged in strategic decision-making concerning their own business, only the board is ultimately responsible for the strategic decisions affecting the group as such. The executive directors are the prescribed officers of the company in terms of Section 30 of the Companies Act.

Guaranteed pay benchmarking/increases in FY19

The benchmarking in the current year was undertaken on the basis of the PE Corporate Services SA Proprietary Limited Top Executive Salary Survey (April 2018). This found that the guaranteed pay of executive management across the group (excluding executive directors) was positioned at a comparative ratio of approximately 80% compared to companies of the same size in South Africa. This is close to the expectation based on the pay structuring target explained in the policy section above, on the basis that there is a skew towards variable pay in the pay structure of senior executives.

Increases of 6.7% were approved for the guaranteed packages of the CEO and CFO, compared to the general increase approved for operational, logistics and admin support staff ranging between 6% and 8%.

Short-term incentive outcomes in FY18

The following bonuses were awarded to executive directors in respect of the financial performance of the group for the 2018 financial year:

Executive director	Bonus awarded 2018		Bonus awarded 2017	
	R'000	% of GP	R'000	% of GP
Leon Lourens ¹	2 100	31%	4 070	80%
Riaan Hanekom	1 260	30%	2 035	80%

¹Appointed as executive director on 6 December 2017, serving as chief operating officer prior to that.

The Remcom concluded that Pepkor performed well operationally in FY18, reporting good growth relative to peers notwithstanding a challenging consumer and deflationary pricing environment. Double-digit revenue and operating profit (before capital and one-off costs) growth was achieved. Various corporate matters following the events at Steinhoff were successfully dealt with, most importantly the refinancing of shareholder funding and cancellation of guarantees.

Incentives were awarded in FY18 based on normalised EBIT (before taking into account non-recurring and non-trading transactions). The growth in normalised EBIT for FY18 on the basis of this definition was 10.7%, which entitled the executive directors to a bonus of circa 30% of their guaranteed pay.

Short-term incentive scheme targets for FY19

The board believes earnings, instead of EBIT, is a better measure and this will apply in FY19.

The incentive scheme for FY19 is set in the context of CPI of 6%. In this context, the entry-level bonus is CPI plus 4%. The entry-level bonus is calculated based on an earnings growth of 10%, which will give executive directors an entitlement to 30% of GP to a maximum of 40% earnings growth, which will give an entitlement of 80% of GP.

In FY19, non-financial performance will be added, which will, for FY19, yield a maximum of 10% short-term bonus. A higher percentage bonus will be considered for FY20. The target for FY19 is based on B-BBEE. It will be assessed based on the policy set out under 'The form and scale of short-term incentives' recorded above.

Long-term incentive scheme accruals and grants in FY18

No share rights vested in FY18. However, cash retention payments were awarded and paid as explained in the 'Background' section of this report. The retention payments accruing to the executive directors in FY18 reflect on the total remuneration schedule below.

The following grants of share rights were made to the executive directors in terms of the Pepkor Share Rights Scheme during FY18 and were outstanding and unvested as at the financial year-end:

Executive director	Rights held at beginning of year	Rights granted during year	Rights vesting or forfeited during year	Rights held at the end of the year
Leon Lourens	0	570 244	0	570 244
Riaan Hanekom	0	390 244	0	390 244

The agreed criteria for vesting, which may occur in March 2021 after approval by the board and based on the average of three financial years commencing 1 October 2017, are as follows:

	KPI	Weighting
Growth	Growth in headline earnings	30%
Cash generation	Cash conversion (cash generated by operations/EBITDA)	30%
Returns	Return on equity	30%
Sustainability	This includes broad-based black economic empowerment, employment equity and agreed sustainability projects	10%

