



**PEPKOR**  
*Holdings Limited*





# RESILIENCE & REINVENTION


**Corporate Governance** Report 2023

# Contents


Our approach to governance	2		
Governance focus in 2023	2		
Looking ahead	2		
		Details of member attendance at board and committee meetings	10
		Board responsibilities	11
		Board performance evaluations	11
		Company secretary	11
Organisational values, ethics and culture	3		
Responsible corporate citizenship	3		
Strategy implementation and performance	3	Risk management and governance	12
Reports and disclosure	3	Risk management process	13
Delegation of authority	3	Combined assurance	13
		Technology and information governance	13
		Compliance	13
		Statement of compliance	14
		Assurance	14
		Assurance overview	14
Board composition	4	Stakeholders	14
Changes to the board	5	Remuneration	14
Governance framework and delegated structures	5		
Board chair	5		
Appointment and election process	5	Audit and risk committee	15
Director induction and development	5	Human resources and remuneration committee	16
Chief executive officer	5	Investment committee	16
Chief financial officer	5	Nomination committee	17
Executive committee	5	Social and ethics committee	17
Board standing committees	6		
Governance structure	6		
Directorate	7		

## Report navigation


 CONTENTS  
  PREVIOUS VIEW  
  PREVIOUS PAGE  
  NEXT PAGE

 This icon takes you to relevant web links


## Our integrated reporting suite




**Integrated report**




**Sustainability report**



**Remuneration report**



**Annual financial statements**



**Notice of annual general meeting**

The Pepkor Holdings Limited 2023 integrated reporting suite covers the financial year ended 30 September 2023.



# Introduction

Pepkor Holdings Limited (Pepkor or the company or the group) has a decentralised management structure, but a common thread of an ethical culture exists at each of its businesses. The board acknowledges its responsibility to safeguard the ethical base that is central to the company's values.

## Our approach to governance

The board is committed to leading the Pepkor group effectively and supports the principles and recommended practices contained in the King IV Report on Corporate Governance™ for South Africa, 2016 (King IV™)\*. These practices help deliver sustainable value in the interest of all Pepkor's stakeholders. By setting the tone, the board ensures that a culture of robust governance permeates through the organisation.

The board and the chief executive officer (CEO), supported by the executive leadership team, are responsible for upholding corporate governance. The board approves the governance framework and monitors the effectiveness thereof across the group. Corporate governance practices and structures are regularly reviewed, including the implementation of King IV™ principles and recommended practices.

\* Copyright and trade marks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.

The board is satisfied that Pepkor has applied the required King IV™ principles during the year under review. In instances where the company has elected not to apply certain recommended practices, the rationale is explained in the relevant sections of the report. Only salient points of the board charter and the terms of reference of the board committees are included in this report. The complete documents are available on the company's website. Further details of Pepkor's implementation of King IV™ are available at [www.pepkor.co.za/corporate-governance/documents-and-policies/](http://www.pepkor.co.za/corporate-governance/documents-and-policies/).

The board's commitment to effective governance and leadership is reflected in the attendance of the board and the board committee meetings in the 2023 financial year (FY23). Details regarding attendance at these meetings are contained on page 10 of this report.

## Governance focus in 2023

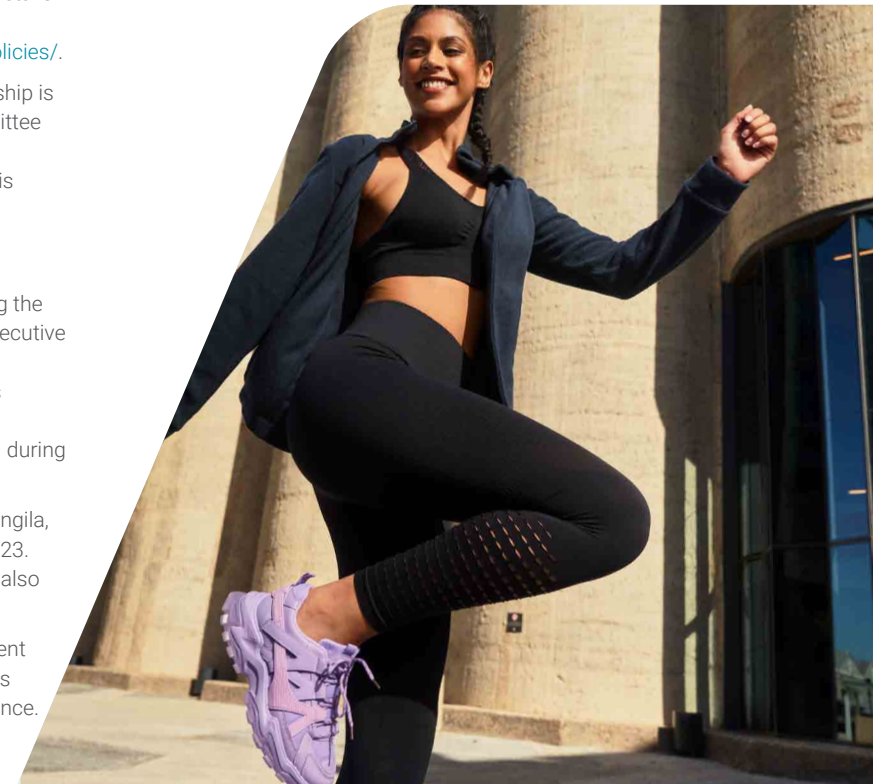
The board continued to fulfil its core responsibilities regarding the oversight of effective governance in 2023, also supporting executive management during challenging operating conditions. Environmental, social and governance (ESG) and risk matters received continued focus. A board effectiveness evaluation facilitated by an independent service provider was conducted during the first quarter of FY23.

An additional independent non-executive director, Nunu Ntshingila, was appointed to the board with effect from 15 November 2023. The appointment strengthens the skill set of the board, while also improving its diversity.

As at the time of publication of this report, nine of the 13 current board members are independent non-executive directors. This ensures that the board maintains a strong independent influence.

## Looking ahead

The board will continue to oversee management's initiatives to grow the business sustainably and deliver value in the interest of all stakeholders and the group will continue to enhance its governance practices in 2024.



# Our approach to governance

The Pepkor board acknowledges that effective governance is achieved through effective leadership. The board therefore endeavours to lead ethically and effectively by serving as the focal point and custodian of corporate governance at the company. The board considers the legitimate and reasonable interests and expectations of stakeholders when executing its duties in the best interests of the company over the long term.

While the board is unwavering in its adherence to regulations, its commitment to good governance goes beyond compliance. Pepkor's governance processes are reviewed regularly to ensure that they remain relevant and fit for purpose. The company's commitment to good governance, ethics, integrity and compliance is formalised via policies and procedures.

