

Employment equity

63% of our 48 500

employees are black women – in line with the UN Women's Empowerment Principles (WEPs).

Inclusive growth

We create inclusive growth opportunities by developing our employees, supporting local suppliers and investing in the broader communities where we operate.



Our people, our core enabler

It's in our DNA

At Pepkor, our core strategy – specifically its execution – is enabled by our people. They are the living embodiment of our purpose: making a difference in the lives of our customers. They are the architects of our inclusive growth, the direct link to our customers and the driving force behind our long-term sustainability. We view our strong workforce as a strategic asset, focusing our efforts on building robust capacity and future-ready capability across the group.

Our commitment to our people is governed by the principles of the UN Global Compact (UNGC), and we maintain a non-discriminatory, safe and supportive workplace guided by our group code of conduct.



Our people strategy is anchored by five strategic pillars, ensuring we attract, develop and retain the diverse talent necessary for inclusive growth and execution.

These pillars support diversity, equity, belonging and inclusion (DEI&B) through targeted leadership and skills development. Data and technology enhance governance and analytics, while employment branding and succession planning strengthen our leadership pipeline. Talent enablement – through attraction, development and capacity optimisation – ensures Pepkor remains agile and future-fit. Capacity reflects our ability to mobilise talent at scale, and capability speaks to the depth of expertise and adaptability cultivated through continuous learning.

These people-powered drivers translate into measurable outcomes across our business units (BUs), with progress in revenue growth, operational efficiency, customer engagement and digital transformation. By aligning our employee value proposition (EVP) with human resources (HR) priorities and business goals, Pepkor delivers disciplined, inclusive and people-centred execution, empowering teams and

Performance trend

LEADERSHIP EQUITY

58%
of promotions/appointments at D-band and above were black individuals

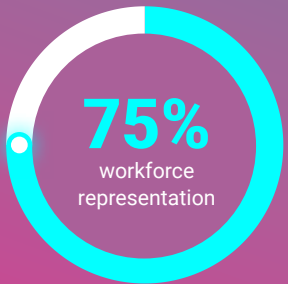
DISABILITY INCLUSION

0.3%
of payroll allocated to disability initiatives

SKILLS DEVELOPMENT

3 937
learnerships
(FY25 target: 3 000)

WOMEN'S EMPOWERMENT



Aligned with UN Women's Empowerment Principles



Diversity, equity, inclusion and belonging (DEI&B)

Strategic impact: To improve the composition of employment equity talent and drive an inclusive, welcoming environment where all employees feel they belong.

We believe that an inclusive workplace is a source of innovation and resilience. While our workforce largely reflects the demographics of the communities we serve (with women representing 75% of our total workforce), we recognise the imperative to accelerate transformation at executive and senior management levels.

Key actions

- **Policy and governance:** The group employment equity policy was reviewed and reaffirmed by the SEC in May 2025, committing to decentralised accountability and targeted corrective action.
- **Strategic framework:** We have an overarching framework that guides our employment equity approach. Its pillars are related to talent attraction and retention, in addition to appropriate governance and monitoring. Its overarching principles are centred on a leader-led strategy, which is further cemented in our business strategy and our culture.
- **Culture:** Our culture, which supports our policy and framework, reinforces social connection and diversity awareness, contributing to high employee engagement across the diversity of our workforce. This high engagement leads to better customer advocacy and alignment with Pepkor's purpose-driven approach.

Introduction

Letter from our CEO

Report from our chair

Enabling affordable living

Inclusive growth

- Our people
- Community impact
- Supplier development
- Informal market
- Responsible sourcing

Road to green

Further disclosure

Corporate information

Performance trend

INTERNAL PROMOTIONS

2 340

total internal promotions across the group during the year (FY24: 2 304)

STORE MANAGER PIPELINE

395

sales assistant to store manager promotions during the year (FY24: 503)

FLAGSHIP LEADERSHIP PROGRAMMES

143

participants who completed LEAD (since 2017) and ASCEND (since 2019) leadership programmes

Graduated during FY25:

LEAD: 19

ASCEND: 10

Leadership bench strength

To ensure leadership sustainability through robust succession planning and the continuous development of high-potential talent.

