



**NOTICE OF ANNUAL  
GENERAL MEETING  
OF SHAREHOLDERS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

# NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

## [FOR THE YEAR ENDED 30 SEPTEMBER 2019]

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

**Notice is hereby given of the annual general meeting of shareholders of Pepkor to be held at the AfriGrande Boardroom, PEP Campus Entrance 4, Radnor Street, Parow Industria at 09:00 on Wednesday, 11 March 2020 (the AGM).**

### Purpose

The purpose of the AGM is to transact the business set out hereafter.

### Agenda

#### 1. Presentation of the annual financial statements and the reports of the directors, the audit and risk committee and the social and ethics committee

Presentation of the audited annual financial statements of Pepkor, including the reports of the directors, the audit and risk committee, and the social and ethics committee, for the year ended 30 September 2019. The annual integrated report of the company, containing the audited annual financial statements, is available at [www.pepkor.co.za](http://www.pepkor.co.za) or can be requested and obtained in person, at no charge, from the company at its registered office.

A summarised version of the audited annual financial statements is enclosed with this notice of AGM. The report of the social and ethics committee is included as Annexure A.

To consider and, if deemed fit, approve, with or without modification, the following ordinary resolutions:

Note:

- For ordinary resolution numbers 1 to 8 to be adopted, more than 50% of the voting rights exercised on the applicable ordinary resolution must be exercised in favour thereof.
- Ordinary resolution numbers 10 and 11 are tabled for non-binding advisory votes. In the event that more than 25% of the voting rights exercised are against these resolutions, the company will initiate an engagement process with shareholders to ascertain the reasons for the dissenting votes.
- For ordinary resolutions numbers 9 and 12 to be adopted, at least 75% of the voting rights exercised on such ordinary resolution must be exercised in favour thereof.

#### 2. Re-election of directors who retire by rotation

The company's memorandum of incorporation (MOI) states that one-third of the company's non-executive directors shall retire by rotation at each AGM of shareholders. The nomination committee of the company has determined that the directors whose names appear in ordinary resolutions numbers 1 to 3 are the directors who will be retiring and are required to stand for re-election. The nomination committee has determined that they are available for re-election and supports their re-appointment. The summary curricula vitae of the directors standing for re-election, the curriculum vitae of Mr TL de Klerk, whose appointment is being considered as ordinary resolution number 4, and the curricula vitae of the members of the audit and risk committee, who are standing for election in terms of ordinary resolutions numbers 5, 6 and 7, are included as Annexure B.

##### 2.1 Ordinary resolution number 1

*Resolved that Mr J Naidoo, who is required to retire as a director of the company at this AGM of shareholders and who is eligible and available for re-election, is hereby re-elected as a director of the company.*

##### 2.2 Ordinary resolution number 2

*Resolved that Mr SH Müller, who is required to retire as a director of the company at this AGM of shareholders and who is eligible and is available for re-election, is hereby re-elected as a director of the company.*

##### 2.3 Ordinary resolution number 3

*Resolved that Ms F Petersen-Cook, who is required to retire as a director of the company at this AGM of shareholders and who is eligible and available for re-election, is hereby re-elected as a director of the company.*

#### 3. Ratification of appointment

In terms of the Companies Act, 71 of 2008, as amended (the Companies Act) and the company's MOI, the company may appoint a director to fill a vacancy on the board, provided that such appointment is confirmed by shareholders at the next AGM of shareholders of the company. On 29 May 2019, Mr TL de Klerk was appointed as a director of the company. He is thus required to stand for election at this AGM for his appointment to be ratified and confirmed.

##### 3.1 Ordinary resolution number 4

*Resolved that the appointment of Mr TL de Klerk as a director of the company on 29 May 2019 is ratified and confirmed.*

#### 4. Appointment of the members of the audit and risk committee of the company

The board has determined that the audit committee, established in terms of the Companies Act, be supplemented with the responsibility for the oversight of risk. The committee is accordingly called the audit and risk committee. In terms of section 94(2) of the Companies Act, the members of the committee are required to be appointed at each AGM of shareholders. It is proposed and recommended by the board that the persons mentioned in ordinary resolution numbers 5, 6 and 7 be appointed as members of the audit and risk committee of the company.

##### 4.1 Ordinary resolution number 5

*Resolved that Mr JB Cilliers, being eligible, be and is hereby appointed as a member of the audit and risk committee of the company, as recommended by the board, until the next AGM of the company.*

##### 4.2 Ordinary resolution number 6

*Resolved, subject to the passing of ordinary resolution number 3, 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, until the next AGM of the company.*

##### 4.3 Ordinary resolution number 7

*Resolved, subject to the passing of ordinary resolution number 2, that Mr SH Müller, being eligible, be and is hereby appointed as a member of the audit and risk committee of the company, as recommended by the board, until the next AGM of the company.*

#### 5. Re-appointment of auditor

PricewaterhouseCoopers Inc. was appointed as the company's auditor at the AGM of shareholders held on 11 March 2019. The audit partner responsible for the 2020 audit is Mr D de Jager. Mr D de Jager replaces Mr A Hugo in terms of auditor rotation requirements. In terms of section 90(1) of the Companies Act, the company is required to seek shareholder approval for the appointment or the re-appointment, as the case may be, of the auditor at each AGM of shareholders. The board supports the re-appointment of PricewaterhouseCoopers Inc.

##### 5.1 Ordinary resolution number 8

*Resolved that PricewaterhouseCoopers Inc. be and is hereby re-appointed as auditor of the company for the ensuing financial year or until the next AGM of the company, whichever is the later, with the designated auditor being Mr D de Jager, as registered auditor and partner in the firm, on the recommendation of the audit and risk committee of the company.*

**6. General authority to issue shares for cash**

Should listed entities wish to issue shares for cash (other than issues by way of rights offers and/or in consideration for acquisitions and/or to share incentive schemes, which schemes have been duly approved by the JSE Limited (JSE) and by the shareholders of the company), it is necessary for the board to obtain the prior authority of the shareholders in accordance with the Listings Requirements of the JSE (JSE Listings Requirements) and the MOI of the company. The reason for ordinary resolution number 9 is accordingly to obtain a general authority from shareholders to issue shares for cash in compliance with the JSE Listings Requirements and the MOI of the company.

At least 75% of the shareholders present in person or by proxy and entitled to vote at the AGM must cast their vote in favour of this resolution.

**6.1 Ordinary resolution number 9**

*Resolved that the directors of the company be and are hereby authorised, by way of a general authority, to allot and issue any of the company's unissued shares for cash as they at their discretion may deem fit, without restriction, subject to the provisions of the company's MOI, the Companies Act and the JSE Listings Requirements and subject to the provision that the aggregate number of ordinary shares able to be allotted and issued in terms of this resolution shall be limited to 5% of the issued share capital of the company at the date of this notice of AGM, provided that:*

- *the approval shall be valid until the date of the next AGM of the company, provided it shall not extend beyond 15 months from the date of this resolution;*
- *the general issues of shares for cash in any one financial year may not exceed, in the aggregate, 5% of the company's issued share capital (number of securities) of that class as at the date of this notice of AGM, it being recorded that ordinary shares issued pursuant to a rights offer or in consideration for acquisitions or shares issued to the Pepkor Holdings Limited Executive Share Rights Scheme (the Scheme) or options granted by the Scheme in accordance with the JSE Listings Requirements shall not diminish the number of ordinary shares that comprise the 5% of the ordinary shares that can be issued in terms of this ordinary resolution. As at the date of this notice of AGM, 5% of the company's issued ordinary share capital (net of treasury shares) amounts to 172 500 000 ordinary shares;*
- *in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of such shares, as determined over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the company and the party subscribing to the securities. The JSE will be consulted for a ruling if the securities have not traded in such 30-business-day period;*
- *any such issue will be made only to public shareholders as defined in paragraphs 4.25 to 4.27 of the JSE Listings Requirements, and not to related parties;*
- *any such issue will only be securities of a class already in issue or, if this is not the case, will be limited to such securities or rights that are convertible into a class already in issue; and*
- *in the event that the securities issued represent, on a cumulative basis, 5% or more of the number of securities in issue prior to that issue, an announcement containing the full details of such issue shall be published on the Stock Exchange News Service of the JSE.*

**7. Non-binding advisory vote on Pepkor's remuneration policy**

The reason for ordinary resolution number 10 is that the King IV Report on Corporate Governance™ for South Africa, 2016 (King IV™)\* recommends, and the JSE Listings Requirements require, that the remuneration policy of a company be tabled for a non-binding advisory vote by shareholders at each AGM. This enables shareholders to express their views on the remuneration policy. The effect of ordinary resolution number 10, if passed, will be to endorse the company's remuneration policy. Ordinary resolution number 10 is of an advisory nature only. Failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration agreements. However, the board will take the outcome of the vote into consideration and, if appropriate, will engage with shareholders when contemplating amendments to the company's remuneration policy.

**7.1 Ordinary resolution number 10**

*Resolved that the company's remuneration policy, as set out in Annexure C of this notice of AGM, be and is hereby endorsed by way of a non-binding advisory vote.*

**8. Non-binding advisory vote on Pepkor's implementation report on the remuneration policy**

The reason for ordinary resolution number 11 is that King IV™ recommends, and the JSE Listings Requirements require, that the implementation report on a company's remuneration policy be tabled for a non-binding advisory vote by shareholders at each AGM of a company. This enables shareholders to express their views on the implementation of a company's remuneration policy. The effect of ordinary resolution number 11, if passed, will be to endorse the company's implementation report in respect of its remuneration policy. Ordinary resolution number 11 is of an advisory nature only. Failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration agreements. However, the board will take the outcome of the vote into consideration when contemplating amendments to the implementation of the company's remuneration policy.