The board is satisfied that it has performed its obligations in terms of relevant legislation, regulations, codes of practice and its charter during the period under review.

## Organisational values, ethics and culture

The board nurtures a culture that is formalised in the Pepkor group code of ethics, which is applicable to all directors and employees. The code of ethics contains a commitment to comply with all relevant regulations and is complemented by a number of corporate policies that provide guidelines regarding specific matters. The responsibility for the governance of ethics has been delegated to the social and ethics committee, while management is responsible for ensuring that the code is applied across all sections of the business. No material breaches of the code were noted during the period under review. The

code of ethics is available on the Pepkor website at [www.pepkor.co.za/corporate-governance/documents-and-policies/](http://www.pepkor.co.za/corporate-governance/documents-and-policies/).

Pepkor's values are underpinned by the governance framework set out in the board charter, the terms of reference of the committees of the board, as well as various supporting documents. Whistle-blowing hotlines enable anonymous reporting of irregular conduct, while various policies ensure that there is effective reporting and action for incidents. Board members are required to disclose any potential conflicts of interest regarding matters to be considered at board and committee meetings and recuse themselves from discussions when a conflict exists.

## Responsible corporate citizenship

The board has accountability for ensuring that the group is a responsible corporate citizen and the group acknowledges the need for Pepkor to add value to the communities in which it operates. Details of the many areas of involvement are reflected in the sustainability report.

Pepkor has zero tolerance for non-compliance with legislation. The board sets the standards for compliance and delegates responsibility for compliance with its policies and procedures to management. Material breaches are reported to the board through the audit and risk committee.

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

## Strategy implementation and performance

The board is ultimately responsible for the performance of the group, and appreciates that strategy, risk, performance and sustainability are inseparable. Risks and opportunities relating to the strategy,

value-creation plans and their implementation are therefore regularly considered. The board determines Pepkor's strategic direction by approving and monitoring an informed short-, medium- and long-term strategy. The responsibility for strategy implementation is delegated to management. The performance measures and targets by which success is measured are also approved by the board.

During the year under review, the board received periodic reports regarding progress on the achievement of strategic targets.

## Reports and disclosure

The board sets the approach for the reporting of performance to stakeholders and ensures that the reporting frameworks comply with all regulatory obligations, including inter alia, the Companies Act, the JSE Limited (JSE) Listings and Debt Listings Requirements and King IV™.

The board approved Pepkor's integrated report and has satisfied itself with regard to the assurances provided by relevant third parties. The board is satisfied that all reporting has taken place in compliance with the Companies Act and the JSE Listings and Debt Listings Requirements.

## Delegation of authority

Pepkor's group approval framework provides clarity of levels of responsibility for decision-making within the group. The framework acknowledges the need for effective and efficient decision-making at appropriate levels within the group so as to enable businesses to retain a competitive edge and achieve short- and medium-term business and strategic objectives. During FY23, the board revised its approval framework in order to better align it with its current corporate structure.

The board is satisfied that the approval framework provides clarity regarding responsibilities and enhances efficient decision-making within the group.



# Our board

The board is responsible for directing, administering and controlling the affairs of the company in a transparent, fair and responsible manner. It is responsible for providing effective strategic guidance and direction of the group's affairs for the benefit of Pepkor's shareholders, creating sustainable stakeholder value by balancing the interests of all constituencies.

The board is accountable for, among other things:

- ▶ determining Pepkor's overall objectives, monitoring operational performance, ensuring effective risk management and internal controls, and monitoring regulatory and governance requirements;
- ▶ overseeing the issuance of reports to comply with regulatory requirements and to meet the reasonable information needs of material stakeholders; and
- ▶ allocating major responsibilities according to the company's approval framework.

Directors are entitled to seek independent professional advice at the company's expense in fulfilling their duties (after following the required consultation process).

## Board composition

Pepkor's board comprises 13 directors, 11 of whom are non-executive directors. The executive directors are the CEO and the chief financial officer (CFO). Of the 11 non-executive directors, nine are classified as independent. The majority of the non-executive directors are independent.

The board is chaired by an independent non-executive director and given the strong majority of independent directors serving on the board, it is considered appropriate that a lead independent director is not appointed at this time.

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

The board has adopted a policy for diversity at board level in line with the JSE Equity Listings Requirements and assesses factors such as gender, race, culture, age, field of knowledge, skills and experience. The board recognises the importance of diversity in its composition and is on track to achieving its diversity target in the short to medium term. The board is satisfied that its composition reflects an appropriate mix of knowledge, skills, experience, diversity and independence.

Collectively, the board possesses competencies in the fields of:



Global  
retail



Finance



IT



Strategic  
capability



Remuneration  
management



Tax



Governance



Risk  
management



Marketing



Law and  
insurance

The non-executive directors further have the necessary skills and varied experience to bring independent and balanced judgement to the group's business.

## Changes to the board

The following changes to the board took place during the year under review:

As a result of Mr Leon Lourens' early retirement as CEO, Pieter Erasmus was transitioned from non-executive director and was appointed as the CEO with effect from 1 October 2022. Pieter subsequently stepped down as a member of the human resources and remuneration committee on 1 October 2022 and was appointed as a member of the social and ethics committee with effect from 1 November 2022 to fill an existing vacancy on the committee.

Following the conclusion of FY23:

Nunu Ntshingila was appointed as a director and as a member of the human resources and remuneration committee with effect from 15 November 2023 in order to enhance the skill set and strengthen the diversity of the board.

Hester Hickey stepped down as a member of the investment committee with effect from 15 November 2023, as the board deemed it appropriate to reduce the number of directors serving on the investment committee.

## Governance framework and delegated structures

The board is accountable for governance and is guided by a formal charter that is regularly reviewed. The charter sets out the powers and accountability of the board. There is also a clear separation of responsibilities at board level to ensure an appropriate balance of power and authority, and no individual director has unfettered powers of decision-making. All directors have a fiduciary duty to exercise due care and skill in carrying out their mandate as directors of the company.

The board charter is aligned to King IV™, the JSE Listings and Debt Listings Requirements and the Companies Act and is available on the company's website at [www.pepkor.co.za/corporate-governance/documents-and-policies/](http://www.pepkor.co.za/corporate-governance/documents-and-policies/).

### Board chair

The board chair is responsible for leadership of the board, ensuring that the board functions effectively, facilitating communication with shareholders and constructive relations between the executive and non-executive directors. The roles of the chair and the CEO have been formally defined and are separate. The chair is appointed by the board and the appointment is reviewed every three years to ensure continuity, subject to re-election at the annual general meeting (AGM), in accordance with the rotation requirements of the directors of the company.