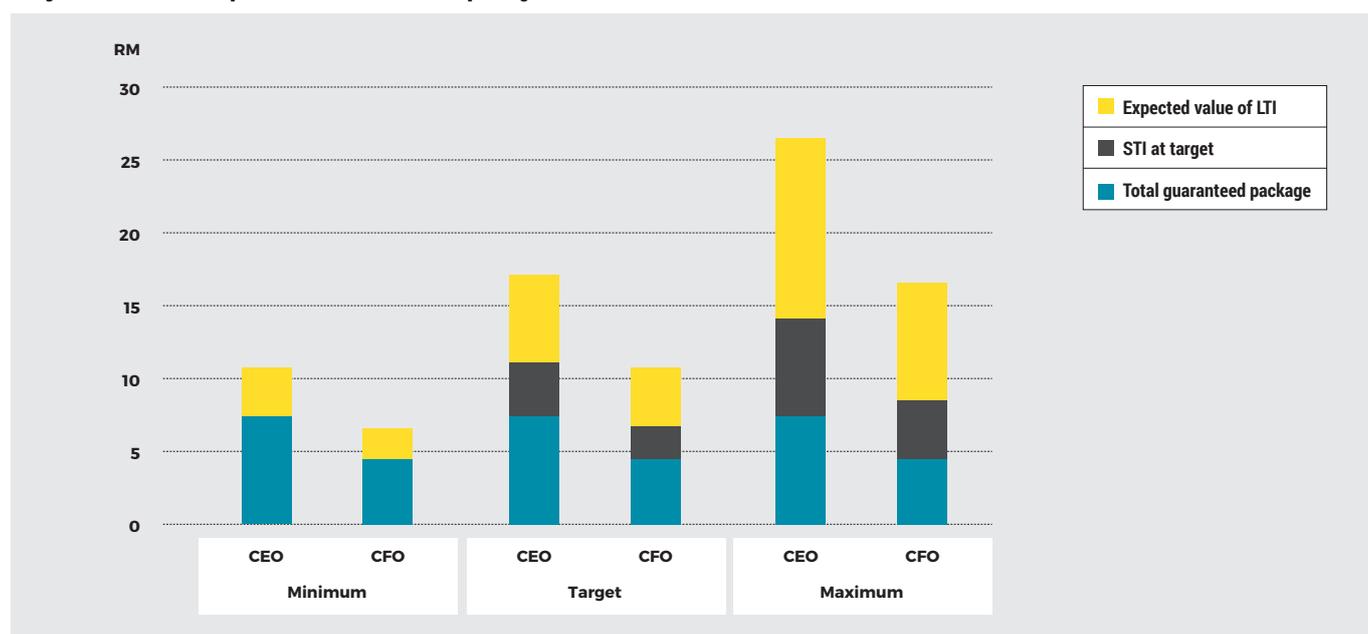
Share rights existing in the Steinhoff scheme in respect of the executive directors of Pepkor

	Offer date	Vesting date	Number of rights as at 30 Sept 2017	Number of rights forfeited during the year	Number of rights as at 30 Sept 2018	Value of rights exercised during the year R	Value of rights awarded during the year R
Share rights – Steinhoff scheme							
RG Hanekom	March 2016	March 2019	89 550	–	89 550	–	–
	March 2017	March 2020	111 251	–	111 251	–	–
			200 801	–	200 801	–	–
LM Lourens	March 2016	March 2019	89 550	–	89 550	–	–
	March 2017	March 2020	121 365	–	121 365	–	–
			210 915	–	210 915	–	–
Total executive directors			411 716	–	411 716	–	–

Long-term incentive scheme grants in FY19

Share rights will be granted to executive directors and other senior executives in terms of the policy defining ‘Allocation amounts’, which is set out in the remuneration policy section. The grants will be made following the expiry of the share trading closed period after the publication of this report and before the annual general meeting. Performance vesting conditions in line with the policy as set out in the policy section will be confirmed at the meeting of the committee at which the grants are approved.

Projected overall impact of remuneration policy



Total remuneration in FY18

The following is a breakdown of the total single figure of remuneration earned by the executive directors during the 2018 financial year, reflected on the basis of the cost to the company in terms of its accounting policies that observe IFRS rules:

	Basic remuneration R'000	Company and pension fund contributions R'000	Annual bonus R'000	Deferred cash short-term /strategic bonus R'000	Retention bonus/ deferred bonus R'000	Total remuneration and fees R'000
Remuneration of the executive directors						
2018						
LM Lourens	5 802	899	2 100	1 071	3 901	13 773
RG Hanekom	3 598	602	1 260	1 071	3 724	10 255
Paid by Pepkor	9 400	1 501	3 360	2 142	7 625	24 028
AB la Grange ⁽¹⁾	3 400	88	–	–	15 500	18 988
Paid by Steinhoff	3 400	88	–	–	15 500	18 988
Total	12 800	1 589	3 360	2 142	23 125	43 016
2017						
RG Hanekom	2 154	390	2 035	2 627	–	7 206
Paid by Pepkor	2 154	390	2 035	2 627	–	7 206
AB la Grange ⁽¹⁾	14 440	351	13 701	8 333	13 333	50 158
Paid by Steinhoff	14 440	351	13 701	8 333	13 333	50 158
Total	16 594	741	15 736	10 960	13 333	57 364