We prioritise internal growth and development, ensuring strong leadership continuity from the store floor to the executive suite. We are mindful of our need to improve the diversity in our bench strength and are focused on ensuring a well-balanced internal pipeline, supplemented where appropriate with external talent.

Key actions

- **International exposure:** We complement internal programmes with international exposure and leadership tools from global institutions. Our executive talent across our units attends international programmes like the senior and executive programmes from the Centre for Creative Leadership and the Strategic Planning and Management in Retail programme from Babson College.
- **Succession planning:** We have an entrenched leadership-led succession and talent management process for our succession planning. We use focused talent mapping exercises for specific talent pools to actively strengthen leadership pipelines and ensure greater diversity of talent. The majority of our employees are store-based employees, and we have seasoned processes to ensure employee development, engagement and availability of talent for promotion in our units.
- **Flagship leadership programmes:** We provide well-regarded and internally sought-after leadership development programmes to enable talent to be ready for opportunities at senior to executive level within the group.



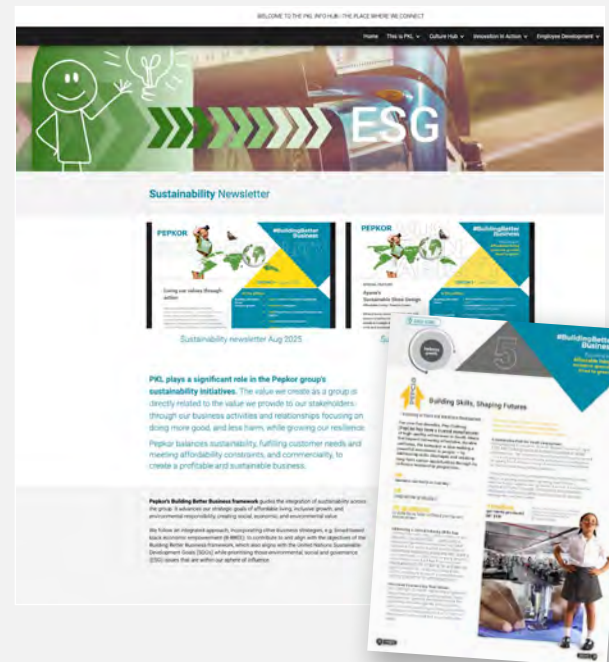
Data, technology and remuneration

Strategic impact: To enhance decision-making and to serve our employees through data and technology, and to ensure fair, competitive remuneration.

We reward performance and secure employee well-being through competitive financial offerings and are focused on ensuring increased data-driven decisions on human capital. An example of this is the competitive increases we provided compared to the industry.

Key actions

- **Financial wellness:** We have various initiatives focused on financial wellness. In FY25, we provided further online affordable medical assistance in five BUs. One of our BUs is also trialling an innovative wellness leave programme, enabling employees to pursue personal growth activities (like climbing a mountain) as part of purposeful rest, reinforcing resilience and holistic well-being.
- **Enhanced benefits:** Expanded risk benefits (launched in September 2025) to include critical illness cover and funeral cover for parents and parents-in-law in specific funds.
- **Digital communication:** We implemented digital platforms like Pepkor Logistics' Information Hub for real-time, transparent communication and engagement. We use various digital platforms for the development of employees in different BUs.



TOTAL REMUNERATION

R10.2 billion

paid in salaries in FY25

REMUNERATION INCREASES

6%

for bargaining unit

5%

for management

PEPKOR
Holdings Limited

Introduction

Letter from our CEO

Report from our chair

Enabling affordable living

Inclusive growth

Our people

Community impact

Supplier development

Informal market

Responsible sourcing

Road to green

Further disclosure

Corporate information

Employment branding

Strategic impact: To position Pepkor as the best place to work, attracting and retaining the right talent to support capacity for execution.

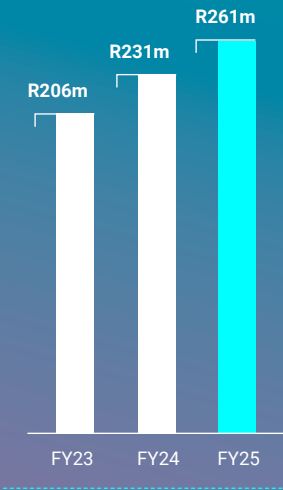
Our strong employer brand is validated by our high culture and engagement scores and vast online presence, reflecting a culture of growth and shared purpose. Our growing LinkedIn community and the improvement in employee turnover, from 19% in FY24 to 17% in FY25, is evidence of the increasing appeal of Pepkor as a place to build a meaningful career. This is testimony of our focus on retention and the impact of our employment branding.