Wendy Luhabe was appointed as the independent non-executive chair of the board with effect from 1 December 2020.

### Appointment and election process

There is a formal and transparent process for appointments to the board. The appointment of directors is a function of the entire board, based on recommendations made by the nomination committee. The board has adopted a nomination policy for the appointment of new directors, which is available on the company's website at [www.pepkor.co.za/corporate-governance/documents-and-policies/](http://www.pepkor.co.za/corporate-governance/documents-and-policies/).

When considering nominations, the collective knowledge, skills and experience required by the board are considered, along with diversity requirements in terms of the board diversity policy.

After review, proposals for election/re-election to the board are recommended by the nomination committee and are considered by the board, subject to the approval/ratification of shareholders. The company's MOI provides that, at every AGM of the company, one-third of the non-executive directors will retire from the board by rotation. If eligible, such directors may offer themselves for re-election. If a director is appointed as an executive director or as an employee of the company in any other capacity, they shall not, while they continue to hold that position or office, be subject to retirement by rotation. At the upcoming AGM, the following non-executive directors will be retiring in accordance with the provisions of the company's MOI: Wendy Luhabe, Fagmeedah Petersen-Cook, Zola Malinga and Theodore de Klerk. The nomination committee has recommended that the non-executive directors who are available for re-election are eligible.

The CVs of the directors standing for election or re-election at the AGM are on pages 7 to 9 of this report.

Non-executive directors are required to dedicate sufficient time to Pepkor. They may serve on other boards, provided that such other appointments do not create a conflict of interest or interfere with their duties to the Pepkor board, but rather afford the ability to add value by bringing a broader perspective to board deliberations. A conflict of interest policy has been adopted for directors and is available on the company's website at [www.pepkor.co.za/corporate-governance/documents-and-policies/](http://www.pepkor.co.za/corporate-governance/documents-and-policies/).

### Director induction and development

The company secretary facilitates the induction process for new directors to assist them to develop an understanding of the group's key operations and strategic priorities. Directors are provided with an induction manual and meetings are also arranged with other directors and key levels of management. Ongoing director development includes governance and regulatory briefings as well as industry-specific presentations.

### Chief executive officer

The CEO is appointed by the board. As the CEO, Pieter Erasmus provides leadership to the executive team in managing the group's businesses.

### Chief financial officer

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

### Executive committee

An executive committee has been established with the primary responsibility of assisting and advising the CEO in implementing the strategies and policies determined by the board, and managing the business and affairs of the company. The CEO has the authority to vary the composition of the executive committee from time to time to ensure he receives the appropriate assistance and operational execution.

A succession planning process is in place for the group's executive roles.

**Board standing committees**

The board delegates certain specific functions to standing or ad hoc committees to assist in meeting its oversight responsibilities. Each committee acts in accordance with its own terms of reference, in terms of which certain functions of the board are delegated and clearly defined.

The board recognises that delegating its responsibilities to a committee does not absolve it of its duties and responsibilities.

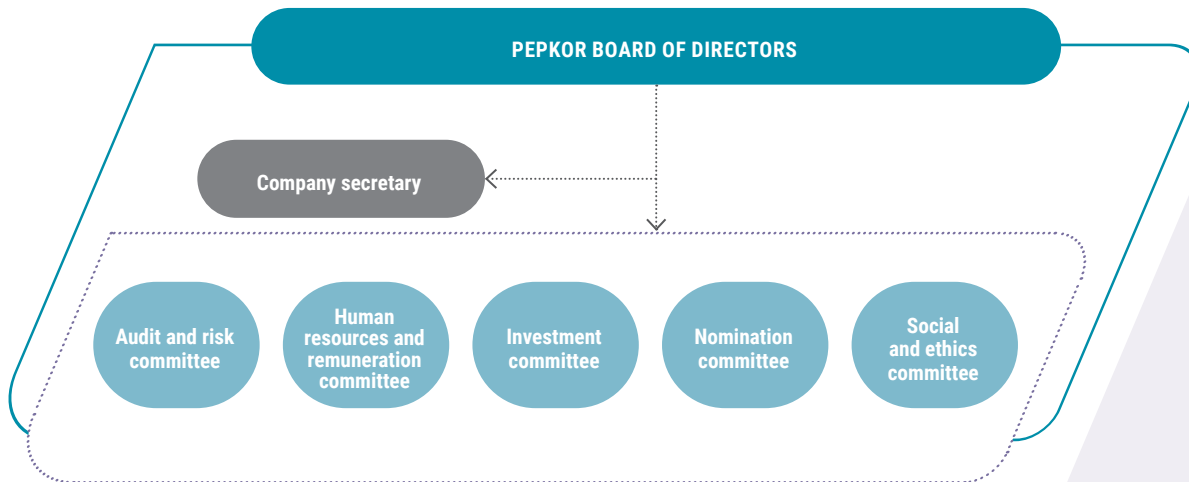
The audit and risk committee and social and ethics committee are statutory committees established in terms of the Companies Act. The board considers it appropriate for the audit and risk committee also to hold responsibility for the monitoring of risk. The board has also constituted a nomination committee, an investment committee and a human resources and remuneration committee.

All Pepkor’s board committees are chaired by independent non-executive directors and meet composition requirements in terms of independence as recommended by King IV™. The directors confirm that the committees have functioned in accordance with their terms of reference during the year under review.

The committees comprise an appropriate balance of executive and non-executive directors with the requisite combination and balance of skills. Members of executive and senior management and external advisors are invited to attend committee meetings as deemed appropriate.

The board regularly evaluates the performance and effectiveness of each of the committees in accordance with the recommendations of King IV™. Details of the committees are contained in this report on pages 15 to 17.

**Governance structure**



Directorate

Executive directors

Independent non-executive directors



**Pieter Erasmus (58)**

BCom (Hons) RAU, CA(SA)

**Chief executive officer**

Pieter was appointed as a non-executive director on 12 January 2022 and as chief executive officer on 1 October 2022. He completed his articles at Coopers Theron Du Toit (now PwC) in 1990. Pieter spent his early career at Hewlett Packard and in the Remgro group before he joined PEP as financial director in 1998. He was appointed as group managing director of Pepkor Limited in 2001, a position he held for 16 years, until his resignation in 2017. Pieter also previously served as a non-executive director of the company from 1 October 2018 to 29 January 2019. He is currently a director of, inter alia, the Vista group, a multi-jurisdictional investment holding group, and serves on the board of Pepkor's major subsidiary.