⁽¹⁾ Payments made to AB la Grange relate to payments made for directors of Steinhoff. AB la Grange resigned as executive director of Pepkor on 6 December 2017. The salary reflected represents AB la Grange's full salary and deferred bonus until end of December 2017.

Annexure B *continued*

The following is a summary of fees paid to non-executive directors for their services as directors:

Remuneration of the non-executive directors	Basic remuneration	Company and pension fund contributions	Company directors' fees	Annual bonus	Deferred cash Short-term/strategic bonus	Retention bonus/deferred bonus	Total remuneration and fees
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
2018							
J Naidoo	-	-	1 948	-	-	-	1 948
JD Wiese	-	-	623	-	-	-	623
VP Khanyile	-	-	-	-	-	-	-
SH Müller	-	-	1 247	-	-	-	1 247
AE Swiegers	-	-	389	-	-	-	389
JB Cilliers	-	-	1 170	-	-	-	1 170
HJ Sonn	-	-	529	-	-	-	529
F Petersen-Cook	-	-	437	-	-	-	437
MJ Harris	-	-	132	-	-	-	132
Paid by Pepkor	-	-	6 475	-	-	-	6 475
MJ Jooste	5 011	62	-	-	-	-	5 073
DM van der Merwe ⁽²⁾	15 432	557	-	-	-	8 333	24 322
PJ Dieperink ⁽²⁾	3 887	-	-	-	-	-	3 887
LJ du Preez ⁽²⁾	10 058	559	-	-	-	-	10 617
Paid by Steinhoff	34 388	1 178	-	-	-	8 333	43 899
Total	34 388	1 178	6 475	-	-	8 333	50 374
2017							
VP Khanyile	-	-	51	-	-	-	51
SH Müller	-	-	92	-	-	-	92
AE Swiegers	-	-	88	-	-	-	88
JB Cilliers	-	-	71	-	-	-	71
J Naidoo ⁽¹⁾	-	-	146	-	-	-	146
JD Wiese ⁽¹⁾	-	-	42	-	-	-	42
HJ Sonn ⁽¹⁾	-	-	44	-	-	-	44
Paid by Pepkor	-	-	534	-	-	-	534
J Naidoo ⁽¹⁾	-	-	801	-	-	-	801
JD Wiese ⁽¹⁾	-	-	1 479	-	-	-	1 479
HJ Sonn ⁽¹⁾	-	-	1 479	-	-	-	1 479
MJ Jooste	36 524	356	-	39 935	8 333	36 667	121 815
DM van der Merwe	18 132	356	-	16 270	8 333	5 000	48 091
Paid by Steinhoff	54 656	712	3 759	56 205	16 666	41 667	173 665
Total	54 656	712	4 293	56 205	16 666	41 667	174 199

⁽¹⁾ Relates to remuneration received for services provided to Steinhoff. Remuneration paid to non-executives relate mainly to fees paid by Steinhoff.

⁽²⁾ Relates to remuneration received for services provided to Steinhoff. The fees to directors include fees paid as directors of ultimate holding company Steinhoff where directors serve on the board of the group and holding company. An amount of R1.27 million was paid to Steinhoff during the year for members of its board serving as non-executive directors of Pepkor.

FORM OF PROXY

PEPKOR HOLDINGS LIMITED

(Registration number: 2017/221869/06) | JSE share code: PPH | ISIN: ZAE000259479 | ("Pepkor" or "the Company")

PROXY

To be completed by certificated shareholders and dematerialised shareholders with own-name registration only. For use at the 2nd annual general meeting of Pepkor to be held at 09:00 on Monday, 11 March 2019, at the AfriGrande Boardroom, PEP Campus Entrance 4, Radnor Street, Parow Industria, and at any adjournment thereof.