**8.1 Ordinary resolution number 11**

*Resolved that the company's implementation report in respect of its remuneration policy, as set out in Annexure C of this notice of AGM, be and is hereby endorsed by way of a non-binding advisory vote.*

**9. Amendments to the rules of company's Executive Share Rights Scheme**

The reason for and effect of ordinary resolution number 12 is to seek necessary approval for amendments to the rules of the company's Executive Share Rights Scheme. The rules were approved upon listing of the company in 2017. However, upon implementation of the rules, it has become necessary to seek amendments that will assist the human resources and remuneration committee (Remcom) to achieve the Scheme's objectives. The reasons for the amendments being sought are outlined hereunder. In terms of 14.1 and 14.2 of schedule 14 of the JSE Listings Requirements, certain changes require not less than 75% of equity securities holders present at the meeting or represented by proxy to vote in favour of the resolution. The rules of the scheme incorporating the proposed changes are included as Annexure D to this notice to assist shareholders.

**9.1 Ordinary resolution number 12**

*It is proposed that the amendments outlined hereunder be made to the Executive Share Rights Scheme that was previously approved by shareholders.*

*The amendments to the scheme are:*

- a. *To amend the name of the scheme as a consequence of the change of name of the company.*
- b. *To reduce the number of shares that may be available for the scheme from 500 000 000 unissued shares of no par*

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- value to 172 500 000 unissued shares of no par value, representing 5% of the current issued share capital.
- c. To amend the guidance given to the Remcom with regard to the performance criteria to enable the Remcom to include other criteria that may be relevant and to allow for review in specific circumstances.
- d. To replace in its entirety Rule 10 entitled Termination of Employment as it currently provides insufficient guidance to the human resources and remuneration committee to address the various leaver scenarios.
- e. To amend the definition of Measurement Period. The current definition has the date commencing on the Allocation Date, which is impractical. The Measurement Period should coincide with the company's financial reporting periods.
- f. To amend the limitation of the allocation value to Participants as 'being a range of 33% to 167% of a Participant's remuneration package or as may be reviewed by the human resources and remuneration committee (Remcom) from time to time'. The limitation has been considered by the Remcom as overly restrictive. In practice, the Remcom was relying on the discretionary review that the current rules provide for.
- g. To make certain editorial changes where the current rules refer to Plan or the Plan instead of Scheme or the Scheme.
- h. To introduce malus and clawback provisions.
- i. To insert a Rule on Amendments and Termination.
- The following resolution is proposed. In terms of 14.1 and 14.2 of schedule 14 of the JSE Listings Requirements, certain changes require not less than 75% of equity securities holders present at the meeting or represented by proxy to vote in favour of the resolution.
- Accordingly, for the resolution to be effective, it will require 75% of the holders of equities at the meeting, either present or represented by proxy, to vote in favour.
- Resolved that the following amendments be made to the Steinhoff Africa Retail Limited Executive Share Rights Scheme:
- a. That the name of the scheme be changed to Pepkor Holdings Limited Executive Share Rights Scheme.
- That, as a consequence, Rules 2.3.5 and 2.3.15 be amended accordingly.
- b. That Rule 6.1 be amended to read as follows:
- 6.1 172 500 000 (one hundred and seventy two million five hundred thousand) unissued ordinary shares of no par value in the Company may be used for the implementation of the scheme.
- c. That Rule 7.2 be deleted in its entirety and replaced with the following:
- 7.2 The performance criteria set by the Remcom may take into account targets relating to growth, cash generation, returns, B-BBEE scores and sustainability issues as well as any other criteria considered relevant. Should circumstances arise at any point during the Measurement Period which causes the Remcom to consider that the performance criteria are no longer appropriate, the Remcom may substitute or vary the performance criteria, subject to the JSE Listings Requirements in such a manner as:
- 7.2.1 is reasonable in the circumstances; and
- 7.2.2 produces a fair measure of performance.
- d. That Rule 10 be replaced with the following:
10. Termination of Employment
- 10.1 Resignation or dismissal
- 10.1.1. If a Participant's employment with the Company terminates prior to the Vesting Date by reason of:
- 10.1.1.1. the Participant's resignation; or
- 10.1.1.2. the Participant's lawful dismissal on grounds of misconduct, poor performance or dishonest or fraudulent conduct (whether such cessation occurs as a result of notice given by the Participant or otherwise or where the Participant resigns to avoid dismissal on grounds of misconduct, poor performance or dishonest or fraudulent conduct), the SRs will be forfeited in their entirety and all rights will lapse immediately on the date of termination of employment (but the Remcom shall nevertheless be entitled in its sole and absolute discretion, to determine in writing that all or part of the SRs will not be forfeited if it considers that it is necessary to do so to facilitate a negotiated settlement of a dispute with the Participant consequent upon such dismissal). For the avoidance of any doubt, any SRs that had already vested will be unaffected by this provision.
- 10.2 Death, retrenchment, retirement, ill health, injury, disability and sale of Employer Company
- 10.2.1. Subject to the Remcom determining otherwise in its absolute discretion, if a Participant's employment with any Employer Company terminates, or in the circumstances set out in Rule 10.2.1.5, the Participant ceases to be employed in the Group prior to the Vesting Date by reason of:
- 10.2.1.1. Death; or
- 10.2.1.2. Retrenchment, as determined in accordance with either the Group or the Employer Company's policy; or
- 10.2.1.3. Retirement or early retirement; or
- 10.2.1.4. Ill health, injury or disability, as determined to the satisfaction of the Employer Company; or
- 10.2.1.5. The Participant's Employer Company ceasing to be a member of the Group or the Participant's employment being transferred due to an asset sale or sale of business as a going concern to another company which is not a member of the Group,
- 10.2.1.6 A portion of the Participant's SRs shall vest on the date of termination of employment or as soon as reasonably practicable thereafter. The portion of the SRs which shall vest shall be calculated in accordance with Rules 10.2.2, 10.2.3 and 10.2.4.
- 10.2.2. In determining the portion of the SRs that will vest, the Remcom will calculate whether the performance criteria set out in Rule 7 have been satisfied for the period from the commencement of the relevant Measurement Period to date of



the termination of the Participant's employment in the Group, and if satisfied, the delivery of the shares in terms of Rule 8 will be effected. When calculating whether the performance criteria have been satisfied, the Remcom may use the most recent available full-year or half-year results.

- 10.2.3. The calculation in determining the portion of shares that will vest will be prorated as follows:

Where:  $V = \frac{X}{Y} \times Z \times A$

V = the number of shares that will vest in accordance with Rule 10.2;

X = the number of days served from the Allocation Date to the Date of Termination of employment in the Group;

Y = the total number of days from the Allocation Date to the 3rd anniversary of the Allocation Date;

Z = the total number of shares granted in respect of the relevant allocation; and

A = achievement of performance criteria expressed as a percentage over the period from the commencement of the relevant Measurement Period to date of the termination of employment in the Group.

- 10.2.4. To the extent that there is more than one Vesting Date arising from more than one allocation, the calculation set out in Rule 10.2.3 should be carried out in respect of each allocation with Y being the total number of days between the relevant Allocation Date and the 3rd anniversary of the relevant Allocation Date and Z reflecting the proportion of the SRs applicable to that specific allocation.

- 10.2.5. The portion of the SRs that does not vest will lapse as at the date of termination of employment. For the avoidance of any doubt, SRs which have already vested by that date will be unaffected by this provision.

- 10.3. If a Participant's employment with any Employer Company within the Group terminates for any reason other than detailed in Rules 10.1 and 10.2, all of his SRs and corresponding Shares will, unless the Remcom determines otherwise, automatically be cancelled, including those SRs which have qualified, but the corresponding shares have not been delivered. The Remcom holds full discretionary rights in this regard.

- e. The definition of the Measurement Period in Rule 2.3.12 be replaced with the following:

"Measurement Period" means the 3 (three) financial year periods commencing on the first day of the financial year during which an allocation was made.

- f. Rule 6.3 be amended to read as follows:

The Allocation Value of the SRs allocated to Participants in terms of the Scheme shall be determined by the Remcom and shall be expressed as a percentage of each Participant's remuneration package, calculated on a total cost to company basis (excluding annual performance

bonuses) and shall take into account the Participant's position within the Company and the Participant's promotional potential. The Remcom shall, in its exclusive discretion, determine annually the Allocation Value of the SRs allocated to Participants. The number of Shares corresponding to the SRs allocated to a Participant shall be determined by dividing the Allocation Value by the volume weighted average traded price of the Company's shares on the JSE for the 30 (thirty) days immediately prior to the commencement date of the Measurement Period.

- g. That references in the Scheme to "Plan" or "the Plan" be replaced by "Scheme" or "the Scheme".

- h. That the following Rule be inserted:

**9A. Malus and Clawback**

9A.1 The Remcom has a discretion to apply malus (the forfeiture or reduction of allocation/s that are yet to vest) or clawback (the recoupment of the value of allocation/s that has already vested), in respect of any Participant or all Participants, on the occurrence of one or more of the following events:

9A.1.1. a material misstatement resulting in an adjustment to the performance criteria in respect of a period for which the performance criteria applicable to an allocation has been assessed and results in an unfair benefit to the Participant/s; and/or

9A.1.2. action or conduct of an Employee which amounts to fraud or dishonesty or being a material breach of their obligations to the Company.

- i. That a Rule 13 be inserted to read:

**13. Amendments and Termination**

13.1 Subject to this Rule 13, the Remcom may at any time alter, vary or add to these Rules as it deems appropriate. Amendments to these Rules may not materially adversely affect existing allocations and must comply with the JSE Listings Requirements.

13.2 In respect of any item listed in Schedule 14 of the JSE Listings Requirements these Rules may not be amended without the prior approval of the JSE and by the approval by ordinary resolution of 75% (seventy-five percent) of shareholders of the Company in a general meeting, excluding all the votes attached to the Shares owned or controlled by persons who are existing Participants in the Scheme and which have been acquired under the Scheme.

13.3 Subject to JSE notification and approval, the Remcom may make minor amendments for ease of administration of the Scheme, to comply with and take account of the provisions of any proposed or existing legislation or to obtain or maintain favourable taxation or regulatory treatment by any Company or any Employer Company or any present or future Participant.

13.4 The Remcom may terminate the Scheme at any time, provided that allocations granted before such termination will continue to be valid as described in these Rules.

# NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

[FOR THE YEAR ENDED 30 SEPTEMBER 2019] CONTINUED

To consider and, if deemed fit, approve, with or without modification, the following special resolutions:

*Note: For special resolution numbers 1 to 3 (inclusive) to be adopted, at least 75% of the voting rights exercised on the applicable special resolution must be exercised in favour thereof.*

## 10. Remuneration of non-executive directors

The reasons for special resolution numbers 1.1 to 1.12 are for the Company to obtain the approval of shareholders by way of special resolutions for the payment of remuneration to its non-executive directors in accordance with the requirements of the Companies Act. In terms of best practice, approvals are sought by way of separate resolutions.

The effect of special resolution numbers 1.1 to 1.12, if passed, is that the Company will be able to pay its non-executive directors for the services they render to the Company as non-executive directors, which includes serving on various subcommittees, until the next annual general meeting of the Company.

### 10.1 Special resolution number 1.1: Remuneration of the chairman of the board

*Resolved that the chairman of the board be paid an annual fee of R1 932 000.*

### 10.2 Special resolution number 1.2: Remuneration of the lead independent director

*Resolved that the lead independent director of the board be paid an annual fee of R840 000.*

### 10.3 Special resolution number 1.3: Remuneration of the board members

*Resolved that the board members be paid an annual fee of R661 500.*

### 10.4 Special resolution number 1.4: Remuneration of the audit and risk committee chairman

*Resolved that the audit and risk committee chairman be paid an annual fee of R496 650.*

### 10.5 Special resolution number 1.5: Remuneration of the audit and risk committee members

*Resolved that the members of the audit and risk committee be paid an annual fee of R276 150.*

### 10.6. Special resolution number 1.6: Remuneration of the human resources and remuneration committee chairman

*Resolved that the human resources and remuneration committee chairman be paid an annual fee of R276 150.*

### 10.7 Special resolution number 1.7: Remuneration of the human resources and remuneration committee members

*Resolved that the human resources and remuneration committee members be paid an annual fee of R138 075.*

### 10.8 Special resolution number 1.8: Remuneration of the social and ethics committee chairman

*Resolved that the social and ethics committee chairman be paid an annual fee of R226 800.*

### 10.9 Special resolution number 1.9: Remuneration of the social and ethics committee members

*Resolved that the social and ethics committee members be paid an annual fee of R121 800.*

### 10.10. Special resolution number 1.10: Remuneration of the nomination committee chairman

*Resolved that the nomination committee chairman be paid a fee of R27 615 per meeting.*

### 10.11 Special resolution number 1.11: Remuneration of the nomination committee members

*Resolved that the nomination committee members be paid a fee of R16 590 per meeting.*

### 10.12 Special resolution number 1.12: Remuneration for non-scheduled extraordinary meetings

*Resolved that in respect of non-scheduled extraordinary meetings the fee payable is R4 410 per hour.*

Notes:

1. *Other than the fees in respect of special resolution numbers 1.10, 1.11 and 1.12, the fees are paid for services rendered as non-executive directors and are not based on meetings attended.*
2. *The fees are to be paid quarterly in arrears, effective 1 April 2020 to 31 March 2021, and are exclusive of value-added tax (VAT). VAT is payable thereon if the non-executive director is VAT registered.*
3. *The chairman does not receive any further payments for participation in scheduled committee meetings of the board.*
4. *The fees proposed in special resolution number 1.12 are for non-scheduled extraordinary meetings attended by the non-executive directors. Fees paid in terms of special resolution number 1.12 are only paid if proposed by the company secretary and approved by the chief executive officer and chairman of the company. Fees in respect of the chairman would be approved by the chairman of the human resources and remuneration committee. Fees paid in terms of special resolution 1.12 would be for attendance only and exclude travel and preparation time.*

## 11. Financial assistance to subsidiary companies

The reason for and effect, if passed, of special resolution number 2 is to grant the board the authority, until the next AGM, to provide direct or indirect financial assistance to any subsidiary company or corporation. This means that the company is authorised to grant loans to its subsidiaries and to guarantee the debt of its subsidiaries. The resolution specifically excludes financial assistance to its directors and prescribed officers and other related parties as is permitted by the Companies Act.

### 11.1 Special resolution number 2: Intercompany financial assistance

*Resolved in terms of section 45(3)(a)(ii) of the Companies Act, as a general approval, that the board be and is hereby authorised to approve that the company provides any direct or indirect financial assistance ('financial assistance' will herein have the meaning attributed to it in section 45(1) of the Companies Act) that the board may deem fit to any subsidiary company or corporation, on the terms and conditions and for amounts that the board may determine, provided that the aforementioned approval shall be valid until the date of the next AGM of the company.*

## 12. Financial assistance for the subscription to and/or the acquisition of shares in the company or a related or interrelated company

The reason for and effect, if passed, of special resolution number 3 is to grant the board the authority, until the next AGM, to provide financial assistance to any person for purposes of, or in connection with, the subscription to or purchase of options, shares or other securities in the company or any subsidiary company or corporation. This means that the company is authorised, inter alia, to grant loans to any person (including its subsidiaries) or to guarantee and furnish security for the debt of any person where any such financial assistance is directly or indirectly related to that person subscribing to options, shares or securities in the company or its subsidiaries or purchasing options, shares or securities in the company or its subsidiaries. A typical example of where the company may rely on this authority is where a subsidiary raised funds by way of issuing preference shares and the third-party funder requires the company to furnish security, by way of a guarantee or otherwise, for the

obligations of its subsidiary to the third-party funder arising from the issue of the preference shares. The company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority.

**12.1 Special resolution number 3: Financial assistance for the subscription of shares**

*Resolved that, in terms of section 44(3)(a)(ii) of the Companies Act, as a general approval, the board be and is hereby authorised to approve that the company provide any direct or indirect financial assistance ('financial assistance' will herein have the meaning attributed to it in sections 44(1) and 44(2) of the Companies Act) that the board may deem fit to any person (including a juristic person) for purposes of, or in connection with, the subscription to any option, or any securities, issued or to be issued by the company or a related or interrelated company, or for the purchase of any securities of the company or a related or interrelated company ('related' and 'interrelated' will herein have the meanings attributed to them in section 2 of the Companies Act), on the terms and conditions and for amounts that the board may determine, provided that the aforementioned approval shall be valid until the date of the next AGM of the company.*

In terms of and pursuant to the provisions of sections 44 and 45 of the Companies Act, the directors of the company confirm that the board will satisfy itself, after considering all reasonably foreseeable financial circumstances of the company, that immediately after providing any financial assistance as contemplated in special resolutions numbers 2 and 3 above:

- the assets of the company (fairly valued) will equal or exceed the liabilities of the company (fairly valued) (taking into consideration the reasonably foreseeable contingent assets and liabilities of the company); and
- the company will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months.

In addition, the board will only approve the provision of any financial assistance contemplated in special resolution numbers 2 and 3 above where:

- the board is satisfied that the terms under which any financial assistance is proposed to be provided will be fair and reasonable to the company; and
- all relevant conditions and restrictions (if any) relating to the granting of financial assistance by the company as contained in the company's MOI have been met.

**Other business**

To transact such other business as may be transacted at an AGM or raised by shareholders with or without advance notice to the company.

**Responsibility statement**

The directors of the company, collectively and individually, accept full responsibility for the accuracy of the information given in this notice of AGM and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this notice of AGM contains all information required by law and the JSE Listings Requirements.

for and on behalf of the Pepkor board



**Pepkor Proprietary Limited**  
Company secretary

31 January 2020

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[FOR THE YEAR ENDED 30 SEPTEMBER 2019] CONTINUED

## Voting

1. The date on which shareholders must be recorded as such in the share register maintained by the transfer secretary of the company (the share register) for purposes of being entitled to receive this notice of AGM is Friday, 24 January 2020.
2. The date on which shareholders must be recorded in the share register for purposes of being entitled to attend and vote at this AGM is Friday, 6 March 2020, with the last day to trade being Tuesday, 3 March 2020.
3. Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairman of the AGM and must accordingly bring a copy of their identity document, passport or driver's licence to the AGM. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the transfer secretary for guidance.
4. Certificated shareholders and own-name dematerialised shareholders entitled to attend, speak and vote at the AGM may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a shareholder of the company. A Form of Proxy, which sets out the relevant instructions for its completion, is enclosed for use by such shareholders who wish to be represented at the AGM. Completion of a Form of Proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the AGM. Forms of Proxy must be completed and lodged at or posted to the transfer secretary, Computershare Investor Services Proprietary Limited (Rosebank Towers, 15 Biermann Avenue, Rosebank 2196 or PO Box 61051, Marshalltown 2107, South Africa), or emailed to proxy@computershare.co.za so as to be received by the transfer secretary by not later than 09:00 on Monday, 9 March 2020. Any Form of Proxy not delivered to the transfer secretary by this time may be handed to the chairman of the AGM at any time before the appointed proxy exercises any shareholder rights at the AGM.
5. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who wish to attend the AGM in person will need to request their central securities depository participant (CSDP) or broker to provide them with the necessary authority in terms of the custody agreement entered into between such shareholders and the CSDP or broker.
6. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who are unable to attend the AGM and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between them and the CSDP or broker in the manner and time stipulated therein.
7. Shareholders present in person, by proxy or by authorised representative shall, on a show of hands, have one vote each and, on a poll, have one vote in respect of each share held.

## Electronic participation

1. Shareholders or their proxies may participate in the AGM by way of telephone conference call (teleconference facility).
2. Please note that the teleconference facility will only allow shareholders to listen in and raise questions during the allocated time. Shareholders will not be able to vote using the teleconference facility. Should such shareholders wish to vote, they must either:
  - complete the Form of Proxy and return it to the transfer secretary in accordance with paragraph 4 above; or
  - contact their CSDP or broker in accordance with paragraphs 5 and 6 above.
3. Shareholders or their proxies who wish to participate in the AGM via the teleconference facility must notify the company by emailing the company secretary ([iani@pepkor.co.za](mailto:iani@pepkor.co.za)) by no later than 7 (seven) business days before the AGM. The company secretary will first validate such requests and confirm the identity of the shareholder in terms of section 63(1) of the Companies Act and thereafter, if validated, provide further details for using the teleconference facility.
4. The cost of the participant's phone call will be for his/her own expense and will be billed separately by his/her own telephone service provider.
5. The company cannot guarantee there will not be a break in communication which is beyond the control of the company.
6. The participant acknowledges that the telecommunication lines are provided by a third party and indemnifies the company against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the telecommunication lines, whether or not the problem is caused by any act or omission on the part of the participant or anyone else. In particular, but not exclusively, the participant acknowledges that he/she will have no claim against the company, whether for consequential damages or otherwise, arising from the use of the telecommunication lines or any defect in it or from total or partial failure of the telecommunication lines and connections linking the telecommunication lines to the AGM.