- Member of the audit and risk committee
- ▲ Member of the human resources and remuneration committee
- Member of the investment committee
- \* Member of the nomination committee
- Member of the social and ethics committee

**Riaan Hanekom (54)**

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

**Chief financial officer**

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

Riaan was appointed as the group financial director of Pepkor in February 2016. He serves as a director on a number of subsidiary boards in the group.

**Wendy Luhabe (66)**

BCom

**Independent non-executive chair**

\* (Chair)

Wendy was appointed as an independent non-executive director on 1 January 2019 and as chair of the board on 1 December 2020. She graduated with a BCom and an Advanced Management Programme and is a recipient of four honorary doctorates. She has been a social entrepreneur for over 30 years with a focus on the economic empowerment of women. Wendy is a founder member of WIPHOLD (South Africa's first investment company for women) and founder of WPEF, South Africa's first venture capital company for women. She has served as a non-executive director across diverse industries since 1992 and was chair of Vodacom and Industrial Development Corporation and also served as non-executive director of Tiger Brands and Telkom, among others. Wendy currently serves as chair of Libstar Holdings Limited and as non-executive director of Compagnie Financière Richemont SA.

**Paula Disberry (56)**

BA (Hons), MA (Cambridge)

**Independent non-executive director**

Paula was appointed as an independent non-executive director on 1 June 2021. She holds a BA (Hons) and MA in Natural Sciences (Neurophysiology) from Cambridge. She has considerable retail experience, covering fashion, general merchandise and grocery, having held senior executive management positions at Woolworths and Pick n Pay locally. Paula also has significant international experience through her former roles with Tesco, BP, Colgate-Palmolive and Woolworths. She has previously served on the boards of the Country Road Group and Woolworths (African subsidiary boards and risk committee) and currently serves on the boards of Sefalana Holding Company (Botswana), Sundry Markets (Nigeria) and LONA Group (South Africa). She is a managing partner at Retailigence (UK), an AI-based retail software provider, and is the retail/FMCG advisor with a number of African private equity companies.

**Hester Hickey (70)**

BCompt (Hons), CA(SA)

**Independent non-executive director**

● (Chair)

Hester was appointed as an independent non-executive director on 1 June 2021. She is a CA(SA) and holds a BCompt (Hons). Hester has held non-executive positions in several JSE-listed companies and has significant experience as a member and chair of audit committees. She was the former chair of the South African Institute of Chartered Accountants. Hester currently also serves on the boards of Barloworld and Northam Platinum.



Independent non-executive directors



**Ian Kirk (65)**

CA(SA), HDip BDP, FCA (Ireland)

**Independent non-executive director**

● (Chair) ▲

Ian was appointed as an independent non-executive director on 1 June 2021. He is a CA(SA) and FCA of the Republic of Ireland. Ian has held a number of leadership positions and most recently held the position of Group CEO of Sanlam, which he retired from in December 2020. He has had extensive strategic and operational management experience locally and internationally. He was appointed by the President of the Republic of South Africa as a member of the Presidential State-Owned Enterprise Council in June 2020. He currently also serves as a non-executive director on the boards of the JSE, Netcare, Shriram General Insurance Company (India) and chairs the boards of Transaction Capital, SCOR UK and The Channel Managing Agency Limited (UK).



**Zola Malinga (45)**

BAcc (Hons), CA(SA)

**Independent non-executive director**

● ■

Zola was appointed as an independent non-executive director on 1 June 2021. She is a CA(SA) and is the co-founder and executive director of Jade Capital Partners, a company with a portfolio of investments in the real estate and industrial sectors. Zola has experience in investment banking, real estate, corporate finance and investment management, having held roles at Investec Corporate Finance, Standard Bank Investment Banking and Standard Bank Real Estate finance divisions. She currently serves on the boards of Grindrod Bank and SAPPI.



**Isaac Mophatlane (50)**

IT entrepreneur

**Independent non-executive director**

▲ \*

Isaac was appointed as an independent non-executive director on 1 June 2021. He is the co-founder, a shareholder and director of the Randvest Group, a private investment firm specialising in strategic investments in technology companies. Isaac co-founded BCX in 1996, which was sold to Telkom in 2016, thereby creating one of the leading African information and communications technology (ICT) companies. Isaac has extensive insight into the technological developments and challenges facing companies. He serves as an independent non-executive director of Mustek.



**Steve Müller (62)**

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

**Independent non-executive director**

▲ (Chair) ● ●

Steve was appointed as an independent non-executive director on 18 August 2017. He held roles at KPMG and Rand Merchant Bank Limited before joining Genbel Investments Limited, where he served as an executive director of Gensec Bank Limited, heading the Investment Banking division from 1999 to 2004. From 2004 to 2008, Steve managed various structured equity funds for Sanlam Capital Markets. Steve has served as a non-executive director on the boards of several companies over the last 25 years. He is currently also an independent non-executive director of KAP Limited.



**Nunu Ntshingila (60)**

BA, MBA

**Independent non-executive director**

▲

Nunu was appointed as an independent non-executive director on 15 November 2023. She has extensive experience in technology, marketing and advertising, having served in a number of business leadership roles. Nunu served as Facebook's regional director for Africa from September 2015 to September 2022. Prior to that she was the group CEO of Ogilvy Africa from January 2004 to January 2012, and executive chair of Ogilvy & Mather until August 2015. Nunu has also served as a director of Transnet, Old Mutual, Telkom, Ogilvy Global and Ivanhoe Mines.

- Member of the audit and risk committee
- ▲ Member of the human resources and remuneration committee
- Member of the investment committee
- \* Member of the nomination committee
- Member of the social and ethics committee

**Non-executive directors**



**Fagmeedah Petersen-Cook (48)**

BBusSc (Act.Sc.), FIFoA, Certificate in Climate Change and Sustainability, FASSA, PGDip Global Business OXON, PGDip (MgtPrac) UCT GSB, CD(SA) IoDSA

**Independent non-executive director**

■ (Chair) ● ●

Fagmeedah was appointed as an independent non-executive director during April 2018 and is the designated insurance director for the group. She is an actuary with over 25 years' technical experience in the financial services sector and brings enterprise risk management skills to the boardroom. She previously served as the chief investment officer at the Eskom Pension and Provident Fund and an executive director of Prudential. Fagmeedah served on the board of Telkom SOC as a non-executive director, where she chaired the investment committee until retiring from that board in 2022. Fagmeedah champions ESG principles at the various companies where she is involved. She currently serves on the boards of, inter alia, Absa Pension Fund, Famous Brands, Africa Reinsurance SA, Capitalworks Fund III and Momentum Medical Scheme. Fagmeedah was also appointed as curator of 3sixty Life Limited during February 2023.