Key actions

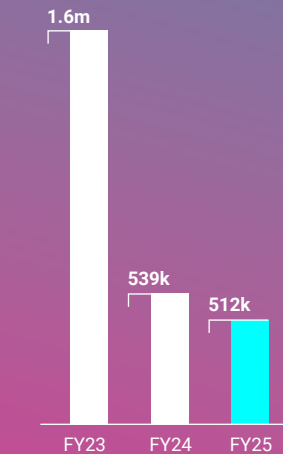
- **Values-driven culture:** We embed our values, and each BU drives a values-driven culture aligned with the Pepkor values across our EVP pillars: shared purpose, appreciation and well-being, continuous growth and positive connections.
- **Shared purpose connection:** Culture feedback scores reflect that employees are highly engaged within our units and aligned with our purpose. This advocacy directly translates into superior customer service and a unified commitment to making a difference in the lives of our customers.
- **Culture in action**
 - We respect the rights of our employees. Employees are free to join trade unions and representative bodies in line with legislation. In FY25, 15% of employees belong to a union and 32% are covered by collective agreements.
 - Communication and engagement to ensure positive alignment – in addition to digital communication, which fosters transparency and efficacy in sharing information, we believe that face-to-face communications are still critical in driving a connection among employees. This is experienced from one-on-one conversations to large conventions; we keep our people informed and connected.
 - Small deliberate steps with culture outcomes – we focus on small deliberate steps throughout the employee life cycle to enhance our culture and ensure that our employees remain connected and committed to a shared purpose. For example, we have a very specific way of greeting in various units, which drives greater connectedness.
 - Celebrate our culture – our employees are united by purpose: to make life more affordable for customers. This shared purpose is celebrated annually at business conventions, recognised through awards and embedded in our everyday way of working.

Performance trend

INVESTMENT IN TRAINING



TRAINING HOURS



Enabling talent

Strategic impact: To place the right talent in the right roles at the right time, while building business-aligned capabilities for a future-ready workforce.

Our significant investment in skills development ensures we have the necessary capability for digital execution and continuous growth.

Key actions

- **Future skills focus:** We continue to invest in programmes like graduate recruitment offered by various units to ensure we develop capacity and capability for the future. Overall, our focus is shifting towards digital literacy and AI skills for the future.
- **CAP trainee programme:** The Pepkor CA Programme, accredited by SAICA, is developing a structured pipeline of accounting and finance professionals across the group.
- **Skills development contribution:** Our learnership contribution remains consistently high and represents 44% of employed W&RSETA (Wholesale and Retail Sector Education and Training Authority) sector target learnerships in FY25.
- **Health and safety:** We are focused on complying with the Occupational Health and Safety Act (OHS Act) supported by training, drills and trauma counselling for employees affected by crime in our business.



Focus for FY26

- Focused actions and monitoring to improve our appointment of black employees at senior to executive levels
- Conduct culture interventions like having additional focus on exit interview with employees from underrepresented groups to gather qualitative data on their experiences and identify areas for improvement in the company culture
- Commence implementation of an HR system that allows for better and more integrated data-led decisions on human capital
- Build on the success of providing international and internal quality leadership training
- Continuously monitor our culture and take corrective action where necessary
- Create the capacity and capability for AI to become part of our culture and the way in which we execute on our purpose
- Keep fostering a climate of ensuring we promote skills development in line with our B-BBEE objectives

Introduction

Letter from our CEO

Report from our chair

Enabling affordable living

Inclusive growth

Our people

Community impact

Supplier development

Informal market

Responsible sourcing

Road to green

Further disclosure

Corporate information

Community impact

Pepkor serves > 32 million identifiable customers annually, with approximately 71% segmented in mid- to lower-income markets – communities often characterised by high social needs.

As employers increasingly play a role in delivering social support, Pepkor's corporate social investment (CSI) policy is aligned with our group strategy to create lasting value for both customers and the communities we serve.