### Company secretary

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

### Transfer secretary

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



**Social and ethics committee report**

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

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

**Introduction**

The social and ethics committee (SEC or the committee) is a statutory committee, established in terms of section 72 of the Companies Act of 2008. The committee is defined by its terms of reference, which are shaped by the statutory duties of the committee as specified in regulation 43 to the Companies Act, and the JSE Listings Requirements.

**Committee composition and meetings**

The committee consists of two independent non-executive directors and one executive director:

Director	Designation	Date appointed	Qualifications
<b>F Petersen-Cook</b>	Chairman	2018 AGM	BBusSc (Act.Sc.), FIA, FASSA, PGDip (MgtPrac), IoD (Cert. Dir.)
<b>WYN Luhabe</b>	Member	2018 AGM	BCom
<b>LM Lourens</b>	Member	2018 AGM	HND (Human Resources), BCom (Marketing)

The nomination committee and the board are satisfied that these members have the required knowledge and experience as set out in section 94(5) of the Companies Act and regulation 42 of the Companies Regulation, 2011.

The head of internal audit, the compliance manager, and various other specialists attend the committee meetings by invitation. The company secretary of the group acts as the secretary to this committee.

The committee held three scheduled meetings during the period under review.

**Role of the committee**

In accordance with regulation 43 of the Companies Act, in addition to the board’s responsibilities to its shareholders, it is required to give attention to the matters of the SEC. The committee must monitor and report on the group’s activities with regard to relevant legislation, legal requirements and prevailing codes of best practice relating to:

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

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

Principles and structures for facilitating good governance are in place throughout the group’s operations. The board is committed to ensuring that these are reviewed regularly to improve effectiveness. Principles and structures specifically related to sustainability include:

- overseeing of ethical leadership;
- ensuring responsible corporate citizenship;
- adhering to organisational values, ethics and culture;
- guiding and supporting strategic implementation and performance measurement (ensuring that the group can continue to create sustainable value); and
- reviewing and improving reports and disclosures.

While the board has delegated certain powers and authority to executive management and board committees, ultimate responsibility for full and effective control of the group rests with the board. The board is also responsible for setting an ethical tone and for creating a culture of integrity and compliance characterised by high levels of transparency and disclosure. The board’s function is assisted and supplemented by the SEC.

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

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

The SEC oversees the corporate social responsibility reporting of the group.

Fagmeedah Petersen-Cook  
**Independent non-executive director and chairman of the SEC**

## ANNEXURE B

### Curricula vitae

1. **Refer to agenda point 2 – Ordinary resolution numbers 1, 2 and 3: Directors who retire by rotation in terms of the MOI of the company and who offer themselves for re-election**

#### **Jayendra Naidoo (59)**

BProc

#### **Non-executive chairman**

Chairman of the nomination committee

Member of the human resources and remuneration committee

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

#### **Stephen Hilgard Müller (58)**

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

#### **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.

#### **Fagmeedah Petersen-Cook (44)**

BBusSc (Act.Sc.), FIA, FASSA, PGDip (MgtPrac), IoD (Cert.Dir)

#### **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 23 years' technical experience in the pensions and investments industry. Until 2016, 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 appointed to the board of the Government Employees Pension Fund (GEPF) to bring her expertise to the oversight of the investment activity of the PIC. In 2012, she was appointed as member of the board of Telkom, where she chaired the investment committee while she was the acting CIO of the Eskom Pension Fund. She is an independent director of Absa Financial Services, chairs the investment committee of the Absa Pension Fund, and also serves as chairman of the Bankmed audit committee. As an actuary, Fagmeedah brings enterprise risk management skills and multi-generational planning techniques to the boardroom.

2. **Refer to agenda point 3 – Ordinary resolution numbered 4: Ratification of appointment made by the company's board**

#### **Theodore Le Roux de Klerk (49)**

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

#### **Non-executive director**

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

3. **Refer to agenda point 4 – Ordinary resolution numbers 5, 6 and 7: Appointment of the members of the audit and risk committee**

#### **Johann Bernard Cilliers (60)**

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

#### **Fagmeedah Petersen-Cook**

#### **Stephen Hilgard Müller**

For Curricula vitae refer to point 1 above.

**Remuneration policy and philosophy**

This section describes how remuneration is governed within the group.

**The development of the remuneration policy**

The individual remuneration policies that collectively make up the group's remuneration policy have been developed systematically over a number of years. In some cases, they had been developed by the businesses prior to incorporation into 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 need to attract, motivate and retain critical, 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 and, 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 its goal-orientated marketing strategies and customer communication – 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.

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

**The remuneration philosophy**

The Pepkor remuneration philosophy originates from our purpose to make a positive difference in the lives of our customers. When our customers are positively impacted, our people grow, their businesses grow – and ultimately our group grows. The company remuneration philosophy also seeks to serve shareholder interests by supporting sustainable growth.

We aim to position ourselves in the market to ensure we attract, motivate and retain key and critical talent. We achieve this by applying appropriate remuneration structures across all employee levels, as well as within our various group-level entities, ensuring the correct balance is achieved between guaranteed pay, short-term incentives and long-term incentives.

Our remuneration philosophy will always reflect our company values:



**The framework of the remuneration system affects all employees**

While different policies may develop in different businesses, these policies are required to conform to and fit within a fair and approved 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 Grading System, which places employees into groups based on their grade level, with specific remuneration policies applied to each group:

Responsibility level	Grade level	Guaranteed pay	Short-term incentives	Long-term incentives	
Operational and logistics employees	D1 and below	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.	
Administrative employees				Employment benefits include retirement, medical, death and disability cover, as well as study funding. In addition, bursaries are provided to employees' children.	
Line managers (Heads of departments)	D2 to D5	Guaranteed pay is reviewed annually based on an assessment of the competence of the employee.	A performance bonus may be earned, based on the performance of the individual department and/or business.	The incentives as outlined above apply in effect to this group of employees.	
Executive management (The members of the group and business executive committees)	E and F			A performance bonus may be earned based on the performance of the business. Financial and non-financial criteria are used as measures.	Employees participate in long-term incentive schemes based on group and business performance.
Executive directors (Shouldering the responsibility for group strategy)	F			A performance bonus may be earned as above but is calculated based on group performance. Financial and non-financial criteria are used as measures.	

## ANNEXURE C

CONTINUED

### The rules of remuneration governance affecting executive management and directors

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

#### 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 or special severance arrangements have been entered into with any employee on the executive management team or any executive directors.

#### The remuneration package

Remuneration is defined as a package containing three elements:

- The guaranteed pay includes the costs of employment benefits, such as travel allowances and retirement and medical fund contributions. Guaranteed pay 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 equity-based incentive or bonus is awarded.

#### The market positioning of guaranteed pay

The remuneration packages of the executive management team are benchmarked annually by the Remcom on the basis of a reputable salary survey. The survey providers used for FY19 and FY20 are REMchannel and PE Corporate Services.

The following approach is observed in this annual review exercise:

- The 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 Remcom in relation to the pay level of each employee based on the index reading, taking into account the competence of the individual and 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 Remcom.
- An annual increase will be determined by the Remcom based on the expected inflation, salary increase forecasts, internal and external equity and peer benchmarks.
- The succession risks in relation to top management positions are also considered by the Remcom.

#### Package structures

Guaranteed pay will continue to be contracted on the basis that the executive directors and executive management will be required to put more of their remuneration at risk than support employees. 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 been developed and will typically apply in FY20 to executive directors, executive management and line managers:

Element of package (Percentages are of total cost of employment (TCOE) at target)	Executive directors	Executive management at group level	Line managers
Guaranteed pay (GP)	69%	69%	83%
Short-term incentive at target	31%	31%	17%
TCOE	100%	100%	100%
Maximum bonus (% of GP)	100%	100%	40%

#### The form and scale of the short-term incentives

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

- The executive concerned has a performance scorecard reflecting both financial and non-financial performance criteria. The criteria will be weighted between 70% and 90% based on financial criteria, and between 10% and 30% based on non-financial criteria.
- The financial criteria for executive management 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. The criteria will be reset annually by the CEO of the business and will include project completion and organisational development objectives. Non-financial performance criteria achievement will be rated by the CEO 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 and CFO, the financial target will be based on the growth in earnings, while the non-financial target is focused on reaching their strategic goals for FY20, agreed annually in advance with the chairman of the board.
- The bonus will be provided and accounted for in the year to which it relates, and will be paid out in the following year, after it has been approved.

#### Cash retention agreements

It was reported last year that, 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 their former value. As this presented high risk with respect to the retention of senior executive employees, the board decided, effective March 2018, to enter into a cash retention agreement with affected employees. The cash retention payments would be payable over three years, conditional upon continued employment during this period and performance conditions during FY19.

These retention agreements remain part of remuneration for FY20, with the last of the retention payments payable by 31 March 2020. The FY19 criteria were business performance, based on earnings before interest, tax, depreciation and amortisation (EBITDA) growth, and cash generation. The FY20 criterion is remaining in employment. The criteria were set taking into account the risk relative to retention and motivation of employees.

Costs incurred by Pepkor in terms of the Steinhoff long-term incentive scheme were reversed in FY19 through Pepkor's equity reserves following the termination of the scheme. This resulted in a reduction in the overall costs incurred by the group for long-term incentives.