**Theodore de Klerk (54)**

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

**Non-executive director**

●

Theodore was appointed as a non-executive director on 28 May 2019. Theodore has consulting and investment banking experience and held a number of executive roles, including financial director, chief operating officer and chief executive during his career. He was appointed as financial director of Steinhoff International Holdings N.V. (now Ibex Group) on 1 September 2019. Theodore holds various directorships within the Ibex Group and is also a director of the IEP Group.



**Louis du Preez (54)**

BCom, LLB

**Non-executive director**

▲ \*

Louis was appointed as a non-executive director on 24 January 2018. He qualified as an attorney of the High Court of South Africa in 1997. Louis was appointed as a partner of Jan S de Villiers in 1998 and served as a member of the national executive committee from 2009 to 2017, following the merger with Werksmans Attorneys. Louis joined Steinhoff International Holdings N.V. (now Ibex Group) as general counsel in mid-2017 and was appointed as the commercial director on 19 December 2017, and as managing director on 20 April 2018. He became CEO with effect from 1 January 2019. Louis holds various directorships within the Ibex Group.

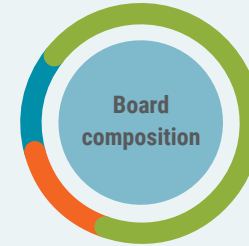
- Member of the audit and risk committee ▲ Member of the human resources and remuneration committee
- Member of the investment committee \* Member of the nomination committee
- Member of the social and ethics committee

● **15.4%**  
Executive directors

PJ Erasmus  
RG Hanekom

● **15.4%**  
Non-executive directors

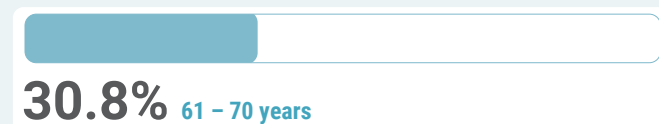
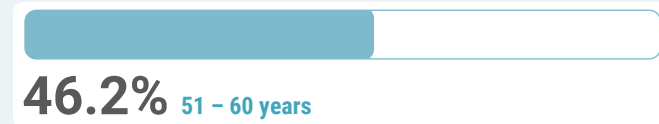
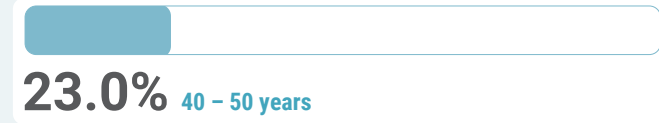
TL de Klerk  
LJ du Preez



● **69.2%**  
Independent non-executive directors

WYN Luhabe  
P Disberry  
HH Hickey  
IM Kirk  
ZN Malinga  
LI Mophatlane  
SH Müller  
NR Ntshingila  
F Petersen-Cook

**Diversity of age**



# Board and committee meetings, attendance and performance

## Details of member attendance at board and committee meetings

	Board	Audit and risk committee	Human resources and remuneration committee	Investment committee	Nomination committee	Social and ethics committee
<b>Number of meetings held during FY23</b>	<b>6</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>3</b>
WYN Luhabe	6 (100%)				2 (100%)	
TL de Klerk	6 (100%)			2 (67%)		
LJ du Preez	6 (100%)		4 (100%)		2 (100%)	
P Disberry	5 (83%)					3 (100%)
RG Hanekom	6 (100%)			3 (100%)		
HH Hickey	6 (100%)	4 (100%)		3 (100%)		
IM Kirk	6 (100%)		4 (100%)	3 (100%)		
ZN Malinga	6 (100%)	4 (100%)				3 (100%)
LI Mophatlane	5 (83%)		4 (100%)		2 (100%)	
SH Müller	6 (100%)	4 (100%)	4 (100%)	3 (100%)		
F Petersen-Cook	6 (100%)	4 (100%)		3 (100%)		3 (100%)
PJ Erasmus	6 (100%)			3 (100%)		3 (100%)

## Board responsibilities

The board fulfilled its core responsibilities during the year under review, including overseeing effective governance and financial accountability. Five scheduled board meetings were held, while one ad hoc meeting was convened. The board reviewed the strategy, financial objectives and performance targets of the business, while considering corporate transactions and capital allocation. The interim and year-end financial results and the 2023 integrated report were approved by the board. The appointment of the new director and revisions to the composition of the board committees were also considered and approved. The board approved the budget for FY24, as well as the three-year plans for the years FY24 to FY26. Feedback on the matters dealt with by the committees was received at each quarterly board meeting.

The board executed its responsibility for monitoring the effectiveness of the group's risk management and internal controls via the audit and risk committee and also discussed the key risks facing Pepkor.

In the next year, the board will continue to support management with the appropriate allocation of capital and monitor the company's initiatives to progress the execution of its strategy.

The board is satisfied that it has fulfilled its responsibilities in accordance with its charter for the year under review.

## Board performance evaluations

The board acknowledges the importance of having regular evaluations conducted of the board and its committees in order to improve performance and effectiveness. A board assessment, facilitated by an independent external party was conducted during FY23. The outcomes were considered by the nomination committee before presentation to the board. The assessment concluded that the board and its committees are functioning effectively. Areas for improvement that were identified included enhancing the board's focus on risk management and improving the reporting to the board relating to IT risk management. Actions have been taken to address both these aspects.

The board has executed its responsibility in terms of its evaluation policy.

## Company secretary

Masood Allie is the group company secretary. He is responsible for ensuring that corporate governance principles are adhered to and for proper administration of the matters relating to the board and shareholders. The company secretary provides guidance to the board collectively, and to the directors individually, regarding their responsibilities and powers and making them aware of legislation and regulations relevant to Pepkor.

The company secretary is a full-time employee of Pepkor and was appointed to the role in June 2021. He is not a director of the company and the board is satisfied that an arm's length relationship exists between the board members and the company secretary.

The board has considered and is satisfied with the performance, competence, qualifications and experience of the company secretary to carry out the responsibilities of the position.



# Governance functional areas

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

## Risk management and governance

The board recognises that it is vital to maintain a dynamic and effective integrated risk management process to support business operations as the group manages the impact of the external environment. The risk appetite and tolerance framework guide decision-making to achieve strategy-driven results and proactively manage potential value erosion.

Pepkor's approach to risk management is pragmatic and relevant to the group's context. Risks and opportunities evolve over time as the business adapts to an ever-changing operating environment.