Our CSI efforts are designed to address pressing socio-economic challenges and contribute meaningfully to building sustainable, resilient communities.

SRC



Performance trend

CSI INVESTMENT increased to

R66 million

(FY24: R62 million)

STOCK DONATIONS

R143 million

donated by **ACKERMANS** since inception of Ububele more than a decade ago

Reach

Thousands of children supported through ECD and youth programmes; more than 51 000 families impacted by PEP's Lay-By Buddy

Employees

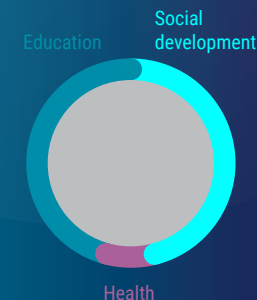
Volunteer days and participation in flagship campaigns like Mandela Day are increasing

Strategic impact: By investing in education, empowerment and local enterprise, Pepkor helps break cycles of poverty while building resilience in the communities we serve. This creates shared value: stronger communities, stronger families and a stronger customer base.

Key actions

Focused CSI investment:

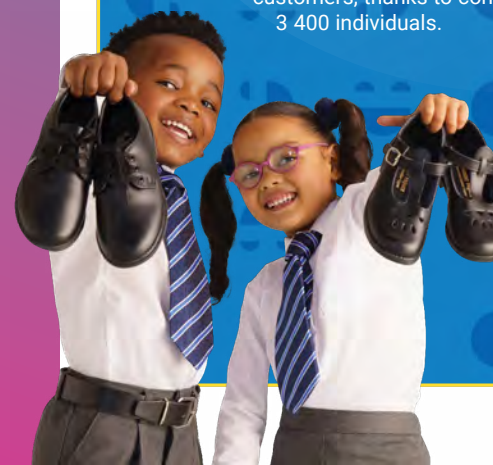
Our CSI programmes target the development and education of children, particularly ECD and youth education, to foster long-term employability and social upliftment. In FY25, we invested R65.7 million in CSI initiatives, between education, social development and health. Each BU manages its own CSI plans, tailored to local needs.



Employee participation:

Each staff member is allocated one working day per year to volunteer in community projects, ensuring that support is not only financial but also practical and people-driven.

PEP Lay-By Buddy: Launched in 2020, this initiative encourages individuals to help pay off customers' lay-bys during the holiday season. Since inception, it has raised over R3.6 million, benefiting more than 51 000 customers, thanks to contributions from 3 400 individuals.



Lay-by Buddy
INITIATIVE

**BUDDIES
HELP PAY OFF
LAY-BYS FOR
THOSE WHO
NEED IT THE
MOST**

PEPKOR
Holdings Limited

Introduction

Letter from our CEO

Report from our chair

Enabling affordable living

Inclusive growth

Our people

Community impact

Supplier development

Informal market

Responsible sourcing

Road to green

Further disclosure

Corporate information

- **Do More Foundation partnership**
 - **Ackermans:** Ububele Programme: Supporting underserved ECD centres.
 - **PEP:** Providing educational resources and promoting sustainable food production.
 - **Pepkor Speciality:** From empowering youth and people with disabilities through the #DoMorePlay Toy Programme and repurposing donated clothing to supporting female entrepreneurs through the Township Economy Programme where young women are trained and supported in their own businesses.
 - **Disaster relief**
 - **Ackermans:** Community upliftment: Provides essential clothing, care packages and donations to communities and families impacted by disasters like floods and wildfires.
-  **PEP Academy** – Strengthening learning, expanding opportunity
- Ackermans' Ububele** – Ackermans' contribution to ECD
- PEP** – Keep Girls in School
- Pepkor Speciality** – Empowering Women. Transforming Communities.

Focus for FY26

- Expand ECD and youth employability programmes in high-need areas
- Deepen partnerships with non-governmental organisations (NGOs) to multiply impact
- Grow employee volunteer participation and measure outcomes more systematically



Ububele trend impact: Centre growth

What started as a single initiative in the Western Cape, the programme has reached a significant milestone in 2024, having expanded into all nine provinces, and into a national movement – testament to long-term investment in early learning and community upliftment.