If shareholders have dematerialised their shares with a Central Securities Depository Participant ("CSDP") or broker, other than with own-name registration, they must arrange with such CSDP or broker to provide them with the necessary written authorisation to attend the annual general meeting, or the shareholders concerned must instruct the CSDP or broker as to how they wish their votes to be recorded at the annual general meeting. This must be done in terms of the custody agreement entered into between the shareholder and the CSDP or broker concerned.

I/We (Full name(s) in block letters)

of (address)

being the registered holder(s) of ordinary shares, hereby appoint:

1. _____ of _____ or failing him/her
2. _____ of _____ or failing him/her

3. the chairman of the annual general meeting, as my/our proxy, to vote for me/us and on my/our behalf at the annual general meeting of Pepkor for purposes of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat and at each adjournment thereof and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares registered in my/our name(s) in accordance with the following instructions (see Notes on the reverse hereof):

Voting instructions in respect of all/_____ number of shares held	NUMBER OF VOTES (ONE VOTE PER SHARE)		
	In favour	Against	Abstain
1. Presentation of annual financial statements	Non-voting agenda point		
2. Ordinary resolution number 1 : Appointment of auditor firm and to note Mr A Hugo as designated audit partner			
3. Re-election of directors who retire by rotation:			
3.1 Ordinary resolution number 2 : Re-election of JB Cilliers			
3.2 Ordinary resolution number 3 : Re-election of LJ du Preez			
3.3 Ordinary resolution number 4 : Re-election of JD Wiese			
4. Ratification of appointments made by the Company's board:			
4.1 Ordinary resolution number 5 : Appointment of F Petersen-Cook			
4.2 Ordinary resolution number 6 : Appointment of PJ Dieperink			
4.3 Ordinary resolution number 7 : Appointment of MJ Harris			
4.4 Ordinary resolution number 8 : Appointment of W Luhabe			
5. Reappointment of the audit and risk committee members:			
5.1 Ordinary resolution number 9 : Reappointment of JB Cilliers			
5.2 Ordinary resolution number 10 : Appointment of F Petersen-Cook			
5.3 Ordinary resolution number 11 : Reappointment of SH Müller			
6. Non-binding endorsement of the Company's remuneration policy and implementation report:	Non-binding advisory vote		
6.1 Ordinary resolution number 12 : Remuneration policy			
6.2 Ordinary resolution number 13 : Implementation report			
7. Ordinary resolution number 14 : General authority to issue shares for cash			
8. Special resolution number 1 : Approval of fees payable to non-executive directors			
8.1 Chairman			
8.2 Lead independent			
8.3 Board members			
8.4 Audit and risk committee chairman			
8.5 Audit and risk committee member			
8.6 Human resources and remuneration committee chairman			
8.7 Human resources and remuneration committee member			
8.8 Nomination committee chairman			
8.9 Nomination committee member			
8.10 Social and ethics committee chairman			
8.11 Social and ethics committee member			
8.12 Special meetings rate per hour			
9. Special resolution number 2 : General authority to provide financial assistance			
10. General	Non-voting agenda point		

Shareholder must indicate as follows how their votes must be exercised: Insert an "X" in the appropriate block if you wish to vote all your shares in the same manner. If not, insert the number of votes in the appropriate block. The total number of votes may not exceed the total to which the shareholder is entitled. Unless otherwise instructed, a shareholder's proxy may vote as he/she thinks fit.

Signed at _____ this _____ day of _____ 2019

Signature _____

Any power of attorney and any instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of the power of attorney, must be forwarded to the Company's transfer secretaries, Computershare Investor Services Proprietary Limited, at the address stated below so as to reach them before the time fixed for commencement of the annual general meeting. (Refer to note 5 under "Record Dates and other Important Notices" in the Notice to the annual general meeting as a suggestion to avert a potential administrative burden at the annual general meeting.)