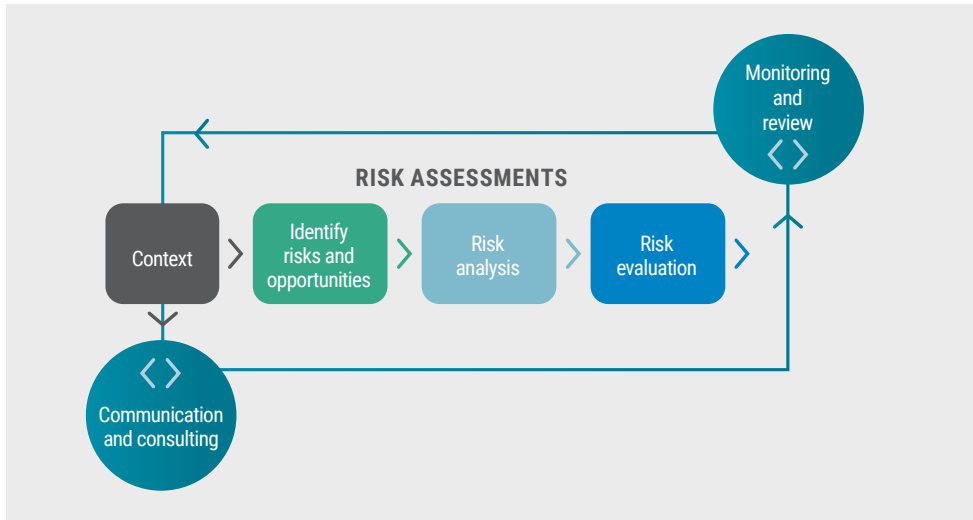
The audit and risk committee, under delegated authority from the board, oversees the effectiveness of the group's risk management process. This includes identifying the group's key risks, receiving regular feedback from management on all risk-related activities and assessing risk governance structures and lines of defense to ensure appropriate risk definition and response while monitoring compliance with the risk management policy.

The group risk management framework and policy supports the approach to managing risks. This was reviewed in FY23 and covers various crucial activities, including:

- ▶ establishing clear lines of responsibility and accountability for enterprise risk management (ERM) at all organisational levels. The senior leadership team is actively engaged in overseeing ERM efforts and each division is responsible for managing and reporting on risks within its purview;
- ▶ the development of risk appetite statements that align with the business strategy, three-year plan, core operating activities and business values. This helps guide decision-makers in determining which risks to accept, mitigate, transfer, or avoid;
- ▶ identification, measurement and reporting of risks against consistently applied criteria considering both the likelihood of occurrence and potential impact to the group, with clear ownership allocated to relevant members of management;
- ▶ maintenance of detailed risk registers and mitigation plans. These are completed by each division, approved by their leadership teams and the appropriate executive committee members;
- ▶ proactive monitoring of emerging risks by each business and function where the full extent and implications may not be fully understood but need to be tracked;
- ▶ ongoing assessment of the overall risk profile to reflect changes in the business operating model;
- ▶ regular reporting to the audit and risk committee regarding top risks within the businesses; and
- ▶ the compilation of an overarching view of group risks, combining both top-down and bottom-up perspectives.

**Risk management process**

The diagram below provides an overview of the risk management process and activities that enable the business to maintain an appropriate risk culture. This supports operations and the board in discharging its oversight obligations.



The key focus areas for FY23 were:

- 1 reviewing of all risk registers;
- 2 developing practical policies, frameworks and processes relevant to the business;
- 3 identifying the group’s material risks, mitigation strategies and opportunities;
- 4 improving the integration of risk management at operational business level; and
- 5 enhancing the risk reporting process in the group.

The board has given consideration to and approved Pepkor’s material risks, which are contained in the integrated report.

Pepkor will continue to monitor the risk landscape, including the potential effects of the economic climate on the group’s operations and performance. Focus will also be placed on developing a clear and visible process that supports decision-making based on risk analysis and quantification while combined assurance will be embedded further.

**Combined assurance**

The group’s assurance framework follows the ‘three lines of defence’ model to determine which assurance providers will focus on key risks. Different assurance providers or functions are responsible for managing, overseeing and providing independent assurance. The group’s combined assurance report is presented annually to the audit and risk committee, who reviews the risks assessed, the extent of assurance coverage and the outcomes of the reviews during the financial year. Each divisional executive team receives the combined assurance model for their respective division.

**Technology and information governance**

Technology and information are key enablers for the group. The group’s systems and infrastructure enhance value creation through delivering competitive advantage derived from customer intelligence and improves efficiencies across the supply chain. Although the use of technology increases exposure to cybercrime and business continuity risks, the board monitors the ethical and responsible usage of technology and information to ensure the safety of any personal or sensitive information obtained.

The board is responsible for ensuring appropriate governance of the group’s IT systems to support the achievement of the group’s strategic objectives. The responsibility of implementing and overseeing effective technology and information practices is delegated to the audit and risk committee, who monitors the group’s technology and information initiatives and programmes. An IT steering committee has also been established by management.

Focus areas for FY23 included the implementation of a number of IT projects, data governance, cybersecurity, assessments of the various businesses’ IT governance maturity, disaster recovery and business continuity testing. Among the focus areas planned for FY24 are implementing further key IT projects and continuing cybersecurity user awareness.

**Compliance**

The board sets the standards aimed at ensuring regulatory compliance in all areas of the business. The compliance function monitors regulatory developments, with the group compliance officer playing an important role in identifying the regulatory universe of the group and providing an advisory service to the business. Assurance is sought through various channels, including internal and external auditors.

Various legislative amendments also became effective during the year under review, including the General Laws Amendment Act, which extended the list of accountable institutions to include life insurance businesses, credit providers under the National Credit Act, financial services providers and money or value transfer providers. The applicable businesses in the Pepkor group of companies took the necessary steps to comply with the requirements, including registration with the Financial Intelligence Centre (FIC).

Group compliance and business compliance officers, where applicable, continue to monitor and review new applicable regulatory developments in all countries of operation for the group.

### Statement of compliance

Pepkor is committed to sound corporate governance and compliance with the JSE Listings and Debt Listings Requirements and King IV™. The company has applied the King IV™ principles and has made available details of our application on the company's website. The board is of the opinion that, during the year under review, Pepkor complied with all applicable rules, including the Companies Act, the provisions of its MOI and with the JSE Listings and Debt Listings Requirements.

## Assurance

The board has delegated responsibility for the oversight of direct assurance services and functions to the audit and risk committee, which ensures that an effective internal control environment exists to provide integrity of information used in decision-making. The committee also ensures that the combined assurance model is applied to cover significant risks and material matters through the use of internal and external assurance providers. The committee is satisfied with the status of the effectiveness of the models in respect of financial and non-financial risks and controls.