#### Discontinuation of deferred cash bonus plan

It was reported last year that we had completed a review of these plans for executive management. A deferred cash bonus plan funded annually by excess profits, which has been treated as a long-term incentive in the past, was discontinued for executive management. As a result, accumulated bonuses are being paid to executives together with compensation for closure of the scheme. Such payments are effective from 2019 to 2021 and, barring the compensation for closure that continues to be self-funded, all amounts have already been provided and accrued for based on prior year performance of the group. There was no additional cost to the group.

#### The form and scale of long-term incentives

Long-term incentives take the form of full-value shares in Pepkor's long-term share rights scheme, subject to performance vesting conditions, based either wholly on Pepkor's performance or, in the case of executive management, based on Pepkor and applicable business performance. The rights are granted annually with effect from the beginning of the financial 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, are awarded share rights in terms of the company's long-term incentive plan on the basis of the following guidelines:

- Each employee will receive an allocated amount that is based on targeted guaranteed pay at the applicable job level. This amount will be used to determine the value of incentive rights awarded to each qualifying employee.
- More rights can be awarded to an employee if this is approved by the Remcom upon the recommendation of the group CEO, on the grounds of the criticality of his or her skills and knowledge, or in relation to the operations or needs of the group. In the case of the group CEO, the chairman of the board makes the recommendation.
- In the case of the awarding of Pepkor share rights, the performance vesting conditions at both a Pepkor and business level 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.

Long-term incentives will be reviewed in FY20 to ensure they sufficiently motivate and retain key talent in line with best market practices.

#### Clawback and malus provision

Clawback and malus provisions were introduced in the letters of allocation in respect of the March 2018 and March 2019 grants. It is considered appropriate that the rules of the scheme be amended to include clawback and malus provisions. The proposed amendments to the scheme will be submitted to shareholders for approval at the forthcoming AGM.

The Remcom has a discretion to apply malus (the forfeiture or reduction of allocation/s that are yet to vest) or clawback (the recoupment of the value of allocation/s that has/have already vested), in respect of any participant or all participants, on the occurrence of one or more of the following events:

- a material misstatement resulting in an adjustment to the performance criteria in respect of a period for which the performance criteria applicable to an allocation has been assessed and results in an unfair benefit to the participant/s; and/or
- action or conduct of an employee that amounts to fraud or dishonesty or a material breach of their obligations to the company.

#### Non-executive directors' annual fees for FY19 and proposed fees for FY20

	2019 R	2020 R	Change %
<b>Board of directors</b>			
Chairman	1 840 000	1 932 000	5
Lead independent	800 000	840 000	5
Member	630 000	661 500	5
<b>Audit and risk committee</b>			
Chairman	473 000	496 650	5
Member	263 000	276 150	5
<b>Human resources and remuneration committee</b>			
Chairman	263 000	276 150	5
Member	131 500	138 075	5
<b>Nomination committee (per meeting)</b>			
Chairman	26 300	27 615	5
Member	15 800	16 590	5
<b>Social and ethics committee</b>			
Chairman	216 000	226 800	5
Member	116 000	121 800	5
<b>Non-scheduled meetings</b>			
Rate per hour	4 200	4 410	5

Pepkor used the following surveys to benchmark the non-executive fees:

- PE Corporate Services – Non-executive directors remuneration survey
- PwC – Non-executive directors: Practices and fees trends report.

Based on these benchmarks, the remuneration paid to non-executive director members are considered to be fair and responsible. The fees are to be paid quarterly in arrears, effective 1 April 2020 to 31 March 2021.

The proposed fees will be presented to shareholders for consideration at the AGM to be held in March 2020.

The proposed hourly fee is for unscheduled committee meetings approved by the board. The payment thereof will require authorisation from the company secretary, CEO and chairman prior to payment. The chairman does not receive any further payment for scheduled committee meetings.

All fees listed above exclude VAT. VAT will be added where directors are registered for VAT.

## ANNEXURE C

### CONTINUED

#### Report on the implementation of the remuneration policy

This section discloses the details of the group's executive directors' remuneration, as well as share rights awarded to and received by them in terms of the policies set out in the remuneration policy section of the report. This is 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 businesses, only the Pepkor board is ultimately responsible for the strategic decisions affecting the group. The executive directors are the prescribed officers of the group in terms of section 30 of the Companies Act.*

#### Fair and responsible remuneration

The Remcom views fair and responsible remuneration as being internally equitable and externally competitive. The remuneration policy plays an important role in achieving this objective, and in ensuring that Pepkor meets its strategic goals over the short, medium and long term. Key features and functions of the policy include:

- consulting with independent remuneration advisors affiliated with the South African Reward Association (SARA);
- applying the principle of equal pay for work of equal value;
- benchmarking the levels of all roles, using a job grading system (REMeasure, PwC);
- using two reputable salary survey providers (REMchannel and PE Corporate Services); and
- providing the Remcom with suitable, market-related recommendations.

The Remcom understands the importance of ensuring that executive directors are remunerated fairly and in a manner aligned to shareholders' expectations. Within this context, the Remcom will always aim to achieve a balance between the attraction, motivation and retention of key employees.

#### Guaranteed pay benchmarking and increases in FY20

Benchmarking in the current year was undertaken on the basis of the PE Corporate Services Top Executive Salary Survey (April 2019). The survey found that the guaranteed pay of executive management across the group (excluding executive directors) was positioned at a comparative ratio of approximately 88% compared to companies of the same size in South Africa. This is close to the expectation of the pay structuring target, explained in the policy section above, as there is a skew towards variable pay in the pay structure of executive management.

Increases of 6.0% were approved for the guaranteed packages of the group CEO and CFO, compared to a general increase approved for operational, logistics and administrative support employees ranging between 5.0% and 7.5%.

#### Short-term incentive outcomes in FY19

The following bonuses were awarded to executive directors in respect of the financial performance of the group for the 2019 financial year:

Executive director	Bonus awarded 2019		Bonus awarded 2018	
	R'000	% of GP	R'000	% of GP
LM Lourens	3 287	44%	2 100	32%
RG Hanekom	1 971	44%	1 260	32%

The Remcom concluded that Pepkor performed well in FY19 and reported

good growth relative to peers, notwithstanding a challenging consumer environment.

Incentives were awarded in FY19 based on normalised earnings\*, before taking into account non-recurring and one-off costs. The growth in normalised earnings for FY19, on the basis of this definition, was 12.0%, which entitled the executive directors to an incentive of 34% of their guaranteed pay. In addition, an incentive of 10% of guaranteed pay was made to executive directors based on the broad-based black economic empowerment (B-BBEE) verification results, which exceeded a target of 40 points.

#### Short-term incentive scheme targets for FY20

Growth in earnings remains the appropriate measure to determine the financial component of the performance bonus in the judgement of the Remcom.

Pepkor is deemed a large cap company compared to market peers but pays below-average remuneration relative to the market. The retail trading conditions are challenging and the Remcom believes that maintaining the FY19 entry-level bonus of 10% growth in earnings without adjustment is an aspect that may be a disincentive to executive directors and negatively impact retention of talent.

Accordingly, a new entry-level bonus has been introduced for FY20, which targets an entry-level bonus of 5% growth in earnings resulting in an entitlement of 10% of guaranteed pay. The maximum level bonus is based on 30% growth in earnings resulting in an entitlement of 70% of guaranteed pay. In addition, a maximum of 30% of guaranteed pay will be contracted based on strategic objectives, and this will include non-financial performance components. The strategic objectives for the CEO will be set by the chairman of the board. The CEO will set the strategic objectives for the CFO and the rest of the executive management team.

*\* Earnings means headline earnings as disclosed in the financial results of the group adjusted for one-off items pertaining to BVI, IFRS 9 implementation, discontinued operations and reversal of the Steinhoff share incentive scheme costs – resulting in normalised earnings.*

#### Long-term incentive scheme accruals and grants in FY19

No share rights vested in FY19. However, cash retention payments were awarded and paid as explained on page 12. The retention payments accruing to the executive directors in FY19 are detailed in the total remuneration schedule on page 16.

The following table sets out grants of share rights made to the executive directors in terms of the Pepkor share rights scheme during FY19, including outstanding and unvested share rights as at the financial year-end:

Executive director	Rights held at beginning of the year	Rights granted during the year	Rights vesting or forfeited during the year	Rights held at end of the year
LM Lourens	570 244	797 835	–	1 368 079
RG Hanekom	390 244	536 756	–	927 000

#### Scorecard in relation to performance of the FY19 grant in terms of the share rights scheme

	KPI	Weighting
Growth	Growth in headline earnings	60%
Cash generation	Cash conversion (cash generated from operations/EBITDA)	25%
Sustainability	This includes B-BBEE, employment equity and agreed sustainability projects	15%

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

	Offer date	Vesting date	Number of rights as at 30 September 2018	Number of rights forfeited during the year <sup>1</sup>	Number of rights as at 30 September 2019	Value of rights exercised during the year	Value of rights awarded during the year
						R	R
Share rights – Steinhoff scheme							
LM Lourens							
	March 2016	March 2019	89 550	(89 550)	–	–	–
	March 2017	March 2020	121 365	–	121 365	–	–
			<b>210 915</b>	<b>(89 550)</b>	<b>121 365</b>	–	–
RG Hanekom							
	March 2016	March 2019	89 550	(89 550)	–	–	–
	March 2017	March 2020	111 251	–	111 251	–	–
			<b>200 801</b>	<b>(89 550)</b>	<b>111 251</b>	–	–
<b>Total</b>			<b>411 716</b>	<b>(179 100)</b>	<b>232 616</b>	–	–

<sup>1</sup> The cumulative reserve at 30 September 2018, including the settlement payable, has been transferred to retained income as the share scheme was determined unlikely to vest.