2015 – 2017

10

Western Cape



2018

46

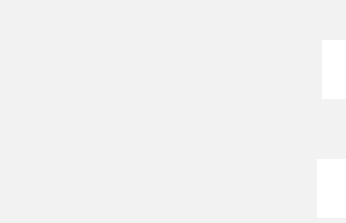
Western Cape expands



2019 / 2020

72

KwaZulu-Natal, programme maintains reach during COVID



2021

120

Free State

2022

170

Gauteng

2023

340

Mpumalanga

2024

540

Limpopo and Eastern Cape

2025

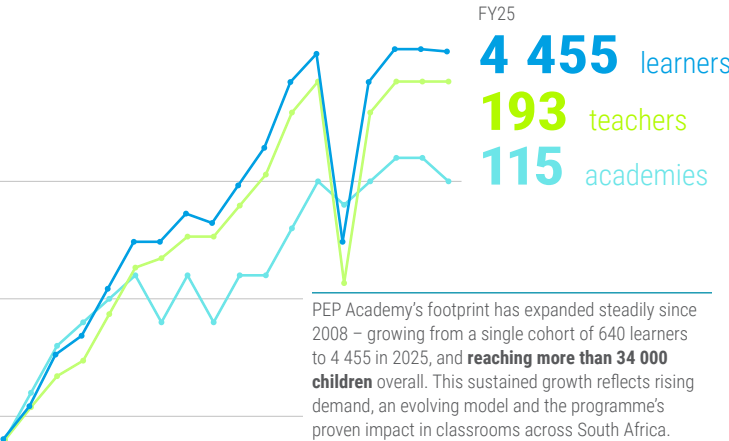
740

Northern Cape and North West



PEP Academies: the impact of history and opportunity

PEP Academy's growth over the years reflects a steadily expanding impact, strengthening learning foundations and improving confidence, literacy and numeracy among participating learners. Now integrated into the PEP Foundation, the programme is positioned for long-term stability, deeper educational focus and the opportunity to build complementary initiatives under one umbrella – ensuring sustained support for teachers, schools and children nationwide.



Introduction

Letter from our CEO

Report from our chair

Enabling affordable living

Inclusive growth

Our people

Community impact

Supplier development

Informal market

Responsible sourcing

Road to green

Further disclosure

Corporate information

Supplier development

Pepkor supports the goals of the B-BBEE Act, viewing it as both a responsibility and an opportunity to create socio-economic value for all stakeholders. A key part of this commitment is developing and supporting small- and medium-sized enterprises (SMEs), with a focus on suppliers that benefit previously disadvantaged groups.

Focus for FY26

Build on our existing B-BBEE initiatives

- Explore further ESD opportunities

MM3



Performance trend

PROCUREMENT VOLUMES

R13.8 billion

38% increase in black-owned procurement

R138.1 million ESD

focused on suppliers with high potential for job creation and local procurement

295 local jobs created

by Kelmik and Ibhayi together, demonstrating the multiplier effect of strategic supplier partnerships

Strategic impact: By supporting black-owned and women-owned SMEs, Pepkor not only strengthens its supply chain but also fuels local economic growth, creates employment and fosters long-term resilience in the communities where our customers live.

Key actions

- **Inclusive procurement:** Within our procurement strategy, we prioritise local suppliers with valid B-BBEE certificates. In FY25, we allocated R13.8 billion (FY24: R10.0 billion), of which R13.7 billion was spent on black women-owned SMEs – a 57% YoY increase.
- **Preferential support:** To help SMEs remain resilient, we provide preferential payment terms, bridging critical cash flow gaps and supporting sustainable operations.
- **ESD:** We invested R138.1 million in ESD initiatives in FY25, providing financial support, managerial expertise and strategic partnerships. These programmes are designed to align with B-BBEE requirements while stimulating employment, manufacturing and logistics opportunities in the communities we serve.
- **Logistics partnerships:** Pepkor Logistics partners with independent transport agencies. The agencies provide trucks and drivers, while Pepkor manages routing, customer service and efficiency. This creates scalable work for smaller operators while ensuring reliable delivery.
- **Partnership with Taking Care of Business (TCB)** is another ED initiative that not only supports local micro enterprises but also the circular economy by diverting textile waste from landfill.