The board has delegated the oversight of the internal audit function to the audit and risk committee. The internal audit function operates under a charter that is reviewed annually. The head of internal audit has a direct reporting line to the chair of the audit and risk committee, in addition to his reporting responsibilities to the finance function. The group internal audit function was previously independently assessed against the International Standards for the Professional Practice of Internal Auditing and Code of Ethics. The assessment confirmed that the function conformed to these standards.

## Assurance overview

### Assurance providers

#### Management assurance

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

#### Internal assurance

Internal assurance providers (compliance/legal/risk management) review and evaluate the scope and results of internal assurance activities, including risk assessments, and compliance and quality reviews. Internal assurance providers also consider the impact of risk mitigations on the overall internal control environment and exposure to key risks.

#### Group internal audit

The group internal audit function provides independent and objective assurance, through the audit and risk committee, of the effectiveness of the entire risk management system and associated processes and provides recommendations for improvement where necessary. Internal audit is independently responsible for reviewing the group's internal control environment and governance.

During FY23, internal audit conducted reviews regarding, inter alia, data governance, cybersecurity, business continuity, regulatory compliance, supplier management and financial controls. Governance and internal control systems and processes were found to be acceptable across the group. No material instances of control breakdowns were identified.

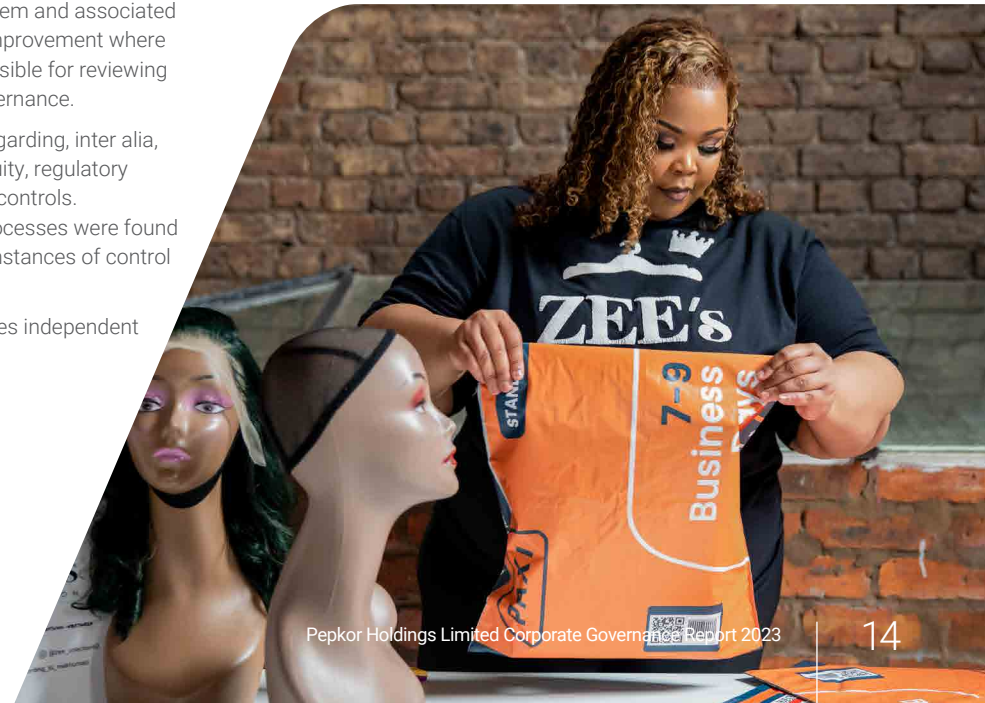
In addition to the above, the external audit provides independent assurance on the financial statements.

## Stakeholders

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

## Remuneration

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



# Committee reports

The committees of the board met regularly throughout the year to ensure that all issues in accordance with their respective terms of reference were addressed. After each committee meeting, a comprehensive report is provided to the board.

## Audit and risk committee

The audit and risk committee is an independent statutory committee established by the board to assist it in discharging its duties in terms of the Companies Act, as well as risk and control governance. The committee provides independent oversight over the effectiveness of internal financial controls, monitors the effectiveness of the company's assurance providers and evaluates the effectiveness and independence of the external auditor. The committee also assists the board in the governance of risk and setting the direction of ERM in the group.

The full report of the audit and risk committee for the period under review is included in the company's audited annual financial statements, available on the company's website at [www.pepkor.co.za/investor-relations/integrated-report/](http://www.pepkor.co.za/investor-relations/integrated-report/).

The committee consists only of independent non-executive directors: Hester Hickey (who serves as chair of the committee), Zola Malinga, Steve Müller and Fagmeedah Petersen-Cook. The re-election of these committee members, which is supported by the nomination committee and the board, is subject to the approval of shareholders at the upcoming AGM. The chair of the committee is appointed by the board.

The group CFO, the CFOs of the main group businesses, the head of internal audit, the group risk manager, specialist members of the

group finance function and the external auditor attend the audit committee meetings by invitation. All invitees have unrestricted access to the committee chair.

During the year under review, the committee evaluated the performance and independence of the external auditors. It confirmed the independence of the auditors and recommended the appointment of the external auditors and audit partner at the company's AGM. The audit firm is accredited by the JSE. The committee considered the information detailed in paragraph 22.15(h) of the JSE Listings Requirements in its assessment of the suitability for the appointment of the audit firm and the designated individual. PwC has served as the company's auditors for six years and the current audit partner was appointed as the designated partner in March 2020. No legal or disciplinary proceedings have been concluded against the external audit firm in the past seven years. Dawid de Jager is the proposed individual audit partner for the financial year ending 30 September 2024. The designated external audit partner rotates every five years. No matters exist in terms of paragraph 22.15(h) of the JSE Listings Requirements that may preclude Dawid de Jager from accepting the appointment as individual auditor. The committee has therefore fulfilled its responsibilities in terms of paragraphs 3.84(g) and 7.3(e) of the JSE Equity and Debt Listings Requirements, respectively.

Controls are in place to address the provision of non-audit services by the external auditor. During the year under review, non-audit services conducted by PricewaterhouseCoopers Inc. (PwC) amounted to R6.0 million.

In considering the FY23 annual financial statements, the committee considered reports by management to assess whether the issues have been addressed appropriately. The committee also considered reports on the group's tax position and status of tax compliance.

Other key areas of focus for the committee during FY23 included:

- 1 monitoring the group's risk management practices and tax compliance;
- 2 reviewing the top risks;
- 3 considering the company's insurance programmes;
- 4 evaluating the independence and performance of the internal audit function;
- 5 enhancing the risk reporting process in the group
- 6 considering the group's borrowing facilities; and
- 7 monitoring Pepkor's information security and data governance practices.