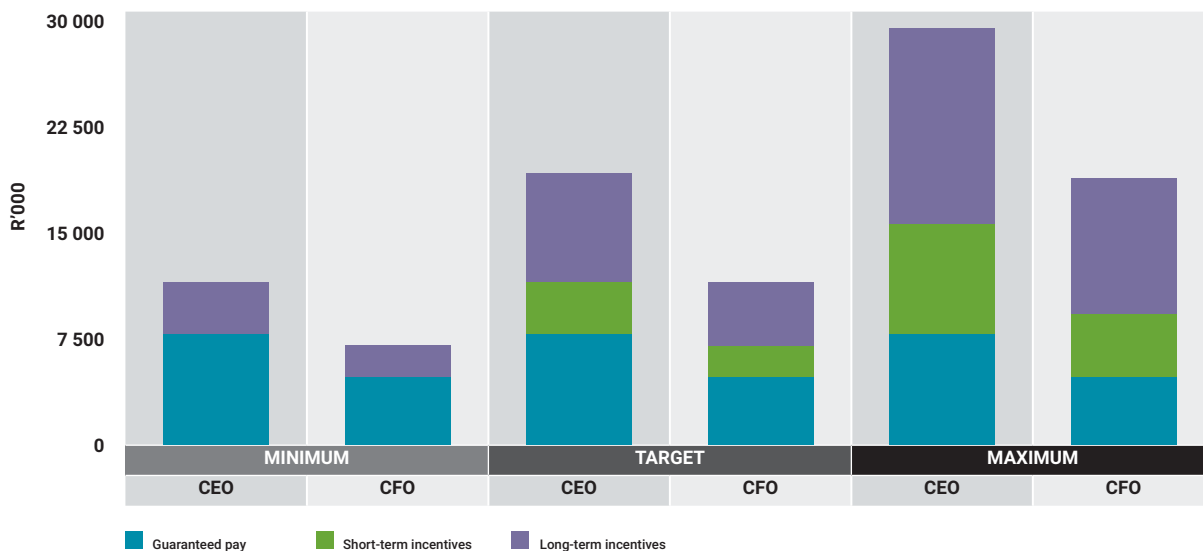
#### Long-term incentive scheme grants in FY20

Share rights will be granted to executive directors and executive management in terms of the policy defining allocation amounts, which are 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 AGM. Performance vesting conditions are in line with the policy, as set out in the policy section and will be confirmed at the Remcom's meeting during which the grants are approved. All long-term incentive scheme grants will have a three-year vesting period.

## ANNEXURE C

CONTINUED

### Projected overall impact of remuneration policy



### Total remuneration in FY19

The following table offers a breakdown of the total single figure remuneration earned by the executive directors during FY19, reflected on the basis of the cost to the group in terms of its accounting policies, which observe IFRS:

Remuneration report	Basic remuneration	Company and pension fund contributions	Annual bonus	Deferred cash long-term	Retention/strategic bonus	Total remuneration
Remuneration of the executive directors	R'000	R'000	R'000	R'000	R'000	R'000
<b>2019</b>						
LM Lourens	6 449	1 021	3 287	1 200	3 901	15 858
RG Hanekom	3 830	650	1 971	1 200	3 724	11 375
Total paid by Pepkor	10 279	1 671	5 258	2 400	7 625	27 233
<b>2018</b>						
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
Total paid by Pepkor	9 400	1 501	3 360	2 142	7 625	24 028
AB la Grange	3 400	88	-	-	15 500	18 988
Total paid by Steinhoff**	3 400	88	-	-	15 500	18 988
Total	12 800	1 589	3 360	2 142	23 126	43 016

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

\*\* Payments made to AB la Grange in the prior year relate to payments made for being a director 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.



**Non-executive directors' fees**

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

	2019 R'000	2018 R'000
JB Cilliers	1 451	1 170
TL de Klerk*	57	-
LJ du Preez*	636	581
PJ Dieperink*	574	111
PE Erasmus	262	-
MJ Harris	690	132
WYN Luhabe	354	-
SH Müller	1 355	1 247
J Naidoo	2 071	1 948
F Petersen-Cook	1 045	437
HJ Sonn	-	529
AE Swiegers	-	389
DM van der Merwe*	696	580
JD Wiese	621	623
<b>Total</b>	<b>9 813</b>	<b>7 747</b>

\* Non-executive directors' fees are paid to Steinhoff for the attendance of board and committee meetings.

## ANNEXURE D

### PEPKOR HOLDINGS LIMITED

#### EXECUTIVE SHARE RIGHTS SCHEME

##### 1. INTRODUCTION AND PURPOSE

- 1.1 The board considers it important and appropriate that the Group has a competitive long-term incentive scheme in place to attract and retain key Executives and senior Employees (collectively "Employees").
- 1.2 The purpose of the Scheme is to attract, retain, motivate and reward Employees of the Group who are able to influence the performance of the Group, on a basis which aligns the interests of such Employees with those of the Company, the relevant Employer Company and the Company's Shareholders.

##### 2. DEFINITIONS

In this Scheme –

- 2.1 Rule headings are for convenience only and are not to be used in its interpretation;
- 2.2 an expression which denotes –
  - 2.2.1 any gender includes the other genders;
  - 2.2.2 a natural person includes a juristic person and vice versa;
  - 2.2.3 the singular includes the plural and vice versa;
- 2.3 In this Scheme, unless the context indicates a contrary intention, the following words and expressions bear the meanings assigned to them and cognate expressions bear corresponding meanings –
  - 2.3.1 "**Act**" means the Companies Act, No. 71 of 2008;
  - 2.3.2 "**Allocation Date**" means the date upon which SRs are annually allocated to a Participant;
  - 2.3.3 "**Allocation Value**" means the total value of the SRs allocated to a Participant, determined by the Remcom in the manner set out in 6.3;
  - 2.3.4 "**Board**" means the board of directors of the Company;
  - 2.3.5 "**Company**" means Pepkor Holdings Limited, registration number 2017/221869/06;
  - 2.3.6 "**Employee**" means an employee of any entity in the Group; [S14.1(a)]
  - 2.3.7 "**Employer Company**" means that company in the Group that is the employer of a particular Participant;
  - 2.3.8 "**Group**" means the Company and its subsidiaries;
  - 2.3.9 "**JSE**" means the JSE Limited, registration number 2005/022939/06, a public company licensed as an exchange under the Financial Markets Act, No. 19 of 2012;
  - 2.3.10 "**Listing**" means the listing of the Company on the main board of the JSE;
  - 2.3.11 "**Measurement Date**" means a date, after the expiry of the relevant Measurement Period on which the performance criteria set by the Remcom are tested or measured;
  - 2.3.12 "**Measurement Period**" means the 3 (three) financial year periods commencing on the first day of the financial year during which an allocation was made;
  - 2.3.13 "**Participant**" means an Employee that is a participant in the Scheme; [S14.1(a)]

2.3.14 "**Remcom**" means the Human Resources and Remuneration Committee of the board;

2.3.15 "**Scheme**" means the Pepkor Holdings Limited Executive Share Rights Scheme, the terms of which are set out in this document;

2.3.16 "**SR**" means share rights granted to Participants in terms of the Scheme;

2.3.17 "**Share**" means an ordinary share with a no par value in the capital of the Company once issued, ranking *pari passu* with all ordinary shares in issue;

2.3.18 "**Shareholders**" means the holders of Shares in the Company;

2.3.19 "**Subsidiary Company**" means a subsidiary as defined in the Act; and

2.3.20 "**Vesting Date**" means the day when rights in terms of the Scheme vest and from which date Shares may be delivered to a Participant, subject to the fulfilment of the performance criteria set by the Remcom.

##### 3. ESTABLISHMENT OF THE SCHEME

- 3.1 The Scheme will become effective from the effective date of the Listing and will remain effective until such time as the board resolves to terminate the Scheme.
- 3.2 The first Allocation Date shall be a date determined by the Remcom.

##### 4. PARTICIPANTS

- 4.1 Participants in the Scheme shall be senior Employees of the Group, in managerial and leadership roles, as recommended by the relevant Employer Companies and approved by the Remcom on an annual basis.
- 4.2 The Remcom shall, in its sole discretion, offer Participants a right, on an annual basis, to receive SRs on the terms and conditions described more fully below.

##### 5. SHARE RIGHTS

- 5.1 Participants shall, if the Remcom so resolves, be granted, by way of an allocation letter, a number of SRs upon the terms summarised below, for which no consideration is payable, subject to the performance criteria set by the Remcom.
- 5.2 The allocation letter shall allocate SRs to Participants and shall record the Allocation Date, the number of SRs allocated to the Participant and that the SRs are allocated at zero allocation price. [S14.1(d)]
- 5.3 The SRs will be granted to qualifying Participants on an annual basis and such SRs will vest on the 3rd anniversary of the Allocation Date, provided the performance criteria, set for the specific annual allocation, are achieved.
- 5.4 The Remcom shall be entitled, but not obliged, to authorise the issue of allocation letters annually only in respect of Employees employed during the first 6 (six) months of each financial year to newly qualifying and appointed staff on a *pro rata* basis.
- 5.5 All rights, obligations and manner of implementation relating to SRs, set out in this Scheme shall apply *mutatis mutandis* to all SRs granted in terms of the annual allocation letters.

##### 6. NUMBER OF SHARES MADE AVAILABLE FOR THE SCHEME

- 6.1 172 500 000 (one hundred and seventy two million five hundred thousand) unissued ordinary shares of no par value in the company may be used for the implementation of the Scheme. [S14.1(b)]

- 6.2 The aggregate number of SRs that may be allocated at any time to any one Participant in terms of the Scheme shall not exceed 50 000 000 (fifty million). [S14.1(c)]
- 6.3 The Allocation Value of the SRs allocated to Participants in terms of the Scheme shall be determined by the Remcom and shall be expressed as a percentage of each Participant's remuneration package, calculated on a total cost to company basis (excluding annual performance bonuses) and shall take into account the Participant's position within the Company and the Participant's promotional potential. The Remcom shall, in its exclusive discretion, determine annually the Allocation Value of the SRs allocated to Participants. The number of Shares corresponding to the SRs allocated to a Participant shall be determined by dividing the Allocation Value by the volume weighted average traded price of the Company's shares on the JSE for the 30 (thirty) days immediately prior to the commencement date of the Measurement Period. [S14.1(f)]
- 6.4 Rolling over of shares which have already been issued and delivered in terms of the Scheme is prohibited. Therefore, the company will be required to obtain shareholder approval for a further reservation of shares for the Scheme should the number of shares reserved for the Scheme be fully utilised. [S14.12]
- 6.5 Any shares reserved as a result of SRs granted will revert back to the Scheme if such shares are not issued or reallocated to the identified Participant/s as a result of, for example, forfeiture or lapsing of rights. [S14.3(f)]
- 6.6 All Shares delivered to Participants in terms of the Scheme shall rank *pari passu* in all respects with the existing issued Shares of the Company. Prior to delivery of Shares to Participants in terms of the Scheme, Participants have no rights in relation to such Shares, even in the case of liquidation. [S14.1(e)]

## 7. PERFORMANCE CRITERIA

- 7.1 The reserved shares will be allotted and issued or delivered to Participants on the 3rd anniversary of each annual grant, provided that the performance criteria, set by the Remcom at or about the time of the grant, have been achieved.
- 7.2 The performance criteria set by the Remcom may take into account targets relating to growth, cash generation, returns, B-BBEE scores and sustainability issues as well as any other criteria considered relevant. Should circumstances arise at any point during the Measurement Period which causes the Remcom to consider that the performance criteria are no longer appropriate, the Remcom may substitute or vary the performance criteria, subject to the JSE Listings Requirements in such a manner as:
- 7.2.1 is reasonable in the circumstances; and
- 7.2.2 produces a fair measure of performance.