Notes to Form of Proxy:

1. This Form of Proxy should only be used by certificated shareholders or shareholders who have dematerialised their shares with own-name registration.
2. All other shareholders who have dematerialised their shares through a Central Securities Depository Participant ("CSDP") or a broker, and wish to attend the annual general meeting, must arrange with such CSDP or broker to provide them with the necessary written authorisation to attend the annual general meeting or, should they not wish to attend, the shareholders must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.
3. A shareholder may insert the name(s) of one or more proxies, none of whom need to be a shareholder of the Company, in the space provided, with or without deleting the phrase "the chairman of the annual general meeting". The person whose name appears first on the Form of Proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow. In the event that no names are indicated, the proxy shall be exercised by the chairman of the annual general meeting.
4. A shareholder's instruction on the Form of Proxy must be indicated by the insertion of a number of shares in the appropriate space provided, or an "X" if the shareholder wishes to vote all the shares. Failure to comply with the above will be deemed to authorise the chairman of the annual general meeting, if the chairman is the authorised proxy, to vote in favour of the resolutions at the annual general meeting, or any other proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all of the shareholder's votes exercisable thereat. A shareholder or his/her proxy is not obliged to use all the votes exercisable, but the total of the votes cast, together with any abstentions recorded, may not exceed the total of the votes exercisable by the shareholder or by his/her proxy.
5. In order to be effective, completed Forms of Proxy must reach the transfer secretaries at the address stated below before the time fixed for commencement of the annual general meeting, however, refer to note 5 under "Record Dates and other Important Notices" in the Notice to the annual general meeting as a suggestion to avert a potential administrative burden at the annual general meeting.
6. The completion and lodging of this Form of Proxy shall not preclude the shareholder from attending, speaking and voting in person at the annual general meeting to the exclusion of any proxy appointed in terms hereof.
7. Should this Form of Proxy not be completed and/or received in accordance with these notes, the chairman of the annual general meeting may accept or reject it, provided that in the case of acceptance, the chairman is satisfied as to the manner in which the shareholder's votes are to be recorded.
8. Documentary evidence establishing the authority of the person signing this Form of Proxy in a representative or other legal capacity must be attached to this Form of Proxy unless previously recorded by the transfer secretaries or waived by the chairman of the annual general meeting.
9. The chairman shall be entitled to reject the authority of a person signing this Form of Proxy:
 - 9.1 under a power of attorney; or
 - 9.2 on behalf of a Company or on behalf of another entity, unless that person's power of attorney or authority has been deposited and registered by the transfer secretaries at the address stated below before the time fixed for commencement of the annual general meeting.
10. Where shares are held jointly, all joint holders are required to sign the Form of Proxy.
11. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
12. Any alterations of or correction to this Form of Proxy must be initialled by the signatory(ies).
13. On a show of hands, every shareholder present in person or represented by proxy shall have only one vote, irrespective of the number of shares he/she holds or represents. However, it is the intent, from a corporate governance perspective, that all voting at the annual general meeting would take place by way of a poll.
14. On a poll, every shareholder present in person or represented by proxy shall have one vote for every share held by such shareholder.

Transfer secretaries' address:

Computershare Investor Services Proprietary Limited

Physical address: Rosebank Towers, 15 Biermann Avenue, Rosebank 2196 South Africa

Postal address: PO Box 61051, Marshalltown 2107, South Africa

Contact details: Telephone: +27 11 373 0033

Fax: +27 11 688-5248

Email: proxy@computershare.co.za



Corporate information

PEPKOR HOLDINGS LIMITED ('Pepkor' or 'the company' or 'the group')

EXECUTIVE DIRECTORS LM Lourens (Chief executive officer), RG Hanekom (Chief financial officer)

NON-EXECUTIVE DIRECTORS J Naidoo (Chairman), JB Cilliers[†], PJ Dieperink, LJ du Preez, PJ Erasmus, MJ Harris^{*}, W Luhabe^{*}, SH Müller^{*}, F Petersen-Cook^{*}, DM van der Merwe, JD Wiese

[†]Lead independent ^{*}Independent

REGISTRATION NUMBER 2017/221869/06 | **SHARE CODE** PPH | **ISIN** ZAE000259479 | **REGISTERED ADDRESS** 36 Stellenberg Road, Parow Industria 7493

POSTAL ADDRESS PO Box 6100, Parow East 7501 | **TELEPHONE** 021 929 4800 | **E-MAIL** info@pepkor.co.za

TRANSFER SECRETARIES Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196

COMPANY SECRETARY Pepkor Proprietary Limited | **AUDITORS** PricewaterhouseCoopers Inc. | **SPONSOR** PSG Capital Proprietary Limited