The committee satisfied itself that the group's financial reporting procedures are appropriate and are operating well.

The committee met four times during the year. Details of meeting attendance are found on page 10. The committee is satisfied it has fulfilled its responsibilities in accordance with its terms of reference.

For a full list of committee member qualifications and experience, refer to the directorate on pages 7 to 9.

During FY24, the committee will, in addition to its statutory duties, continue to monitor the effectiveness of the company's IT governance and cybersecurity initiatives.



## Human resources and remuneration committee

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

During FY23 the committee comprised four non-executive directors, the majority of whom are independent. Steve Müller, an independent non-executive director, serves as chair. Meetings of the committee are attended by the CEO, the CFO and the group human resources executive as invitees. These invitees recuse themselves from proceedings at appropriate times.

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

The company's remuneration policy and implementation report were tabled at the AGM in March 2023 for shareholders to make separate non-binding advisory votes. The company engaged with shareholders, both in person and in writing prior to the AGM to discuss the remuneration report and to gain insight into topical issues. If either the remuneration policy or the implementation report is voted against by 25% or more of the voting rights exercised at the AGM, the company will conduct a formal engagement process to discuss the reasons for the dissenting votes and will address reasonable objections and concerns raised appropriately. At the March 2023 AGM, 87.87% of the voting rights exercised were in favour of the remuneration policy and 91.97% of the votes exercised were in favour of the implementation report. Formal engagement with shareholders was therefore not required

subsequent to the AGM. See page 2 of the Pepkor 2023 remuneration report for details on the shareholder engagement.

The committee held four scheduled meetings during FY23. Details of attendance at the meetings appear on page 10. During FY23, the committee considered employee-related metrics and monitored and approved short- and long-term incentives. The committee's terms of reference were also revised. The committee reviewed the remuneration policy and implementation report that was published as part of the FY23 integrated reporting suite. The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

During FY24, the committee will continue to refine the remuneration policy to ensure that rewards contribute to the successful delivery of the company's strategy.

For a full list of committee member qualifications and experience, refer to the directorate on pages 7 to 9.

## Investment committee

The role of the investment committee is to consider and make recommendations to the board on strategic investment proposals, disposals, rights offers, the issuing of shares and debt instruments and other corporate actions. The committee is governed by formal terms of reference, which are approved by the board.

The committee comprises a majority of independent non-executive directors and is chaired by Ian Kirk, an independent non-executive director.

During FY23, the committee convened three times. The committee considered potential acquisitions and disposals and the company's share repurchase and capital management programmes. The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference.

Details of committee composition and meeting attendance are found on page 10.

For a full list of committee member qualifications and experience, refer to the directorate on pages 7 to 9.



## Nomination committee

The nomination committee is chaired by Wendy Luhabe, the independent chair of the board. The committee consists of three non-executive directors, the majority of whom are independent.

The committee is governed by formal terms of reference, which is aligned with the recommendations of King IV™. It is responsible for assisting the board with the nomination, election and appointment of directors in accordance with the board policies. The committee also considers board effectiveness and succession planning and recommends candidates for appointment to the board based on skill, experience, and the need to ensure diversity and balance in the composition of the board.

The committee convened twice during the year under review. Details of meeting attendance appear on page 10. During FY23, the committee reviewed its terms of reference, considered the outcomes of the board evaluation and reviewed the board succession plan and skill sets of the various committees. The committee also made recommendations regarding the appointment of the new director, the composition of the board committees and the re-election of the directors retiring by rotation in terms of the MOI. The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period. During FY24, the committee will oversee the implementation of the key recommendations arising from the board evaluation.

For a full list of committee member qualifications and experience, refer to the directorate on pages 7 to 9.

## Social and ethics committee

The social and ethics committee executes the statutory duties assigned to it by the Companies Act, as well as any additional duties assigned to it by the Pepkor board. The committee assists the board in setting the tone for an ethical organisational culture and oversees the integration of sustainability initiatives into the group's operations. Although management is tasked with the day-to-day operational sustainability of their respective areas of business, the board remains ultimately responsible for group sustainability and has delegated certain duties in this regard to the social and ethics committee.

The committee is chaired by independent non-executive director, Fagmeedah Petersen-Cook. The committee further comprises two other independent non-executive directors and the CEO. In compliance with the recommendations of King IV™, the majority of the members of this committee are independent non-executive directors.

The committee is governed by formal terms of reference and also operates in terms of an annual work plan. The committee is responsible for, inter alia, monitoring and advising on material ESG matters that could have an impact on the group and its stakeholders, ensuring ethics are managed effectively, and monitoring the company's B-BBEE and transformation activities. The committee convened three times during the year under review. During the year the committee considered ESG matters and climate-related disclosures. The committee recommended the company's employment equity policy, human rights policy and environmental policy to the board for approval. The committee also reviewed the group's Task Force on Climate-related Financial Disclosures (TCFD) risks. The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period. The committee has also fulfilled its mandate as prescribed by the Regulations to the Companies Act, and there were no instances of material non-compliance to disclose.

During FY24, the committee plans to oversee the further development of the group's ESG initiatives.

Details of meeting attendance are found on page 10.

For a full list of committee member qualifications and experience, refer to the directorate on pages 7 to 9.



# Corporate information

**Registration number** 2017/221869/06

**Share code** PPH

**Debt code** PPHI

**ISIN** ZAE000259479

**LEI** 3789006D677C34F69875

**Registered address**

36 Stellenberg Road  
Parow Industria 7493

**Postal address**

PO Box 6100, Parow East 7501

**Telephone**

021 929 4800

**Contact**

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

**Investor relations and debt officer**

Ian Nel

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

**Press enquiries**

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

**Company secretary**

Masood Allie

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

**Auditor**

PricewaterhouseCoopers Inc.  
5 Silo Square, V&A Waterfront  
Cape Town 8012  
PO Box 2799, Cape Town 8000

**Equity sponsor**

Investec Bank Limited  
(Registration number 1969/004763/06)  
100 Grayston Drive, Sandown  
Sandton 2196  
PO Box 78055, Sandton 2146

**Debt sponsor**

Rand Merchant Bank (a division of FirstRand Bank Limited)  
(Registration number 1929/001225/06)  
1 Merchant Place, Corner Fredman Drive and Rivonia Road  
Sandton 2196  
PO Box 786273, Sandton 2146

**Transfer secretary**

Computershare Investor Services Proprietary Limited



# PEPKOR

*Holdings Limited*

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