## 8. DELIVERY OF SHARES

- 8.1 The shares required for delivery when rights vest can either be allotted and issued by the Company, or delivered by a subsidiary of the Company, or a trust may purchase such shares in the market in order to satisfy obligations in terms of the Scheme. No Shares will be issued or acquired before they have been allocated to Participants. [S14.9(a) & (c)]
- 8.2 Shares may not be issued or purchased during any period in which applicable law, the JSE Listings Requirements, regulations or Company policy in force from time to time prevents the Company from issuing or purchasing Shares. [S14.9(e)]

- 8.3 Shares will be delivered to Participants within a reasonable period of the vesting date. However, the period will be extended if and to the extent that applicable law, the JSE Listings Requirements or Company policy in force from time to time prevents the Company from issuing or delivering Shares.
- 8.4 The Remcom will be entitled, but not obliged, on delivery and/or vesting of any shares to impose such further restrictions on dealing in the shares as the Remcom may determine.
- 8.5 The Participants are and remain responsible for any tax arising from the granting or vesting of the SRs. Should there be a requirement on the Employer Company to withhold such tax from a Participant, such tax will be withheld and paid to the Receiver of Revenue or any relevant Revenue authority within the prescribed period after the Vesting Date or date any restrictions lapses. [S14.1(d)]

## 9. FAILURE TO FULFILL THE PERFORMANCE CRITERIA

Should the Company or any Employer Company or any Participant (as the case may be) fail to achieve the performance criteria during any Measurement Period, the SRs granted to such Participant and linked to that Measurement Period, shall lapse and be of no further force or effect.

### 9A Malus and Clawback

- 9A.1 The Remcom has a discretion to apply malus (the forfeiture or reduction of allocation/s that are yet to vest) or clawback (the recoupment of the value of allocation/s that has already vested), in respect of any Participant or all Participants, on the occurrence of one or more of the following events:
- 9A.1.1 a material misstatement resulting in an adjustment to the performance criteria in respect of a period for which the performance criteria applicable to an allocation has been assessed and results in an unfair benefit to the Participant/s; and/or
- 9A.1.2 action or conduct of an Employee which amounts to fraud or dishonesty or being a material breach of their obligations to the Company.

## 10. TERMINATION OF EMPLOYMENT [S14.1(h)]

- 10.1 Resignation or dismissal
- 10.1.1 If a Participant's employment with the Company terminates prior to the Vesting Date by reason of:
- 10.1.1.1 the Participant's resignation: or
- 10.1.1.2 the Participant's lawful dismissal on grounds of misconduct, poor performance or dishonest or fraudulent conduct (whether such cessation occurs as a result of notice given by the Participant or otherwise or where the Participant resigns to avoid dismissal on grounds of misconduct, poor performance or dishonest or fraudulent conduct), the SRs will be forfeited in their entirety and all rights will lapse immediately on the date of termination of employment (but the Remcom shall nevertheless be entitled in its sole and absolute discretion, to determine in writing that all or part of the SRs will not be forfeited if it considers that it is necessary to do so to facilitate a negotiated settlement of a dispute with the Participant consequent upon such dismissal). For the avoidance of any doubt, any SRs that had already vested will be unaffected by this provision.
- 10.2 Death, retrenchment, retirement, ill health, injury, disability and sale of Employer Company

## ANNEXURE D

### CONTINUED

- 10.2.1 Subject to the Remcom determining otherwise in its absolute discretion, if a Participant's employment with any Employer Company terminates, or in the circumstances set out in Rule 10.2.1.5 the Participant ceases to be employed in the Group prior to the Vesting Date by reason of:
- 10.2.1.1 Death; or
- 10.2.1.2 Retrenchment, as determined in accordance with either the Group or the Employer Company's policy; or
- 10.2.1.3 Retirement or early retirement; or
- 10.2.1.4 Ill health, injury or disability, as determined to the satisfaction of the Employer Company; or
- 10.2.1.5 The Participant's Employer Company ceasing to be a member of the Group or the Participant's employment being transferred due to an asset sale or sale of business as a going concern to another company which is not a member of the Group,
- 10.2.1.6 A portion of the Participant's SRs shall vest on the date of termination of employment or as soon as reasonably practicable thereafter. The portion of the SRs which shall vest shall be calculated in accordance with Rules 10.2.2, 10.2.3 and 10.2.4.
- 10.2.2 In determining the portion of the SRs that will vest, the Remcom will calculate whether the performance criteria set out in Rule 7 have been satisfied for the period from the commencement of the relevant Measurement Period to date of the termination of the Participant's employment in the Group, and if satisfied, the delivery of the shares in terms of Rule 8 will be effected. When calculating whether the performance criteria have been satisfied, the Remcom may use the most recent available full year or half year results.
- 10.2.3 The calculation in determining the portion of shares that will vest will be pro-rated as follows:
- 10.2.3. *The calculation in determining the portion of shares that will vest will be prorated as follows:*
- Where:  $V = \frac{X}{Y} \times Z \times A$
- V = the number of shares that will vest in accordance with 10.2
- X = the number of days served from the Allocation Date to the Date of Termination of employment in the Group
- Y = the total number of days from the Allocation Date to the 3rd anniversary of the Allocation Date, and
- Z = the total number of shares granted in respect of the relevant allocation
- A = achievement of performance criteria expressed as a percentage over the period from the commencement of the relevant Measurement Period to date of the termination of employment in the Group
- 10.2.4 To the extent that there is more than one Vesting Date arising from more than one allocation, the calculation set out in Rule 10.2.3 should be carried out in respect of each allocation with Y being the total number of days between the relevant Allocation Date and the 3rd anniversary of the relevant Allocation Date and Z reflecting the proportion of the SRs applicable to that specific allocation.
- 10.2.5 The portion of the SRs that do not vest will lapse as at the date of termination of employment. For the avoidance of any doubt any SRs which have already vested by that date will be unaffected by this provision.
- 10.3 If a Participant's employment with any Employer Company within the Group terminates for any reason other than detailed in Rules 10.1 and 10.2, all of his SRs and corresponding Shares will, unless the Remcom determines otherwise, automatically be cancelled, including those SRs which have qualified, but the corresponding shares have not been delivered. The Remcom holds full discretionary rights in this regard.
- 11. CORPORATE ACTIVITY – E.G. CAPITALISATION ISSUES, CONSOLIDATIONS, SPECIAL DIVIDENDS, SCRIP DIVIDENDS, MERGERS AND TAKEOVERS**
- 11.1 In the event of the Company undertaking or effecting, subdivision or consolidation of shares, the number of rights granted to Participants (in respect of which the shares have as yet not been allotted or issued) will be adjusted to ensure a Participant's entitlement to the same proportion of equity capital as that to which the Participant was entitled previously ("**the adjustment event**"), provided that: [S14.3(a) & (b)]
- 11.1.1 the issue of shares by the Company as consideration for an acquisition, or the issue of shares by the Company for cash will not be regarded as a circumstance requiring adjustment; [S14.3(c)]
- 11.1.2 the capitalisation issue of shares by the Company will not be regarded as a circumstance requiring adjustment;
- 11.1.3 at the discretion of the Remcom, a rights offer, a special dividend or a reduction of capital may be regarded as a circumstance requiring an adjustment; and
- 11.1.4 such adjustments are to be confirmed by the Company's auditor as having been calculated on a reasonable basis and such confirmation shall be provided to the JSE and will be reported on in the Company's annual financial statements. [S14.3(d) & (e)]
- 11.2 Should an adjustment event arise, the Remcom may amend any allocation letters sent to Participants and may adjust the performance criteria set out in the allocation letter, in such a manner as it may feel appropriate with the objective that such adjustment should give a Participant rights similar to those the Participant had before the adjustment event and taking into account accounting treatment of those rights, provided that the auditor of the Company, acting as experts, shall confirm in writing that in their opinion such adjustments are fair and reasonable.
- 11.3 If the Company or the Employer Company is taken over, delisted or becomes the subject of a merger which results in the listing of the Shares being suspended or terminated ("**the Corporate Action**") during a Measurement Period and/or prior to a Measurement Date, the Vesting Date will



then automatically coincide with the effective date of the Corporate Action, and the rights will be adjusted on a time weighted basis and 1) in the case of a successor listed on the JSE or on a foreign exchange, provide that the successor has procured the necessary exchange control approval, exchanged for equivalent valued rights in the Company's successor (as determined and approved by the Remcom where necessary) or 2) in the case of an unlisted successor or successor listed on a foreign exchange that is not able to procure the necessary exchange control approval, be settled in accordance with the provisions of this Scheme on the effective date of the Corporate Action, provided, however, that all the performance criteria have been duly achieved up to the effective date of the Corporate Action. [S14.1(g)]