Introduction

Letter from our CEO

Report from our chair

Enabling affordable living

Inclusive growth

Our people

Community impact

Supplier development

Informal market

Responsible sourcing

Road to green

Further disclosure

Corporate information

Strategic local partnerships



Scaling local sourcing with sustainable fibres

Kelmik, a female-led clothing manufacturer in Port Shepstone, produces around three million units of baby basics per season for PEP, strengthening local manufacturing and women's employment. Supported by Pepkor's ESD programme, the facility forms part of the Retail-Clothing Textile Footwear and Leather (R-CTFL) Master Plan to rebuild South Africa's textile industry. Using Better Cotton Initiative (BCI)-accredited combed fibres and local production, Kelmik advances responsible sourcing, skills development and reduced transport emissions.

5 million units/season

241 permanent jobs, with the majority being women

BCI accredited with a focus on babywear



Empowering women in sustainable manufacturing fibres

Ibhayi Footwear, founded by sisters Roxane Titus and Vida-Ann Smith in Gqeberha, is transforming local footwear manufacturing through Pepkor's R12 million ED loan. The factory is set to produce veldskoen and flip-flops for Ackermans, combining modern equipment with low-energy processes and sustainable materials. As a black women-led enterprise, Ibhayi contributes to inclusive economic growth, local job creation and reduced environmental impact through polyvinyl chloride (PVC)-free materials and sea freight logistics.

R12 million loan funding

18 new jobs and local employment in Gqeberha

321 000 units/season



Building capability through partnership

Pepkor Speciality's enterprise model links retail demand to SD, with local manufacturers like **Nkosi Yamakhosi**, established in 2014, moving from capability building to pilot production. After targeted factory improvements through the Manufacturing Development Fund (MDF) and support from BMA, the business introduced leaner methods, standardised work and daily reviews. The factory now produces woven boxers for Pepkor's CODE brand, achieving consistent quality and better throughput and growing female line leadership.



Local delivery in-country logistics support

PEP Africa has developed a logistics model that supports local delivery and economic participation. Cross-border transport is handled through PKL's established network in South Africa and Namibia. Once inside each African country, however, the final leg of the journey is entrusted to in-country transporters, small businesses and operators who understand the terrain, timing and movement patterns of their regions. In FY25, PEP Africa supported 12 in-country transporters.

- PEP – Kelmik-PEP partnership**
- Ackermans – Ibhayi – Pioneering local manufacturing through enterprise development**
- Pepkor Speciality – Enterprise development as sourcing. Incubating Nkosi Yamakhosi**
- PEP Africa – Retail on the road, how PEP Africa is building is building growth by meeting the customer where they are**
- Pepkor – Investing in capability, Pepkor's approach to scalable local sourcing**



- Introduction
- Letter from our CEO
- Report from our chair
- Enabling affordable living
- Inclusive growth**
 - Our people
 - Community impact
 - Supplier development**
 - Informal market
 - Responsible sourcing
- Road to green
- Further disclosure
- Corporate information

Informal market

Spaza shops, street vendors and informal market traders are a vital part of South Africa's economy. Many of these entrepreneurs – often women – rely on informal trading to sustain their families. Pepkor supports this ecosystem by providing tools, services and partnerships that make trading safer, more efficient and more rewarding.



Performance trend

R60 billion

cash digitised

170 000

Flash traders



+30%

YoY growth of
PAXI business
customers



Focus for FY26

- Grow our informal market presence

Strategic impact: By supporting informal market traders, Pepkor empowers entrepreneurs, many of them women, to build sustainable livelihoods. Through services like Flash and PAXI, we strengthen communities, enable financial inclusion and contribute to a more circular economy.

Key actions

- **Flash traders driving inclusion:** Flash supports 170 000 traders, giving them mobile vending solutions that expand their business offerings and strengthen local economies. In addition to standard commissions, Flash pays trader bonuses for participating in promotions and projects, ensuring direct rewards for entrepreneurial activity.

 **Flash** – Unlocking the potential of South Africa's informal economy with Flash

- **Supporting grant distribution:** Since 2023, Flash has held the rights to distribute the R370 South African Social Security Agency Social Relief of Distress (SASSA SRD) grant, overcoming barriers such as limited access, long queues and social unrest. This has expanded to Flash facilitating three additional SASSA grant type payouts (disability grants, childcare grants and older persons grants) and traders now process more than 350 000 SASSA withdrawal transactions per month. This makes grant collection safer and more convenient for beneficiaries.