## 12. GENERAL PROVISIONS REGARDING THE SCHEME

- 12.1 A Participant may not cede any of his rights or delegate any of his obligations under the Scheme except on death of a Participant or with the prior written consent of the Remcom.
- 12.2 SRs do not confer on Participants any shareholder rights, for example the right to vote or receive dividends, until the reserved shares are delivered to Participants, whereupon they will rank *pari passu* in all respects with the issued shares of the Company;
- 12.3 Any amendment to the Scheme relating to an item set out in paragraph 14.1 of Schedule 14 of the JSE Listings Requirements shall be sanctioned by a 75% majority of Shareholders of the Company in a general meeting (excluding any Shares held by Participants in the Scheme that were acquired in terms of the Scheme) and by any stock exchange upon which Shares, at the time, are listed. Any amendment to the Scheme relating to any other matter shall be sanctioned by the board of the Company and by any stock exchange upon which Shares, at the time, are listed. [S14.2]
- 12.4 When implementing the Scheme, the Company shall ensure compliance with all applicable laws, including, but not limited to the Act and the Listings Requirements of the JSE.
- 12.5 The Company will summarise in its annual financial statements the number of SRs and Shares utilised for purposes of the Scheme at the beginning of the financial year, changes in such number during the financial year and the balance available for utilisation at the end of the financial year. [S14.8]
- 12.6 Shares held by a subsidiary of the company for purposes of the Scheme (prior to delivery to a Participant) will not have their votes at general/annual general meetings taken into account for the purposes of resolutions proposed in terms of the JSE Listings Requirements. Such Shares will also not be taken into account for purposes of determining categorisations as detailed in Section 9 of the JSE Listings Requirements. [S14.10]

## 13. AMENDMENTS AND TERMINATION

- 13.1 Subject to this Rule 13, the Remcom may at any time alter, vary or add to these Rules as it deems appropriate. Amendments to these Rules may not materially adversely affect existing allocations and must comply with the JSE Listings Requirements.
- 13.2 In respect of any item listed in paragraph 14.1 of Schedule 14 of the JSE Listings Requirements these Rules may not be amended without the prior approval of the JSE and by the approval by ordinary resolution of 75% (seventy-five per cent) of shareholders of the Company in a general meeting, excluding all the votes attached to the Shares owned or controlled by persons who are existing Participants in the Scheme and which have been acquired under the Scheme.
- 13.3 Subject to JSE notification and approval, the Remcom may make minor amendments for ease of administration of the Scheme, to comply with and take account of the provisions of any proposed or existing legislation or to obtain or maintain favourable taxation or regulatory treatment by any Company or any Employer Company or any present or future Participant.
- 13.4 The Remcom may terminate the Scheme at any time, provided that allocations granted before such termination will continue to be valid as described in these Rules.

## CORPORATE INFORMATION

### PEPKOR HOLDINGS LIMITED (Pepkor or the company)

**Registration number** 2017/221869/06

**JSE Share code** PPH

**ISIN** ZAE000259479

### Board of directors

**Executive directors** LM Lourens (Chief executive officer), RG Hanekom (Chief financial officer)

**Non-executive directors** J Naidoo (Chairman), JB Cilliers<sup>#</sup>, TL de Klerk, LJ du Preez, MJ Harris\*, WYN Luhabe\*, SH Müller\*, F Petersen-Cook\*, JD Wiese

<sup>#</sup> *Lead independent*      \* *Independent*

### Registered address

36 Stellenberg Road

Parow Industria 7493

(PO Box 6100, Parow East 7500, South Africa)

Telephone 021 929 4800

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

### Company secretary

36 Stellenberg Road

Parow Industria 7493

(PO Box 6100, Parow East 7500, South Africa)

### Transfer secretary

Computershare Investor Services Proprietary Limited

Rosebank Towers

15 Biermann Avenue

Rosebank 2196

(PO Box 61051, Marshalltown 2107, South Africa)

### Sponsor

PSG Capital Proprietary Limited

### Stellenbosch office

1st Floor, Ou Kollege Building

35 Kerk Street

Stellenbosch 7600

(PO Box 7403, Stellenbosch 7599, South Africa)

### Sandton office

2nd Floor, Building 3, 11 Alice Lane

Sandhurst

Sandton 2196

(PO Box 650957, Benmore 2010, South Africa)

### Auditor

PricewaterhouseCoopers Inc.

5 Silo Square

V&A Waterfront

Cape Town 8012

(PO Box 2799, Cape Town 8000, South Africa)



**PEPKOR**  
*Holdings Limited*

[pepkor.co.za](http://pepkor.co.za)

**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 annual general meeting of Pepkor to be held at 09:00 on Wednesday, 11 March 2020 (AGM) at the AfriGrande Boardroom, PEP Campus Entrance 4, Radnor Street, Parow Industria, and at any adjournment thereof.

If shareholders have dematerialised 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 and vote at the AGM, or the shareholders concerned must instruct the CSDP or broker as to how they wish their votes to be recorded at the AGM. 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 (insert number of shares held), hereby appoint:

1. \_\_\_\_\_ of \_\_\_\_\_ or failing him/her

2. \_\_\_\_\_ of \_\_\_\_\_ or failing him/her

3. the chairman of the AGM, as my/our proxy, to vote for me/us and on my/our behalf at the AGM 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):

		NUMBER OF VOTES (ONE VOTE PER SHARE)		
		In favour	Against	Abstain
1.	Presentation of the annual financial statements and the reports of the directors, the audit and risk committee and the social and ethics committee	Non-voting		
2.	Re-election of directors who retire by rotation	Non-voting		
2.1.	<b>Ordinary resolution number 1:</b> Re-election of J Naidoo			
2.2.	<b>Ordinary resolution number 2:</b> Re-election of SH Müller			
2.3.	<b>Ordinary resolution number 3:</b> Re-election of F Petersen-Cook			
3.	Ratification of the appointment as a director	Non-voting		
3.1.	<b>Ordinary resolution number 4:</b> Appointment of TL de Klerk			
4.	Appointment of the audit and risk committee members	Non-voting		
4.1.	<b>Ordinary resolution number 5:</b> Appointment of JB Cilliers			
4.2.	<b>Ordinary resolution number 6:</b> Appointment of F Petersen-Cook			
4.3.	<b>Ordinary resolution number 7:</b> Appointment of SH Müller			
5.	Re-appointment of auditor	Non-voting		
5.1.	<b>Ordinary resolution number 8:</b> Re-appointment of PricewaterhouseCoopers Inc.			
6.	General authority to issue shares for cash	Non-voting		
6.1.	<b>Ordinary resolution number 9</b>			
7.	Non-binding advisory vote on Pepkor's remuneration policy	Non-voting		
7.1.	<b>Ordinary resolution number 10</b>			
8.	Non-binding advisory vote on Pepkor's implementation report on the remuneration policy	Non-voting		
8.1.	<b>Ordinary resolution number 11</b>			
9.	Amendments to the rules of company's Executive Share Rights Scheme	Non-voting		
9.1.	<b>Ordinary resolution number 12</b>			
10.	Remuneration of non-executive directors	Non-voting		
10.1.	<b>Special resolution number 1.1:</b> Chairman			
10.2.	<b>Special resolution number 1.2:</b> Lead independent director			
10.3.	<b>Special resolution number 1.3:</b> <b>Board members</b>			
10.4.	<b>Special resolution number 1.4:</b> Audit and risk committee chairman			
10.5.	<b>Special resolution number 1.5:</b> Audit and risk committee members			
10.6.	<b>Special resolution number 1.6:</b> Human resources and remuneration committee chairman			
10.7.	<b>Special resolution number 1.7:</b> Human resources and remuneration committee members			
10.8.	<b>Special resolution number 1.8:</b> Social and ethics committee chairman			
10.9.	<b>Special resolution number 1.9:</b> Social and ethics committee members			
10.10.	<b>Special resolution number 1.10:</b> Nomination committee chairman			
10.11.	<b>Special resolution number 1.11:</b> Nomination committee members			
10.12.	<b>Special resolution number 1.12:</b> Non-scheduled extraordinary meetings			
11.	Financial assistance to subsidiary companies	Non-voting		
11.1.	<b>Special resolution number 2:</b> Intercompany financial assistance			
12.	Financial assistance for the subscription to and/or the acquisition of shares in the company or a related or interrelated company	Non-voting		
12.1.	<b>Special resolution number 3:</b> Financial assistance for the subscription of shares			

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 \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 2020

Signature \_\_\_\_\_

Assisted by (where applicable) \_\_\_\_\_ (state capacity and full name)

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 secretary, Computershare Investor Services Proprietary Limited, at the address stated below so as to reach them before the time fixed for commencement of the AGM. (Refer to 'Voting' in the notice of AGM as a suggestion to avert a potential administrative burden at the AGM.)



### 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 or a broker, and wish to attend the AGM, must arrange with such CSDP or broker to provide them with the necessary written authorisation to attend the AGM 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 AGM'. The person whose name appears first on the Form of Proxy and who is present at the AGM 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 AGM.
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 AGM, if the chairman is the authorised proxy, to vote in favour of the resolutions at the AGM, or any other proxy to vote or to abstain from voting at the AGM 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. Forms of Proxy must be completed and lodged at or posted to the transfer secretary, Computershare Investor Services Proprietary Limited (Rosebank Towers, 15 Biermann Avenue, Rosebank 2196 or PO Box 61051, Marshalltown 2107, South Africa), or emailed to proxy@computershare.co.za to be received by the transfer secretary by no later than 09:00 on Monday, 9 March 2020, provided that any Form of Proxy not delivered to the transfer secretary by this time may be handed to the chairman of the AGM at any time before the appointed proxy exercises any shareholder rights at the AGM.
6. The completion and lodging of this Form of Proxy shall not preclude the shareholder from attending, speaking and voting in person at the AGM 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 AGM 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 secretary or waived by the chairman of the AGM.
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 secretary at the address stated herein before the time fixed for commencement of the AGM.
10. Where shares are held jointly, all joint holders are required to sign the Form of Proxy. When there are joint registered holders of any shares, any one of such persons may vote at the AGM in respect of such shares as if he/she is solely entitled thereto, but, if more than one of such joint holders be present or represented at any AGM, that one of the said persons whose name stands first in the register in respect of such shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased shareholder, in whose name any shares stand, shall be deemed joint holders thereof.
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 secretary.
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 AGM 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.