- **PAXI delivery network:** PAXI provides SMMEs with affordable, reliable parcel services. In FY25, more than 20 100 PAXI micro enterprises sent over 2.5 million parcels. The PAXI online portal has streamlined logistics, further enabling pre-registration of customer details. In FY25 alone, it facilitated over 900 000 parcel pre-inductions in South Africa and BLNE countries, saving time and improving efficiency for entrepreneurs.

In the rest of Africa, PEP Africa also launched PAXI in Zambia in FY25. With a revised pricing model, PAXI is now the most affordable courier service with over 633 parcels sent.

 **PAXI** supports SMMEs

PEP Africa – Retail on the road, how PEP Africa is building is building growth by meeting the customer where they are

PEPKOR
Holdings Limited

Introduction

Letter from our CEO

Report from our chair

Enabling affordable living

Inclusive growth

Our people

Community impact

Supplier development

Informal market

Responsible sourcing

Road to green

Further disclosure

Corporate information

Responsible sourcing

Pepkor's scale and supply chain are among our greatest differentiators, enabling us to deliver affordability across an extensive footprint. With this comes the responsibility to promote ethical, sustainable and resilient business practices. Responsible sourcing ensures that we manage risk, strengthen supplier partnerships and contribute to building more sustainable industries both locally and globally.

Focus for FY26

- Train buyers and suppliers on the code of conduct
- Implement a group-wide supplier compliance policy to enable BUs to manage non-compliance through immediate sanction and a three-strike system
- Appoint dedicated supplier relationship managers within each BU to coordinate supplier engagement, track compliance performance and support remediation
- Establish a centralised compliance dashboard to consolidate supplier data and corrective actions, improving visibility and decision-making across all BUs

Local sourcing commitment

Pepkor actively participates in the R-CTFL Masterplan 2030, supporting the revitalisation of South Africa's manufacturing sector

 Road to green – Local sourcing and product innovation

Performance trend

LOCAL SOURCING

235 million units

29.1%

of total units sourced

31.6%

of total value sourced

+146%

sourcing at local regional level

-548 million units

sourced from direct imports



PepClo is South Africa's largest clothing manufacturer under one roof with **1 900 employees**, producing approximately **12.5 million units** of affordable schoolwear and underwear for PEP. The facility, along with PepClo's over 40 suppliers, is **100%** Bargaining Council compliant.

R138.1 million

invested in ESD, building long-term supplier resilience

 Supplier Development – Strategic local partnerships

Strategic impact: Responsible sourcing safeguards Pepkor's supply chain against disruption, protects workers' rights and reduces environmental impact. By investing in compliance and local manufacturing, Pepkor supports job creation, builds industry capability and strengthens South Africa's broader economy – while ensuring that customers can continue to access affordable, ethically sourced products.

Key actions

- **Supplier code of conduct:** Our supplier code of conduct (the code) aligns with UNGC principles and the SDGs, setting clear standards for human rights, labour practices, anti-corruption and environmental responsibility. It addresses:

- Lawful employment relations and non-discrimination
- Elimination of harassment, child labour and forced labour
- Freedom of association and collective bargaining
- Fair wages and working hours
- Health, safety and environmental compliance
- Transparency and anti-bribery
- Compliance with laws and regulations are mandatory, with B-BBEE certification required in South Africa

 **Pepkor's Supplier Code of Conduct**

- **Supply chain visibility and compliance:** The Pepkor Sourcing and Services team has mapped over 1 200 trade suppliers across clothing, footwear and homeware (CFH) retailers, Pepkor Lifestyle and Avenida. The code has been signed by more than 1 200 active suppliers, embedding Pepkor's compliance expectations within supplier agreements and onboarding processes:

- Where zero-tolerance breaches with the code are identified, relationships with suppliers are discontinued.
- The code was translated into Chinese and Portuguese, which are relevant languages for our supplier base to ease understanding of our requirements.
- We enhanced our due diligence for new suppliers, including factory visits and labour practice assessment.

PEPKOR
Holdings Limited

Introduction

Letter from our CEO

Report from our chair

Enabling affordable living

Inclusive growth

Our people

Community impact

Supplier development

Informal market

Responsible sourcing

Road to green

Further disclosure

Corporate information